

# ANNUAL REPORT 2013-14



- Automotive Lighting & Signalling Equipments
- Rear View Mirrors
- LED Luminaires for both Indoor & Outdoor Lighting
- Integrated Passenger Information Systems with Display & Software for Railways, Metro, Airport & Buses (IPIS)
- Plastic & Sheet Metal Components

## Fiem Industries Ltd.

(AN ISO/TS 16949 : 2009, ISO 14001 : 2004, OHSAS 18001 : 2007 & ISO 9001 : 2008 CERTIFIED COMPANY)



# LETTER TO SHAREHOLDERS



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



**This is manifest in your company's determination to go beyond the confines of existing business to create enduring values for stakeholders and continually look for Company's growth. With this strength of conviction towards growth, your management is relentlessly working to build future growth engines in the form of two new business verticals of LED Luminaires and Integrated Passenger Information System with LED Display (IPIS) for Railways and Buses.**



Dear Shareholders,

I am happy to inform you about yet another year of stellar performance by your Company despite macro-economic challenges and a very tough year for automobile industry. The economy continues to be in a tailspin with a second successive year of below 5% growth.

Though, Automobile Industry has shown a growth of 4%, but if we go into details, it is all because of two-wheeler's positive growth of above 4% and specially scooter segment which has registered a growth of more than 20%. Otherwise, all other segments have shown negative growth; passenger vehicle near minus 4% and commercial vehicle just below minus 20%.

It is indeed heartening that during these challenging times, your company has recorded yet another year of strong performance with a growth of 19.24% in FY 2013-14 and achieved a net turnover of Rs. 714.11 Crore in comparison to Rs. 598.88 Crores in previous year. Company has also been able to increase the Profit after tax from Rs. 27.31 Crores in FY 2012-13 to Rs. 37.40 crores in 2013-14, with a growth of 36.95%. This shows inherent strength of your company and quest for growth.

This is manifest in your company's determination to go beyond the confines of existing business to create enduring values for stakeholders and continually look for Company's growth. With this strength of conviction towards growth, your management is relentlessly working to build future growth engines in the form of two new business verticals of LED Luminaires and "Integrated Passenger Information System with LED Display (IPIS) for Railways and Buses".

Your Company is privileged to be able to pursue to path less travelled by any other auto component company to create non-auto business of such a huge growth potential. Integral to this growth potential is our foundation of synergy among these businesses. With our focus on quality and producing world class products, our philosophy of backward integration is our strength and places us at advantageous position in comparison to our peers. Except some electronic components and LED chips, we make everything in-house to remain cost competitive and at the same time offering world quality LED Luminaires. The strength of our world class manufacturing, designing capabilities and testing facilities enable us to offer a wide range of high quality LED Luminaires at very competitive prices.

Your Company inculcates a deep culture of continuous improvement in its products driven by Research & Development and adoption of new technologies with upgraded infrastructure. We are extremely passionate about our products and with a large line-up of new and exciting LED Luminaires, 'IPIS' and LED Panel with Display & Software, we are strongly confident to create niche in the market. We are continuously working on a strong pipeline of new and exciting range of products.

Regarding auto industry, early signs of recovery and confidence in the industry are visible and with a stable regime at center, turnaround in the industry is expected sooner than later. In automotive segment, your company has achieved distinction of exporting its products to Honda Japan for its high range motorcycle and added prestigious new customer like Harley Davidson. On operational front, your company is in the process of setting-up new Plant in Distt. Ahmadabad, Gujarat for supplying automotive lighting, rear view mirrors and plastic parts to HMSI's forthcoming Gujarat Plant.

We are very optimistic about our business verticals we operate into. Hence we continuously enhance our capacities and technical capabilities. Finally, my thanks to our employees, who form a performance driven team; to our valued OEM customers, who make us what we are and to you the shareholders, who stand by us at every time!

Thanking You!



# LED Luminaires



# INTEGRATED PASSENGER INFORMATION SYSTEM

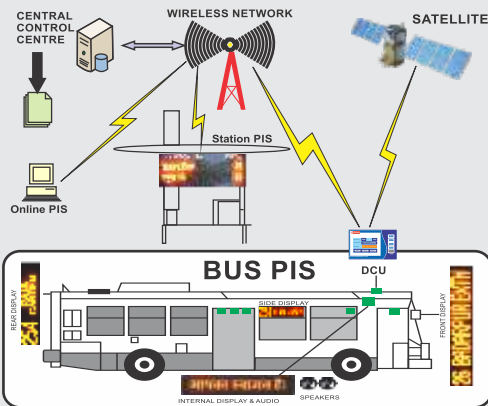
## RAILWAYS

Integrated Passenger Information System consisting of train indication, coach guidance & PC based announcement system with display panels



## BUSES

Intelligent Transportation Systems with LED display for Buses



**Display System consists of:** • Driver Controller Unit • Front Display Unit • Side Display Unit • Rear Display Unit • Internal Display Unit & Voice Announcement System

• MOUD/JnNURM/ASRTU Compliant Product • GPS/GPRS Compatible • Multi language support • Windows based user friendly application software • Route database updation through USB • Slim design • High bright day night viewable LEDs



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## GENERAL INFORMATION

### BOARD OF DIRECTORS

Dr. 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	- Whole-time Director
Mr. Iqbal Singh	- Independent Director
Mr. Charoen Sachamuneewongse	- Independent Director
Mr. Amitabh Prakash Agrawal	- Independent Director
Mr. V. K. Malhotra	- Independent Director
Mr. S.K. Jain	- Independent Director
Mr. C.S. Kothari	- Independent Director (up to 12/02/2014)
Mr. P.N. Viswanathan	- Independent Director (w.e.f. 09/08/2014)

### CHIEF FINANCIAL OFFICER

Mr. O.P. Gupta

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Arvind K. Chauhan

### AUDIT & RISK MANAGEMENT COMMITTEE

Mr. S. K. Jain	- Chairman
Mr. V. K. Malhotra	- Member
Mr. C. S. Kothari	- Member (up to 12.02.2014)
Mr. Iqbal Singh	- Member (w.e.f. 13.02.2014)

### NOMINATION AND REMUNERATION COMMITTEE

Mr. S. K. Jain	- Chairman (w.e.f. 13.02.2014)
Mr. C.S. Kothari	- Chairman (up to 12.02.2014)
Mr. Iqbal Singh	- Member
Mr. V. K. Malhotra	- Member

### STAKEHOLDERS RELATIONSHIP COMMITTEE

Mr. C.S. Kothari	- Chairman (up to 12.02.2014)
Mr. V. K. Malhotra	- Chairman (w.e.f. 13.02.2014)
Mr. Rahul Jain	- Member
Mr. Kashi Ram Yadav	- Member

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

Mr. Rahul Jain	- Chairman
Mr. Kashi Ram Yadav	- Member
Mr. V.K. Malhotra	- Member

### STATUTORY AUDITORS

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

### COST AUDITORS

Mr. Krishan Singh Berk  
365, Sector 15,  
Faridabad 121007, Haryana

### PRINCIPAL BANKERS

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

### REGISTERED OFFICE

D-34, DSIDC Packaging Complex, Kirti Nagar,  
New Delhi-110015 (INDIA)  
Tel: +91-11-25927820, 25927919, Fax: +91-11-25927740  
email: investor@fiemindustries.com,  
website: www.fiemindustries.com  
CIN: L36999DL1989PLC034928

### CORPORATE OFFICE & UNIT VII

Plot No. 1915, Rai Industrial Estate, Phase - V,  
Distt. Sonapat, Haryana -131029  
**Website: www.fiemindustries.com**

### REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase-I,  
Near PVR Naraina, New Delhi-110028  
Ph: 011-41410592/93/94 Fax No: 011-41410591

## DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 25th Annual Report on the business and operations of the Company, together with the audited accounts for the financial year ended March 31, 2014.

### FINANCIAL RESULTS

The company's financial performance, for the year ended March 31, 2014 is summarised below:

Particulars	(Rs. in Lacs)			
	Consolidated		Standalone	
	2013-14	2012-13	2013-14	2012-13
Gross Sales	<b>79009.95</b>	66469.85	<b>78804.10</b>	66048.55
<b>Sales, Net of Excise</b>	<b>71616.01</b>	60308.87	<b>71410.57</b>	59887.57
Earning before Tax, Depreciation & Finance Cost	<b>8905.81</b>	7066.96	<b>8914.15</b>	7022.09
Less: Cost of Finance	<b>1445.27</b>	1296.52	<b>1443.89</b>	1292.99
Profit before Tax & Depreciation	<b>7460.54</b>	5770.44	<b>7470.26</b>	5729.10
Less: Depreciation	<b>2178.99</b>	1834.94	<b>2178.53</b>	1834.75
<b>Profit Before Tax</b>	<b>5281.55</b>	3935.50	<b>5291.73</b>	3894.35
Less: Tax Expenses	<b>1554.03</b>	1163.36	<b>1551.74</b>	1162.94
<b>Profit After Tax</b>	<b>3727.52</b>	2772.14	<b>3739.99</b>	2731.41
Add: Balance brought forward from previous year	<b>8081.46</b>	6144.13	<b>8096.13</b>	6199.53
<b>Profit available for appropriation</b>	<b>11808.98</b>	8916.27	<b>11836.12</b>	8930.94
Less: Transfer to General Reserve	<b>375.00</b>	275.00	<b>375.00</b>	275.00
Less: Proposed Dividend	<b>717.73</b>	478.49	<b>717.73</b>	478.49
Less: Corporate Dividend Tax	<b>121.98</b>	81.31	<b>121.98</b>	81.31
<b>Surplus -Closing Balance</b>	<b>10594.27</b>	8081.47	<b>10621.41</b>	8096.14
<b>Earning Per Share (Rs.)</b>	<b>31.16</b>	23.17	<b>31.27</b>	22.83

### BUSINESS REVIEW

Year 2013-14, has remained a tough year for Auto Industry and except two-wheeler all other vehicle segments shown negative growth. Because of two-wheeler's 4% growth, Automobile Industry has shown a growth of 4%. Even in two wheelers, scooters segment has registered a growth of more than 20%. Otherwise, all other segments have shown negative growth - passenger vehicle near minus 4% and commercial vehicle just below minus 20%.

The Operational Performance of the Company has remained among best in the Industry. The management has clear vision and mission as how to competitively differentiate by defining the right values proposition for the customer and maintain excellence in all parameters of operational excellence, whether Quality, Cost, Design, Development, Delivery and overall Management Systems. This excellence is acknowledged by the esteemed OEM customers of the Company by way of repetitive QCDDM Awards and Quality Certificates.

Regarding financial performance, despite a tough year for the automobile industry, the Company has recorded yet another year of strong performance with a growth of 19.24% in FY 2013-14 and achieved a net turnover of Rs. 714.11 Crore in comparison to Rs. 598.88 Crores in previous year. Company has also been able to increase the Profit after tax from Rs. 27.31 Crores in FY 2012-13 to Rs. 37.40 Crore in 2013-14, with a growth of 36.95%. This shows inherent strength of the company.

### DIVIDEND

Considering the performance of the company, Board pleased to recommend a dividend of 60% (Rs. 6.00 per share) from the profits of the Company, for the year 2013-14 to the equity shareholders to be determined by Book Closure. The Board recommended the same for approval by the shareholders in the ensuing Annual General Meeting. If approved by the shareholders, the dividend will be paid with in the period stipulated under Companies Act, 2013.

### TRANSFER TO RESERVES

An amount of Rs. 375.00 lacs is transferred to General Reserve Account out of the profits for the financial year ended 2013-14.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### CORPORATE GOVERNANCE REPORT

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

### DIRECTORS

Pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, may offer themselves for re-appointment at Annual General Meeting. Consequently, Shri Kashi Ram Yadav and Shri J.S.S. Rao, Directors will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment in accordance with the provisions of the Companies Act, 2013.

Further, Shri Iqbal Singh, Shri Subodh Kumar Jain, Shri Charoen Sachamuneewongse, Shri Amitabh Prakash Agrawal and Shri Vinod Kumar Malhotra were appointed as Independent Directors of the Company at various times, in compliance with the requirement of the Clause 49 of the listing agreement entered with the Stock Exchanges. Existing appointments of all these Directors are in compliance with the Companies Act, 1956, and their appointment is subject to retire by rotation.

As per the provisions of Section 149(4) of Companies Act, 2013 (the Act) which has come into force with effect from 1st April, 2014, every listed company is required to have at least one third of the total number of Directors as Independent Directors. Further, Section 149(10) of the Act provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Act.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement which would be effective from October 1, 2014 inter alia stipulates the conditions for the appointment of Independent Directors by a listed company.

In view of the fact that existing appointment of all Independent Directors is subject to retire by rotation and under Companies Act, 2013 they are not subject to retire by rotation and they can hold office for a term up to five consecutive years and considering the other provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, it is proposed to freshly appoint all the above directors as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019 and they would not be subject to retire by rotation. The Nomination and Remuneration Committee has also recommended the fresh appointments of all these Independent Directors.

# ANNUAL REPORT 2013-14

In the opinion of the Board, each of the above Independent Directors fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. The above Independent Directors are independent of the management.

Brief resume of the above Independent Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board and Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in explanatory statement to Notice of AGM.

The Board commends the appointment of each Independent Director.

Further, during the year, Shri C.S. Kothari, Independent Director has resigned from the Directorship w.e.f. February 13, 2014. Because of his resignation, the total independent directors reduced to 5 instead of minimum required strength of 6.

Therefore, Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Board of Directors of the Company has appointed Shri Padur Narayana Viswanathan (P.N. Viswanathan) as an Additional Director (Independent Director) of the Company w.e.f. August 9, 2014.

In terms of Section 149(10) of the Act, an Independent Director can hold office for a term up to 5 (five) consecutive years, hence Shri P.N. Viswanathan is appointed by the Board as Independent Director for a period of 5 (five) years w.e.f. August 9, 2014, subject to his appointment by shareholders in ensuing Annual General Meeting.

Brief resume of Shri P.N. Viswanathan, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is given in explanatory statement to Notice of AGM.

The Board commends the appointment of Shri P.N. Viswanathan in the ensuing AGM.

## SUBSIDIARY COMPANY AND JV COMPANY

Company has only 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.

The Company had entered into a joint venture agreement with 'Horustech Lighting SRL Italy' on December 2, 2013 for forming a joint venture company to set-up a design centre in Italy. Accordingly, a 50:50 joint venture company 'Centro Ricerche Fiem Horustech SRL' has been formed in Italy on December 12, 2013. The Company has invested a sum of Rs. 8,41,200/- (Euro 10,000) towards capital contribution in said Joint Venture Company as on the date of balance sheet.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard 21 and Accounting Standard 27 read with other applicable provisions, the Audited Consolidated Financial Statements has also been prepared for FY 2013-14, which forms part of this Annual Report of your Company. The accounts of wholly owned subsidiary company 'Fiem Industries Japan Co., Ltd.' and 50:50 JV Company 'Centro Ricerche Fiem Horustech SRL' are consolidated with the accounts of the Company.

Kindly refer the notes to consolidated accounts for further information.

## FIXED DEPOSITS

The Company has not accepted any Fixed Deposit within the meaning of the Companies (Acceptance of Deposit) Rules, 1975 or Chapter V of the Companies Act, 2013.

## STATUTORY AUDITORS

M/s Anil S. Gupta & Associates, Chartered Accountants (ICAI Firm Registration No.004061N), Delhi were appointed as the Statutory Auditors of the Company for the financial year 2013-14 at the Annual General Meeting (AGM) of the Company held on September 23, 2013.

M/s Anil S. Gupta & Associates have been the Auditors of the Company since beginning. As per the provisions of Section 139 of the Act, no listed company can appoint or re-appoint an individual auditor for more than one term of 5 (five) consecutive years. Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014 have also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s Anil S. Gupta & Associates, being eligible for re-appointment has offered himself for appointment for a term of 3 years from conclusion of the ensuing AGM. Based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on August 9, 2014, proposed the appointment of M/s Anil S. Gupta & Associates as the Statutory Auditors of the Company for a period of 3 (three) years to hold office from the conclusion of ensuing AGM till the conclusion of the 28th AGM of the Company to be held in the calendar year 2017 (subject to ratification of their appointment at every AGM).

Pursuant to Section 141 of the Companies Act, 2013 and relevant Rules prescribed there under, the Company has received certificate from the Auditors to the effect, inter-alia, that their appointment, if made, would be within the limits laid down by the Act and shall be as per the term provided under the Act and that they are not disqualified for such appointment under the provisions of applicable laws and also that there is no proceeding against them pending with respect to professional matter of conduct. The Auditors have also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.

The Board commends appointment of M/s Anil S. Gupta & Associates as Statutory Auditors of the Company.

## OBSERVATIONS IN AUDITORS' REPORT

There is no reservation, qualification or adverse remark in the auditors' report hence, no explanation is required from Board of Directors.

## PARTICULARS OF EMPLOYEES

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In today's world, a Company and the society in which it operates are intrinsically and inseparably linked. Corporate Social Responsibility or CSR is a natural corollary of this symbiotic and co-dependent relationship. The Companies Act, 2013 mandates a legal obligation on this responsibility by making CSR a binding commitment for prescribed companies. Since beginning, Fiem has been a responsible corporate citizen and always take initiatives for giving back to the society. Social empowerment has been an integral part of the operations. The Company has constituted a Corporate Social Responsibility Committee for





overseeing the Corporate Social Responsibility activities of the Company under Companies Act, 2013.

With the spirit of giving back to the society in every possible way, company will implement its CSR initiatives in a more formal way as mandated under Companies Act, 2013.

As a matter of policy, company gives opportunities for the inclusive growth of women and underprivileged. Company support in many ways to communities among whom the Company operates. Company also contributes towards social causes by way of donations to the various societies and trusts, which are engaged in these social activities. Further, Company takes a lot of initiatives for environment protection and encouragement for greener environment.

#### **COST AUDIT**

For F.Y. 2013-14, Mr. Krishan Singh Berk, a Practising Cost Accountant had been re-appointed as Cost Auditor by the Board of Directors of the Company.

For F.Y. 2012-13, Cost Audit Report was filed by the Company on September 25, 2013 which was within due date for filing the same. The Cost Audit Report for the year 2013-14 will be filed in due course.

As per Companies (Cost Records and Audit) Rules, 2014 notified vide Notification dated 30th June, 2014 issued by Ministry of Corporate Affairs; Company is not falling under the Industries, which will subject to Cost Audit or required to maintain cost records. Hence, no cost auditor was appointed for F.Y. 2014-15 by the Board of Directors of the Company.

#### **MATERIAL CHANGES**

After the end of the Financial Year 2013-14 and up to date of this Report, no material changes or commitments happened, which in the opinion of the Board would affect the financial position of the Company at large.

#### **BUY-BACK OF SHARES**

No proposal of buy-back of the shares was considered by the Board during the period under review.

#### **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:

- (i) that In the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed and no material departures have been made from the same;
- (ii) that 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 of the company for that period;
- (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 & detecting fraud and other irregularities;
- (iv) that the Annual Accounts for the year-ended March 31, 2014 have been prepared on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Directors would like to place on record their sincere appreciation to the Company's OEM customers and acknowledge their patronage and confidence shown in the Company over the years and deeply value their relationship. Board is also thankful to the vendors and bankers for their continued support to the Company during the year. The Directors also wish to acknowledge the contribution made by employees at all levels for steering the growth of the organisation. The Board would like to express its gratitude to the members for their continued trust, cooperation and support and look forward for such support and confidence in future also.

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

**-Sd-  
J.K. Jain**

**Chairman & Managing Director**

**Place : Rai, Sonapat (HR.)  
Date : 09.08.2014**

## 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

Company is well aware about the need to conserve energy in its every operation and at every location. All factories of the Company follows best practices to conserve and save energy and contributing to this national cause of energy saving. India is an acute power deficit country, so irrespective of size and scale every citizen and corporate should do its best efforts and duty to conserve energy. Your Company, being a responsible corporate citizen follows best practice in its operations to conserve energy across locations.

#### (a) Energy Conservation Measures Taken:

1. In Hosur units, LED Lights installed in place of CFL and Sodium Vapour resulting in substantial saving of power in Hosur Plants.
2. In Rai and Kundli Plant some old Hydraulic System in moulding machines replaced with Servo Hydraulic System resulting in energy saving by 25% to 35% on each machine.
3. Periodic desalination of cooling towers increased resulting in improvement of efficiency and also power saving.
4. Heavy duty Industrial exhaust fans replaced by turbo ventilators resulting in reduction of power consumption.
5. Energy saving awareness programme are regular features and training imparted to concerned staff members as how to use minimum power while working.

#### (b) Additional Investments and Proposals, if any, being implemented for reduction of consumption of energy:

In the plants, retrofit options for old machines are under consideration to increase the efficiency and save the power.

As the Company has diversified into LED Lighting and developed a large range of products, while selling these products in the market, Company is installing the LED Lights in all their new buildings and steadily replacing the old incandescent, mercury and CFLs across all plants. As the products are in-house made, so comparative cost of investment on replacement is low. It will result in reduction of power consumption over a long period of their life span. This investment will result in substantial saving of energy in long run.

Though manufacturing activities of the Company doesn't come under power intensive industry, still energy conservation remains a subject of continuous improvement in all plants of the company. As and when possible, workable proposals are implemented for power saving.

#### (c) Impact of above Measures for Reduction of Energy Consumption and Consequent Impact on the Cost of Production of Goods:

The impact of above measures in reduction of energy consumption and consequent impact on the cost of production of goods is difficult to quantify. However, as power constitutes a major cost factor in production and overall operations of the Company, hence all these measure of energy conservation resulted in the overall cost reduction.

#### (d) Total Energy Consumption and Energy Consumption Per Unit Of Production As Per Form A:

As the Company does not fall among the list of Industries mentioned in the above Rules; hence the requirement of furnishing the information in Form A is not applicable on the Company.

### RESEARCH & DEVELOPMENT

Automotive as well as LED Lighting both are highly technology and research driven industry. Innovations and new product development are paramount to sustain and grow in these Industries; hence Research & Development is backbone for growth of the Company. LED is a new and evolving technology and need more focus on Research & Development. Hence, the Company is well aware about the required focus on R&D. Company is investing in the Research & Development programme of the Company inter-alia to achieve the following objectives:

1. To carryout research for developing state-of-the-art technology and products for automotive lighting, rear view mirrors and other automotive components in compliance of latest international standards and to fulfill the requirement of Indian and Global OEMs.
2. To enhance and improve our R&D capabilities for designing and development of new and innovative products in:
  - (i) Automotive lighting, rear view mirrors and other automotive components;
  - (ii) LED Luminaires for indoor and outdoor applications;
  - (iii) LED Integrated Passenger Information and Display Systems for Indian Railways and other transport vehicles.
3. To develop new and innovative LED general lighting products and technology with low carbon emission, low power consumption and high efficiency, with an endeavor to contribute towards solution of lighting and energy requirements of future India.
4. To disseminate knowledge acquired from R&D activities to train the manpower in our industry.

In furtherance of above objectives, the Company had set-up its in-house R&D Unit at newly established Rai Plant. In the month of December, 2011, the Govt. of India, Ministry of Science and Technology, Department of Science and Industrial Research has accorded Recognition to our 'In-house R&D Unit' situated at Plot No. 1915, Rai Industrial Estate, Phase-V, Distt. Sonapat (Haryana).

The recognition further renewed up to March 31, 2017.

A brief on the R&D activities of the Company is as under.

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

- Design and Development of many new Generation Lighting including LED Lamps for Automotive, industrial and domestic applications from low power to high power series.
- Development of LED street lights which can be operated by Solar power.
- Introduction of LIGHT GUIDES using LED in replacement with incandescent bulbs for parking / position lamps.
- In-house design and development of Railway PIS (Passenger Information System) with computer programme.
- In-house Optical Designing and Simulation for headlamp, tail lamp, signalling lamps and LED lighting products for indoor and outdoor applications.
- Design and development of LED Bi-projector lamps for two wheeler high end models which can meet stringent regulatory requirements with low power consumption.
- Feasibility study for two wheeler mirror with LED side direction indicators for upcoming futuristic models.

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

- New generation LED technology in automotive and home lighting segments developed and improved.

- Developed aesthetically unique down light sparkle and bangle design using in-house Optical design techniques.
- Replacement for Zero watt (15W incandescent bulbs), using LED with 0.5 W / 1W / 3W bulbs - low cost solution.
- In-depth robust Design and Engineering Database having quality gates at defined appropriate stages of development.
- Established R&D confidence and exclusive technology experience has given opportunity to enhance customer reach in high end and luxury automotive segment.
- Diversified and large portfolio of lighting products developed.

### 3. Future Plan of action:

- Research on OLED products and benchmarking.
- Target cost reduction on High end LED Bi-projector head lamp by design means and futuristic concept of lower power consumption.
- Research on using polymer based projector lenses.
- Research on using polymer based heat sinks in place of metal heat sinks to reduce manufacturing costs.
- Further strengthening and improving the existing R&D infrastructure and facilities for complete designing of the products from conceptualization to production covering product design, testing, optical simulation etc.
- Designing & Development of LED Head Lamp with indigenous developed control module.
- More research and development on solar based lighting system to provide complete system for all kind of solar based lighting systems.

### 4. Expenditure on R&D:

To achieve the objective of R&D programme, highly experienced and qualified engineers joined in R&D Unit of the Company and expenditure also incurred on software and equipments. The following expenses have been incurred by the company on its in-house Research & Development Unit:

Particulars	Amount in (Rs.)	
	2013-14	2012-13
<b>Capital Expenditure:</b>		
Capital Expenditure	<b>19,34,307</b>	3,034,125
<b>Total (A)</b>	<b>19,34,307</b>	3,034,125
<b>Recurring / Revenue Expenditure:</b>		
Raw Material Consumed	<b>4,83,745</b>	-
Employees Benefits	<b>38,649,111</b>	37,084,713
Other Expenses	<b>3,817,180</b>	2,247,043
Finance Cost	<b>9,89,766</b>	1,777,407
Depreciation & Amortization	<b>2,459,400</b>	2,136,650
<b>Total (B)</b>	<b>46,399,202</b>	43,245,813
<b>Grand Total (A+B)</b>	<b>48,333,509</b>	46,279,938

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### 1. Efforts, in brief, made towards Technology Absorption, Adaptation and Innovation:

Technology absorption is essential strength in the operations of the Company for enhancing efficiency and product quality as well overall

production improvement. The products of the Company in Automotive Lighting and Mirrors etc., as well as newly diversified field of LED Indoor and outdoor lighting solutions require a high level and continuous improvement in the technology.

Hence, technology absorption, adaptation and innovation remains a normal course of action in the operations of the Company. Company has made efforts for technology absorption, adaptation and innovation in the area of product development, new process development and Improvement in existing production processes as well as overall manufacturing processes as under:

- Automatic simultaneous multi-screwing process introduced in Head Light assembly process.
- High end camera based inspection Technology introduced on PCB SMT assembly line.
- Specially in house designed Jigs increased productivity in aluminium metalising machines.
- Inline vibration testing introduced in production line for LED lighting products for better durability and problem detection.

### 2. Benefits Derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.:

- Efficiently complied govt. mandated standards and customer mandated requirements in the products.
- Product development has become faster with latest technology and features.
- Specially in house designed Jigs increased productivity in aluminium metalising machines, hence investment reduced and production cost decreased.
- New process development and Improvement in existing production processes resulted in increased efficiency.
- High end camera based inspection Technology introduced on PCB SMT assembly line, given us benefit to detect the problem PCB at early stage, hence finish product rejection cost reduced.

### 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year 2013-14), information as per Form B to above Rules may be furnished: - Not Applicable.

## EXPORT INITIATIVE AND FOREIGN EXCHANGE EARNING & OUTGO

### Activities relating to Exports:

With diversification into LED Luminaries covering LED indoor and outdoor applications like LED bulbs, LED tube lights, LED ceiling lights, LED down lights, LED solar lanterns, LED torches and LED street lights, LED bay lights, LED bollards, LED flood lights etc. the Company is also initiating and trying to export these products in overseas markets. Beside this, automotive lamps, signalling lamps and rear view mirrors, sheet metal and plastic molding parts are the automotive products. Till now company's export constitute around 5% of the total turnover. As some of these products are exported to other countries, hence exporting of these products can be termed as activities relating to exports.

Company exports its products to OEMs as well as to Tier- I Suppliers in other countries like Japan, Italy, Germany, UK, Austria, Indonesia etc. Further, our OEM customer in India, also supplies their fully built vehicles in foreign markets, for which we are supplying Automotive Lamps, signaling lamps and rear view mirrors etc. In this way, we contribute in exports directly as well as indirectly.

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

As mentioned above, with diversification into LED Luminaires, company is taking initiative to export these products to foreign markets. These new products will open new and different markets for export opportunities, apart from automotive parts. Management is sincerely working to tap these opportunities. Numbers of giant multinational retail players are looking for quality manufacturers and Company sees big potential in these opportunities.

In the automotive products, management is taking new initiatives to increase the exports pie and development of new markets. In these efforts, the existing relations with our valued global OEMs are giving strength. Because of these initiatives, we are able to procure the business from Honda Japan for their high end Motorcycle of 670 cc. and Company is doing regular exports for the same.

Last year, Company has entered into a 50:50 JV with Horustech of Italy and opened a design centre in Italy. This provides greater strength to the company in designing capabilities and potential to new business with foreign and Indian customers.

Company keep exploring new opportunities for growth avenues, especially to increase exports.

### During the year 2012-13 and 2013-14, foreign exchange earnings and outgo has been as under:

#### Foreign Exchange Outgo

		Amount (In Rs. lacs)	
S. No.	Particulars	2013-14	2012-13
1.	Value of Import on CIF basis	3202.81	1795.04
2.	Finance Cost	103.11	139.59
3.	Salary to Staff	–	62.30
4.	Travelling expenses	47.35	43.97
5.	Consultancy Charges	7.12	19.93
6.	Others	43.21	36.81
	<b>TOTAL</b>	<b>3403.60</b>	<b>2097.64</b>

#### Earning in Foreign Exchange

		Amount (In Rs. lacs)	
S. No.	Particulars	2013-14	2012-13
1.	Export Sale on FOB Value	1370.44	1510.89
2.	Testing Fee Received	–	2.08
3.	Packing & Forwarding	1.12	2.30
4.	Other Income	2.44	0.18
	<b>TOTAL</b>	<b>1374.00</b>	<b>1515.45</b>

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMIC OVERVIEW:

#### World Economy and Outlook

As per 'World Economic Outlook' released in April, 2014 by International Monetary Fund, global activity strengthened during the second half of 2013 and is expected to improve further in 2014-15. The impulse has come mainly from advanced economies, although their recoveries remain uneven. With supportive monetary conditions and a smaller drag from fiscal consolidation, annual growth is projected to rise above trend in the United States and to be close to trend in the core euro area economies. In the stressed euro area economies, however, growth is projected to remain weak and fragile as high debt and financial fragmentation hold back domestic demand. In Japan, fiscal consolidation in 2014-15 is projected to result in some growth moderation.

Growth in emerging market economies is projected to pick up only modestly. These economies are adjusting to a more difficult external financial environment in which international investors are more sensitive to policy weakness and vulnerabilities given prospects for better growth and monetary policy normalization in some advanced economies. As a result, financial conditions in emerging market economies have tightened further compared with the October 2013 World Economic Outlook (WEO), while they have been broadly stable in advanced economies. Downside risks continue to dominate the global growth outlook, notwithstanding some upside risks in the United States, the United Kingdom, and Germany.

In advanced economies, major concerns include downside risks from low inflation and the possibility of protracted low growth, especially in the euro area and Japan. While output gaps generally remain large, the monetary policy stance should stay accommodative, given continued fiscal consolidation. In emerging market economies, vulnerabilities appear mostly localized. Nevertheless, a still-greater general slowdown in these economies remains a risk, because capital inflows could slow or reverse. Emerging market and developing economies must therefore be ready to weather market turmoil and reduce external vulnerabilities.

#### Indian Economy and Outlook<sup>1</sup>

After achieving unprecedented growth of over 9 per cent for three successive years between 2005-06 and 2007-08 and recovering swiftly from the global financial crisis of 2008-09, the Indian economy has been going through challenging times that culminated in lower than 5 per cent growth of GDP at factor cost at constant prices for two consecutive years, i.e. 2012-13 and 2013-14.

Persistent uncertainty in the global outlook, caused by the crisis in the Euro area and general slowdown in the global economy, compounded by domestic structural constraints and inflationary pressures, resulted in a protracted slowdown. The slowdown was broadly in sync with trends in other emerging economies, but relatively deeper. India's growth declined from an average of 8.3 per cent per annum during 2004-05 to 2011-12 to an average of 4.6 per cent in 2012-13 and 2013-14. Average growth in the emerging markets and developing economies including China declined from 6.8 per cent to 4.9 per cent in this period (calendar-year basis). What is particularly worrisome is the slowdown in manufacturing growth that averaged 0.2 per cent per annum in 2012-13 and 2013-14.

In addition to the growth slowdown, inflation continued to pose significant challenges. Although average wholesale price index (WPI) inflation declined in 2013-14 to 6.0 per cent vis-à-vis 8.9 per cent in 2011-12 and 7.4 per cent in 2012-13, it is still above comfort levels.

The external sector witnessed a remarkable turnaround after the first quarter of 2013-14, and the year ended with a CAD of 1.7 per cent of GDP as against 4.7 per cent in 2012-13. After plummeting to 68.36 to a US dollar on 28 August 2013, triggered by the expected taper of quantitative easing in the United States, the rupee gradually strengthened and the year ended with the exchange rate averaging 61 per US dollar in March 2014, owing to measures taken by the government and the Reserve Bank of India (RBI). Foreign exchange reserves increased by nearly US\$ 40 billion from US\$ 275 billion in early September 2013 to US\$ 314.9 billion on 20 June 2014. These developments on external account have generated some optimism that the Indian economy is better prepared to confront the challenges of global policy reversals, including tapering of quantitative easing in the US. Improvement is also observed on the fiscal front, with the fiscal deficit declining from 5.7 per cent of GDP in 2011-12 to 4.9 per cent in 2012-13 and 4.5 per cent in 2013-14. Much of this improvement has been achieved by reduction

1. [source: Indian Economic Survey 2013-14]

in expenditure rather than from increased revenue. Nevertheless, the corrections in fiscal and current account deficits augur well for macro-economic stabilization.

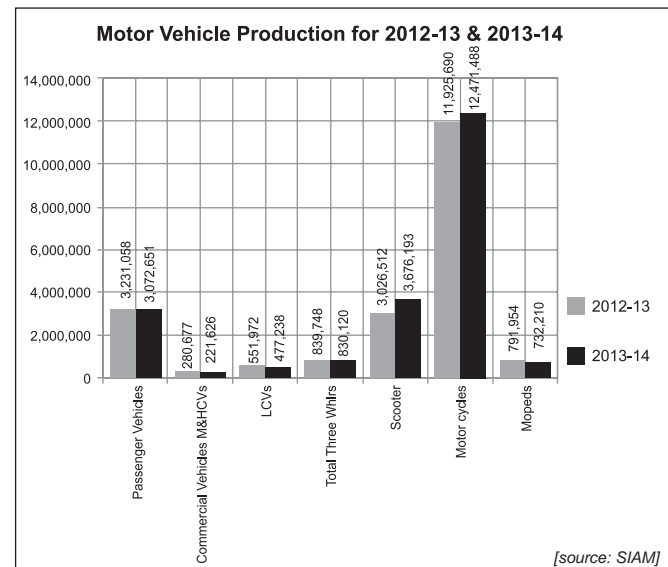
It is strongly expected that in 2014-15, the Indian economy is poised to overcome the sub-5 per cent growth of gross domestic product (GDP) witnessed over the last two years. The growth slowdown in the last two years was broad based, affecting in particular the industry sector. Inflation too declined recently, but continued to be above the comfort zone, owing primarily to the elevated level of food inflation. Yet, the developments on the macro stabilization front, particularly the dramatic improvement in the external economic situation with the current account deficit (CAD) declining to manageable levels after two years of worryingly high levels was the redeeming feature of 2013-14. The fiscal deficit of the Centre as a proportion of GDP also declined for the second year in a row as per the announced medium term policy stance. Reflecting the above and the expectations of a change for the better, financial markets have surged. Moderation in inflation would help ease the monetary policy stance and revive the confidence of investors, and with the global economy expected to recover moderately, particularly on account of performance in some advanced economies, the economy can look forward to better growth prospects in 2014-15 and beyond.

A survey by global consultancy firm Ernst & Young (E&Y) sees India as the world's most attractive investment destination. With the opening up of foreign direct investment (FDI) in several sectors, India is today an eye-catching destination for overseas investors. The relaxation of norms by the government has created a vast opportunity for foreign players, who are competing for a greater role in the Indian market. Sectors projected to do well in the coming years include automotive, technology, life sciences and consumer products.

#### Industry Structure and Developments:

##### • Automobile & Auto Components:

The **Indian Automobile Industry** is one of the most vibrant industries in Indian Economy. The industry accounts for near to 1/5<sup>th</sup> of the country's manufacturing gross domestic product (GDP). It comprises passenger cars, two-wheelers, three-wheelers and commercial vehicles and is currently the seventh-largest in the world with an annual production in FY 2013-14 of 21.5 million vehicles, of which 3 million are exported. Segment wise production of motor vehicles are shown in below chart.



The next few years are projected to show solid but cautious growth due to improved affordability, rising incomes and untapped markets. All these open up an opportunity for automobile manufactures in India.

The Indian government encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. It is a fully de licensed industry and free imports of automotive components are allowed. Moreover, the

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government has not laid down any minimum investment criteria for the automobile industry and has formulated the Automotive Mission Plan for the period 2006-2016 which aims to accelerate and sustain growth in this sector. The plan also aims to double the contribution of the automotive sector to the country's GDP by taking its turnover to US\$ 145 billion and providing additional employment to 25 million people by 2016.

The Indian **Auto Component Industry** is one of the country's rising industries with tremendous growth prospects. From a low-key supplier providing components exclusively to the domestic market, the industry has emerged as one of the key auto components centres in Asia and is today seen as a significant player in the global automotive supply chain. India is now a supplier of a range of high-value and critical automobile components to global auto makers such as General Motors, Toyota, Ford and Volkswagen, amongst others.

The industry currently accounts for almost seven per cent of India's gross domestic product (GDP) and employs about 19 million people, both directly and indirectly. The ever-increasing development in infrastructure, big domestic market, increasing purchasing power and stable government framework have made India a favourable destination for investment, as per the vision of Automotive Mission Plan (AMP)2006-2016.

The Indian auto component industry is expected to register a turnover of US\$ 66 billion by FY 15-16 with the likelihood to touch US\$ 115 billion by FY 20-21 depending on favourable conditions, as per the estimates of Automotive Component Manufacturers Association of India (ACMA). In addition, industry exports are projected to reach US\$ 12 billion by FY 15-16 and add up to US\$ 30 billion by FY 20-21.

The Government of India has allowed 100 per cent FDI in the automotive industry through automatic route. With a special focus on exports of small cars, multi-utility vehicles (MUVs), two and three-wheelers and auto components, the automotive sector's contribution to the GDP is expected to double reaching a turnover worth US\$ 145 billion in 2016, according to the AMP 2006-2016.

- **LED Lighting and**
- **Integrated Passenger Information System (IPIS)**

Among all the lighting technologies, LED lighting has been considered to be most emerging segment. The price of LED lighting systems has declined by around 30% over the last two to three years due to improvement in technology. Also, there is a huge demand of LED lighting products like down lighters and streetlights by institutions and government departments. LED Lighting technology is globally recognized as energy efficient green technology as it consumes near to 80% less energy than traditional lighting and has an improved life span that is 25 times more than incandescent lights.

LED Lighting provides solutions for all sort of lighting requirements like Indoor, Outdoor, Automotive, Industrial etc. Unlike traditional bulb, tubes and CFL's, LED can provide an unlimited range of products. It leaves scope for continuous innovation and improvement of the products and unique aesthetics.

Globally, LED lighting has been widely accepted in place of incandescent and CFL and emerging as the best environment friendly and most efficient lighting source. Many countries have banned incandescent bulbs and CFL owing to their low efficiency and polluting nature. They are encouraging LEDs as energy-efficient lighting technology. LEDs are poised to replace conventional GLS, CFL and HID Lamps in many key applications such as street lighting, indoor & outdoor lighting and automotive lighting etc. LEDs have also found increasing adoption due to their small form factor and high lumen-to-watt ratio.

India is emerging as a very big market for LEDs, however, being a price sensitive market, will witness a significant increase in penetration, as LED luminaire prices go down. Indian LED lighting Industry is growing fast because of government support and energy efficiency qualities.

**Integrated Passenger Information System with LED Display (IPIS)** is an electronic information system which provides real-time passenger information by displaying the same on LED displays and controlled by a computer programme. The system consist of LED display panels and computer unit having software / programme for announcement / display of the information. This system is being developed with latest technical specification to replace old system in railways

and installing at new locations and stations.

It is installed in public transports as well as privately plying buses like school and institution buses. State transports and Indian Railways are the biggest user of these systems. Passenger information delivered in relevant locations along the bus route is an important feature of this system. Indian railways are using these systems in modernization of railways, which includes modernization of railway coaches, platforms and announcement systems.

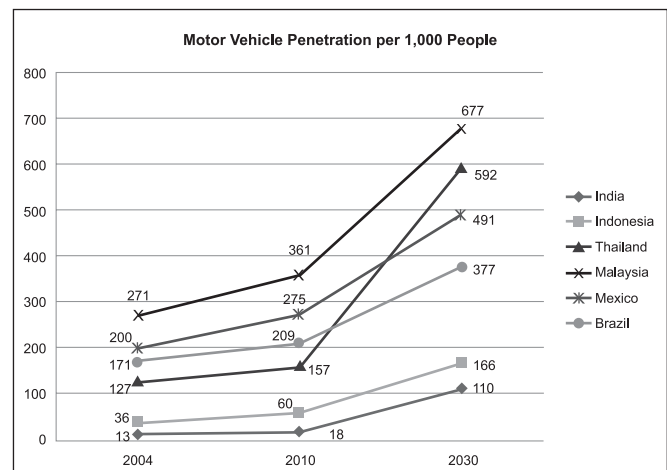
## OPPORTUNITIES & THREATS:

### • Auto-Component Business:

Faster economic growth coupled with the government's policies is likely to drive volumes and revive the Indian automobile sector. A fall in interest rates and stable fuel prices are expected to create an environment conducive for growth in this industry. Many foreign companies have their presence in India leading to a very competitive automobile market in the country, which augurs well for the sector's growth.

The rapidly globalising world is opening new avenues for the transportation industry, generating the need for more efficient, safe and reliable modes of transportation, which is subsequently adding to the auto component industry's growing opportunities. According to a report by the Confederation of Indian Industry (CII), the Indian auto component industry is set to become the third largest in the world by 2025. Also, by that time, newer verticals and opportunities for component manufacturers will open up as the automobile market will shift towards electric, electronic and hybrid cars and newer technologies will have to be adopted via systematic research and development.

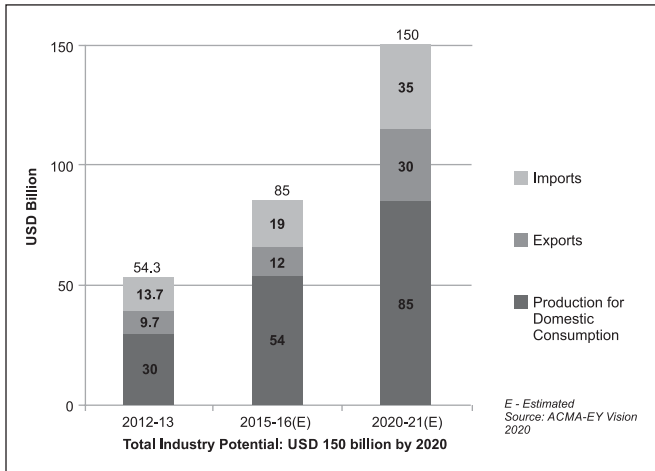
Motor Vehicle Penetration per 1,000 people <sup>2</sup>				
Country	2004	2010	2030	Average Annual Growth Rate (2004-2030)
India	13	18	110	8.6%
Indonesia	36	60	166	6.1%
Thailand	127	157	592	6.1%
Malaysia	271	361	677	3.6%
Mexico	200	275	491	3.5%
Brazil	171	209	377	3.1%



Indian Auto Industry has some very strong domestic growth drivers. The above table and graph shows very low penetration of vehicles in India per 1000 people in comparison to other countries. It indicates a huge growth potential. Further

2. [Source: World Bank; Vehicle Ownership and Income Growth, Worldwide: 1960-2030, Dargay, Dermot Gately and Martin Sommer, January 2007]

growing urbanization, increase in per capita income and burgeoning middle class present a rising domestic market.



As per study by ACMA – EY on Auto Component Industry in India: Capabilities and Challenges, total industry potential by 2020 is estimated as USD 150 billion.

Company is looking for every possible and strategic fit opportunity, which entails to growth and continuously increasing its product portfolio as well as customer base.

Presently, major business of the Company comes from two-wheeler segment. Company supplies its products to almost every two wheeler OEM in India, barring one or two. The biggest two customers of Company are HMSI and TVSM. Within two-wheelers, gearless scooter segment is witnessing an impressive growth.

The Indian two-wheeler industry has evolved over the last four decades, earlier the preference was shifted from geared scooters to motorcycles, and now it is migrating to automatic scooters, driven by changing customer preferences and availability of new products. In F.Y. 2013-14 gearless scooters is the only segment which grew 21.47% in production and 23.24% in domestic sales. The growth rate for scooters has been faster than motorcycles for the last many years, indicating the rising acceptance of scooters among buyers. Changing customer preferences are driving value migration from motorcycles to scooters in India. The share of scooters recovered from near to 12% in FY07 to near to 25% in FY14. The resurgence of scooters is led by the automatic scooters, offering convenience, universal appeal and narrowing of gap in mileage vis-à-vis motorcycles.

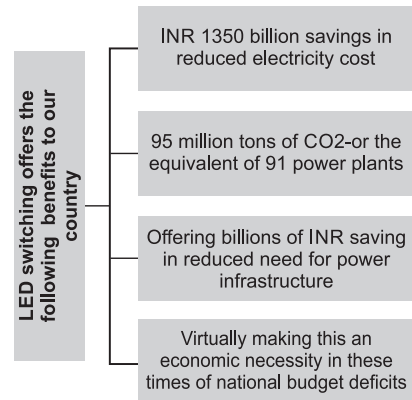
The Company is one of the biggest supplier of automotive lighting and rear view mirrors to scooter segment and sees better growth trajectory with the increased acceptance of scooters.

With such ample opportunities, Indian automobile & auto component industry also faces some challenges, which are typical of an emerging market. Foremost of these challenges are infrastructure – roads, ports and power. Then inflation is a general problem of the economy and many times to control inflation, central bank has to resort to monetary tightening resulting in increased cost of finance for the industry. Availability of skilled manpower is another problem.

- LED Lighting and
- Integrated Passenger Information System (IPIS)

LED lighting has been widely accepted globally in place of incandescent and CFL and emerging as the best environment friendly and most efficient lighting source. India is also emerging as a very big market for LEDs, and provides a huge growth opportunity because of following reasons:

LED switching offers the following benefits to our country<sup>3</sup>:

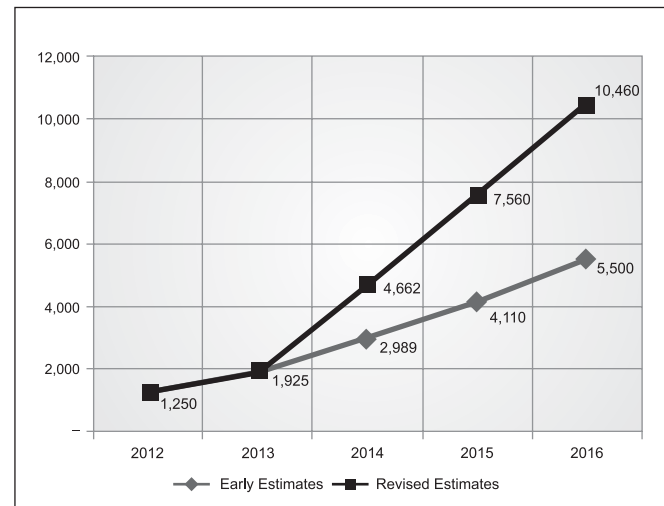


Potential Saving across different segments<sup>3</sup>:

<b>Street Lights (Potential of up to 50% savings)</b>	<ul style="list-style-type: none"> <li>• Street Lights with Fluorescent lamps: 2.5 Crore (Nos.)</li> <li>• Street Lights with HID, Gas Discharge lamps: 22.5 Lakh (Nos.)</li> </ul>
<b>Down Lights (Potential of up to 80% savings)</b>	<ul style="list-style-type: none"> <li>• Estimated Retail outlets with GLS/CFL points: 50 Lakh (Nos.)</li> <li>• Estimated points, with average 6 DLs per outlet: 3.0 Crore (Nos.)</li> </ul>
<b>Home users (Retrofit LED lamps)</b>	<ul style="list-style-type: none"> <li>• Government procurement under RGGVY per annum: 3.5 Crore (Nos.)</li> <li>• Other Government DSM and CDM schemes: &gt; 10.0 Crore (Nos.)</li> </ul>

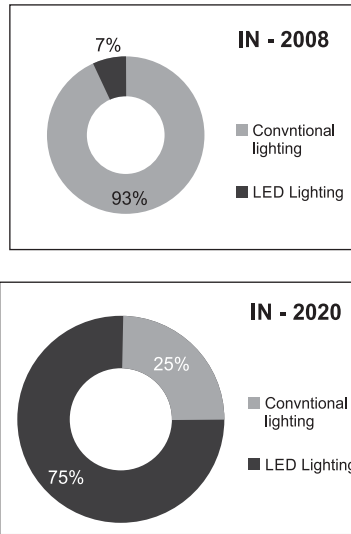
Expected Industry Growth

Based on the latest industry estimates, the LED market in India is expected to reach to Rs. 10,460 Crore by the year 2016. This estimate stand revised upward vs. earlier forecast of Rs. 5500 Crore. It is believed that government intervention can drive the much needed acceleration in the Indian LED lighting industry. Following charts shows the growth potential in LED industry in India<sup>3</sup>:



3. [Source: Presentation of Mr. Nirupam Sahay, President, ELCOMA 18/12/13.]

As per estimates, by 2020, LED lighting will constitute 75% of the total lighting requirement<sup>4</sup>.



**Government thrust on LED:** Government agencies like the Ministry for Renewable Energy and the Bureau of Energy Efficiency were instrumental in raising awareness on LED's benefits in towns and villages, to the extent of distributing free solar LED lanterns in villages and offering subsidies on them. Many municipalities and corporations across the country have adopted LED for street lighting applications. As a result, the Indian business to government (B2G) in LED lighting market is witnessing robust growth. In addition, the government sector has cemented the belief that LEDs are the way forward for the country's power woes.

The Government sector is the single largest user of LED lights in India today. Apart from large scale street lighting projects, increasing usage of LED lights for in-cabin lighting as well as for lighting railway stations have turned the Government sector into a growth trigger. The commercial sector in India is the second largest user of LED lights, followed by industrial and automotive segments. Hospitality and retail sectors, street lighting applications within factories, special economic zones and information technology parks are key contributors to commercial and industrial segments.

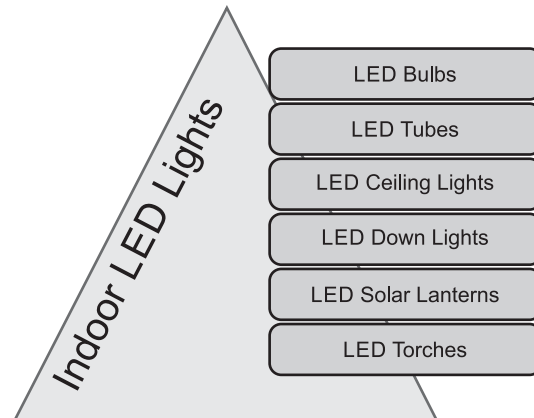
Steady decline in average selling price, owing to shrinking manufacturing costs will play an important role in future penetration and growth of LED lighting. LED chip prices are falling steadily resulting in close to 30% annual reductions in LED bulb pricing, making LEDs an impressive general lighting choice. Demand for all LED lighting types, including LED spot lights, streetlights, luminaires, residential use light bulbs, and LED fluorescent tubes is set to increase manifold in the next few years.

Company's diversification into **LED lighting** and **IPIS** has been driven because of following key factors:

- Company has a core competency into lighting designing, development and manufacturing, because of its decade's old experience in automotive LED lighting.
- LED Lighting and IPIS have great synergies in designing, development and manufacturing with the existing automotive lighting of the Company.
- These two new additional businesses will provide the company new growth markets other than the existing automotive market.

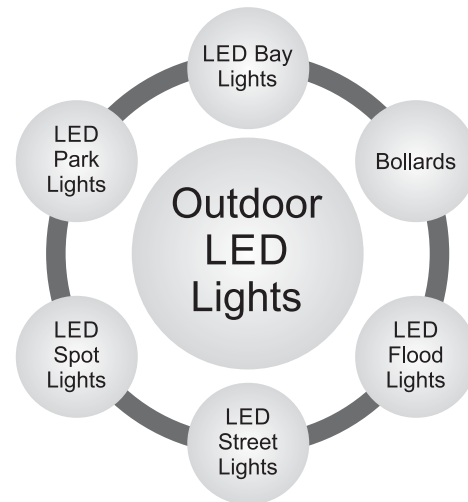
To tap this growth opportunity, Company has developed a large range of LED products as under:

**Indoor LED Lights**



**Applications** - Commercial, Industrial, Residential and other buildings such as Showrooms, Offices & Bank, Malls, Factories, Industrial shed, Warehouses, Residential Houses/Flats etc. LED Torches have safety features like glass breaking, seat belt cutter and warning lights which helps the vehicle driver during emergency.

**Outdoor LED Lights**



**Applications** - Roads, Highways, Tunnels, Open spaces in the building compounds such as Farm houses, Amusement parks, Hotels, Banquets, Gardens & parks, Residential apartments, Institutional & Industrial compounds etc.

**Integrated Passenger Information System (IPIS)** also provides huge opportunity in Indian Railways and state transport buses. Modernization programme of Indian Railways which covers platforms and passenger information / announcement system is very big opportunity. State transport authorities are installing IPIS system in its buses. Private institutions like school buses also use this system.

Management believes that these two additional businesses will drive growth of the Company in next phase. Management has done maximum backward integration by manufacturing almost all components of LED Luminaire in-house to maintain stringent quality standards and control the costs, so that company can offer high quality products at competitive prices.

4. [Source: Presentation of Mr. Nirupam Sahay, President, ELCOMA 18/12/13.]



Like any other industry, LED Lighting industry also has some challenges as under:

Challenges	Progress
Low Consumer Awareness	Advertisement by Industry players, Education Programme – workshop, seminars.
Initial high cost of LEDs that makes the pay-back period very long	Production started in India of various components to reduce cost. Products for many applications are already available with acceptable payback.
Awareness and compliance gaps of National Standards for LEDs, as a result many customers are buying imported sub-standard products	BIS released a list of standards for products safety and performance – yet to be popularized amongst customers, including govt. bodies
Lack of testing protocols, facilities and accredited laboratories at the national level	5 test labs established, another 7 labs are in the process.

#### FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE AND SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE:

The Operational Performance of the Company has remained among best in the Industry. The management has clear vision and mission as how to competitively differentiate by defining the right values proposition for the customer and maintain excellence in all parameters of operational excellence, whether Quality, Cost, Design and technology, Development, Delivery & timelines and overall Management Systems. This excellence is acknowledged by the esteemed OEM customers of the Company by way of repetitive QCDDM Awards and Quality Certificates as well as other awards. In recent times, Company has been bestowed following Awards:

Awards	Company/ Agency
<b>Honda Global Support Supplier Award 2012-13</b>	Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI)
<b>Certificate of Appreciation for commendable performance for achieving the Quality &amp; Delivery Targets for the year 2012-13</b>	Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI)
<b>ESQR's Quality Achievement Award 2013' in the "Gold Category"</b>	European Society for Quality Research - 'ESQR's [PARIS]
<b>ELCINA-EFY Awards for Excellence in Electronics for 2012-13 along with Certificate of Merit</b>	ELCINA-EFY
<b>Manufacturing Today Award – 2013</b>	Manufacturing Today magazine group
<b>Supplier Recognition Award</b>	Harley-Davidson India
<b>Vendor Performance Award - for the year 2013-14</b>	Suzuki Motorcycle India Ltd.
<b>Grand Award For QCDDM (Quality, Cost, Development, Delivery and Management) for FY 2013-14</b>	Honda Motorcycle & Scooter India Pvt. Ltd.

During FY 2013-14, Auto Industry faced challenging time and did not perform well with the exception of two-wheeler segment. Though, Automobile Industry has shown a growth of 4%, but it is all because of two-wheeler's positive growth of above 4% and specially scooter segment which has registered a growth of more than 20%. Otherwise, all other segments have shown negative growth - passenger vehicle near minus 4% and commercial vehicle just below minus 20%.

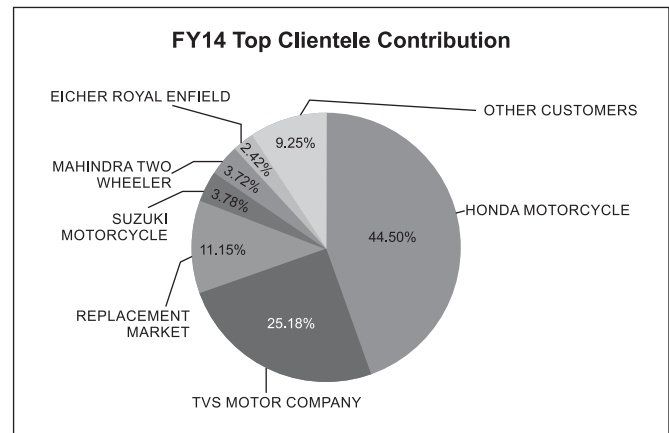
On above backdrop, during these challenging times, the Company has recorded yet another year of strong performance with a growth of 19.24% in FY 2013-14 and achieved a net turnover of Rs. 714.11 Crore in comparison to Rs. 598.88 Crores in previous year. Company has also been able to increase the Profit after tax from Rs. 27.31 Crores in FY 2012-13 to Rs 37.40 crore in 2013-14, with a growth of 36.95%. This shows inherent strength of the Company.

A snapshot of financial performance during FY 2013-14 in comparison to earlier years is as under:

#### Standalone Income Statement

Particulars (INR Mn)	FY11	FY12	FY13	FY14
Total Income	4,213	5,338	6,026	7,191
Expenses	3,831	4,659	5,323	6,299
<b>EBITDA</b>	<b>382</b>	<b>680</b>	<b>702</b>	<b>891</b>
EBITDA Margin	9.1%	12.7%	11.7%	12.4%
Depreciation & Amortization	130	169	183	218
Finance Cost	95	208	129	144
PBT	157	303	389	529
Taxes	43	92	116	155
PAT	114	211	273	374
<i>PAT Margin</i>	<i>2.71%</i>	<i>3.96%</i>	<i>4.53%</i>	<i>5.20%</i>
<b>EPS</b>	<b>9.55</b>	<b>17.68</b>	<b>22.83</b>	<b>31.27</b>

A snapshot on client-wise sale in FY 2013-14 is as under:



On Gross Turnover basis, the Product-mix of the Company is shown in the below table:

(Rs. in Lacs)

Product Category	2013-14	%age	2012-13	%age	Change %age)
Lights, signaling equipment and parts	52485.71	66.60%	44153.38	66.85%	-0.25%
Rear View Mirror and Parts	10113.18	12.83%	8,663.89	13.12%	-0.29%
Plastic Moulded Parts	10105.44	12.82%	9546.96	14.45%	-1.63%
LED & Other Misc. Items (being less than 10%)	6099.77	7.75%	3684.32	5.58%	2.17%
<b>Total</b>	<b>78804.10</b>	<b>100%</b>	<b>66,048.55</b>	<b>100%</b>	

Around 67% of the Total Turnover comes from Lighting and Signaling Equipments and close to 13% comes from each of the Rear View Mirrors and Plastic Moulded Parts.

#### RISKS AND CONCERNS:

In a study it is shown that auto component manufacturers are now a days operating in a 'low sales growth – high inflation environment'. However, the Company has been able to buck this trend and able to register a decent growth despite challenging time for overall auto industry.

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As per study, lack of policy guidance, fast changing customer tastes and preferences, exchange rate variation and unpredictable growth rates of OEMs are matter of concern for the auto components in general. Surging fuel prices also affect the auto sales. Though this factor has relatively less impact for the two-wheelers, because largely two-wheeler are becoming necessity rather than optional luxury for a sizable portion of the population and fuel consumption is less.

Company well considers the risks and concern in its planning so that performance should not get impacted. While combating the risk and concern, company strive for performance and growth by achieving consistent performance as compared to peers with a focus on revenue growth and maintaining profitability. Company aims for longevity in continued performance and keep strategic focus in developing future growth drivers.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has a well-placed, proper and adequate internal control system, which serves the objective of optimizing resources and protection of assets and resources and ensures that all assets are safeguarded and protected and that the transactions are authorised, recorded and reported correctly. The Company's internal control system comprises checks and compliance management by the concerned departments and supplemented by internal audit checks from Internal Auditors of the Company. The Internal Auditors independently evaluate the adequacy of internal controls. To further strengthen the internal control process, the Company has developed a legal compliance system.

Internal Control Systems are adequate as per requirement of size and scale of the business and geographical spread of the business operations of the Company. The manufacturing locations of the Company are spread into various locations. Further, Company has opened depots in various cities throughout the spread of country. There is a system of periodic reporting to Head Office. If some non-conformity or deviation is noted or surfaces it is immediately addressed, whether size and implications of the same are smaller. As the operations and scale of the operations of the Company are growing, management take necessary steps for improvement of internal control system to make them robust. The adequacy of each internal control system is reviewed periodically.

The robust internal control system facilitates timely compilation of accurate financial report, operational and management information systems, besides ensuring statutory and regulatory compliance. Further, it enables optimum utilization of resources.

All our Units are certified under one or more of ISO / TS 16949:2009, ISO 14001:2004 and OHSAS 18001:2007 systems. These certifications are obtained after adherence of strict audit requirements and internal control systems.

### HUMAN RESOURCES / INDUSTRIAL RELATIONS:

Company follows the best shop-floor practices like 5-S, 7W, Kaizen, TQM, TPM, 6 Sigma and Lean Manufacturing. Management strives for nurturing professional management and developing leadership pipeline, creating best in class operating environment and developing an open innovation culture. Focus is towards an overall enabling environment and creating a sense of belongingness. Across all the units and offices Company employs capable personnel, who contribute to the growth of the Company. Learning and skill enhancement is a continuous process for which the Company conducts in- house and external training and workshops with help of trainers and experienced faculties.

As a matter of policy company employs maximum women in assembly area and support for women empowerment by recruiting the woman employees and impart them necessary training. The facilities given to women employees are best in the industry like canteen, transportation, uniform, lockers, restroom etc.

Throughout the year and across the locations, the relations with the employees have remained cordial. At the end of the year, the Company's direct employees at payroll were 1406.

### CAUTIONARY STATEMENT:

The projections, estimated data and graphs etc. used in this Report are taken from documents available on the internet / websites and we don't confirm their correctness. Further, some of the statements (expressed or implied) or inference drawn from statements in Management Discussion and Analysis Report or elsewhere in this Annual Report may be 'forward looking statements' and made for the limited context of the respective subject/ topic. These may be categorized as such within the applicable laws and regulations. As these are based on certain subjective factors, assumptions and expectations of future events hence may differ materially from actual results. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statement. Readers are cautioned that the Company is in no way responsible for any loss / adverse result caused to the readers attributable to these statements. The risks outlined here are not exhaustive. Readers are requested to exercise their own judgment in assessing the risk associated with the company.

## CORPORATE GOVERNANCE REPORT (Pursuant to Clause 49 of the Listing Agreement)

The Board of the Company presents this Report on Corporate Governance in compliance to Clause 49 of the Listing Agreement.

Company looks at Corporate Governance requirements as an integral part of business system. Besides complying with the prescribed corporate practices as per Clause 49 of the Listing Agreement, Company follows the best practices and systems and keep improving to make them robust.

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

Company sees the Corporate Governance as a set of systems, processes and practices by which a company is governed. The systems, processes and practices should be in consonance to the vision and mission of the Company and should be fair and ethical to every stakeholder of the Company. These should be in compliance of laws in letter and spirit. Strong and improved Corporate Governance practices act as strong pillars for sustainable growth of the Company.

Company's Governance philosophy is based on trusteeship, transparency, accountability and being a good corporate citizen. Corporate Governance should translate into building and strengthening the trust and confidence of stakeholders and public at large about the Company, its management and its business practices. With this philosophy, management implements its governance system, processes and practices across the organization.

Sound Corporate Governance practices and responsible corporate behaviour leads to long-term and sustainable growth of the Company and these practices should be based on the principles of fairness, integrity, transparency and accountability. It is important to focus on the sustainability of business models for longer times, which should create long term shareholder value.

### 2. BOARD OF DIRECTORS:

#### 2.1 Composition of the Board

The present strength of the Board is twelve. Out of 12 Members, six are Independent Directors and another six are Whole-time Directors, including Managing Director. As a governing body of the Company, all major business, operation, financial, policy, strategic and other important matters and information are placed before the Board and the same is deliberated and decided upon by the Board in their Meetings. In case of urgent matters, the Resolutions may be passed by circulation and the same is placed before the Board in their next meeting. The composition and functioning of the Board complies the statutory & regulatory requirements including Listing Agreement. For further strengthening the functioning, Board Committees are constituted, which deliberate the matter of their domain and all decisions are taken in respective Committee Meetings.

As per disclosure requirement of Clause 49, 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. are as under:

Sr. No.	Name of the Director	Category	Number of Directorship held in other Public Limited Companies*	No. of Chairmanship/ membership held in Committees** of Other Public Limited	Shareholding in Fiem Industries Ltd. (No. of Shares) as on 31.03.2014
1	Mr. J.K. Jain	CMD Promoter	Nil	Nil	2960000
2	Mrs. Seema Jain	EPD	Nil	Nil	2960000
3	Mr. J.S.S. Rao	ED	Nil	Nil	12
4	Mr. K.R. Yadav	ED	Nil	Nil	338
5	Ms. Aanchal Jain	EPD	Nil	Nil	800000
6	Mr. Rahul Jain	EPD	Nil	Nil	1552340
7	Mr. Iqbal Singh	ID	Nil	Nil	20014
8	Mr. Charoen Sachamuneewongse	ID	Nil	Nil	Nil
9	Mr. Amitabh Prakash Agrawal	ID	Nil	Nil	Nil
10	Mr. Vinod Kumar Malhotra	ID	Nil	Nil	Nil
11	Mr. Subodh Kumar Jain	ID	Nil	Nil	Nil
12	Mr. C.S. Kothari (up to 12/02/2014)	ID	Nil	Nil	N.A.
13	Mr. P.N. Viswanathan (w.e.f. 09/08/2014)	ID	Nil	Nil	N.A.

CMD : Chairman & Managing 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 2013-14 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. C.S. Kothari	Resignation	13.02.2014	Independent Director
2.	Mr. P.N. Viswanathan	Appointment	09.08.2014	Independent Director

#### 2.3 Board Meetings

During the Financial Year 2013-14, five Board Meetings were held on 11.05.2013, 30.05.2013, 12.08.2013, 13.11.2013 and 12.02.2014.

#### 2.4 Directors Attendance Record

The attendance of directors at the above Board Meetings and at the previous Annual General Meeting held on 23rd September 2013 is as under:

Sr. No.	Name of the Director	Board Meetings attended /held	Whether present at the previous AGM
1	Mr. J. K. Jain	5/5	Yes
2	Mrs. Seema Jain	5/5	Yes
3	Mr. J.S.S. Rao	3/5	No
4	Mr. K. R. Yadav	5/5	Yes
5	Ms. Aanchal Jain	5/5	Yes
6	Mr. Rahul Jain	5/5	Yes
7	Mr. Iqbal Singh	2/5	No
8	Mr. Charoen Sachamuneewongse	0/5	No
9	Mr. Amitabh Prakash Agrawal	0/5	No
10	Mr. Vinod Kumar Malhotra	5/5	Yes
11	Mr. Subodh Kumar Jain	5/5	Yes
12	Mr. C.S. Kothari (up to 12/02/2014)	5/5	Yes
13	Mr. P.N. Viswanathan (w.e.f. 09/08/2014)	N.A.	N.A.

## 2.5 Profile of Directors:

### Brief Profile of the Directors:

**Mr. J. K. Jain**, aged 62 years, is the Chairman and Managing Director of the Company.

He is the founder of the Company and is a first generation entrepreneur. He has rich experience over 40 years and is one of the pioneers in the Automotive Lighting Industry in India. He has commenced his business journey since 1970 as a small scale industry and today with his true vision and hard work the company has grown multifold with 8 state-of-art manufacturing facilities in different locations in the North and the South of India. He has emerged as a major leader in the automotive component industry.

He has a number of awards and recognitions to his credit; some of these are as under:

1. Udyog Rattan Award by The Institute of Economic Studies (2005),
2. Rashtriya Samman Purskar with Gold Medal by Indian Society for Industry & Intellectual Development (2007),
3. Automotive Lighting Equipment Man of the Year by Business Sphere magazine (2007),
4. Vikas Rattan Gold Award by Indian Organization for Business Research & Development (2007),
5. International Quality Excellence Award by International Business Productivity Forum (2007).
6. "Life Time Achievement Award" by India International Council for Industries & Trade. (2007)
7. "National Business Leadership Award" with Gold Medal by 'Indian Society for Industry & Intellectual Development.' (2008)
8. "Rashtriya Gaurav Ratan Award" by 'Indian Society for Industry & Intellectual Development' (2009).
9. Indo-Nepal Sadbhavana Award (2010).
10. "Doctor of Honours (Business Management)" by Open International University for Complementary Medicines at Colombo, Srilanka. (2011).
11. "Outstanding Entrepreneurship Award" by Enterprise Asia, a leading NGO of Asia. The Awards are organized by Asia Pacific Entrepreneurship Awards, 2011 Committee. The Award is given for outstanding & exemplary achievements in Entrepreneurship. (2011)
12. 'Lifetime Achievement Award in the Field of Auto Lighting' by Business Sphere Group, recognizing and honoring his achievement and contribution in the field of Automotive Lighting as one of the pioneers in Automotive Lighting Industry in India.

**Mrs. Seema Jain**, aged 59 years, is the Whole-time Director of the Company. She belongs to Business family and was involved in her family business activities right from her college days. Holding B.Sc. Degree from Delhi University with long relevant experience. Actively involved in decision making in the Company besides oversees Finance Functions.

**Mr. Rahul Jain**, aged 27 years, is a Whole-time Director of the Company. He is son of Mr. J.K. Jain and Mrs. Seema Jain and brother of Ms. Aanchal Jain. He is mainly involved in strategic affairs and Corporate Planning besides close interaction with customer for total customer satisfaction and initiative for new projects. He also oversee the manufacturing operations of various units periodically.

**Ms. Aanchal Jain**, aged 32 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 has done her Masters in Business Administration in Human Resource & Management from USA. She takes care of Human Resource Management functions of the Company and is also actively involved in Skill Development and Labour Welfare Programme in the Company.

**Mr. J. S. S. Rao**, aged 57 years, is the Whole-time Director of the Company. He is a Post Graduate from Bangalore University with specialization in Cost Accounting and Factory Organization. He has an overall experience of over 30 years in automotive lighting and components industry involving manufacturing, operational and business strategic functions. Prior to joining the Company, he has worked with Lumax Industries Ltd., Evershine Moulders Ltd. and Toshi Auto Industries Ltd. He joined the Company in May 2003. He was subsequently appointed as a Whole-time Director of the Company in December 2005. He is presently responsible for the overseas and south India operations of the Company.

**Mr. Kashi Ram Yadav** aged 58 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 is responsible for production and manufacturing operations in North India Units of the Company.

**Mr. Iqbal Singh**, aged 61 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. Charoen Sachamuneewongse**, aged 67 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 58 years, is an Independent Director on the Board of the Company. He is a Doctor by profession and having a rich experience of more than 25 years in the field of Medical profession and presently working as Doctor in USA and settled there. He has been appointed as an Independent Director of the Company w.e.f. 01/08/2010.

**Mr. Vinod Kumar Malhotra**, aged 57 years, is an Independent Director on the Board of the Company. He is a Commerce Graduate from Delhi University and running his own business. He is having a rich experience of around 20 years in business. He has been appointed as an Independent Director of the Company w.e.f. 04/08/2011.

**Mr. Subodh Kumar Jain**, aged 68 years, is an Independent Director on the Board of the Company. He is a Fellow Chartered Accountant and having around 40 years experience in Auditing, Taxation, Finance and Consulting. He has been appointed as Independent Director of the company w.e.f. 09/11/2012.

**Mr. P.N. Viswanathan**, aged 76 years, is an Independent Director on the Board of the Company. He is having experience of over four decades. He has been associated with TVS Group from the inception and served the organization in various capacities and retired as Vice President from Sundaram Clayton Limited, one of the TVS Group Companies. He is having vast experience of working on new projects, general administration, financial matters and other managerial activities. He has been appointed as Independent Director of the Company w.e.f. 9th August, 2014.

### 2.6 Inter-se relationship among the Directors as on 31.03.2014 and on date of this Report

Mr. J.K. Jain, Chairman & Managing Director is husband of Mrs. Seema Jain and father of Ms. Aanchal Jain and Mr. Rahul Jain, Whole-time Directors; hence all four are related to each other. Further, all of these are promoters of the Company.

Except above, no other Director is related to each other.

### 3. AUDIT COMMITTEE

The Audit Committee consists of Mr. Subodh Kumar Jain, Mr. Vinod Kumar Malhotra and Mr. Chatter Singh Kothari as its members. All the members of the Committee are Independent Directors. Mr. Chatter Singh Kothari resigned from the Directorship of the Company w.e.f 13/02/2014. Hence, Audit Committee reconstituted and Mr. Iqbal Singh inducted as new member of the Committee w.e.f. 13/02/2014. Mr. Subodh Kumar Jain acts as Chairman of the Committee.

The Company Secretary, Mr. Arvind K. Chauhan, acts as Secretary to the Committee.

The terms of the Audit Committee are to comply with the requirements of Section 292A of the Companies Act and Clause 49 of the listing agreement. The scope of Audit Committee inter-alia includes the following:

- Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act, 1956 and any other matter referred to it by the Board;
- Investigate any activity within its terms of reference;
- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Review of the annual financial statements with the management;
- Review of the adequacy of internal control systems with the management and the external and internal auditors;
- Review of the adequacy of internal audit system including the reporting structure coverage and frequency of internal audit;
- Review of Company's financial and risk management policies; and
- Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly and annual financial statements before submissions to the Board.

#### 3.1 Audit Committee Meetings

During the Financial year ended 31.03.2014, five meetings of the Audit Committee were held on 11.05.2013, 30.05.2013, 12.08.2013, 13.11.2013 and 12.02.2014. The Attendance of the Members at these meetings was as under:

Sr. No.	Name	No. of Meetings held during his tenure	No. of Meetings Attended
1	Mr. S. K. Jain	5	5
2	Mr. V.K. Malhotra	5	5
3	Mr. C.S. Kothari (up to 12/02/2014)	5	5
4	Mr. Iqbal Singh (w.e.f. 13/02/2014)	-	-

### 4. REMUNERATION COMMITTEE

The Remuneration Committee consists of Mr. C.S. Kothari, Mr. Iqbal Singh and Mr. Vinod Kumar Malhotra as its members. All the members of the remuneration committee are Independent Directors. Mr. Chatter Singh Kothari was the Chairman of the Remuneration Committee until he resigned from the Directorship w.e.f. 13/02/2014. After his resignation, Mr. S.K. Jain was inducted in Remuneration Committee w.e.f. 13/02/2014 and he also acts as Chairman of the 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 31.03.2014, only one meeting of the Remuneration Committee was held on 12.08.2013, which was attended by all the members of the Committee at that time.

### 4.2 Remuneration Policy

Remuneration of Managing Director and Whole-time 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. As and when required, the approval of the Central Government also obtained.

#### 4.3 Details of remuneration paid during the financial year ended on 31.03.2014 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	66,00,000	Nil	Nil	66,00,000
4	Ms. Aanchal Jain	12,00,000	Nil	Nil	12,00,000
5	Mr. Kashi Ram Yadav	67,44,864	Nil	Nil	67,44,864
6	Mr. Rahul Jain	36,00,000	Nil	Nil	36,00,000
7	Mr. Iqbal Singh	Nil	Nil	Nil	Nil
8	Mr. Charoen Sachamuneewongse	Nil	Nil	Nil	Nil
9	Mr. Amitabh Prakash Agrawal	Nil	Nil	Nil	Nil
10	Mr. Vinod Kumar Malhotra	Nil	Nil	Nil	Nil
11	Mr. S.K. Jain	Nil	Nil	Nil	Nil
12	Mr. C.S. Kothari (up to 12/02/2014)	Nil	Nil	Nil	Nil
13	Mr. P.N. Viswanathan (w.e.f. 09/08/2014)	N.A.	N.A.	N.A.	N.A.

#### Notes:

- The Company does not have any Stock Option Scheme or performance-linked incentives for the Directors.
- The Remuneration Committee considers and recommends the remuneration on appointment/re-appointment of Whole-time Directors/ 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 shareholders in General Meeting and Central Government, wherever required. There is no provision for notice period, service contract and severance fees for the Directors.
- During the year, the Company has not paid any sitting fees to the non-executive directors for Board or Committee Meetings.
- 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. 67,44,864 for Financial Year 2013-14 includes Rs. 13,824 as Bonus and Rs. 1,31,040 as employer's contribution to Provident Fund. None of the other Directors are receiving these benefits.
- 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.
- 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 was the Chairman of the committee until he resigned from Directorship of the Company w.e.f. 13/02/2014. After his resignation, Mr. V.K. Malhotra was inducted as member and Chairman of the Committee.
- Shareholders/ Investors Grievance Committee Meetings**  
During the Financial year ended 31.03.2014, three meetings of the Shareholders/ Investors' Grievance Committee were held on 21.10.2013,

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09.12.2013 and 12.02.2014. The Attendance of the Members at these meetings was as under:

Sr. No.	Name	No. of Meetings held during his tenure	No. of Meetings Attended
1	Mr. Chatter Singh Kothari (up to 12/02/2014)	3	3
2	Mr. Rahul Jain	3	3
3	Mr. Kashi Ram Yadav	3	3
4	Mr. V.K. Malhotra (w.e.f. 13/02/2014)	N.A.	N.A.

## 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 31.03.2014 are as under:

Sr. No.	Particulars	Opening Complaints	No. of Complaints received	No. of Complaints resolved	Pending Complaints
1.	Received directly from Investor	Nil	06	06	Nil
2.	Received through BSE	Nil	01	01	Nil
3.	Received through NSE	Nil	01	01	Nil
4.	Received through SEBI	Nil	-	-	Nil
	<b>Total</b>	<b>Nil</b>	<b>08</b>	<b>08</b>	<b>Nil</b>

## 6. GENERAL BODY MEETINGS

### 6.1 The details of last three Annual General Meetings of the Company are as under:

Financial Year	Date	Venue	Time
2012-13	23.09.2013	Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036	10.00 a.m.
2011-12	29.09.2012	Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036	10.00 a.m.
2010-11	30.09.2011	Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036	10.00 a.m.

Special Resolutions passed in above-mentioned 3 AGMs held on 30.09.2011, 29.09.2012 and 23.09.2013 are as under:

#### Special Resolutions passed at the A.G.M. held on 30.09.2011:

1. Re-appointment of Mr. Kashi Ram Yadav as Whole-time Director w.e.f. 25th October 2011 for a period of 3 years.
2. Re-appointment of Mr. J.S.S. Rao as Whole-time Director w.e.f. 1st December 2011 for a period of 3 years.

#### Special Resolutions passed at the A.G.M. held on 29.09.2012:

1. Re-appointment of Mr. J.K. Jain as Chairman & Managing Director for a period of 3 years w.e.f. 07.08.2012.
2. Appointment of Mr. Rahul Jain as Whole-time Director of the Company for a period of 3 years w.e.f. 01.10.2012.
3. Increase in Remuneration of Mr. Kashi Ram Yadav, Whole-time Director from Rs. 2,50,000/- per month to Rs. 4,50,000/- per month.
4. Increase in Remuneration of Mr. J.S.S. Rao, Whole-time Director from Rs. 2,50,000/- per month to Rs. 4,50,000/- per month.

#### Special Resolutions passed at the A.G.M. held on 23.09.2013:

1. Re-appointment of Mrs. Seema Jain as Whole-time Director for a period of 3 years w.e.f. 01.04.2014 at revised remuneration of Rs. 3,00,000/- per month.
2. Re-appointment of Ms. Aanchal Jain as Whole-time Director for a period of 3 years w.e.f. 01.04.2014 at revised remuneration of Rs. 2,50,000/- per month.

3. Increase in Remuneration of Mr. Kashi Ram Yadav, Whole-time Director from Rs. 4,50,000/- to Rs. 5,50,000/- per month w.e.f 1st April, 2013.
4. Increase in Remuneration of Mr. J.S.S. Rao, Whole-time Director from Rs. 4,50,000/- to Rs. 5,50,000/- per month w.e.f. 1st April, 2013.

## 6.2 Resolutions through Postal Ballot:

No special resolution was passed by way of postal ballots at the last AGM as well as in last year (FY 2013-14). At the ensuing AGM also, there is no special resolution proposed to be passed through postal ballots in the ensuing AGM.

## 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 the Notes to the Financial Statements (Note No. 46). 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 up to 31.03.2014. Further, no personnel have been denied access to the Audit Committee. During the current financial year, Company has adopted a Whistle Blower Policy.

### 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 2013-14 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/audited results to the Stock Exchanges, as soon as these are taken on record/ approved by the Board. These Financial Results are normally 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. The presentations made to the Institutional Investors or to the analysts are posted on the above-mentioned website of the Company.

## 9. GENERAL SHAREHOLDER INFORMATION:

### a) Date, Time and Venue of the 25th AGM:

Monday, the 29th September 2014 at 10.00 a.m. at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036

### b) Financial Year

Financial Year is 1st April to 31st March.

**c) Book Closure Date**

The Register of Members and Share Transfer Books of the Company will be closed from Saturday, September 20, 2014 to Monday, September 29, 2014 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.

**d) Dividend Payment Date**

If declared at the ensuing AGM, Dividend payment will start from 4th October, 2014.

**e) Listing on Stock Exchanges**

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

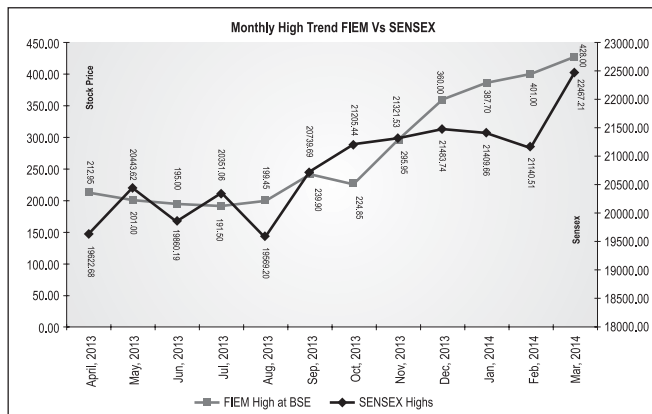
Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Ltd.	Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.	FIEMIND
B S E Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	532768

The Annual Listing Fees for the year 2014-15 has been paid by the Company to both the Stock Exchanges.

**f) Market Data: Monthly High and Low Share Price during Financial Year 2013-14 (in Rs.)**

Month	NSE		BSE	
	High	Low	High	Low
April, 2013	198.00	188.00	212.95	187.30
May, 2013	200.00	188.00	201.00	186.00
June, 2013	193.80	180.65	195.00	186.00
July, 2013	191.00	178.10	191.50	181.00
August, 2013	192.00	179.95	199.45	180.00
September, 2013	239.50	180.00	239.90	179.05
October, 2013	224.90	198.60	224.85	200.00
November, 2013	295.40	191.00	295.95	194.30
December, 2013	359.70	280.95	360.00	275.00
January, 2014	387.00	326.00	387.70	326.00
February, 2014	408.00	312.90	401.00	301.10
March, 2014	426.90	384.05	428.00	385.00

**g) Comparison of FIEM High Vs Sensex High during Financial Year 2013-14**



**h) Registrar and Share Transfer Agent:**

Link Intime India Pvt. Ltd.  
44, Community Centre, 2nd Floor Naraina Industrial Area, Phase-I,  
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 31.03.2014**

Distribution by category:

Shareholding Pattern as on 31.03.2014

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	8368278	69.96
(B)	Public Shareholding			
(1)	Institutions	0	0	0
(a)	Mutual Funds	4	200000	1.68
(b)	Financial Institutions / Banks	1	180	0.00
(2)	Non-Institutions			
(a)	Bodies Corporate	99	1036877	8.67
(b)	Individuals	3828	1355785	11.33
(c)	Any Other (specify)-			
	i. Non Resident Indians	48	763724	6.38
	ii. Directors & Their Relatives	3	20364	0.17
	iii. Clearing Members	90	112967	0.94
	iv. Foreign Corporate Bodies	1	104051	0.87
	<b>Total Public Shareholding</b>	<b>4074</b>	<b>3593948</b>	<b>30.04</b>
	<b>TOTAL (A)+(B)</b>	<b>4080</b>	<b>11962226</b>	<b>100.00</b>

Distribution by Size:

Sr. No.	Shareholding Range	No. of Shareholders	Shares held	%age of Total
1	1 to 500	3883	281186	2.35
2	501 to 1000	82	61789	0.52
3	1001 to 2000	31	45200	0.38
4	2001 to 3000	10	25133	0.21
5	3001 to 4000	7	26440	0.22
6	4001 to 5000	6	28640	0.24
7	5001 to 10000	16	108031	0.90
8	10001 and above	45	11385807	95.18
	<b>Total</b>	<b>4080</b>	<b>11962226</b>	<b>100</b>

**k) Dematerialization of shares and Liquidity status as on 31.03.2014**

Sr. No.	Demat / physical	No. of Shares	Free to Trade / lock-in	%age of Total shares
1	NSDL	2643859	Free to trade	22.10
2	CDSL	9193754	Free to trade	76.86
3	Physical	124613	Free to trade	1.04
	<b>Total</b>	<b>11962226</b>		<b>100.00</b>

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

The Company has not issued any GDRs/ ADRs/ Warrants till date.

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## m) Plant Locations

The Company has Eight Plants and Ninth Plant is under construction.  
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	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	Unit VIII	Unit IX
Plot No. 1915, Rai Industrial Estate, Phase -V, Distt. Sonapat, Haryana.	Plot No. SP1-C, Industrial Area Tapukara, Distt. Alwar, Rajasthan.	Survay No. 151-153, Village Karsanpur, Taluka Mandal, Distt. Ahmedabad-382123, Gujarat

## n) 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.

## o) Address for Correspondence

### Registered Office Address:

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

Tel: +91-11-25927820, 25927919 Fax: +91-11-25927740

Email: investor@fiemindustries.com | Website: www.fiemindustries.com

CIN: L36999DL1989PLC034928

### Corporate Office Address

Plot No. 1915, Rai Industrial Estate, Phase-V,

Distt. Sonapat, Haryana, 131029, India

Tel: +91-130-2367905 to 10 Fax: +91-130-2367903

Website: www.fiemindustries.com

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

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

As no Shares of the Company were left unclaimed in Escrow Account of the RTA, therefore, requirement of opening a Demat Suspense Account and disclosure requirements related to the Account, as mandated under Clause 5A of the Listing Agreement are 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, 2014, 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 above-mentioned Listing Agreements.

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

For Anil S. Gupta & Associates  
Chartered Accountants

Sd/-  
Anil Kumar Gupta  
Proprietor  
Memb. No. 83159

Place : Rai, Sonapat

Date : 28.05.2014



## **CERTIFICATION BY MANAGING DIRECTOR AND CFO FOR FINANCIAL YEAR 2013-14**

**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 2013-14 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, if any.
- 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, if any; and
  - iii) there were no instances of fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Place : Rai, Sonapat (HR)**  
**Date : 28.05.2014**

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

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

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## **COMPLIANCE WITH CODE OF CONDUCT**

I, J.K. Jain, Chairman & Managing Director of the Company hereby certify that the Directors of the Company and the Sr. Management Personnel have affirmed compliance of the Code of Conduct of the company for the financial year ended March 31, 2014.

**Place : Rai, Sonapat (HR)**  
**Date : 28.05.2014**

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



**Standalone**

**Financial Statements**

**of**

**Fiem Industries Ltd.**

## INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF  
FIEM INDUSTRIES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of FIEM INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account; and
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with General circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for **ANIL S. GUPTA & ASSOCIATES**  
Firm Registration Number 004061N  
Chartered Accountants

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

Place: Rai, Sonapat (HR.)  
Dated: 28/05/2014

## ANNEXURE TO THE AUDITORS' REPORT

The Annexure referred to in paragraph 1 of the Our Report of even date

1.
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, the company has a planned programme for physically verifying all fixed assets once in three years which in our opinion, is reasonable having regard to the size and nature of assets. During the year, the fixed assets have been physically verified by the management in accordance with the programme and no material discrepancies were identified on such verification.
  - c) During the year, the company has not disposed off any substantial part of the fixed assets and the going concern status of the company is not affected.
2.
  - a) The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification of the inventory as compared to the book records.
3. In respect of loans, secured or unsecured granted or taken by the company to / from companies, firms or other parties covered in the register maintained under Sec. 301 the Companies Act 1956.
  - a) As informed, during the year the company has not given any secured or unsecured loan to companies, firms or other parties covered in register maintained under section 301 of companies act 1956. However in respect of interest free loan given to a wholly owned foreign subsidiary Fiem Industries japan Co. Ltd., in earlier years, the maximum amount outstanding at any time during the year is Rs. 23,53,200 and the year-end balance is Rs. 23,53,200.
  - 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 Company is regular in receipt of the principal amounts or interest wherever stipulated.
  - d) As informed, during the year the company has taken unsecured Loan from one party covered in register maintained under section 301 of the Companies act 1956, the maximum amount of loan taken from such parties outstanding during the year is Rs. 12,50,000 and year-end balance is nil.
  - e) 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.
  - f) 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, therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the companies Act 1956 and are of opinion that prima facie, the prescribed accounts and records have been maintained.
9.
  - a) According to the records of the company & also the information & explanations given to us, the company is generally regular in depositing with appropriate authorities all undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it though there has been a slight delay in a few cases.
  - b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as at the year end for a period of more than six months from the date they became payable.
  - c) According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

(Amount in Rs.)

S. No.	Name of Statue	Nature of Due	Period to which it Pertains	Amount Involved	Amount Deposited	Net Amount	Forum where dispute is Pending
1	The Central Excise Act, 1944	Modvat Credit of Excise Duty	December 1996 to October 1997	25,07,076	50,000	24,57,076	CESTAT, New Delhi
2	Income Tax Act 1961	Disallowance of Loss on account of foreign exchange derivative contracts	Financial Year 2010-11	6,28,66,893	–	6,28,66,893	CIT (Appeal) New Delhi
3	The Central Excise Act, 1944	Custom Duty on sale of Moulds	Financial Year 2007-08	57,87,370	14,46,843	43,40,527	CESTAT, Chennai
			<b>Total</b>	<b>7,11,61,339</b>	<b>14,96,843</b>	<b>6,96,64,496</b>	

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks.
12. In our opinion and according to the information & explanations given to us, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
14. In our Opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
15. In our opinion & according to the information & explanations given to us, no guarantees for loans taken by others from banks or financial institutions have been given by the company.
16. In our opinion & according to the information & explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us by the Management and on an overall examination of the balance sheet of the company, we are of opinion that there are no funds raised on short term basis that have been used for long term investments.
18. The company has not made preferential allotment of shares to parties and company covered in the register maintained under section 301 of the Act during the year. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
19. The company has not issued any debentures.
20. The company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

for **ANIL S. GUPTA & ASSOCIATES**  
 Firm Registration Number 004061N  
 Chartered Accountants

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

Place: Rai, Sonapat (HR.)  
 Dated: 28/05/2014

## BALANCE SHEET AS AT 31ST MARCH 2014

(Amount in Rs)

	Note No.		AS AT 31.03.2014	AS AT 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	119,622,260	119,622,260	
b) Reserves & Surplus	3	1,851,364,007	1,562,327,914	
			1,970,986,267	1,681,950,174
<b>NON CURRENT LIABILITIES</b>				
a) Long term borrowings	4	579,564,954	761,845,309	
b) Deferred Tax Liabilities (net)	37	275,112,310	242,138,350	
c) Other Long term Liabilities	5	94,944	17,370,488	
d) Long Term Provisions	6	11,365,042	7,937,907	
			866,137,250	1,029,292,054
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings	7	292,516,813	303,542,912	
b) Trade Payables	8	774,859,996	745,612,536	
c) Other Current Liabilities	9	545,218,820	494,051,748	
d) Short Term Provisions	10	97,913,831	73,707,899	
			1,710,509,460	1,616,915,095
<b>TOTAL</b>			<b>4,547,632,977</b>	<b>4,328,157,323</b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	11	3,117,747,157	2,915,537,865	
ii) Intangible assets	11	12,016,794	10,868,903	
iii) Capital work-in-progress	11	293,348	14,789,546	
iv) Intangible assets under development		—	—	
b) Non-current investments	12	1,303,240	462,040	
c) Long term Loans and Advances	13	57,058,785	80,870,563	
d) Other non current assets	14	1,044,181	1,077,229	
			3,189,463,505	3,023,606,146
<b>CURRENT ASSETS</b>				
a) Current Investments		—	—	
b) Inventories	15	423,487,638	486,655,422	
c) Trade receivables	16	763,700,457	688,179,925	
d) Cash and Bank Balances	17	18,139,598	15,318,178	
e) Short term Loans and Advances	18	145,220,260	108,935,160	
f) Other current assets	19	7,621,519	5,462,492	
			1,358,169,472	1,304,551,177
<b>TOTAL</b>			<b>4,547,632,977</b>	<b>4,328,157,323</b>

Significant Accounting Policies and  
Notes to financial Statements.

1 to 53

The accompanying notes are an integral part of the financial statements.

**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/-  
**(O.P. Gupta)**  
Chief Financial Officer

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

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

Place : Rai, Sonapat (HR.)  
Date : 28/05/14

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2014**

(Amount in Rs)

	Note No.		Current Year 2013-14	Previous Year 2012-13
<b>I. INCOME</b>				
Gross Sale of Products	20	7,880,409,628	6,604,854,683	
Less :- Excise Duty		<u>739,353,095</u>	<u>616,097,717</u>	
a) Net Sales			7,141,056,533	5,988,756,966
b) Other Operating revenue	21		<u>43,103,809</u>	<u>33,389,912</u>
Net Revenue from Operations			7,184,160,343	6,022,146,878
c) Other Income	22		<u>6,655,103</u>	<u>3,526,568</u>
<b>TOTAL REVENUE (A)</b>			<b><u>7,190,815,446</u></b>	<b><u>6,025,673,446</u></b>
<b>II. EXPENSES</b>				
a) Cost of Raw Materials and Components Consumed	23		4,101,033,231	3,576,469,898
b) Purchase of Stock-in-Trade	24		215,510,862	81,035,447
c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	25		63,325,625	1,046,850
d) Employees Benefits Expenses	26		838,126,293	707,703,837
e) Other Expenses	27		1,081,404,496	957,208,784
f) Finance Costs	28		144,388,509	129,298,819
g) Depreciation and Amortization Expense	11		<u>217,853,112</u>	<u>183,474,781</u>
<b>TOTAL EXPENSES (B)</b>			<b><u>6,661,642,128</u></b>	<b><u>5,636,238,417</u></b>
<b>PROFIT BEFORE TAX (A-B)</b>			<b><u>529,173,317</u></b>	<b><u>389,435,029</u></b>
<b>TAX EXPENSES</b>				
Current Tax		122,200,000	76,600,000	
Less : MAT Credit Entitlement		<u>—</u>	<u>9,400,000</u>	
a) Net Current Tax Expense		122,200,000	67,200,000	
b) Deferred Tax Liability/ (Assets)		<u>32,973,960</u>	<u>49,093,740</u>	
			155,173,960	116,293,740
<b>PROFIT AFTER TAX FOR THE YEAR</b>			<b><u>373,999,357</u></b>	<b><u>273,141,289</u></b>
Basic and Diluted Earning per Equity Share (Nominal value Rs. 10 per share)	42		31.27	22.83
Significant Accounting Policies and Notes to financial Statements.	1 to 53			
The accompanying notes are an integral part of the financial statements.				

**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/  
**(O.P. Gupta)**  
 Chief Financial Officer

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

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

 Place : Rai, Sonapat (HR.)  
 Date : 28/05/14

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

Particulars	2013-14		2012-13	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit Before Tax As Per Statement of Profit and Loss		529,173,317		389,435,029
<b>Adjustments for</b>				
Depreciation & Amortization	217,853,112		183,474,781	
Loss (Profit) on sale/discarded of Fixed Assets	(4,891,813)		1,698,510	
Adjustment of Income Tax for Earlier Year	(21,682)		49,113	
Unrealised Foreign Exchange (Gain)/Loss	439,735		(775,649)	
Provision for Bad & Doubtful Debts	894,602		(6,802,829)	
Variation in Excise Duty of FG	917,919		339,881	
Bad Debt written-off	1,257,713		4,917,914	
Interest Income	(1,193,681)		(2,716,170)	
Exchange Difference on Derivatives Contracts	–		29,072,594	
Finance Costs	144,388,509	359,644,414	129,298,819	338,556,964
<b>Operating Profit before Working Capital Changes</b>		888,817,731		727,991,993
Adjustment for (Increase)/decrease in Operating Assets				
Inventories	63,167,784		(29,287,237)	
Trade and Other Receivables	(77,915,383)		(15,622,854)	
Other Current Assets & Loan and Advances	(13,228,047)	(27,975,646)	(11,134,291)	(56,044,382)
Adjustment for Increase/(decrease) in Operating Liabilities				
Trade Payable & Other Current Liabilities and Provisions	22,855,058	22,855,058	142,106,342	142,106,342
<b>Cash Generated from Operating Activities</b>		883,697,143		814,053,953
Exchange Difference on Derivatives Contracts	–		(29,442,319)	
Income Tax Paid (Including Tax Deducted at Source)	(117,355,267)	(117,355,267)	(71,982,151)	(101,424,470)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>766,341,876</b>		<b>712,629,483</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Including Capital Advances)	(476,120,075)		(282,495,885)	
Sale of Fixed Assets	68,848,707		2,965,200	
Investment in Joint Venture company	(841,200)		–	
Deposit with Banks having maturity over three month	–		268,000	
Interest Received on Deposits	1,193,681		1,818,164	
<b>NET CASH (USED) IN INVESTING ACTIVITIES</b>		<b>(406,918,887)</b>		<b>(277,444,521)</b>



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014 (Contd..)**

(Amount in Rs)

Particulars	2013-14		2012-13	
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Dividend Paid	(47,848,904)		(35,886,678)	
Corporate Dividend Distribution Tax Paid	(8,131,921)		(5,821,716)	
Finance Costs Paid	(142,942,126)		(158,895,533)	
Exchange Loss on Repayment of Foreign Currency Loan	(7,490,703)		(15,211,096)	
Proceeds from Long-Term Borrowings	139,281,363		109,913,909	
Repayment of Long-Term Borrowings	(278,217,709)		(228,272,132)	
Increase/(Decrease) in Short-Term Borrowing	(11,026,099)		(138,108,557)	
<b>Net Cash (used)/from Financing Activities</b>		<b>(356,376,099)</b>		<b>(472,281,803)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		3,046,890		(37,096,840)
Opening Balance of Cash & Cash Equivalents		15,318,178		52,388,923
Effect of Exchange Rate Change		(225,470)		26,095
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>18,139,598</b>		<b>15,318,178</b>
<b>Components of Cash and Bank Balance</b>				
Cash in Hand		2,169,290		2,084,489
Balances with Banks on Current Account		8,804,117		11,798,040
Deposit with Banks having maturity less than three months		4,525,000		1,165,000
Deposit with original maturity more than 3 month but less than 12 month		2,264,220		—
Unpaid Dividend Accounts		376,972		270,650
<b>Cash and Bank Balances (Refer Note No.—17)</b>		<b>18,139,598</b>		<b>15,318,178</b>
Less:—Deposit with original maturity more than 3 month but less than 12 month		2,264,220		—
<b>Cash and Cash Equivalent in Cash Flow Statement</b>		<b>15,875,378</b>		<b>15,318,178</b>

Note:—Previous Year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure

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 AccountantsSd/-  
**(J. K. Jain)**  
Managing DirectorSd/-  
**(Rahul Jain)**  
DirectorSd/-  
**(O.P. Gupta)**  
Chief Financial OfficerSd/-  
**(Arvind K. Chauhan)**  
Company SecretarySd/-  
**Anil Kumar Gupta**  
Prop.  
(Membership No. 83159)Place : Rai, Sonapat (HR.)  
Date : 28/05/14

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

1. Significant Accounting Policies Followed by The Company

Corporate Information

Fiem Industries Limited ('The Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company's registered office is in New Delhi and it has several manufacturing plants and depots across the country. Its shares are listed on National Stock Exchange and Bombay Stock Exchange in India. It has one wholly owned foreign subsidiary-Fiem Industries Japan Co., Limited located in Japan. The Company has also entered into a 50:50 Joint Venture with Horustech Lighting SRL Italy and incorporated a Joint Venture Company, namely 'Centro Ricerche Fiem Horustech SRL' for setting up a design centre during the year. The Company has research and development facilities located at Rai, Sonapat, Haryana which has been approved by Department of Science & Industrial Research, Ministry of Science & Technology. The Company is in the business of manufacturing and supply of auto components comprising of automotive lighting & signalling equipments, rear-view mirror, prismatic mirror, plastic moulded parts and sheet metal components for motorised vehicles, and LED luminaries comprising of indoor and outdoor lighting, display panels etc.

Significant Accounting Policies

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 forming part of the financial statements.

A. Basis of Accounting and Preparation of Financial Statements

The Financial statements have been prepared as a going concern on accrual basis under the historical cost convention except for certain revalued fixed assets which has been stated at revalued amount. They comply in all material respects with the Generally Accepted Accounting Principles (GAAP) in India, which comprise of mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

B. Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statement and the reported amount of the income and expenses during the year. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized. Example of such estimates includes provision for doubtful debts, provisions for warranty expenses, provision for income tax, useful life of tangible and intangible fixed assets etc. The estimates are based upon management knowledge of current events and economic circumstances.

C. Current-Non Current Classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or;
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for a least 12 months after the reporting date

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or;

- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Operating Cycle

Operating Cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

D. Tangible and Intangible Fixed Assets

- (i) Tangible fixed assets except for certain fixed assets, which have been stated at revalued amounts are valued at the historical cost of acquisition, construction or manufacturing cost, as the case may be, less accumulated depreciation and/or impairment loss, if any. Cost of an item of tangible fixed asset comprises its purchase price, import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing cost 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 respective tangible assets.
- (ii) Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- (iii) Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.
- (iv) Own manufactured tangible assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.
- (v) Capital work-in-progress comprises 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.
- (vi) In respect of accounting periods commencing on or after 7th December, 2006, exchange differences (favourable as well as unfavourable) arising in respect of translation/settlement of the long-term foreign currency borrowings attributable to the acquisition of a depreciable fixed assets are added to or deducted from the cost of the asset and are depreciated over the balance life of the fixed asset.

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. Inventories

- (i) Raw materials, components, stores and spares are valued at lower of cost or net realizable value. However, raw materials and other supplies held for use in the production of finished products 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. In determining the cost, First in First Out method (FIFO) is used.
- (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

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

include direct material, direct labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a First in First Out basis (FIFO).

- (iv) Inventories of non-reusable waste say scrap for which facilities for reprocessing do not exist have been valued at net realizable value.
- (iv) Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- (v) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
- (vi) 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.

### G. Depreciation and Amortisation

- (i) Depreciation on tangible 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 amortised over the duration of the lease.
- (iii) Depreciation on assets purchased during the year has been charged from the date of purchase.
- (iv) Depreciation on assets sold, discarded or demolished during the year is being provided at their rates up to the date of sale, discarded or demolished.
- (v) Individual assets costing Rs. 5,000 or less are fully depreciated in the year of purchase.
- (vi) Intangible assets are amortised over their estimated useful life as follows.
  - (a) Computer software is amortised over a period of 6 years
  - (b) Trademark & Technical knowhow over a period of 5 years.
- (vii) Depreciation is not charged on capital work in progress until construction and installation are complete and asset ready for its intended use.
- (viii) On the revalued assets, the difference between the depreciation calculated on the revalued amount & on the original cost is charged to the Revaluation Reserve.

### H. 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 in the course of ordinary activities is recognised when all significant risk & rewards of ownership have transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection. The amount recognized as revenue is exclusive of sales tax/ value added taxes (VAT) and is net of returns. Sale is shown net of excise duty. The Excise Duty is separately disclosed.
- (iii) Revenue in respect of contracts for services is recognized on completion of services.
- (iv) Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- (v) Insurance claims lodged with insurance companies are accounted for on the basis of claim admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
- (vi) Dividend income is accounted when the right to receive dividend is established.
- (vii) Interest income is accounted on accrual basis.

### I. Government Grants, Subsidies and Export Incentives

- (i) Government grants and subsidies are recognised in the statement of profit and loss in accordance with related schemes and when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.

- (ii) Duty drawback is recognised in the statement of profit and loss at the time of exports subject to the right to entitlement has been established.

### J. Foreign Currency Transactions and Translations

#### Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

#### Measurement of Foreign Currency Monetary Items at the Balance Sheet date

- (i) Foreign currency monetary items (other than fully hedged foreign currency derivative instruments) of the Company outstanding at the Balance Sheet date are restated at the year-end rates.
- (ii) Foreign currency non monetary items are carried at cost.

#### Treatment of Exchange Differences

- (i) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.
- (ii) The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such items do not relate to acquisition of depreciable fixed assets, the difference is accumulated as "Foreign currency monetary item translation difference account" and amortised over the balance period of such long term foreign currency monetary items but not beyond 31st March, 2020.

### K. Research and Development

Research expenses are charged to Statement of Profit & Loss 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 amortised in accordance with the policies stated for tangible and intangible fixed assets.

### 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 Statement of Profit & Loss of the year when the contributions to the respective funds are due.
- (ii) Leave encashment is applicable to all permanent and full time employees of the company and is provided for on the basis of actuarial valuation made at the end of each financial year using Projected Unit Credit Method.
- (iii) Gratuity is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year using Projected Unit Credit Method. The Liability as at the year-end represents the difference between the actuarial valuation of the future gratuity liability of the continuing employees and the fair value of plan assets with ING Vysya Life Insurance Company as at the end of the year.
- (iv) Actuarial gains/losses are immediately taken to the statement of profit and loss.

### 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

A provision is recognized when the Company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements but disclosed in the Notes on financial statement. A contingent assets is neither recognised nor disclosed in the financial statements.

**O. Taxation**

- (i) Provision for tax is made for the current accounting period on the basis of the taxable profits computed accordance with the Income Tax Act, 1961.
- (ii) Minimum Alternate Tax (MAT) is paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability. It is considered as an asset if there is convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the assets can be measured reliably. The said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.
- (iii) Deferred Tax are recognized on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred Tax assets are recognized subject to the consideration of prudence. Deferred Tax Assets and Liabilities are measured using the tax rates as per tax Laws that have been enacted or substantially enacted as on the Balance Sheet date.
- (iv) Deferred Tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation law, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date are written down or written-up to reflect the amount that is reasonably certain (as the case may be) to be realised.
- (v) Provisions for current taxes are presented in the balance sheet after offsetting advance taxes paid.

**P. Borrowing Cost**

- (i) Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. The Company is applying Para 46-A of AS-11, and also following the clarification issued by the Ministry of Corporate Affairs, Government of India through circular no. 25/2012 dated 09.08.12. Pursuant to this, exchange differences arising on reporting of Long Term Foreign Currency Monetary Items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, insofar as they relate to the acquisition of depreciable capital assets are added to or deducted from the cost of asset and are depreciated over the balance life of the asset. In other cases it is accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the such long term asset/liability but not beyond 31st March 2020.
- (ii) Borrowing costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.
- (iii) Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset is added to the cost of the assets.
- (iv) Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**Q. Excise Duty**

The Excise duty has been accounted on finished goods and traded goods on the basis of both payments made in respect of goods cleared as also goods lying in warehouse/factory. The company makes provision for liability of unpaid excise duty on finished stock and traded goods 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 for the purpose of preparing the cash flow statement comprises cash at bank and in hand and short term investments having original maturities of three months or less from the date of purchase.

**T. Cash Flow Statement**

Cash flow statement are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**U. Derivatives Instruments and Hedge Accounting**

The Company enters into derivatives contracts in the nature of foreign currency swaps, currency options, forward contracts etc. 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.

**V. Segment Reporting Policies**

The Company is engaged in the business of manufacture of various types of Auto Components. The entire operations are governed by the same set of risk and return hence the entire operations represent a single primary segment. The analysis of geographical segments is based on the geographical location of the customers i.e. customers located within India and customers located outside India. The Segment of LED luminaries is not a reportable segment as it does not exceed the quantitative thresholds as laid down in AS-17 "Segment reporting"

**W. Operating Lease**

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

**X. Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning / (loss) per share, the net profit or loss for the year attributable to equity shareholder and the weighted average number of share outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The weighted average number of shares outstanding during the year are adjusted for events of bonus issue and share split.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>2 SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 (Prv. Year 3,00,00,000) Equity shares of Rs 10 each	300,000,000	300,000,000
<b>Issued, Subscribed and Paid-up</b>		
1,19,62,226 (Prv. Year 1,19,62,226) Equity Shares of Rs. 10/- each fully paid up	119,622,260	119,622,260
<b>T O T A L</b>	<b>119,622,260</b>	<b>119,622,260</b>

**a) Terms/rights attached to equity shares**

The company has only one class of shares referred to as equity shares having a par value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general Meeting except in case of interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of the equity shares held by the shareholders.

**b) The Details of shareholder holding more than 5% shares in the company (Equity share of Rs 10 each fully paid up)**

Name of the Shareholder	AS AT 31.03.2014		AS AT 31.03.2013	
	No of shares	% held	No of shares	% held
1) Rahul Jain	1,552,340	12.98%	4,314,116	36.06%
2) J.K. Jain	2,960,000	24.74%	1,891,111	15.81%
3) Seema Jain	2,960,000	24.74%	1,754,420	14.67%
4) Aanchal Jain	800,000	6.69%	-	*

\* – Less than 5%

**c) There is no change in share capital of the company, therefore no reconciliation for share capital is reported.**
**3 RESERVES & SURPLUS**
**CAPITAL RESERVE**

a) Land Revaluation Reserve			
As per Last Balance Sheet– Total (a)	117,477,278		117,477,278
b) Building Revaluation Reserve			
As Per Last Balance Sheet	21,765,174		22,757,200
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026		992,026
Total (b)	20,773,148		21,765,174
Total (a+b)		138,250,426	139,242,452

**SECURITIES PREMIUM RESERVE**

As per Last Balance Sheet

509,972,343

509,972,343

**GENERAL RESERVE**

As Per Last Balance Sheet	103,500,000	76,000,000
Add :- Transferred from Surplus in the statement of Profit and Loss	37,500,000	27,500,000
	141,000,000	103,500,000

**SURPLUS –OPENING BALANCE**

Add:- Net profit after tax transferred from Statement of Profit and Loss	809,613,118	619,952,655
	373,999,357	273,141,289
Amount Available for Appropriation	1,183,612,475	893,093,944
Less :- Appropriations		
i) Proposed Dividend	71,773,356	47,848,904
ii) Corporate Dividend Tax	12,197,882	8,131,921
iii) Transfer to General Reserve	37,500,000	27,500,000
	121,471,238	83,480,825

**SURPLUS–CLOSING BALANCE**

1,062,141,237

809,613,118

**T O T A L**
**1,851,364,007**
**1,562,327,914**

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

## 4 LONG TERM BORROWINGS

PARTICULARS	NON CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31.03.14	AS AT 31.03.13	AS AT 31.03.14	AS AT 31.03.13
<b>A. SECURED LOANS</b>				
<b>TERM LOANS FROM BANKS</b>				
a) Indian Rupee Loan	356,022,885	410,485,331	154,462,446	145,118,888
b) Foreign Currency Loan	206,774,883	339,289,181	141,436,898	121,238,916
	562,797,768	749,774,512	295,899,344	266,357,804
<b>VEHICLE LOANS</b>				
a) from Banks	10,087,934	9,630,542	10,552,320	9,179,380
b) from Others	1,225,220	2,440,255	1,215,034	1,099,864
	11,313,154	12,070,797	11,767,355	10,279,245
<b>B. UNSECURED LOAN</b>				
from HSIIDC	5,454,032	–	10,908,068	–
<b>T O T A L</b>	<b>579,564,954</b>	<b>761,845,309</b>	<b>318,574,766</b>	<b>276,637,049</b>

**INDIAN RUPPE TERM LOAN FROM BANKS INCLUDE**

- a) From Citibank N.A.:- Loan outstanding as at 31.03.14 Rs 4,12,32,715 (Previous year Rs 5,69,82,715) has tenor of 5 years with 16 equal quarterly repayments beginning from the end of 15 months from drawdown. Interest is payable on monthly basis. The loan carries fixed interest rate of 12% and is secured against exclusive charge on all movable assets procured out of the term loan and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit –2 at Hosur alongwith Axis Bank.
- b) From State bank of Patiala :- Loan outstanding as on 31.03.14 Rs 13,73,08,170 (Previous Year Rs 18,39,88,170) The loan is for 7 years with 24 quarterly repayment beginning from the end of 15 months from the drawdown. Interest is monthly payable. The loan initially carried floating interest rate of 11.75% and 12.75% which currently is 10.75%. The Loan is Secured against First Pari Passu charge alongwith Axis Bank and HSBC over movable and Immovable fixed assets of Rai Unit (Present and future) including equitable mortgage of Factory Land and Building at Rai, Sonepat and Parri passu charge on movable fixed assets of Hosur unit- III (tamilnadu) with Standard Chartered Bank and First Charge on movable fixed assets of Mysore unit – IV Karnataka and Second charge over the entire fixed assets of unit VI nalagarh Unit (first charge with Citibank).
- c) From Axis Bank :- Loan outstanding as on 31.03.14 Rs 23,19,44,446 (Previous year Rs 31,46,33,334) :- The loan is for 4 years and 7 years and has half yearly and quarterly repayment beginning after moratorium period of 6 and 12 months from the drawdown. Interest is monthly monthly. The loan initially carried floating interest rate of 11.75% and 12.25% which currently is 11%. The Loan is Secured against First Pari Passu charge with State Bank of Patiala and HSBC bank on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit –2 at Hosur with Citibank and Term loan of Rs 1.58 crore is secured on exclusive charge on assets financed out of the term loan.
- d) HSBC Bank:- Loan Outstanding as on 31.03.14 Rs 10,00,00,000 (Previous Year Nil) The Loan is for 5 year and has quarterly equal repayment beginning after moratorium period of 1 year. Interest is monthly monthly. The loan carries fixed interest rate of 10%. The Loan is Secured against First Pari Passu charge with State Bank of Patiala and Axis Bank on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit.

**FOREIGN CURRENCY TERM LOAN FROM BANKS INCLUDE**

- a) From CITIBANK N.A. :- Loan outstanding as on 31.03.14 Rs 10,00,00,000 (Previous Year 10,00,00,000) has tenor of 5 years with 16 equal quarterly repayments beginning from the end of 15 months from drawdown. Interest is payable on monthly basis. The loan carries fully hedged interest cost of 10.60% p.a. The Loan is secured against exclusive charge on fixed assets financed out of the term loan and first charge of the movable fixed assets of Unit-V situated at Hosur, tamilnadu.
- b) From Standard Chartered Bank – ECB –1 :- Loan outstanding as on 31.03.14 Rs 14,69,43,031 (Previous year Rs 22,24,34,347). The loan is for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest rate is 3 month LIBOR PLUS 225 BSP p.a. payable quarterly. The loan is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit.
- c) From Standard Chartered Bank ECB –2 :- Loan outstanding as on 31.03.14 Rs 10,12,68,750 (Previous year Rs 13,80,93,750). The loan is for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest is quarterly payable. The loan carries fully hedged interest cost of 8.50% p.a. The Loan is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit.

**VEHICLE LOANS FROM BANKS AND OTHERS**

- a) Vehicle loan from banks and others outstanding as on 31.03.14 are Rs 2,30,80,509 (Previous year Rs 2,23,50,042) secured against hypothecation of the respective vehicles acquired out of proceeds thereof. The Loans carries interest rate between 8% to 12%.

**UNSECURED LOAN**

Unsecured Loan from HSIIDC is for Enhanced Compensation of land situated at Rai Unit–7. amount to Rs 1,63,62,100 (previous year Nil). The Loan is at fixed interest rate of 12% has tenor two and Half years, The loan is repayable on half yearly equally installment basis. Interest is payable Half yearly.

	1–2 years	2–3 years	3–4 years	4–5 years
Maturity Profile of Term Loan, Vehicle Loan and Unsecured Loan are as	284,444,298	180,937,930	101,341,540	12,841,186



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>5 OTHER LONG TERM LIABILITIES</b>		
a) Advances from Customers	-	17,302,520
b) Foreign Currency Monetary Item Translation Difference Account (note no. 41)	94,944	67,968
<b>TOTAL</b>	<b>94,944</b>	<b>17,370,488</b>
<b>6 LONG TERM PROVISIONS</b>		
Provision for Retirement Benefits		
a) Leave Encashment	11,365,042	7,937,907
<b>TOTAL</b>	<b>11,365,042</b>	<b>7,937,907</b>
<b>7 SHORT TERM BORROWINGS</b>		
<b>SECURED LOANS</b>		
Cash Credit/Working Capital Loans repayable on demand from Banks		
a) Indian Rupee Loan	292,516,813	303,542,912
<b>TOTAL</b>	<b>292,516,813</b>	<b>303,542,912</b>
<b>Indian Rupee Loan includes</b>		
a) From Citibank NA :- Loan outstanding as at 31st March 2014 Rs 29,90,24,616 (Previous Year Rs 30,36,23,937) Interest is payable with monthly rest on the last date of each month in each year or at such other rest as determined by the bank. The rate of interest is based on relevant circumstances, including market conditions which currently is 11.75%. The loan is secured against First Pari Passu Charge with Standard Chartered Bank 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 other term loan lenders) including equitable mortgage charge on first pari passu basis on Land and Building situated at Kundli,Haryana & Thally Road Hosur,Tamilnadu with Standard Chartered Bank.		
b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2014 is receivable Rs 65,07,803 (Previous year Receivable Rs 81,025/-) Interest is monthly payable. Interest is payable at base rate plus margin basis which may be agreed with bank from time to time which currently is 11.75%. The loan is secured against First Pari Passu charge with Citibank 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 and first pari passu charge over all present and future movable fixed assets of the company with Citibank (excluding assets specifically financed by other term lenders)		
<b>8 TRADE PAYABLES</b>		
a) Micro, Small and Medium Enterprises	6,946,789	5,627,210
b) Others	767,913,207	739,985,326
<b>TOTAL</b>	<b>774,859,996</b>	<b>745,612,536</b>

Considering the company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under "The Micro, Small and Medium Enterprises Development Act 2006" during the year.

There is also no amount of outstanding interest in this regard, brought forward from previous years. The above information is on basis of intimations received, from the vendors who have communicated their status with regards to vendors registration under the said Act on requests made by the company.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>9 OTHER CURRENT LIABILITIES</b>		
a) Current Maturity of Long-term debt (See Note 4)	318,574,766	276,637,049
b) Interest accrued but not due on borrowings	2,667,461	3,141,277
c) Interest accrued and due on borrowings	6,500,121	4,579,922
d) Investor Education and Protection Fund will be credited by following amount (as and when due) – Unpaid Dividend	376,972	270,650
e) Advances from Customers	65,882,687	74,853,261
f) Security Deposits Received	14,257,623	11,600,810
g) Creditors for Capital Expenditure	29,035,583	27,289,111
h) Liabilities for Expenses	67,634,697	60,087,814
i) Statutory Dues payable	40,288,911	35,591,855
<b>TOTAL</b>	<b>545,218,820</b>	<b>494,051,748</b>
<b>10 SHORT TERM PROVISIONS</b>		
1) Provision for Retirement Benefits		
a) Leave Encashment	2,539,279	1,629,628
b) For Gratuity	–	1,332,545
	2,539,279	2,962,173
2) Other Provisions		
a) Provision for Taxation		
I. Income tax (net of advance tax)	2,515,338	8,488,324
II. Wealth Tax	270,000	650,000
III. Corporate Dividend Tax	12,197,882	8,131,921
	14,983,220	17,270,245
b) Proposed Dividend	71,773,356	47,848,904
c) Warranties	3,570,528	1,497,048
d) Excise Duty	5,047,448	4,129,529
<b>TOTAL</b>	<b>97,913,831</b>	<b>73,707,899</b>

**Proposed Dividend**

During the year ended 31.03.14, the amount of Rs 6.00 per share as dividend recognized for distributions to equity shareholders (Previous Year Rs 4.00 per share)

**Provision for warranties**

The company gives warranties on certain products and services, undertaking to repair and replace the items that fails to perform satisfactorily during the warranty period. Provision made as at 31.03.14 represents the amount of the expected cost of meeting such obligation of rectification or replacement. The timing of the outflow is expected to be within warranty period.

Particulars	31.03.14	31.03.13
Opening Balance	1,497,048	1,325,567
Addition	3,570,528	1,497,048
Utilization	2,538,017	1,640,190
Reversal	(1,040,969)	(314,623)
Closing Balance	<b>3,570,528</b>	<b>1,497,048</b>





**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

**11. FIXED ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION & AMORTIZATION			NET BLOCK	
	As at 01.04.2013	Additions	Deductions	As at 01.04.2013	For the Year	Deductions	As at 31.03.2014	As at 31.03.2013
<b>1. Tangible Assets</b>								
Land Free hold	293,554,387	52,296,236	40,827,173	—	—	—	305,023,450	293,554,387
Land Lease hold	185,598,720	2,130,278	—	6,062,858	2,578,938	—	179,087,202	179,535,862
Buildings	843,735,080	84,262,642	2,762,754	108,122,025	28,418,254	228,488	788,923,177	735,613,055
Plant & Equipment	1,766,454,274	231,914,455	3,192,641	459,041,499	114,108,924	521,691	1,422,547,357	1,307,412,776
Furniture & Fixtures	81,911,863	11,269,874	—	24,485,758	5,859,201	—	30,344,959	62,836,779
Vehicles	89,544,573	16,213,572	7,369,017	36,339,644	7,670,586	4,139,346	39,870,884	53,204,929
Office Equipment	26,117,843	4,512,649	—	8,053,885	1,880,939	—	20,695,667	18,063,957
Mould, Block & Dies	355,592,067	58,085,822	26,020,291	193,803,516	41,547,282	11,325,457	163,632,258	161,788,551
Tools & Equipments	44,518,527	8,281,235	—	29,300,186	5,864,669	—	17,634,907	15,218,341
Electrical Installations	110,342,805	10,041,137	—	26,890,170	5,806,061	—	87,687,711	83,452,635
Computers	34,212,962	3,314,662	—	23,945,693	2,421,526	—	11,160,402	10,267,270
<b>Total</b>	<b>3,831,563,103</b>	<b>482,322,563</b>	<b>80,171,876</b>	<b>916,045,234</b>	<b>216,156,380</b>	<b>16,214,982</b>	<b>3,117,747,157</b>	<b>2,915,537,865</b>
Previous Year	3,544,707,840	297,502,951	10,627,688	739,283,894	182,725,320	5,963,980	2,915,537,865	—
<b>2. Intangible Assets</b>								
Computer Software	12,896,493	692,693	—	2,027,590	2,059,967	—	9,501,629	10,868,903
Technical Know-how	—	3,111,557	—	—	622,311	—	2,489,245	—
Trademarks	—	32,400	—	—	6,480	—	25,920	—
<b>Total</b>	<b>12,896,493</b>	<b>3,836,650</b>	<b>—</b>	<b>2,027,590</b>	<b>2,688,758</b>	<b>—</b>	<b>12,016,794</b>	<b>10,868,903</b>
Previous Year	32,050,559	2,968,441	22,122,507	22,408,610	1,741,487	22,122,507	10,868,903	—
<b>3. Capital Work-in-Progress</b>								
<b>Grand Total (1+2)</b>	<b>3,844,479,595</b>	<b>486,159,213</b>	<b>80,171,876</b>	<b>918,072,824</b>	<b>218,845,138</b>	<b>16,214,982</b>	<b>3,129,763,951</b>	<b>2,926,406,768</b>
Previous Year	3,576,758,399	300,471,392	32,750,195	761,692,504	184,466,807	28,086,487	2,926,406,768	—

**NOTES:**

- Depreciation & Amortization for the year  
Less: Depreciation on revalued assets withdrawn from building revaluation reserve  
Depreciation & amortization charged to Statement of Profit & Loss
- Addition to land free hold includes an amount of Rs. 2,72,70,168 paid to HSIDC against enhanced compensation in the price of land.
- Addition to buildings includes an amount of Rs. 1,13,69,746 spent for purchase of a guest house, the registration of which is still pending in the name of Company.
- Gross Block of Land free hold includes Rs. 11,74,77,278 and gross block of Buildings includes Rs. 2,97,01,382 on account of revaluation carried out in the past years based on reports issued by Government approved valuers.
- Additions of fixed assets includes Rs. 60,84,411 (Previous Year-Rs. 1,55,12,780) on account of Foreign Exchange Adjustment on ECB Loan as per option exercised under para 46-A of AS-11.
- Capital Work in progress includes:

Particulars	Current Year	Previous Year
i. Fixed assets under construction	248,488	9,726,526
ii. Fixed assets under installation	44,860	5,063,019
<b>Total</b>	<b>293,348</b>	<b>14,789,546</b>

	Rs.	Rs.
	Current Year	Previous Year
	218,845,138	184,466,807
	992,026	992,026
	<u>217,853,112</u>	<u>183,474,781</u>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>12 NON-CURRENT INVESTMENTS</b>		
<b>NON TRADE INVESTMENTS ( At cost )in Equity (unquoted)</b>		
1 <u>in Subsidiaries</u>		
Equity Shares in wholly owned foreign Subsidiary company FIEM INDUSTRIES JAPAN CO., LTD. 10 (P.Y. 10) fully Paid Equity shares of 50,000 JPY each	262,040	262,040
2 <u>in Joint Venture (JV)</u>		
Centro Ricerche FIEM Horustech S.r.l. a Limited Responsibility Company incorporated in Italy on 50:50 basis with Horustech Lighting S.r.l. Italy. (Amount invested 10,000 Euros.)	841,200	-
3 <u>in Others</u>		
a) M/s Shivalik Solid Waste Management Ltd. 20,000 (P. Y. 20,000) equity shares of Rs 10 each fully paid up	200,000	200,000
<b>TOTAL</b>	<b>1,303,240</b>	<b>462,040</b>
<b>13 LONG TERM LOANS AND ADVANCES</b>		
(unsecured but considered good)		
a) MAT Credit Entitlement	-	42,254,023
b) Capital Advances	26,224,541	13,936,600
c) Loan to Subsidiary Company	2,353,200	2,310,400
d) Security Deposits	20,244,124	18,942,253
e) Prepaid Expenses	4,038,066	1,528,787
f) Loan to Employees	4,198,854	1,898,500
<b>TOTAL</b>	<b>57,058,785</b>	<b>80,870,563</b>
<b>14 OTHER NON CURRENT ASSETS</b>		
a) Margin Money deposit with original maturity for more than 12 months	587,952	621,000
b) Balance with Income tax Dept.	456,229	456,229
<b>TOTAL</b>	<b>1,044,181</b>	<b>1,077,229</b>
<b>15 INVENTORIES</b>		
(As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)		
a) Raw Materials and Components	232,279,055	227,143,225
b) Raw Materials and Components in transit	7,371,495	8,040,433
c) Work in Progress	50,481,837	120,201,379
d) Finished Goods	109,163,122	100,115,584
e) Stock in trade (Mould, Tools and Dies)	2,349,065	796,694
f) Stock in trade (Others)	7,112,010	11,318,002
g) Stores and Spares (including Packing Material)	14,533,838	18,479,004
h) Stores and Spares (including Packing Material) in transit	197,216	561,101
<b>TOTAL</b>	<b>423,487,638</b>	<b>486,655,422</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>16 TRADE RECEIVABLES</b>		
(unsecured but considered good)		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	7,213,735	5,189,247
b) Considered Doubtful	1,803,434	908,832
Other Debts :- Considered Good	<u>756,486,721</u>	<u>682,990,678</u>
	765,503,891	689,088,757
Less:- Provision for Doubtful Debts	1,803,434	908,832
<b>TOTAL</b>	<b><u>763,700,457</u></b>	<b><u>688,179,925</u></b>
Trade receivables includes dues from subsidiary company– Fiem Industries Japan Co., Ltd. Rs 92,069/- (Previous year Rs 12,08,975)		
<b>17 CASH AND BANK BALANCES</b>		
1) Cash and Cash Equivalents		
a) Balances with Banks on current account	8,804,117	11,798,040
b) Deposits with original maturity of less than three months	<u>4,525,000</u>	<u>1,165,000</u>
	13,329,117	12,963,040
2) Cash on Hand	2,169,290	2,084,489
3) Other bank balances		
a) Unpaid Dividend Account	376,972	270,650
b) Margin money deposit with original maturity for more than 3 months but less than 12 months	<u>2,264,220</u>	<u>–</u>
	2,641,192	270,650
<b>TOTAL</b>	<b><u>18,139,598</u></b>	<b><u>15,318,178</u></b>
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
(unsecured but considered good)		
a) Prepaid Expenses	9,261,932	9,571,192
b) MAT credit entitlement	31,457,986	–
c) Loan to Employees	2,874,416	2,584,336
d) Advances for Goods other than Capital Goods	32,661,411	31,754,384
e) Balance with Customs, Excise Department	61,038,154	51,172,098
f) Balance with Sales Tax Department	2,519,609	1,949,075
g) Security deposits	1,595,055	1,613,068
h) Other Advances recoverable	3,811,696	10,291,007
<b>TOTAL</b>	<b><u>145,220,260</u></b>	<b><u>108,935,160</u></b>
<b>19 OTHER CURRENT ASSETS</b>		
a) Interest accrued on deposits	901,801	808,345
b) Subsidy Receivables	3,029,792	3,169,716
c) Export Incentive Receivables	1,559,657	1,484,431
d) Dues from Debtors other than Goods and Services	<u>2,130,269</u>	<u>–</u>
<b>TOTAL</b>	<b><u>7,621,519</u></b>	<b><u>5,462,492</u></b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

		Current Year 2013-14	Previous Year 2012-13
<b>20 GROSS SALE OF PRODUCTS</b>			
<b>a) Finished goods</b>			
Automotive Lamps, Signaling Equipment and Parts	5,248,570,385	4,415,338,707	
Rear View Mirrors and Parts	1,011,317,991	866,388,833	
Plastic Moulded Parts	1,010,543,533	954,695,828	
Moulds	55,253,920	55,647,151	
Others	<u>226,893,037</u>	<u>198,394,470</u>	
		7,552,578,866	6,490,464,988
<b>b) Traded goods</b>			
Bulb	22,566,370	14,569,556	
Mould and dies	265,968,240	83,084,563	
Others	<u>39,296,152</u>	<u>16,735,575</u>	
		327,830,762	114,389,695
		<b><u>7,880,409,628</u></b>	<b><u>6,604,854,683</u></b>
<b>21 OTHER OPERATING REVENUE</b>			
Scrap sales		23,312,019	20,503,297
Testing charges Received		5,662,346	1,671,470
Tool, Mould and dies development charges received		3,259,209	1,387,248
Government subsidy received		6,160,988	7,466,237
Duty Drawback Received		2,454,527	2,188,586
Rebate and Discount		2,432,866	241,023
Difference in foreign exchange		(901,242)	(425,349)
Segregation/Rework Charges Received		455,222	127,024
Packing and Forwarding		267,875	230,375
<b>TOTAL</b>		<b><u>43,103,809</u></b>	<b><u>33,389,912</u></b>
<b>22 OTHER INCOME</b>			
Profit on sale of fixed assets		4,891,813	-
Interest Income		1,193,681	2,716,170
Dividend Received		10,000	-
Sundry Creditors written back		559,609	810,398
<b>TOTAL</b>		<b><u>6,655,103</u></b>	<b><u>3,526,568</u></b>
<b>23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>			
Opening Stock		227,143,225	198,584,071
Add : Purchases		4,106,169,061	3,605,029,052
Less : Inventories at the end of the year		<u>232,279,055</u>	<u>227,143,225</u>
<b>TOTAL</b>		<b><u>4,101,033,231</u></b>	<b><u>3,576,469,898</u></b>
<b>Particulars of Raw materials and components consumed</b>			
Plastic Powder		1,489,465,671	1,267,697,641
Bulb		441,287,986	397,431,395
Iron sheet and rods		208,936,862	205,620,030
Wiring harness		452,077,857	339,012,619
Others		<u>1,509,264,855</u>	<u>1,366,708,213</u>
		<b><u>4,101,033,231</u></b>	<b><u>3,576,469,898</u></b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

		Current Year 2013-14	Previous Year 2012-13
<b>24 PURCHASE OF STOCK IN TRADE</b>			
a) Purchase of Traded Goods	49,011,736		36,825,854
b) Purchase of Traded Moulds, Dies and Tools	166,499,126		44,209,593
		215,510,862	81,035,447
<b>TOTAL</b>		<b>215,510,862</b>	<b>81,035,447</b>
<u>Detail of Purchase of Traded Goods</u>			
Plastic Powder		1,682,815	633,557
Bulb		14,484,363	10,476,503
Iron sheet and rods		1,207,113	761,642
Mould Dies and Tools		166,499,126	44,209,593
Others		31,637,445	24,954,152
		<b>215,510,862</b>	<b>81,035,447</b>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>			
<u>Inventories at the end of the year</u>			
a) Finished Goods	109,163,122		100,115,584
b) Work –in– Progress	50,481,837		120,201,379
c) Traded Goods – (Mould, Tools and Dies)	2,349,065		796,694
d) Traded Goods – (Others)	7,112,010		11,318,002
		169,106,034	232,431,659
<u>Inventories at the beginning of the year</u>			
a) Finished Goods	100,115,584		97,829,039
b) Work –in– Progress	120,201,379		130,301,012
c) Traded Goods – (Mould, Tools and Dies)	796,694		3,937,283
d) Traded Goods – (Others)	11,318,002		1,411,175
		232,431,659	233,478,509
<b>TOTAL</b>		<b>63,325,625</b>	<b>1,046,850</b>
<u>Finished Goods</u>			
Automotive Lights, signaling equipment and parts		83,577,826	69,651,618
Rear View Mirror and Parts		15,209,109	22,087,930
Plastic Moulded Parts		9,440,678	7,953,570
Others		935,509	422,466
		<b>109,163,122</b>	<b>100,115,584</b>
<u>Work in Progress</u>			
Automotive Lights, signaling equipment and parts		34,987,559	88,418,011
Rear View Mirror and Parts		9,278,491	22,346,366
Plastic Moulded Parts		1,051,380	2,368,076
Others		5,164,407	7,068,926
		<b>50,481,837</b>	<b>120,201,379</b>
<b>26 EMPLOYEES BENEFITS EXPENSES</b>			
Salaries, Wages and bonus to employees		769,206,379	644,278,638
Contribution to Provident and Other funds		13,587,449	13,091,513
Staff Welfare Expenses		44,219,103	41,925,514
Gratuity Expenses		6,286,110	4,907,737
Earned Leave to staff		4,827,253	3,500,435
<b>TOTAL</b>		<b>838,126,293</b>	<b>707,703,837</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	Current Year 2013-14	Previous Year 2012-13
<b>27 OTHER EXPENSES</b>		
<u>Manufacturing Expenses</u>		
Job Charges	4,208,381	3,969,605
Machinery running and Maintenance		
a) Machinery Repair	4,808,568	2,653,257
b) Machinery Spares	53,922,477	49,110,634
Consumption of Stores and Spare parts	102,016,528	87,507,334
Packing Expenses	169,247,809	149,582,314
Power & Fuel	316,052,044	266,023,864
Variation in Excise duty of FG	917,919	339,881
Repair – Dies	12,578,615	13,192,974
Factory / Godown rent Rent	4,988,739	4,188,866
Freight, Cartage & Octroi	58,218,346	51,936,421
Testing Fees	5,502,813	3,943,594
Segregation Charges Paid	703,203	218,199
	733,165,442	632,666,942
<u>Administrative and Selling Expenses</u>		
Advertisement, Sub & Membership Exp.	8,106,075	6,374,674
Payment to Auditors	4,553,602	4,057,500
Donation	1,764,053	3,168,255
Rates and taxes	5,579,296	4,472,035
Insurance	4,152,213	3,022,362
Bad debt written off	1,257,713	4,917,914
Provision for Bad and Doubtful Debt	894,602	(6,802,829)
Rent	3,064,910	1,507,259
Repair & Maintenance– Building	3,024,094	2,241,768
Repair & Maintenance– Other	11,867,124	15,489,312
Royalty	5,066,528	5,017,792
Loss on sale of Fixed Assets	–	1,698,510
Exchange Difference –Derivatives	–	29,072,594
Selling & Distribution Expenses	132,663,743	119,122,743
Cash Discount on sales	14,781,774	10,526,594
Travelling and Conveyance Expenses	23,093,800	17,802,792
Prior Period Expenses	693,461	1,959,002
Other Office Expenses	127,676,064	100,893,565
	348,239,054	324,541,842
<b>TOTAL</b>	<b>1,081,404,496</b>	<b>957,208,784</b>
<b>28 FINANCE COSTS</b>		
Interest Expenses	140,555,243	155,413,961
Other Borrowing Costs	3,833,266	2,569,345
Exchange difference to the extent considered as an adjustment to borrowing costs	–	(28,684,487)
<b>TOTAL</b>	<b>144,388,509</b>	<b>129,298,819</b>



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

Particulars	31.03.2014	31.03.2013
<b>29 Contingent Liabilities</b>		
I. Bill of Exchange Discounted from Bank	218,798,894	216,843,142
II. Income Tax Demand in respect of Assessment Year 2011-12 for which company has filed an appeal with CIT (Appeal)	62,866,893	—
III. Import Duty Demand towards imported capital goods which were sold to the customer in relation to nil import duty being paid at the time of import of said capital goods as a 100% EOU unit for which the company has filed an appeal with Commissioner of Central Excise, Chennai (Net of deposit)	4,340,527	—
IV. Excise Duty Demand on Modvat Credit taken on raw material for which the Company has filed an appeal with CESTAT, New Delhi (Net of deposit)	2,457,076	2,457,076
V. Entry Tax for certain inter-state purchase in Rajasthan for which matter is sub-judice in superior Courts.	689,236	639,693
VI. Liability of Import Duty (For which Bonds executed in favour of Custom Authorities of Rs. 10,00,000) towards Import of Capital Goods without payment of duty for use in the manufacture of specific excisable goods.	414,414	414,414
VII. Liability of Import Duty towards Export obligation undertaken by the Company under EPCG Licenses	644,567	10,162,659
<b>Note:-</b> The appeal has been preferred against the order of the Assessing Officer in relation to disallowances of loss on account of foreign exchange derivative contracts entered for hedging of underlying exports. Based on the advice taken by the company, the company believes that it has good case in respect of all the items under (ii) to (iv) above and hence no provision is considered necessary against the same.		
Particulars	31.03.2014	31.03.2013
<b>30 Capital &amp; Other Commitments</b>		
I. Estimated amount of contracts remaining to be executed on capital account and not provided, (net of advances)	62,327,836	61,025,687
II. Estimated amount of contracts remaining to be executed on traded moulds & others not provided, (net of advances)	99,208,872	108,410,873
III. Estimated amount for payment of cess for construction of factory building (net of advances)	1,290,534	1,249,017
IV. Uncalled Liability for investment in 50:50 Joint Venture	2,477,295	—
V. Lease Commitments (non-cancellable in nature) (See Note-38)	3,680,000	—
Particulars	2013-14	2012-13
<b>31 Earning in Foreign Exchange</b>		
I. FOB Value of Exports	137,043,967	151,089,035
II. Packing & Forwarding Charges Received	111,625	230,375
III. Testing Charges Received	—	208,470
IV. Others	244,212	18,503
<b>Total</b>	<b>137,399,804</b>	<b>151,546,383</b>
Particulars	2013-14	2012-13
<b>32 Expenditure in Foreign Currency</b>		
I. Finance Cost	10,311,114	13,958,933
II. Salary to Staff	—	6,230,038
III. Travelling Expenses	4,735,089	4,396,587
IV. Consultancy Charges	711,980	1,992,649
V. Others	4,320,669	3,681,391
<b>Total</b>	<b>20,078,852</b>	<b>30,259,598</b>
Particulars	2013-14	2012-13
<b>33 Value of Imports Calculated on CIF Basis</b>		
I. Raw Materials	109,023,778	67,602,350
II. Capital Goods	50,401,570	52,613,973
III. Trading Goods	156,879,218	52,938,543
IV. Components & Spare parts	2,700,687	5,137,539
V. Consumable Store	1,275,636	1,211,375
<b>Total</b>	<b>320,280,889</b>	<b>179,503,781</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

## 34 Value of Imported and Indigenous Raw Materials, Stores and Spare Parts Consumed

(Amount In Rs.)

	2013-14		2012-13	
	Rs.	%	Rs.	%
<b>Raw Materials</b>				
Imported	100,792,546	2.46%	71,662,631	2.00%
Indigenous	4,000,240,685	97.54%	3,504,807,267	98.00%
<b>TOTAL</b>	<b>4,101,033,231</b>	<b>100.00%</b>	<b>3,576,469,898</b>	<b>100.00%</b>
<b>Stores and Spare Parts</b>				
Imported	4,838,538	3.10%	8,120,993	5.94%
Indigenous	151,100,467	96.90%	128,496,975	94.06%
<b>TOTAL</b>	<b>155,939,005</b>	<b>100.00%</b>	<b>136,617,968</b>	<b>100.00%</b>

	2013-14	2012-13
<b>35 Remittance in Foreign Currency for Dividend</b>		
Number of Non Resident Shareholder	1	1
Number of Equity Share held by them	104,051	104,051
Amount of Dividend Paid (In Rs.)	416,204	312,153
Amount of Dividend Paid (In USD)	6,645	5,800
Year to which dividend relates	2012-13	2011-12
	2013-14	2012-13
<b>36 (a) Auditor's Remuneration</b>		
For Statutory Audit	3,000,000	2,500,000
For Tax Audit	300,000	300,000
For Limited Review	700,000	700,000
For Other Services	400,000	400,000
<b>Total (a)</b>	<b>4,400,000</b>	<b>3,900,000</b>
<b>(b) Cost Auditor's Remuneration</b>		
For Cost Audit Fees	150,000	150,000
For Reimbursement of Travelling and Out-of-Pocket Expenses	3,602	7,500
<b>Total (b)</b>	<b>153,602</b>	<b>157,500</b>
<b>TOTAL (a+b)</b>	<b>4,553,602</b>	<b>4,057,500</b>

## 37 Deferred Tax Liabilities (Net)

The components of deferred tax liability (net) recognized in the financial statements and deferred tax recognized in the statement of profit &amp; loss are as under-

	31.03.2014	Addition/(Deduction) during the year	31.03.2013
<b>Deferred Tax Liability</b>			
Depreciation & Amortization and other timing differences in block of assets	284,218,187	34,847,299	249,370,888
<b>Total (A)</b>	<b>284,218,187</b>	<b>34,847,299</b>	<b>249,370,888</b>
<b>Deferred Tax Assets</b>			
Provision for Bad & Doubtful	612,988	304,075	308,913
Provision for Leave Encashment	4,726,079	1,474,074	3,252,005
Provision for Gratuity	(3,836)	(456,768)	452,932
Provision for Bonus	2,534,127	(152,882)	2,687,009
Provision for Warranty	1,213,623	704,776	508,847
Welfare Fund	22,897	65	22,832
<b>Total (B)</b>	<b>9,105,877</b>	<b>1,873,339</b>	<b>7,232,537</b>
Net Deferred Tax Liability (A-B)	275,112,310	32,973,960	242,138,350
Previous Year	242,138,350	49,093,740	193,044,610



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

### 38 Lease Transaction

The company has taken commercial premises under non-cancellable operating lease. Minimum lease payments in respect of assets taken on non-cancellable operating lease are as follows:–

	(Amount in Rs)	
Particulars	2013-14	2012-13
Total of future minimum lease payments under non-cancellable operating lease for following periods:		
Not later than one year	2,760,000	–
Later than one year and not later than five years	920,000	–
Lease Rental recognized in Statement of Profit & Loss in respect of cancellable and non-cancellable leases	8,487,978	6,595,620
<b>39 Borrowing Cost Capitalized</b>		
Borrowing Cost Capitalized to Qualifying Assets	–	1,281,952
<b>40 Exchange Differences on account of Fluctuation in Foreign Currency Rates</b>		
<b><u>Exchange Differences recognized in the Statement of Profit &amp; Loss</u></b>		
I. Exchange Gain/(Loss) Relating to Export during the year as a part of "Sales"	2,672,462	1,953,576
II. Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase"	245,806	591,543
III. Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase of Stock-in-Trade"	6,798,549	383,912
IV. Exchange Gain/(Loss) on Settlement of receivables carried forward from the previous year as a part of "Other income"	260,106	2,868,416
V. Exchange Gain/(Loss) on Settlement and Revaluation of other transactions as a part of "Other income"	(1,161,349)	(3,293,765)
VI. Loss on Expiry/Cancellation of Derivative Instruments during the year as a part of "Other expenses"	–	(29,072,594)
VII. Loss on Expiry/Cancellation of Derivative Instruments during the year as a part of "Finance costs"	–	(369,725)
<b><u>Exchange Differences recognized in the Fixed Assets</u></b>		
I. Exchange Gain/(Loss) Gain Relating to Liabilities against Capital Assets settled during the year	807,302	1,159,842
II. Foreign Exchange Adjustment Gain/(Loss) on Long Term Foreign Currency Loan taken for acquisition of fixed assets (Consequent to notification, issued by Ministry of Corporate Affairs, amending the Accounting Standard AS-11)	(6,084,411)	(15,512,780)
<b>41 Foreign Currency Monetary Item Translation Difference Account</b>		
Opening Balance	(67,968)	(228,178)
Exchange loss/(gain) during the year	(42,800)	150,500
Less:–Amortization of Exchange Fluctuation for the year	15,824	9,710
Closing Balance	(94,944)	(67,968)
<b>42 Earning Per Share</b>		
Profit available for equity shareholders	373,999,357	273,141,289
Weighted average number of shares	11,962,226	11,962,226
Earning Per share basic and diluted (In Rs.)	31.27	22.83
Face value per equity share (In Rs.)	10	10
<b>43 Government Grant</b>		
Duty Drawback on Export	2,454,527	2,188,586
Investment Subsidy Under Investment Promotion Scheme	6,160,988	7,466,237

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

## 44 Segment Reporting

**Business Segments:-**

The Company is engaged in the business of manufacture of various type of auto components and LED luminaries. The segment of the LED luminaries is not reportable segment as it does not exceeds the quantitative thresholds as laid down in AS-17 "Segment reporting". Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting'.

**Geographical Segments:-**

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

(Amount In Rs.)

	Sales Revenue by Geographical Market	
	2013-14	2012-13
India	6,790,037,158	5,654,985,408
Outside India	351,019,375	333,771,558
<b>Total</b>	<b>7,141,056,533</b>	<b>5,988,756,966</b>

	Trade Receivables by Geographical Market	
	31.03.2014	31.03.2013
India	750,569,652	663,880,432
Outside India	13,130,805	24,299,493
<b>Total</b>	<b>763,700,457</b>	<b>688,179,925</b>

Note:-1. The Company has common assets for producing goods for Domestic market and overseas market. Hence, separate figures for fixed assets can not be furnished.

Note:-2. Sales Revenue by geographical market Outside India includes indirect export.

## 45 Mat Credit Entitlement

The Assets of Rs. 3,14,57,986 (Previous Year Rs. 4,22,54,023 shown under 'Long Term Loans & Advances' See note-13) Recognized by the Company as 'MAT Credit Entitlement' under 'Short Term Loans and Advances' (See Note-18) represents that portion of MAT liability, which can be recovered and set-off in subsequent year based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in subsequent year, which will enable the Company to utilize MAT Credit assets.

## 46 Related Party Disclosures

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

**Name of Related Party****(i) Key Management Personnel**

Jagjeevan Kumar Jain	Chairman and Managing Director
Seema Jain	Whole Time Director
Aanchal Jain	Whole Time Director
Rahul Jain	Whole Time Director
JSS Rao	Whole Time Director
Kashi Ram Yadav	Whole Time Director

**(ii) Related Parties Controlled by Key Management personnel**

Fiem Auto Private Limited	Entity Controlled by Key Management Personnel
Jagjeevan Kumar Jain (HUF)	Entity Controlled by Key Management Personnel
Fiem Auto & Electrical Industries	Entity Controlled by Key Management Personnel

**(iii) Subsidiary Company**

Fiem Industries Japan Co. Limited	100% Subsidiary Company incorporated in Japan
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**(iv) Joint Venture**

Centro Ricerche Fiem Horustech SRL	50% ownership interest held by company incorporated in Italy
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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount In Rs.)

Particulars	Transaction Value		Outstanding Amount	
	2013-14	2012-13	31.03.2014	31.03.2013
<b>(i) Key Management Personnel</b>				
<b><u>Remuneration</u></b>				
Jagjeevan Kumar Jain	12,480,000	12,480,000	362,827	821,676
Seema Jain	2,400,000	2,400,000	163,914	164,738
Rahul Jain	3,600,000	1,800,000	218,458	235,000
Aanchal Jain	1,200,000	1,200,000	85,000	–
JSS Rao	6,600,000	5,400,000	397,894	332,266
Kashi Ram Yadav	6,744,864	5,544,864	419,680	350,548
<b><u>Dividend</u></b>				
Jagjeevan Kumar Jain	11,840,000	5,673,333	–	–
Seema Jain	11,840,000	5,263,260	–	–
Aanchal Jain	3,200,000	938,079	–	–
Rahul Jain	6,209,360	12,942,348	–	–
JSS Rao	48	36	–	–
Kashi Ram Yadav	1,352	1,014	–	–
<b><u>Loan Received</u></b>				
Jagjeevan Kumar Jain	1,250,000	–	–	–
<b><u>Sale of Property</u></b>				
Rahul Jain	50,000,000	–	–	–
<b>(ii) Related Parties Controlled by Key Management personnel</b>				
<b><u>Brand Royalty</u></b>				
Fiem Auto & Electrical Industries	5,000,000	5,000,000	625,000	1,264,050
<b><u>Dividend</u></b>				
Jagjeevan Kumar Jain (HUF)	46,152	34,614	–	–
Fiem Auto Private Limited	337,600	253,200	–	–
<b>(iii) Subsidiary Company</b>				
<b><u>Fiem Industries Japan Co. Limited</u></b>				
Sales of Goods	1,365,808	3,437,474	92,069	1,124,855
Sales of Services	–	208,470	–	84,120
Long Term Loan Given	–	588,000	2,353,200	2,310,400
Investment in equity shares	–	–	262,040	262,040
Realisation of Dues	–	3,810,858	–	–
<b>(iv) Joint Venture Company</b>				
<b><u>Centro Ricerche Fiem Horustech SRL</u></b>				
Investment	841,200	–	841,200	–
Advance Angst purchase of traded goods	4,220,438	–	4,128,825	–

**47 Post Employment Benefits Plan**
**Defined Contribution Plans**

Contribution to Defined Contribution Plan, recognized as 'Employee Benefits Expenses' for the year are as under:

	2013-14	2012-13
Employer's Contribution to Provident Fund	10,045,006	9,710,207
Employer's Contribution to ESI Fund	3,358,447	3,195,590
Employer's Contribution to Wages Welfare Fund	183,996	185,716
<b>TOTAL</b>	<b>13,587,449</b>	<b>13,091,513</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

## Defined Benefit Plans

Disclosure requirement as per Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.14 are as follows:

(Amount In Rs.)

Particulars	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
Recognized in the Statement of Profit & Loss Account				
Current Service Cost	6,530,487	5,043,127	4,026,135	2,560,437
Interest cost on benefit obligation	2,092,082	1,577,884	850,194	545,497
Expected return on plan assets	(2,097,308)	(1,690,278)	-	-
Net actuarial gain/(loss) recognized in the year	(239,149)	(22,998)	(49,076)	394,501
<b>Total, Included in "Employee Benefit Expenses"</b>	<b>6,286,110</b>	<b>4,907,737</b>	<b>4,827,253</b>	<b>3,500,435</b>
Amount to be Recognized in Balance Sheet	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Present value of Defined benefit obligation	30,467,238	23,909,631	13,904,321	9,567,535
Fair value of plan assets	30,478,523	22,577,087	-	-
<b>Net Liability/(Recoverable) Shown in "Short Term/Long Term Provisions/Other Advance Recoverable"</b>	<b>(11,286)</b>	<b>1,332,545</b>	<b>13,904,321</b>	<b>9,567,535</b>
Change in the present value of the defined benefit obligation	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Opening defined benefit plan	23,909,631	20,886,952	9,567,535	7,157,071
Interest cost	2,092,082	1,577,884	850,194	545,497
Current service cost	6,530,487	5,043,127	4,026,135	2,560,437
Actuarial (gains)/losses on obligation	(124,682)	(76,172)	(49,076)	394,501
Benefits Paid	(1,940,280)	(3,522,160)	(490,467)	(1,089,971)
<b>Closing defined benefit plan</b>	<b>30,467,238</b>	<b>23,909,631</b>	<b>13,904,321</b>	<b>9,567,535</b>
Change in the fair value of the plan assets	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Opening fair value of plan assets	22,577,087	20,036,442	-	-
Expected return	2,097,308	1,690,278	-	-
Contribution by employer	7,629,941	4,425,701	-	-
Actuarial gains/(losses) on obligation	114,467	(53,174)	-	-
Benefits Paid	(1,940,280)	(3,522,160)	-	-
<b>Closing fair value of plan assets</b>	<b>30,478,523</b>	<b>22,577,087</b>	<b>-</b>	<b>-</b>
<b>Actuarial Assumptions</b>	<b>31.03.2014</b>	<b>31.03.2013</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Interest & Discount Rate	9.12%	8.25%	9.12%	8.25%
Attrition Rate	1.00%	1.00%	1.00%	1.00%
Retirement Age	58	58	58	58
Salary cost increase rate	6.00%	6.00%	6.00%	6.00%

## Categories of Plan Assets

	Gratuity	
	2013-14	2012-13
Investment with insurer	%	%
<b>Total</b>	<b>100</b>	<b>100</b>

## Experience Adjustment (Gratuity)

Particulars	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Defined Benefit Obligation	30,467,238	23,909,631	20,886,952	18,482,904	14,640,642
Plan Assets	30,478,523	22,577,087	20,036,442	17,894,857	10,390,979
Surplus/(deficit)	11,286	(1,332,545)	(850,509)	(588,047)	(4,249,663)
Exp. Adj. On Plan Liabilities	(124,682)	(76,172)	(1,265,439)	-	-
Exp. Adj. On Plan Assets	114,467	(53,174)	(1,041,772)	-	-

- 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.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

### 48 Foreign Exchange Currency Exposure Outstanding as on Reporting Date (Fully Hedged)

Particulars	31.03.2014		31.03.2013	
	USD Equivalent	INR Equivalent	USD Equivalent	INR Equivalent
Long Term Loan for Capital Goods (Hedged against exposure to outflow for USD loan repayment and its interest payments. Cross currency swap to pay fixed interest @ 10.60% p.a)	1,879,699	100,000,000	1,879,699	100,000,000
Long Term Loan for Capital Goods (Hedged against exposure to outflow for USD loan repayment and its interest payments. Cross currency swap to pay fixed interest @ 8.50% p.a (subject to grossing up of Withholding Tax)	2,062,500	101,268,750	2,812,500	138,093,750

### 49 Foreign Exchange Currency Exposure Outstanding as on Reporting Date (Not Hedged)

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

	Foreign Currency	31.03.2014		31.03.2013	
		INR	FC	INR	FC
For Import of Raw Materials	USD	2,538,120	40,927	903,603	16,508
	JPY	1,069,500	1,725,000	5,333,691	9,088,400
For Foreign Currency Loan Taken	JPY	136,809,003	249,775,679	210,894,028	385,101,017
For Export of Goods & Services	GBP	–	–	3,550,439	43,028
	JPY	91,537	156,500	1,353,015	2,093,100
	USD	13,281,805	216,951	19,425,315	359,417
For Foreign Currency Loan Given	JPY	2,204,200	4,000,000	2,204,200	4,000,000
Bank Balance	USD	4,610,166	73,535	5,482,173	101,320
	JPY	2,593,185	4,350,598	11,494	21,298

### 50 Details of Research and Development Expenses

The Company has incurred following expenses on its Research and Development Unit situated at Rai, Sonapat, Haryana (India).

(Amount In Rs.)

	2013-14	2012-13
<b>Capital Expenditure</b>		
Capital Expenditure	1,934,307	3,034,125
<b>Total (A)</b>	<b>1,934,307</b>	<b>3,034,125</b>
<b>Revenue Expenditure</b>		
Raw Material Consumed	483,745	–
Employee Benefits	38,649,111	37,084,713
Other Expenses	3,817,180	2,247,043
Finance Cost	989,766	1,777,407
Depreciation & Amortization	2,459,400	2,136,650
<b>Total (B)</b>	<b>46,399,202</b>	<b>43,245,813</b>
<b>Grand Total (A+B)</b>	<b>48,333,509</b>	<b>46,279,938</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

51 Joint Venture Company

The Company has entered into a joint venture agreement with 'Horustech Lighting SRL Italy' on 2nd December 2013 for forming a joint venture company to set-up a design centre at Italy. Accordingly, a company 'Centro Ricerche Fiem Horustech SRL.' a jointly controlled Entity has been formed on 12th December 2013. The company has invested a sum of Rs. 8,41,200/-(Euro 10,000) towards capital contribution in said Joint Venture Company as on the date of balance sheet.

The company's interest in joint venture is reported as Non Current Investment (Refer Note 12) and is stated at cost.

- (a) Pursuant to Accounting Standard-27, "Financial Reporting of Interests in Joint Ventures" notified under the Companies (Accounting Standards) Rules, 2006 (as amended) disclosure in respect of the said Joint Venture are given below:

Name of joint Venture	Centro Ricerche Fiem Horustech SRL
Description of Interest	Jointly Controlled Entity
Country of Incorporation	Italy
Proportion of Ownership Interest as at March 31, 2014	50%

- (b) In respect of jointly control entity, the company's share of assets, liabilities, incomes and expenses are as follows-

Particulars	(Amount In Rs.)	
	31.03.2014	31.03.2013
Non Current Assets	460,943	-
Current Assets	3,610,203	-
Non Current Liabilities	49,917	-
Current Liabilities	3,751,038	-
Revenue	1,294,387	-
Expenses	3,914,374	-
Contingent Liabilities	-	-
Capital Commitments	-	-

52 Disclosure under Clause 32 of the Listing Agreement

Subsidiary Company	(Amount In Rs.)			
	Outstanding Balance at year end		Maximum Amount Outstanding in the year	
	31.03.2014	31.03.2013	2013-14	2012-13
Fiem Industries Japan Co., Limited	2,353,200	2,310,400	2,353,200	2,460,900

- 53 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

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/-  
**(O.P. Gupta)**  
Chief Financial Officer

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

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

Place : Rai, Sonapat (HR.)  
Date : 28/05/14

**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	31.03.2014
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,2014 (amount in Rs)	1,388,838
	(a) not dealt with in the accounts of the Company for the year ended 31st March,2014 (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,2014 (amount in Rs)	789,401
	(b) not dealt with in the accounts of the Company for the year ended 31st March, 2014 (amount in Rs)	Nil

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

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

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

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

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

Place : Rai, Sonapat (HR.)  
 Date : 28/05/2014



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



## DIRECTORS REPORT

### To Shareholder(s),

Directors of your company hereby present the 5th 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 2014 and the report of Auditors thereon.

### Financial Results:

A brief summary of financial results for the financial year 2013-14 and previous financial year are as under:

Particulars	2013-14 (Rs.)	2012-13 (Rs.)
Total Revenue	<b>20,620,981</b>	45,608,368
Expenditures	<b>19,002,648</b>	41,627,681
Profit (Loss) for the Year before Tax	<b>1,618,332</b>	3,980,687
Provision for Tax	<b>229,495</b>	42,254
Profit(Loss) after Tax (carried to Balance Sheet)	<b>1,388,838</b>	3,938,433

### Legal Status and General Company Information:

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

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

The accounts of the company have been made out as per requirement of Indian Companies Act in due adherences of sub section 2(a) and 2(b) of section 212 of Companies Act, 1956. This entailed drawing up the Balance Sheet and Statement of Profit & Loss (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.

Fiem Industries Japan Co., Ltd., being a company incorporated in Japan, therefore a number of provisions of the Indian Companies Act, 1956 and Rules under said Act are not applicable on this Company.

### Share Capital:

During the Financial Year 2013-14, no shares has been issued by the 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. During FY 2013-14 Company has made a turnover of Rs 20,616,168 and profits of Rs. 1,388,838.

### Dividend:

The Board of the company has decided not to recommend any Dividend.

### Transfer to Reserves:

No amount has been transferred to the Reserves.

### 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 who are Auditors of the Holding Indian Company, i.e. Fiem Industries Limited have also audited the accounts of Fiem Industries Japan Co., Ltd. for FY 2013-14.

### Auditor's Report:

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

### Particulars of Employees:

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

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

Fiem Industries Japan Co., Ltd. being incorporated in Japan, Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

### Directors' Responsibility Statement:

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

- (i) In the preparation of the annual accounts for the year ended March 31, 2014, 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 preventing & detecting fraud and other irregularities;
- (iv) The Annual Accounts for the year-ended 31.3.2014 have been prepared on a going concern basis.

### Acknowledgement:

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

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

Place : Rai, Sonapat (HR.)  
Date : 28.05.2014

Sd/-  
J.K. Jain  
Director

Sd/-  
J.S.S. Rao  
Director

**INDEPENDENT AUDITORS' REPORT**

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

The financial Statement of FIEM INDUSTRIES JAPAN CO., Ltd. for the year ended 31st March 2014, being a company registered in Japan is certified by Certified Tax Accountant in Japan, M/s Altesta Corporation.

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.

**Report on the Financial Statements**

We have audited the accompanying financial statements of FIEM INDUSTRIES JAPAN CO.,Ltd. ("the Company"), which comprise the Balance Sheet as at 31st March 2014, the Statement of Profit and Loss and Cash Flow Statement of the Company for the year then ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2014;
- (ii) in the case of the Statement of Profit and Loss, of the profit for year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 2. As required by section 227(3) of the Act, 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 account as required by law have been kept by the Company so far as appears from our examination of those books;
  - d. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account; and
  - e. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with General circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act 2013.
  - 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.

for **ANIL S. GUPTA & ASSOCIATES**  
Firm Registration Number 004061N  
Chartered Accountants

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

**Place: Rai, Sonapat (HR.)**  
**Dated: 28/05/2014**

## ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 of the our Report of even date)

1. a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.  
b) We are informed that the company has physically verified the fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable.  
c) The Company has not disposed of any fixed assets during the year. Hence 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. 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) As informed, during the year the company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. However, in respect of interest free loan taken in earlier years from 100% Holding company -Fiem Industries Limited, the maximum amount outstanding at any time during the year is Rs 23,53,200 and year-end balance is Rs 23,53,200.  
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) In our Opinion, 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. 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, therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
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 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. 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

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

Place: Rai, Sonapat (HR.)  
Dated: 28/05/2014

## BALANCE SHEET AS AT 31ST MARCH 2014

(Amount in Rs)

	Note No.		AS AT 31.03.2014	AS AT 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	262,040	262,040	
b) Reserves & Surplus	3	102,727	(1,293,726)	
			364,767	(1,031,686)
<b>NON CURRENT LIABILITIES</b>				
a) Long term Borrowings	4	2,353,200	2,310,400	2,310,400
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings		—	—	
b) Trade Payables	5	1,489,870	6,381,498	
c) Other Current Liabilities	6	317,570	465,074	
d) Short Term Provisions	7	231,496	40,432	
			2,038,936	6,887,004
<b>TOTAL</b>			<b>4,756,903</b>	<b>8,165,718</b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	8	152,018	155,058	
ii) Intangible assets		—	—	
			152,018	155,058
<b>CURRENT ASSETS</b>				
a) Current Investments		—	—	
b) Inventories	9	74,618	111,120	
c) Trade receivables	10	2,631,525	6,379,323	
d) Cash and Bank Balances	11	416,508	633,930	
e) Short term Loans and Advances	12	1,482,235	886,286	
f) Other current assets		—	—	
			4,604,885	8,010,660
<b>TOTAL</b>			<b>4,756,903</b>	<b>8,165,718</b>

Significant Accounting Policies and  
Notes To financial Statements

1 to 26

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board of Directors

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

Sd/-  
(J. K. Jain)  
Director

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

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

Place : Rai, Sonapat (HR.)  
Date : 28/05/14

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2014**

(Amount in Rs)

	Note No.	Current Year 2013-14	Previous Year 2012-13
<b>INCOME</b>			
a) Net Sales	13	20,616,168	45,593,275
b) Other Income	14	4,813	15,094
<b>TOTAL REVENUE (A)</b>		<b>20,620,981</b>	<b>45,608,368</b>
<b>EXPENSES</b>			
a) Purchase of Stock-in-Trade	15	12,624,786	32,838,952
b) Changes in Inventories of Stock In trade	16	36,502	2,725,980
c) Employees Benefits expenses	17	2,894,683	1,942,471
d) Other Expenses	18	3,300,458	3,748,293
e) Finance costs	19	124,797	353,030
f) Depreciation and Amortization Expense	8	21,421	18,956
<b>TOTAL EXPENSES (B)</b>		<b>19,002,648</b>	<b>41,627,682</b>
<b>PROFIT BEFORE TAX (A-B)</b>		<b>1,618,332</b>	<b>3,980,687</b>
<b>TAX EXPENSES</b>			
Current Tax		229,495	42,254
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>1,388,838</b>	<b>3,938,433</b>
Basic and Diluted Earning per Equity Share (Nominal value JPY 50,000 each per share)	21	138,884	393,843
Significant Accounting Policies and Notes To financial Statements	1 to 26		

The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board of Directors

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 28/05/14

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

Particulars	2013-14		2012-13	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net Profit Before Tax As Per Statement of Profit &amp; Loss</b>		1,618,332		3,980,687
Adjustments for Non Cash Items to reconcile Profit				
Depreciation & Amortization Expenses	21,421		18,956	
Effect of Translation Reserve	50,415		375,611	
Interest Income	(516)		(1,258)	
Finance Costs	124,797	196,117	353,030	746,339
<b>Operating Profit before Working Capital Changes</b>		1,814,449		4,727,026
Adjustment for (Increase)/decrease in Operating Assets & Liabilities				
(Increase)/Decrease in Inventories	36,502		2,725,980	
(Increase)/Decrease in Trade Receivables	3,747,798		244,513	
(Increase)/Decrease in Short Term Loans & Advances	(595,949)		(117,356)	
Increase/(Decrease) in Trade Payable & Provisions	(5,039,132)	(1,850,781)	(9,166,630)	(6,313,493)
<b>Cash Generated from Operation</b>		(36,332)		(1,586,467)
Adjusted for Direct Taxes and Other Items:				
Income Tax Paid	(38,431)	(38,431)	(42,254)	(42,254)
<b>Net Cash From Operating Activities</b>		<b>(74,760)</b>		<b>(1,628,721)</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(18,381)		–	
Interest Income	516		1,258	
<b>Net Cash (Used)/ from in Investing Activities</b>		<b>(17,865)</b>		<b>1,258</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Addition in Loan from Holding Company	–		437,500	
Finance Costs Paid	(124,797)		(353,030)	
<b>Net Cash (used)/from Financing Activities</b>		<b>(124,797)</b>		<b>84,470</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(217,422)</b>		<b>(1,542,994)</b>
Opening Balance of Cash & Cash Equivalents		633,930		2,176,924
<b>Closing Balance of Cash &amp; Cash Equivalents (Refer Note no–11)</b>		<b>416,508</b>		<b>633,930</b>

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 : Rai, Sonapat (HR.)  
Date : 28/05/14

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

### 1. Significant Accounting Policies Followed by The Company

#### Corporate Information

The Company is mainly in the business of trading of mock-up sample of automotive lighting equipment for two-wheeler applications. The company's registered office is in Japan.

#### Significant Accounting Policies

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 forming part of the financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities.

#### A. Basis of Accounting and Preparation of Financial Statements

The Financial statements have been prepared as a going concern on accrual basis under the historical cost convention. They comply in all material respects with the Generally Accepted Accounting Principles (GAAP) in India, which comprise of mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of Companies Act, 1956.

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, statement of profit & loss (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 and disclosures relating to contingent liabilities as at the date of the financial statement and the reported amount of the income and expenses during the year. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized. Example of such estimates includes provision for income tax, useful life of tangible etc. The estimates are based upon management knowledge of current events and economic circumstances.

#### C. Tangible Fixed Assets

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

#### D. Inventories

Mock-up Sample of Automotive Lighting are valued at lower of cost or net realizable value.

#### E. Depreciation

Depreciation on tangible 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.

#### F. Revenue Recognition

- (i) Revenue is recognized to the extent of the probability of the economic benefits flowing to the company, which can be reliably measured.

- (ii) The sale of goods is recognized when the significant risk & rewards of ownership have transferred to the customers.

- (iii) Interest income is accounted on accrual basis.

#### G. Foreign Currency Translations

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

- (i) Share capital is retained at the initial contribution amount.
- (ii) Fixed Assets are translated at the rates prevailing on the date of purchase.
- (iii) Current Assets, current liabilities and non current liabilities are translated at year-end rates.
- (iv) Revenue are translated at the average rate.
- (v) Depreciation are translated at rates used for the relevant fixed assets.
- (vi) The resultant differences is accounted as Translation Reserve and shown in the Financial Statement.

#### H. Employee Benefits

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

#### I. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when the Company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent assets is neither recognised nor disclosed in the financial statements.

#### J. Taxation

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

#### K. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprises cash at bank and in hand and short term investments having original maturities of three months or less from the date of purchase.

#### L. Cash Flow Statement

Cash flow statement are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### M. Segment Reporting Policies

The Company is engaged in the business of manufacture of various types of mock-up sample of Automotive Lighting Equipment. The entire operations are governed by the same set of risk and return hence the entire operations represent a single primary segment.

#### N. Operating Lease

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

#### O. Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning/(loss) per share, the net profit or loss for the year attributable to equity shareholder and the weighted average number of share outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The weighted average number of shares outstanding during the year are adjusted for events of bonus issue and share split.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
100 (Prv. Year 100) Equity shares of 50,000 JPY each	2,620,400	2,620,400
<b>Issued, Subscribed and Paid-up</b>		
10 (Prv. Year 10) Equity shares of 50,000 JPY each Fully Paid Up	262,040	262,040
<b>TOTAL</b>	<b>262,040</b>	<b>262,040</b>
All the above equity shares are held by Fiem Industries Limited, the holding company		
<b>3. RESERVES &amp; SURPLUS</b>		
<b>TRANSLATION RESERVE</b>		
As per Last Balance Sheet	(694,289)	(1,069,900)
Less :- Addition / (deduction) during the year	7,615	375,611
	(686,674)	(694,289)
<b>SURPLUS –OPENING BALANCE</b>	(599,437)	(4,537,870)
Add:- Net profit after tax transferred from Statement of Profit and Loss	1,388,838	3,938,433
<b>SURPLUS –CLOSING BALANCE</b>	789,401	(599,437)
<b>TOTAL</b>	<b>102,727</b>	<b>(1,293,726)</b>
<b>4. LONG TERM BORROWINGS</b>		
(UNSECURED LOANS)		
Loan from 100% Holding Company – Fiem Industries Limited	2,353,200	2,310,400
<b>TOTAL</b>	<b>2,353,200</b>	<b>2,310,400</b>
<b>5. TRADE PAYABLES</b>		
Sundry Creditors	1,397,801	5,172,524
Payable to 100% Holding company – Fiem Industries Limited	92,069	1,208,975
<b>TOTAL</b>	<b>1,489,870</b>	<b>6,381,498</b>
<b>6. OTHER CURRENT LIABILITIES</b>		
Liabilities for Expenses	294,150	465,074
Statutory Dues Payable	23,420	-
<b>TOTAL</b>	<b>317,570</b>	<b>465,074</b>
<b>7. SHORT TERM PROVISIONS</b>		
Provision for Taxation	231,496	40,432
<b>TOTAL</b>	<b>231,496</b>	<b>40,432</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**
**8. FIXED ASSETS**
**(Amount In Rs.)**

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at 01.04.2013	Additions	Deductions	As at 31.03.2014	Upto 01.04.2013	For the Year	Deductions	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
<b>Tangible Assets</b>										
Office Equipments	16,566	–	–	16,566	1,905	787	–	2,691	13,875	14,661
Furniture & Fixtures	40,117	–	–	40,117	7,194	2,539	–	9,733	30,384	32,923
Vehicles	88,417	–	–	88,417	11,245	8,400	–	19,645	68,772	77,172
Computer	44,603	18,381	–	62,985	14,302	9,696	–	23,998	38,987	30,301
<b>Total</b>	<b>189,703</b>	<b>18,381</b>	<b>–</b>	<b>208,085</b>	<b>34,646</b>	<b>21,421</b>	<b>–</b>	<b>56,067</b>	<b>152,018</b>	<b>155,058</b>
Previous Year	189,703	–	–	189,703	15,690	18,956	–	34,646	155,058	–

**(Amount in Rs)**

	AS AT 31.03.2014	AS AT 31.03.2013
<b>9. INVENTORIES</b>		
(As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)		
Traded Goods – Mock Up Sample	74,618	111,120
<b>TOTAL</b>	<b>74,618</b>	<b>111,120</b>
<b>10. TRADE RECEIVABLES</b>		
(unsecured but considered good)		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	143,251	–
b) Considered Doubtful	–	–
Other Debts :- Considered Good	2,488,274	6,379,323
	2,631,525	6,379,323
Less:- Provision for Doubtful Debts	–	–
<b>TOTAL</b>	<b>2,631,525</b>	<b>6,379,323</b>
<b>11. CASH AND BANK BALANCES</b>		
Cash and Cash Equivalents		
a) Balances with Banks on current account	416,508	633,930
<b>TOTAL</b>	<b>416,508</b>	<b>633,930</b>
<b>12. SHORT TERM LOAN AND ADVANCES</b>		
(Unsecured but considered good)		
i) Advance for Goods other than Capital Goods	941,280	–
ii) Security Deposit	46,329	45,486
iii) Balance with Customs, Excise Department	357,618	816,286
iv) Prepaid Expenses	137,009	24,514
<b>TOTAL</b>	<b>1,482,235</b>	<b>886,286</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	Current Year 2013-14	Previous Year 2012-13
<b>13. NET SALES</b>		
Sale of Traded Goods – Mock Up Samples	20,616,168	45,593,275
<b>TOTAL</b>	<b>20,616,168</b>	<b>45,593,275</b>
<b>14 . OTHER INCOME</b>		
a) Interest Income On Banking Deposits	516	1,258
b) Other Non–Operating Income	4,296	13,836
<b>TOTAL</b>	<b>4,813</b>	<b>15,094</b>
<b>15. PURCHASE OF STOCK IN TRADE</b>		
Purchase of Traded Goods – Mock Up Samples	12,624,786	32,838,952
<b>TOTAL</b>	<b>12,624,786</b>	<b>32,838,952</b>
<b>16. CHANGES IN INVENTORIES OF STOCK IN TRADE</b>		
Stock in Trade at Close		
a) Traded Goods– Mock up samples	74,618	111,120
Stock in Trade at Commencement		
a) Traded Goods– Mock up samples	111,120	2,837,100
<b>TOTAL</b>	<b>36,502</b>	<b>2,725,980</b>
<b>17. EMPLOYEES BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	2,873,944	1,559,885
Contribution to Provident and Other funds	15,997	223,826
Staff Welfare Expenses	4,742	158,760
<b>TOTAL</b>	<b>2,894,683</b>	<b>1,942,471</b>
<b>18. OTHER EXPENSES</b>		
Testing fees	–	183,000
Advertisement, Sub & Membership Exp.	6,296	–
Rate taxes and fee	5,028	15,240
Insurance	–	5,942
Rent	701,539	881,615
Repair & Maintenance– Other	–	28,200
Selling & Distribution Expenses	309,385	118,688
Travelling Expenses	701,087	744,205
Other Office Expenses	1,577,123	1,771,403
<b>TOTAL</b>	<b>3,300,458</b>	<b>3,748,293</b>
<b>19. FINANCE COSTS</b>		
Other Borrowing Costs	124,797	353,030
<b>TOTAL</b>	<b>124,797</b>	<b>353,030</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**
**(Amount in Rs)**

	2013-14	2012-13
<b>20 Lease Transaction</b>		
The Company has taken premises on cancellable operating lease. The Rent expense amounting to Rs. 5,64,520 (Previous Year Rs. 6,78,173) has been charged to statement of profit & loss.		
<b>21 Earning Per Share</b>		
Profit available for equity shareholders	<b>1,388,838</b>	3,938,433
Weighted average number of shares	<b>10</b>	10
Earning Per share basic and diluted (In Rs.)	<b>138,884</b>	393,843
Face value per equity share JPY 50,000 (In Rs.)	<b>26,204</b>	26,204

**22** The Company's operations predominantly are that of trading in Mock-up sample of automotive lighting equipment. As such there is no other separate reportable segment as defined by Accounting Standard-17 "Segment Reporting".

**23 Related Party Disclosures**
**Name of Related Parties, Transactions and Balances at Reporting date are as follows**
Name of Related Party
**i) Key Management Personnel**

Takanabu Kamoshita Director  
Saket Singhal Director (up to 31.07.12)

**ii) Holding Company**

Fiem Industries Limited 100% Holding Company Incorporated in India

Particulars	Transaction Value		Outstanding Amount	
	2013-14	2012-13	31.03.2014	31.03.2013
<b>i) Key Management Personnel</b>				
<u>Remuneration</u>				
Takanabu Kamoshita	2,798,160	-	-	-
Saket Singhal	-	1,148,645	-	-
<b>ii) Holding Company</b>				
<u>Fiem Industries Limited</u>				
Purchase of Services	-	208,470	-	84,120
Purchases of Goods	1,365,808	3,437,474	92,069	1,124,855
Long Term Loan Received	-	588,000	2,353,200	2,310,400
Share Capital	-	-	262,040	262,040
Payment of Dues	-	(3,810,858)	-	-

**24 Post Employment Benefits Plan**
**Defined Contribution Plans**

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

	2013-14	2012-13
Employer's Contribution to Provident and other fund	<b>15,997</b>	223,826
<b>Total</b>	<b>15,997</b>	<b>223,826</b>

**25** Figures have been rounded off to the nearest rupee.

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

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

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 28/05/14



# Consolidated Financial Statements

## INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors of  
**FIEM INDUSTRIES LIMITED**

### Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial statements of FIEM INDUSTRIES LIMITED ("the Company"), its subsidiary and jointly controlled entity ( the company, its subsidiary and jointly controlled entity constitute "the Group" ) , which comprise the Consolidated Balance Sheet as at 31st March 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these Consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2014;
- (ii) in the case of the Consolidated Statement of Profit and Loss, of the profit for year ended on that date; and
- (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matter

We did not audit the financial statement of an overseas 50:50 Joint Venture, Centro Ricerche Fiem Horustech Srl (CRFH), whose financial information included in the accompanying consolidated financial statements, reflects Total assets of Rs 40,71,146 as at 31.03.14, total revenue of Rs 12,94,387 and net loss amounting to Rs 26,19,987 for the period 12.12.13 to 31.03.14. Such financial information has not been audited but has been approved by the Board of directors of Centro Ricerche Fiem Horustech Srl (CRFH) and have been furnished to us by the management. The management of the company has converted this financial statement as per accounting principle generally accepted in India, for the purpose of preparation of consolidated financial statement under Indian GAAP. Our opinion, in so far as it relates to the affairs of such joint venture is based solely on the management accounts. Our opinion is not qualified in respect of this matter.

for **ANIL S. GUPTA & ASSOCIATES**  
Firm Registration Number 004061N  
Chartered Accountants

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

Place: Rai, Sonapat (HR.)  
Dated: 28/05/2014

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

(Amount in Rs)

	Note No.		AS AT 31.03.2014	AS AT 31.03.2013
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	119,622,260	119,622,260	
b) Reserves & Surplus	3	1,848,926,256	1,561,102,157	
			1,968,548,516	1,680,724,417
<b>NON CURRENT LIABILITIES</b>				
a) Long term borrowings	4	579,564,954	761,845,309	
b) Deferred Tax Liabilities (net)	32	275,112,310	242,138,350	
c) Other Long term Liabilities	5	49,917	17,302,520	
d) Long Term Provisions	6	11,365,042	7,937,907	
			866,092,223	1,029,224,086
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings	7	292,516,813	303,542,912	
b) Trade Payables	8	778,444,258	750,785,059	
c) Other Current Liabilities	9	546,768,928	494,516,823	
d) Short Term Provisions	10	98,477,367	73,748,331	
			1,716,207,366	1,622,593,125
<b>TOTAL</b>			<b>4,550,848,105</b>	<b>4,332,541,628</b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	11	3,117,899,175	2,915,692,923	
ii) Intangible assets	11	12,477,737	10,868,903	
iii) Capital work-in-progress	11	293,348	14,789,546	
iv) Intangible assets under development		—	—	
b) Non-current investments	12	200,000	200,000	
c) Long term Loans and Advances	13	54,705,585	78,560,163	
d) Other non current assets	14	1,044,181	1,077,229	
			3,186,620,026	3,021,188,764
<b>CURRENT ASSETS</b>				
a) Current Investments		—	—	
b) Inventories	15	423,562,256	486,766,542	
c) Trade receivables	16	767,553,993	693,350,274	
d) Cash and Bank Balances	17	20,224,688	15,952,109	
e) Short term Loans and Advances	18	145,265,623	109,821,447	
f) Other current assets	19	7,621,519	5,462,492	
			1,364,228,079	1,311,352,864
<b>TOTAL</b>			<b>4,550,848,105</b>	<b>4,332,541,628</b>

Significant Accounting Policies and  
Notes to financial Statements.

1 to 46

The accompanying notes are an integral part of the financial statements.

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/-  
**(O.P. Gupta)**  
Chief Financial Officer

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

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

Place : Rai, Sonapat (HR.)  
Date : 28/05/14

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2014**

(Amount in Rs)

	Note No.		Current Year 2013-14	Previous Year 2012-13
<b>I. INCOME</b>				
Gross Sale of Products	20	7,900,954,375	6,646,985,013	
Less :- Excise Duty		<u>739,353,095</u>	<u>616,097,717</u>	
a) Net Sales			7,161,601,280	6,030,887,296
b) Other Operating revenue	21		43,087,453	33,341,242
Net Revenue from Operations			<u>7,204,688,733</u>	<u>6,064,228,539</u>
c) Other Income	22		6,659,916	3,541,661
<b>TOTAL REVENUE (A)</b>			<b><u>7,211,348,649</u></b>	<b><u>6,067,770,200</u></b>
<b>II. EXPENSES</b>				
a) Cost of Raw Materials and Components Consumed	23		4,101,033,231	3,576,469,898
b) Purchase of Stock-in-Trade	24		226,769,840	110,411,455
c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	25		63,362,128	3,772,830
d) Employees Benefits Expenses	26		843,370,691	709,646,308
e) Other Expenses	27		1,086,232,083	960,774,077
f) Finance Costs	28		144,526,560	129,651,848
g) Depreciation and Amortization Expense	11		217,898,811	183,493,737
<b>TOTAL EXPENSES (B)</b>			<b><u>6,683,193,342</u></b>	<b><u>5,674,220,154</u></b>
<b>PROFIT BEFORE TAX (A-B)</b>			<b><u>528,155,306</u></b>	<b><u>393,550,045</u></b>
<b>TAX EXPENSES</b>				
Current Tax		122,429,495	76,642,254	
Less : MAT Credit Entitlement		<u>—</u>	<u>9,400,000</u>	
a) Net Current Tax Expense		122,429,495	67,242,254	
b) Deferred Tax Liability/ (Assets)		<u>32,973,960</u>	<u>49,093,740</u>	
			155,403,455	116,335,994
<b>PROFIT AFTER TAX FOR THE YEAR</b>			<b><u>372,751,852</u></b>	<b><u>277,214,052</u></b>
Basic and Diluted Earning per Equity Share (Nominal value Rs 10 per share)	36		31.16	23.17

Significant Accounting Policies and Notes to financial Statements. 1 to 46

The accompanying notes are an integral part of the financial statements.

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/-  
**(O.P. Gupta)**  
 Chief Financial Officer

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

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

 Place : Rai, Sonapat (HR.)  
 Date : 28/05/14

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

Particulars	2013-14		2012-13	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit Before Tax As Per Statement of Profit and Loss		528,155,306		393,550,045
<b>Adjustments for</b>				
Depreciation & Amortization	217,898,811		183,493,737	
Loss (Profit) on sale/discarded of Fixed Assets	(4,891,813)		1,698,510	
Adjustment of Income Tax for Earlier Year	(21,682)		49,113	
Unrealised Foreign Exchange (Gain)/Loss	364,479		(909,980)	
Provision for Bad & Doubtful Debts	894,602		(6,802,829)	
Variation in Excise Duty of FG	917,919		339,881	
Bad Debt written-off	1,257,713		4,917,914	
Interest Income	(1,194,197)		(2,717,428)	
Exchange Difference on Derivatives Contracts	-		29,072,594	
Finance Costs	144,526,560	359,752,392	129,651,848	338,793,360
<b>Operating Profit before Working Capital Changes</b>		<b>887,907,698</b>		<b>732,343,405</b>
Adjustment for (Increase)/decrease in Operating Assets				
Inventories	63,204,286		(26,561,257)	
Trade and Other Receivables	(76,599,103)		(22,768,294)	
Other Current Assets & Loan and Advances	(12,252,610)	(25,647,427)	(14,634,716)	(63,964,267)
Adjustment for Increase/(decrease) in Operating Liabilities				
Trade Payable & Other Current Liabilities and Provisions	22,691,017	22,691,017	144,448,044	144,448,044
<b>Cash Generated from Operating Activities</b>		<b>884,951,288</b>		<b>812,827,182</b>
Exchange Difference on Derivatives Contracts	-		(29,442,319)	
Income Tax Paid (Including Tax Deducted at Source)	(117,393,698)	(117,393,698)	(72,027,674)	(101,469,993)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>767,557,590</b>		<b>711,357,189</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Including Capital Advances)	(476,623,679)		(282,495,884)	
Sale of Fixed Assets	68,848,707		2,965,200	
Deposit with Banks having maturity over three month	-		268,000	
Interest Received on Deposits	1,194,197		1,819,422	
<b>NET CASH (USED) IN INVESTING ACTIVITIES</b>		<b>(406,580,774)</b>		<b>(277,443,262)</b>





## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2014 (Contd...)

(Amount in Rs)

Particulars	2013-14		2012-13	
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Dividend Paid	(47,848,904)		(35,886,678)	
Corporate Dividend Distribution Tax Paid	(8,131,921)		(5,821,716)	
Finance Costs Paid	(143,080,177)		(159,248,562)	
Exchange Loss on Repayment of Foreign Currency Loan	(7,490,703)		(15,211,096)	
Proceeds from Long-Term Borrowings	139,281,363		109,913,909	
Repayment of Long-Term Borrowings	(278,217,709)		(228,272,132)	
Increase/(Decrease) in Short-Term Borrowing	(11,026,099)		(138,108,557)	
<b>NET CASH (USED)/FROM FINANCING ACTIVITIES</b>		<b>(356,514,278)</b>		<b>(472,634,832)</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		4,462,538		(38,720,904)
Opening Balance of Cash & Cash Equivalents		15,952,109		54,565,847
Effect of Exchange Rate Change		(225,470)		26,095
Effect of Foreign Currency Translation Reserve		35,512		81,072
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>20,224,688</b>		<b>15,952,109</b>
<b>Components of Cash and Bank Balance</b>				
Cash in Hand		2,169,290		2,084,489
Balances with Banks on Current Account		10,889,207		12,431,970
Deposit with Banks having maturity less than three months		4,525,000		1,165,000
Deposit with original maturity more than 3 month but less than 12 month		2,264,220		–
Unpaid Dividend Accounts		376,972		270,650
<b>Cash and Bank Balances (Refer Note No.–17)</b>		<b>20,224,688</b>		<b>15,952,109</b>
Less:–Deposit with original maturity more than 3 month but less than 12 month		2,264,220		–
<b>Cash and Cash Equivalent in Cash Flow Statement</b>		<b>17,960,468</b>		<b>15,952,109</b>

Note:–Previous Year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure

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 AccountantsSd/-  
**(J. K. Jain)**  
Managing DirectorSd/-  
**(Rahul Jain)**  
DirectorSd/-  
**(O.P. Gupta)**  
Chief Financial OfficerSd/-  
**(Arvind K. Chauhan)**  
Company SecretarySd/-  
**Anil Kumar Gupta**  
Prop.  
(Membership No. 83159)Place : Rai, Sonapat (HR.)  
Date : 28/05/14

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

**1. Significant Accounting Policies Followed by The Company****Corporate Information**

Fiem Industries Limited ('The Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company's registered office is in New Delhi and it has several manufacturing plants and depots across the country. Its shares are listed on National Stock Exchange and Bombay Stock Exchange in India. It has one wholly owned foreign subsidiary-Fiem Industries Japan Co., Limited located in Japan. The Company has also entered into a 50:50 Joint Venture with Horustech Lighting SRL Italy and incorporated a Joint Venture Company, namely 'Centro Ricerche Fiem Horustech SRL' for setting up a design centre during the year. The Company has research and development facilities located at Rai, Sonapat, Haryana which has been approved by Department of Science & Industrial Research, Ministry of Science & Technology. The Company is in the business of manufacturing and supply of auto components comprising of automotive lighting & signalling equipments, rear-view mirror, prismatic mirror, plastic moulded parts and sheet metal components for motorised vehicles, and LED luminaries comprising of indoor and outdoor lighting, display panels etc.

**Significant Accounting Policies**

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 forming part of the financial statements.

**A. Basis of Accounting and Preparation of Financial Statements**

The Financial statements have been prepared as a going concern on accrual basis under the historical cost convention except for certain revalued fixed assets which has been stated at revalued amount. They comply in all material respects with the Generally Accepted Accounting Principles (GAAP) in India, which comprise of mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

**Aa. Principal of Consolidation**

- (i) The financial statements of the Parent Company, its Subsidiary have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, as in accordance with Accounting Standard (AS) -21 "Consolidated Financial Statements".
- (ii) In accordance with Accounting Standard 27 "Financial Reporting on Interest in Joint Venture" issued under Companies (Accounting Standards) Rules 2006, the financial statement of the joint venture are consolidated using proportionate consolidation method by adding book value like items of assets, liabilities, incomes and expenditure of jointly controlled entity after eliminating intra-group balances/ transactions and unrealised profits to the extent of the company's proportionate share.
- (iii) 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.
- (iv) In case of foreign subsidiaries and foreign joint venture, 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.

- (v) The company has one wholly owned foreign subsidiary i.e. Fiem Industries Japan Co. Ltd. incorporated in Japan and one jointly controlled entity i.e. Centro Ricerche Fiem Horustech SRL incorporated in Italy which have been considered for consolidation.

**B. Use of Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statement and the reported amount of the income and expenses during the year. Difference between the actual result and estimates are recognized in the period in which the results are known/materialized. Example of such estimates includes provision for doubtful debts, provisions for warranty expenses, provision for income tax, useful life of tangible and intangible fixed assets etc. The estimates are based upon management knowledge of current events and economic circumstances.

**C. Current-Non Current Classification**

All assets and liabilities are classified into current and non-current.

**Assets**

An asset is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or
- (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for a least 12 months after the reporting date

**Liabilities**

A liability is classified as current when it satisfies any of the following criteria:

- (a) it is expected to be settled in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

**Operating Cycle**

Operating Cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

**D. Tangible and Intangible Fixed Assets**

- (i) Tangible fixed assets except for certain fixed assets, which have been stated at revalued amounts are valued at the historical cost of

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

acquisition, construction or manufacturing cost, as the case may be, less accumulated depreciation and/or impairment loss, if any. Cost of an item of tangible fixed asset comprises its purchase price, import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing cost 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 respective tangible assets.

- (ii) Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.
- (iii) Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.
- (iv) Own manufactured tangible assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.
- (v) Capital work-in-progress comprises 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.
- (vi) In respect of accounting periods commencing on or after 7th December, 2006, exchange differences (favourable as well as unfavourable) arising in respect of translation/settlement of the long-term foreign currency borrowings attributable to the acquisition of a depreciable fixed assets are added to or deducted from the cost of the asset and are depreciated over the balance life of the fixed asset.

### 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. Inventories

- (i) Raw materials, components, stores and spares are valued at lower of cost or net realizable value. However, raw materials and other supplies held for use in the production of finished products 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. In determining the cost, First in First Out method (FIFO) is used.
- (ii) Semi-finished goods and finished goods are valued lower of cost or net realizable value. Cost includes direct materials and direct labour and a proportion of manufacturing overheads based on normal operating capacity. Finished stocks lying in the factory premises, branches, Depots are valued inclusive of excise duty.
- (iii) Manufactured and bought out moulds, block & dies for sale are valued at lower of cost or net realizable value. Manufactured moulds, block & dies include direct material, direct labour and a proportion

of manufacturing overhead based on normal operating capacity. Cost is determined on a First in First Out basis (FIFO).

- (iv) Inventories of non-reusable waste say scrap for which facilities for reprocessing do not exist have been valued at net realizable value.
- (iv) Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.
- (v) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
- (vi) 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.

### G. Depreciation and Amortisation

- (i) Depreciation on tangible 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 amortised over the duration of the lease.
- (iii) Depreciation on assets purchased during the year has been charged from the date of purchase.
- (iv) Depreciation on assets sold, discarded or demolished during the year is being provided at their rates up to the date of sale, discarded or demolished.
- (v) Individual assets costing Rs. 5,000 or less are fully depreciated in the year of purchase
- (vi) Intangible assets are amortised over their estimated useful life as follows.
  - (a) Computer software is amortised over a period of 6 years
  - (b) Trademark & Technical knowhow over a period of 5 years.
- (vii) Depreciation is not charged on capital work in progress until construction and installation are complete and asset ready for its intended use.
- (viii) On the revalued assets, the difference between the depreciation calculated on the revalued amount & on the original cost is charged to the Revaluation Reserve.

### H. 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 in the course of ordinary activities is recognised when all significant risk & rewards of ownership have transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection. The amount recognized as revenue is exclusive of sales tax/value added taxes (VAT) and is net of returns. Sale is shown net of excise duty. The Excise Duty is separately disclosed.
- (iii) Revenue in respect of contracts for services is recognized on completion of services.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

- (iv) Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- (v) Insurance claims lodged with insurance companies are accounted for on the basis of claim admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
- (vi) Dividend income is accounted when the right to receive dividend is established.
- (vii) Interest income is accounted on accrual basis.

**I. Government Grants, Subsidies and Export Incentives**

- (i) Government grants and subsidies are recognised in the statement of profit and loss in accordance with related schemes and when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.
- (ii) Duty drawback is recognised in the statement of profit and loss at the time of exports subject to the right to entitlement has been established.

**J. Foreign Currency Transactions and Translations**

Initial Recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of Foreign Currency Monetary Items at the Balance Sheet date

- (i) Foreign currency monetary items (other than fully hedged foreign currency derivative instruments) of the Company outstanding at the Balance Sheet date are restated at the year-end rates.
- (ii) Foreign currency non monetary items are carried at cost.

Treatment of Exchange Differences

- (i) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.
- (ii) The exchange differences arising on restatement / settlement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such items do not relate to acquisition of depreciable fixed assets, the difference is accumulated as "Foreign currency monetary item translation difference account" and amortised over the balance period of such long term foreign currency monetary items but not beyond 31st March, 2020.

**K. Research and Development**

Research expenses are charged to Statement of Profit & Loss 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 amortised in accordance with the policies stated for tangible and intangible fixed assets.

**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 Statement of Profit & Loss of the year when the contributions to the respective funds are due.

- (ii) Leave encashment is applicable to all permanent and full time employees of the company and is provided for on the basis of actuarial valuation made at the end of each financial year using Projected Unit Credit Method.
- (iii) Gratuity is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year using Projected Unit Credit Method. The Liability as at the year-end represents the difference between the actuarial valuation of the future gratuity liability of the continuing employees and the fair value of plan assets with ING Vysya Life Insurance Company as at the end of the year.
- (iv) Actuarial gains/losses are immediately taken to the statement of profit and loss.

**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**

A provision is recognized when the Company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements but disclosed in the Notes on financial statement. A contingent assets is neither recognised nor disclosed in the financial statements.

**O. Taxation**

- (i) Provision for tax is made for the current accounting period on the basis of the taxable profits computed accordance with the Income Tax Act, 1961.
- (ii) Minimum Alternate Tax (MAT) is paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability. It is considered as an asset if there is convincing evidence that the Company will pay normal income tax during the specified period. Accordingly, MAT is recognized as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the assets can be measured reliably. The said asset is created by way of a credit to the statement of profit and loss and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.
- (iii) Deferred Tax are recognized on timing differences, being the difference between taxable incomes and accounting income that

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

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.

- (iv) Deferred Tax Assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation law, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed as at each balance sheet date are written down or written-up to reflect the amount that is reasonably certain (as the case may be) to be realised.
- (v) Provisions for current taxes are presented in the balance sheet after off-setting advance taxes paid.

### P. Borrowing Cost

- (i) Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. The Company is applying Para 46-A of AS-11, and also following the clarification issued by the Ministry of Corporate Affairs, Government of India through circular no. 25/2012 dated 09.08.12. Pursuant to this, exchange differences arising on reporting of Long Term Foreign Currency Monetary Items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, insofar as they relate to the acquisition of depreciable capital assets are added to or deducted from the cost of asset and are depreciated over the balance life of the asset. In other cases it is accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the such long term asset/liability but not beyond 31st March 2020.
- (ii) Borrowing costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.
- (iii) Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset is added to the cost of the assets.
- (iv) Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### Q. Excise Duty

The Excise duty has been accounted on finished goods and traded goods on the basis of both payments made in respect of goods cleared as also goods lying in warehouse/factory. The company makes provision for liability of unpaid excise duty on finished stock and traded goods 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 for the purpose of preparing the cash flow statement comprises cash at bank and in hand and short term investments having original maturities of three months or less from the date of purchase.

### T. Cash Flow Statement

Cash flow statement are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### U. Derivatives Instruments and Hedge Accounting

The Company enters into derivatives contracts in the nature of foreign currency swaps, currency options, forward contracts etc. 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.

### V. Segment Reporting Policies

The Company is engaged in the business of manufacture of various types of Auto Components. The entire operations are governed by the same set of risk and return hence the entire operations represent a single primary segment. The analysis of geographical segments is based on the geographical location of the customers i.e. customers located within India and customers located outside India. The Segment of LED luminaries is not a reportable segment as it does not exceed the quantitative thresholds as laid down in AS-17 "Segment reporting".

### W. Operating Lease

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

### X. Earnings Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning/(loss) per share, the net profit or loss for the year attributable to equity shareholder and the weighted average number of share outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The weighted average number of shares outstanding during the year are adjusted for events of bonus issue and share split.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>2 SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 (Prv. Year 3,00,00,000) Equity shares of Rs 10 each	300,000,000	300,000,000
<b>Issued, Subscribed and Paid-up</b>		
1,19,62,226 (Prv. Year 1,19,62,226) Equity Shares of Rs. 10/- each fully paid up	119,622,260	119,622,260
<b>TOTAL</b>	<b>119,622,260</b>	<b>119,622,260</b>

**a) Terms/rights attached to equity shares**

The company has only one class of shares referred to as equity shares having a par value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general Meeting except in case of interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of the equity shares held by the shareholders.

**b) The Details of shareholder holding more than 5% shares in the company (Equity share of Rs 10 each fully paid up)**

Name of the Shareholder	AS AT 31.03.2014		AS AT 31.03.2013	
	No of shares	% held	No of shares	% held
1) Rahul Jain	1,552,340	12.98%	4,314,116	36.06%
2) J.K. Jain	2,960,000	24.74%	1,891,111	15.81%
3) Seema Jain	2,960,000	24.74%	1,754,420	14.67%
4) Aanchal Jain	800,000	6.69%	-	*

\* – Less than 5%

**c) There is no change in share capital of the company, therefore no reconciliation for share capital is reported.****3 RESERVES & SURPLUS****CAPITAL RESERVE**

a) Land Revaluation Reserve				
As per Last Balance Sheet– Total (a)	117,477,278		117,477,278	
b) Building Revaluation Reserve				
As Per Last Balance Sheet	21,765,174		22,757,200	
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026		992,026	
Total (b)	20,773,148		21,765,174	
Total (a+b)		138,250,426		139,242,452

**SECURITIES PREMIUM RESERVE**

As per Last Balance Sheet 509,972,343 509,972,343

**GENERAL RESERVE**

As Per Last Balance Sheet	103,500,000		76,000,000	
Add :- Transferred from Surplus in the statement of Profit and Loss	37,500,000		27,500,000	
		141,000,000		103,500,000

**TRANSLATION RESERVE**

276,509 240,997

**SURPLUS –OPENING BALANCE**

808,146,364 614,413,138

Add:- Net profit after tax transferred from Statement of Profit and Loss	372,751,852		277,214,052	
--	-------------	--	-------------	--

Amount Available for Appropriation 1,180,898,216 891,627,190

## Less :- Appropriations

i) Proposed Dividend	71,773,356		47,848,904	
ii) Corporate Dividend Tax	12,197,882		8,131,921	
iii) Transfer to General Reserve	37,500,000		27,500,000	
	121,471,238		83,480,825	

**SURPLUS –CLOSING BALANCE**

1,059,426,978 808,146,364

**TOTAL 1,848,926,256 1,561,102,157**

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

**4 LONG TERM BORROWINGS**

PARTICULARS	NON CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31.03.14	AS AT 31.03.13	AS AT 31.03.14	AS AT 31.03.13
<b>A) SECURED LOANS</b>				
<b>TERM LOANS FROM BANKS</b>				
a) Indian Rupee Loan	356,022,885	410,485,331	154,462,446	145,118,888
b) Foreign Currency Loan	206,774,883	339,289,181	141,436,898	121,238,916
	562,797,768	749,774,512	295,899,344	266,357,804
<b>VEHICLE LOANS</b>				
a) from Banks	10,087,934	9,630,542	10,552,320	9,179,380
b) from Others	1,225,220	2,440,255	1,215,034	1,099,864
	11,313,154	12,070,797	11,767,355	10,279,245
<b>B) UNSECURED LOAN</b>				
from HSIIDC	5,454,032	–	10,908,068	–
<b>TOTAL</b>	<b>579,564,954</b>	<b>761,845,309</b>	<b>318,574,766</b>	<b>276,637,049</b>

**INDIAN RUPPE TERM LOAN FROM BANKS INCLUDE**

- From Citibank N.A.:– Loan outstanding as at 31.03.14 Rs 4,12,32,715 (Previous year Rs 5,69,82,715) has tenor of 5 years with 16 equal quarterly repayments beginning from the end of 15 months from drawdown. Interest is payable on monthly basis. The loan carries fixed interest rate of 12% and is secured against exclusive charge on all movable assets procured out of the term loan and secured against First Pari Passu Charge on movable fixed assets of Kundli Unit and Unit –2 at Hosur alongwith Axis Bank.
- From State bank of Patiala :- Loan outstanding as on 31.03.14 Rs 13,73,08,170 (Previous Year Rs 18,39,88,170) The loan is for 7 years with 24 quarterly repayment beginning from the end of 15 months from the drawdown. Interest is monthly payable. The loan initially carried floating interest rate of 11.75% and 12.75% which currently is 10.75%. The Loan is Secured against First Pari Passu charge alongwith Axis Bank and HSBC over movable and immovable fixed assets of Rai Unit (Present and future) including equitable mortgage of Factory Land and Building at Rai, Sonapat and Parri passu charge on movable fixed assets of Hosur Unit- III (Tamilnadu) with Standard Chartered Bank and First Charge on movable fixed assets of Mysore Unit –IV Karnataka and Second charge over the entire fixed assets of Unit VI Nalagarh Unit (first charge with Citibank).
- From Axis Bank :- Loan outstanding as on 31.03.14 Rs 23,19,44,446 (Previous year Rs 31,46,33,334) :- The loan is for 4 years and 7 years and has half yearly and quarterly repayment beginning after moratorium period of 6 and 12 months from the drawdown. Interest is monthly monthly. The loan initially carried floating interest rate of 11.75% and 12.25% which currently is 11% . The Loan is Secured against First Pari Passu charge with State Bank of Patiala and HSBC bank on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit and secured against First Pari Passu Charge on movable fixed assets of Kundli Unit and Unit –2 at Hosur with Citibank and Term loan of Rs 1.58 crore is secured on exclusive charge on assets financed out of the term loan.
- HSBC Bank:– Loan Outstanding as on 31.03.14 Rs 10,00,00,000 (Previous Year Nil) The Loan is for 5 year and has quarterly equal repayment beginning after moratorium period of 1 year. Interest is monthly monthly. The loan carries fixed interest rate of 10%. The Loan is Secured against First Pari Passu charge with State Bank of Patiala and Axis Bank on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit.

**FOREIGN CURRENCY TERM LOAN FROM BANKS INCLUDE**

- From CITIBANK N.A. :- Loan outstanding as on 31.03.14 Rs 10,00,00,000 (Previous Year 10,00,00,000) has tenor of 5 years with 16 equal quarterly repayments beginning from the end of 15 months from drawdown. Interest is payable on monthly basis. The loan carries fully hedged interest cost of 10.60% p.a. The Loan is secured against exclusive charge on fixed assets financed out of the term loan and first charge of the movable fixed assets of Unit–V situated at Hosur, tamilnadu.
- From Standard Chartered Bank – ECB –1 :- Loan outstanding as on 31.03.14 Rs 14,69,43,031 (Previous year Rs 22,24,34,347). The loan is for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest rate is 3 month LIBOR PLUS 225 BSP p.a. payable quarterly. The loan is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit.
- From Standard Chartered Bank ECB –2 :- Loan outstanding as on 31.03.14 Rs 10,12,68,750 (Previous year Rs 13,80,93,750). The loan is for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest is quarterly payable. The loan carries fully hedged interest cost of 8.50% p.a. The Loan is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit.

**VEHICLE LOANS FROM BANKS AND OTHERS**

- Vehicle loan from banks and others outstanding as on 31.03.14 are Rs 2,30,80,509 (Previous year Rs 2,23,50,042) secured against hypothecation of the respective vehicles acquired out of proceeds thereof. The Loans carries interest rate between 8% to 12%.

**UNSECURED LOAN**

Unsecured Loan from HSIIDC is for Enhanced Compensation of land situated at Rai Unit–7. amount to Rs 1,63,62,100 (previous year Nil) . The Loan is at fixed interest rate of 12% has tenor two and Half years, The loan is repayable on half yearly equally installment basis. Interest is payable Half yearly.

	1-2 years	2-3 years	3-4 years	4-5 years
Maturity Profile of Term Loan, Vehicle Loan and Unsecured Loan are as	284,444,298	180,937,930	101,341,540	12,841,186

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>5 OTHER LONG TERM LIABILITIES</b>		
a) Advances from Customers	–	17,302,520
b) Share of Other Long term Liabilities of Joint Venture Company	49,917	–
<b>TOTAL</b>	<b>49,917</b>	<b>17,302,520</b>
<b>6 LONG TERM PROVISIONS</b>		
<u>Provision for Retirement Benefits</u>		
a) Leave Encashment	11,365,042	7,937,907
<b>TOTAL</b>	<b>11,365,042</b>	<b>7,937,907</b>
<b>7 SHORT TERM BORROWINGS</b>		
<b><u>SECURED LOANS</u></b>		
<u>Cash Credit/Working Capital Loans repayable on demand from Banks</u>		
a) Indian Rupee Loan	292,516,813	303,542,912
	292,516,813	303,542,912
<b>TOTAL</b>	<b>292,516,813</b>	<b>303,542,912</b>

**Indian Rupee Loan includes**

- a) From Citibank NA :- Loan outstanding as at 31st March 2014 Rs 29,90,24,616 (Previous Year Rs 30,36,23,937) Interest is payable with monthly rest on the last date of each month in each year or at such other rest as determined by the bank. The rate of interest is based on relevant circumstances, including market conditions which currently is 11.75%. The loan is secured against First Pari Passu Charge with Standard Chartered Bank 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 other term loan lenders) including equitable mortgage charge on first pari passu basis on Land and Building situated at Kundli, Haryana & Thally Road Hosur, Tamilnadu with Standard Chartered Bank.
- b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2014 is receivable Rs 65,07,803 (Previous year Receivable Rs 81,025/-) Interest is monthly payable. Interest is payable at base rate plus margin basis which may be agreed with bank from time to time which currently is 11.75%. The loan is secured against First Pari Passu charge with Citibank 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 and first pari passu charge over all present and future movable fixed assets of the company with Citibank (excluding assets specifically financed by other term lenders).

**8 TRADE PAYABLES**

a) Micro, Small and Medium Enterprises	6,946,789	5,627,210
b) Others	771,497,469	745,157,849
<b>TOTAL</b>	<b>778,444,258</b>	<b>750,785,059</b>

Considering the company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under "The Micro, Small and Medium Enterprises Development Act 2006" during the year.

There is also no amount of outstanding interest in this regard, brought forward from previous years. The above information is on basis of intimations received, from the vendors who have communicated their status with regards to vendors registration under the said Act on requests made by the company.



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>9 OTHER CURRENT LIABILITIES</b>		
a) Current Maturity of Long– term debt (See Note 4)	318,574,766	276,637,049
b) Interest accrued but not due on borrowings	2,667,461	3,141,277
c) Interest accrued and due on borrowings	6,500,121	4,579,922
d) Investor Education and Protection Fund will be credited by following amount (as and when due)		
– Unpaid Dividend	376,972	270,650
e) Advances from Customers	65,882,687	74,853,261
f) Security Deposits Received	14,257,623	11,600,810
g) Creditors for Capital Expenditure	29,035,583	27,289,111
h) Liabilities for Expenses	68,337,518	60,552,888
i) Statutory Dues payable	41,136,197	35,591,855
<b>TOTAL</b>	<b>546,768,928</b>	<b>494,516,823</b>
<b>10 SHORT TERM PROVISIONS</b>		
1) Provision for Retirement Benefits		
a) Leave Encashment	2,871,319	1,629,628
b) For Gratuity	–	1,332,545
	2,871,319	2,962,173
2) Other Provisions		
a) Provision for Taxation		
I. Income tax (net of advance tax)	2,746,834	8,528,756
II. Wealth Tax	270,000	650,000
III. Corporate Dividend Tax	12,197,882	8,131,921
	15,214,716	17,310,677
b) Proposed Dividend	71,773,356	47,848,904
c) Warranties	3,570,528	1,497,048
d) Excise Duty	5,047,448	4,129,529
<b>TOTAL</b>	<b>98,477,367</b>	<b>73,748,331</b>

**Proposed Dividend**

During the year ended 31.03.14, the amount of Rs 6.00 per share as dividend recognized for distributions to equity shareholders (Previous Year Rs 4.00 per share)

**Provision for warranties**

The company gives warranties on certain products and services, undertaking to repair and replace the items that fails to perform satisfactorily during the warranty period. Provision made as at 31.03.14 represents the amount of the expected cost of meeting such obligation of rectification or replacement. The timing of the outflow is expected to be within warranty period.

<b>Particulars</b>	<b>31.03.14</b>	31.03.13
Opening Balance	1,497,048	1,325,567
Addition	3,570,528	1,497,048
Utilization	2,538,017	1,640,190
Reversal	(1,040,969)	(314,623)
<b>Closing Balance</b>	<b>3,570,528</b>	<b>1,497,048</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

## 11. FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION & AMORTIZATION			NET BLOCK	
	As at 01.04.2013	Additions	Deductions	As at 01.04.2013	For the Year	Deductions	As at 31.03.2014	As at 31.03.2013
<b>1. Tangible Assets</b>								
Land Free hold	293,554,387	52,296,236	40,827,173	—	—	—	305,023,450	293,554,387
Land Lease hold	185,598,720	2,130,278	—	6,062,858	2,578,938	—	179,087,202	179,535,862
Buildings	843,735,080	84,262,642	2,762,754	108,122,025	28,418,254	228,488	788,923,177	735,613,055
Plant & Equipment	1,766,454,274	231,914,455	3,192,641	459,041,499	114,108,924	521,691	1,422,547,357	1,307,412,776
Furniture & Fixtures	81,951,980	11,269,874	—	24,492,952	5,861,740	—	62,867,162	57,459,029
Vehicles	89,632,990	16,213,572	7,369,017	36,350,889	7,678,986	4,139,346	58,587,016	53,282,101
Office Equipment	26,134,409	4,512,649	—	8,055,790	1,881,726	—	20,709,542	18,078,619
Mould, Block & Dies	355,592,067	58,085,822	26,020,291	193,803,516	41,547,282	11,325,457	163,632,258	161,788,551
Tools & Equipments	44,518,527	8,281,235	—	29,300,186	5,864,669	—	17,634,907	15,218,341
Electrical Installations	110,342,805	10,041,137	—	26,890,170	5,806,061	—	87,687,711	83,452,635
Computers	34,257,566	3,333,043	—	23,959,995	2,431,221	—	11,199,389	10,297,567
<b>Total</b>	<b>3,831,772,806</b>	<b>482,340,945</b>	<b>80,171,876</b>	<b>4,233,941,874</b>	<b>216,177,801</b>	<b>16,214,982</b>	<b>3,117,899,175</b>	<b>2,915,692,923</b>
Previous Year	3,544,897,543	297,502,951	10,627,688	739,299,584	182,744,276	5,963,980	2,915,692,923	—
<b>2. Intangible Assets</b>								
Computer Software	12,896,493	692,693	—	2,027,590	2,059,967	—	9,501,629	10,868,903
Technical Know-how	—	3,111,557	—	—	622,311	—	2,489,245	—
Trademarks	—	32,400	—	—	6,480	—	25,920	—
Share of Joint Venture	12,896,493	3,836,650	—	16,733,143	2,688,758	—	12,016,794	10,868,903
	—	485,220	—	485,220	24,277	—	460,943	—
<b>Total</b>	<b>12,896,493</b>	<b>4,321,869</b>	—	<b>17,218,362</b>	<b>2,713,035</b>	—	<b>12,477,737</b>	<b>10,868,903</b>
Previous Year	32,050,559	2,968,441	22,122,507	22,408,610	1,741,487	22,122,507	10,868,903	—
<b>3. Capital Work-in-Progress</b>								
<b>Grand Total (1+2)</b>	<b>3,844,669,298</b>	<b>486,662,814</b>	<b>80,171,876</b>	<b>4,251,160,236</b>	<b>218,890,837</b>	<b>16,214,982</b>	<b>3,130,376,912</b>	<b>2,926,561,825</b>
Previous Year	3,576,948,102	300,471,392	32,750,195	3,844,669,299	184,485,763	28,086,487	2,926,561,825	—

## NOTES:

- Depreciation & Amortization for the year  
Less: Depreciation on revalued assets withdrawn from building revaluation reserve  
Depreciation & amortization charged to Statement of Profit & Loss
- Addition to land free hold includes an amount of Rs. 2,72,70,168 paid to HSIIDC against enhanced compensation in the price of land.
- Addition to buildings includes an amount of Rs. 1,13,69,746 spent for purchase of a guest house, the registration of which is still pending in the name of Company.
- Gross Block of Land free hold includes Rs. 11,74,77,278 and gross block of Buildings includes Rs. 2,97,01,382 on account of revaluation carried out in the past years based on reports issued by Government approved valuers.
- Additions of fixed assets includes Rs. 60,84,411 (Previous Year—Rs. 1,55,12,780) on account of Foreign Exchange Adjustment on ECB Loan as per option exercised under para 46—A of AS—11.
- Capital Work in progress includes:
 

Particulars	Current Year	Previous Year
i. Fixed assets under construction	248,488	9,726,526
ii. Fixed assets under installation	44,860	5,063,019
Total	<u>293,348</u>	<u>14,789,546</u>



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>12 NON-CURRENT INVESTMENTS</b>		
1) <u>NON TRADE INVESTMENTS ( At cost ) in Equity (unquoted)</u> <u>in Others</u>		
a) M/s Shivalik Solid Waste Management Ltd. 20,000 (P. Y. 20,000) equity shares of Rs 10 each fully paid up	200,000	200,000
<b>TOTAL</b>	<b>200,000</b>	<b>200,000</b>
<b>13 LONG TERM LOANS AND ADVANCES</b> (unsecured but considered good)		
a) MAT Credit Entitlement	-	42,254,023
b) Capital Advances	26,224,541	13,936,600
c) Security Deposits	20,244,124	18,942,253
d) Prepaid Expenses	4,038,066	1,528,787
e) Loan to Employees	4,198,854	1,898,500
<b>TOTAL</b>	<b>54,705,585</b>	<b>78,560,163</b>
<b>14 OTHER NON CURRENT ASSETS</b>		
a) Margin Money deposit with original maturity for more than 12 months	587,952	621,000
b) Balance with Income tax Dept.	456,229	456,229
<b>TOTAL</b>	<b>1,044,181</b>	<b>1,077,229</b>
<b>15 INVENTORIES</b> (As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)		
a) Raw Materials and Components	232,279,055	227,143,225
b) Raw Materials and Components in transit	7,371,495	8,040,433
c) Work in Progress	50,481,837	120,201,379
d) Finished Goods	109,163,122	100,115,584
e) Stock in trade (Mould, Tools and Dies)	2,349,065	796,694
f) Stock in trade (Others)	7,186,628	11,429,122
g) Stores and Spares (including Packing Material)	14,533,838	18,479,004
h) Stores and Spares (including Packing Material) in transit	197,216	561,101
<b>TOTAL</b>	<b>423,562,256</b>	<b>486,766,542</b>
<b>16 TRADE RECEIVABLES</b> (unsecured but considered good) Debt Outstanding for a period exceeding Six Months		
a) Considered Good	7,356,986	5,189,247
b) Considered Doubtful	1,803,434	908,832
Other Debts :- Considered Good	760,197,007	688,161,027
	769,357,428	694,259,106
Less:- Provision for Doubtful Debts	1,803,434	908,832
<b>TOTAL</b>	<b>767,553,993</b>	<b>693,350,274</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

	AS AT 31.03.2014	AS AT 31.03.2013
<b>17 CASH AND BANK BALANCES</b>		
1) Cash and Cash Equivalents		
a) Balances with Banks on current account	10,889,207	12,431,970
b) Deposits with original maturity of less than three months	4,525,000	1,165,000
	15,414,207	13,596,970
2) Cash on Hand	2,169,290	2,084,489
3) Other bank balances		
a) Unpaid Dividend Account	376,972	270,650
b) Margin money deposit with original maturity for more than 3 months but less than 12 months	2,264,220	-
	2,641,192	270,650
<b>TOTAL</b>	<b>20,224,688</b>	<b>15,952,109</b>
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
(unsecured but considered good)		
a) Prepaid Expenses	9,536,555	9,595,706
b) MAT credit entitlement	31,457,986	-
c) Loan to Employees	2,874,416	2,584,336
d) Advances for Goods other than Capital Goods	31,772,713	31,754,384
e) Balance with Customs, Excise Department	61,651,263	51,988,384
f) Balance with Sales Tax Department	2,519,609	1,949,075
g) Security deposits	1,641,384	1,658,554
h) Other Advances recoverable	3,811,696	10,291,007
<b>TOTAL</b>	<b>145,265,623</b>	<b>109,821,447</b>
<b>19 OTHER CURRENT ASSETS</b>		
a) Interest accrued on deposits	901,801	808,345
b) Subsidy Receivables	3,029,792	3,169,716
c) Export Incentive Receivables	1,559,657	1,484,431
d) Dues from Debtors other than Goods and Services	2,130,269	-
<b>TOTAL</b>	<b>7,621,519</b>	<b>5,462,492</b>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

		Current Year 2013-14	Previous Year 2012-13
<b>20 GROSS SALE OF PRODUCTS</b>			
a) <u>Finished goods</u>			
Automotive Lamps, Signaling Equipment and Parts	5,247,204,577	4,411,875,762	
Rear View Mirrors and Parts	1,011,317,991	866,388,833	
Plastic Moulded Parts	1,010,543,533	954,695,828	
Moulds	55,253,920	55,647,151	
Others	<u>228,187,424</u>	<u>198,394,470</u>	
		7,552,507,445	6,487,002,043
b) <u>Traded goods</u>			
Bulb	22,566,370	14,569,556	
Mould and dies	265,968,240	83,084,563	
Others	<u>59,912,320</u>	<u>62,328,850</u>	
		348,446,930	159,982,969
		<b><u>7,900,954,375</u></b>	<b><u>6,646,985,013</u></b>
<b>21 OTHER OPERATING REVENUE</b>			
Scrap sales		23,312,019	20,503,297
Testing charges Received		5,662,346	1,671,470
Tool, Mould and dies development charges received		3,259,209	1,387,248
Government subsidy received		6,160,988	7,466,237
Duty Drawback Received		2,454,527	2,188,586
Rebate and Discount		2,432,866	241,023
Difference in foreign exchange		(917,598)	(474,019)
Segregation/Rework Charges Received		455,222	127,024
Packing and Forwarding		267,875	230,375
<b>TOTAL</b>		<b><u>43,087,453</u></b>	<b><u>33,341,242</u></b>
<b>22 OTHER INCOME</b>			
Profit on sale of fixed assets		4,891,813	-
Interest Income		1,194,197	2,717,428
Dividend Received		10,000	-
Sundry Creditors written back		559,609	770,976
Other Non Operating income		4,296	53,258
<b>TOTAL</b>		<b><u>6,659,916</u></b>	<b><u>3,541,661</u></b>
<b>23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>			
Opening Stock		227,143,225	198,584,071
Add : Purchases		4,106,169,061	3,605,029,052
Less : Inventories at the end of the year		<u>232,279,055</u>	<u>227,143,225</u>
<b>TOTAL</b>		<b><u>4,101,033,231</u></b>	<b><u>3,576,469,898</u></b>
<u>Particulars of Raw material and components consumed</u>			
Plastic Powder		1,489,465,671	1,267,697,641
Bulb		441,287,986	397,431,395
Iron sheet and rods		208,936,862	205,620,030
Wiring harness		452,077,857	339,012,619
Others		<u>1,509,264,855</u>	<u>1,366,708,213</u>
		<b><u>4,101,033,231</u></b>	<b><u>3,576,469,898</u></b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

		Current Year 2013-14	Previous Year 2012-13
<b>24 PURCHASE OF STOCK IN TRADE</b>			
a) Purchase of Traded Goods		60,270,714	66,201,862
b) Purchase of Traded Moulds, Dies and Tools		166,499,126	44,209,593
<b>TOTAL</b>		<b>226,769,840</b>	<b>110,411,455</b>
<u>Detail of Purchase of Traded Goods</u>			
Plastic Powder		1,682,815	633,557
Bulb		14,484,363	10,476,503
Iron sheet and rods		1,207,113	761,642
Mould Dies and Tools		166,499,126	44,209,593
Others		42,896,423	54,330,160
		<b>226,769,840</b>	<b>110,411,455</b>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>			
Inventories at the end of the year			
a) Finished Goods	109,163,122	100,115,584	
b) Work –in– Progress	50,481,837	120,201,379	
c) Traded Goods – (Mould, Tools and Dies)	2,349,065	796,694	
d) Traded Goods – (Others)	7,186,628	11,429,122	
		169,180,651	232,542,779
Inventories at the beginning of the year			
a) Finished Goods	100,115,584	97,829,039	
b) Work –in– Progress	120,201,379	130,301,012	
c) Traded Goods – (Mould, Tools and Dies)	796,694	3,937,283	
d) Traded Goods – (Others)	11,429,122	4,248,275	
		232,542,779	236,315,609
<b>TOTAL</b>		<b>63,362,128</b>	<b>3,772,830</b>
<u>Finished Goods</u>			
Automotive Lights, signaling equipment and parts		83,577,826	69,651,618
Rear View Mirror and Parts		15,209,109	22,087,930
Plastic Moulded Parts		9,440,678	7,953,570
Others		935,509	422,466
		<b>109,163,122</b>	<b>100,115,584</b>
<u>Work in Progress</u>			
Automotive Lights, signaling equipment and parts		34,987,559	88,418,011
Rear View Mirror and Parts		9,278,491	22,346,366
Plastic Moulded Parts		1,051,380	2,368,076
Others		5,164,407	7,068,926
		<b>50,481,837</b>	<b>120,201,379</b>
<b>26 EMPLOYEES BENEFITS EXPENSES</b>			
Salaries, Wages and bonus to employees		773,866,906	645,838,523
Contribution to Provident and Other funds		14,051,754	13,315,339
Staff Welfare Expenses		44,243,829	42,084,274
Gratuity Expenses		6,286,110	4,907,737
Earned Leave to staff		4,922,092	3,500,435
<b>TOTAL</b>		<b>843,370,691</b>	<b>709,646,308</b>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

	Current Year 2013-14	Previous Year 2012-13
<b>27 OTHER EXPENSES</b>		
<u>Manufacturing Expenses</u>		
Job Charges	4,208,381	3,969,605
Machinery running and Maintenance		
a) Machinery Repair	4,808,568	2,653,257
b) Machinery Spares	53,922,477	49,110,634
Consumption of Stores and Spare parts	102,016,528	87,507,334
Packing Expenses	169,247,809	149,582,314
Power & Fuel	316,052,044	266,023,864
Variation in Excise duty of FG	917,919	339,881
Repair – Dies	12,578,615	13,192,974
Factory / Godown Rent	4,988,739	4,188,866
Freight, Cartage & Octroi	58,218,346	51,936,421
Testing Fees	5,502,813	3,943,594
Segregation Charges Paid	703,203	218,199
	733,165,442	632,666,942
<u>Administrative and Selling Expenses</u>		
Advertisement, Sub & Membership Exp.	8,112,371	6,374,674
Payment to Auditors	4,553,602	4,057,500
Donation	1,764,053	3,168,255
Rates and taxes	5,617,149	4,487,275
Insurance	4,152,213	3,028,303
Bad debt written off	1,257,713	4,917,914
Provision for Bad and Doubtful Debt	894,602	(6,802,829)
Rent	4,268,886	2,388,874
Repair & Maintenance– Building	3,024,094	2,241,768
Repair & Maintenance– Other	11,867,124	15,517,512
Royalty	5,066,528	5,017,792
Loss on sale of Fixed Assets	–	1,698,510
Exchange Difference –Derivatives	–	29,072,594
Selling & Distribution Expenses	132,973,128	119,259,223
Cash Discount on sales	14,781,774	10,526,594
Travelling and Conveyance Expenses	23,944,433	18,546,997
Prior Period Expenses	693,461	1,959,002
Other Office Expenses	130,095,509	102,647,176
	353,066,641	328,107,135
<b>TOTAL</b>	<b>1,086,232,083</b>	<b>960,774,077</b>
<b>28 FINANCE COSTS</b>		
Interest Expenses	140,555,243	155,413,961
Other Borrowing Costs	3,971,317	2,922,374
Exchange difference to the extent considered as an adjustment to borrowing costs	–	(28,684,487)
<b>TOTAL</b>	<b>144,526,560</b>	<b>129,651,848</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

(Amount in Rs)

Particulars	31.03.2014	31.03.2013
<b>29 Contingent Liabilities</b>		
I. Bill of Exchange Discounted from Bank	218,798,894	216,843,142
II. Income Tax Demand in respect of Assessment Year 2011-12 for which company has filed an appeal with CIT (Appeal)	62,866,893	–
III. Excise Duty Demand towards imported capital goods which were sold to the customer in relation to nil import duty being paid at the time of import of said capital goods as a 100% EOU unit for which the company has filed an appeal with Commissioner of Central Excise, Chennai (Net of deposit)	4,340,527	–
IV. Excise Duty Demand on Modvat Credit taken on raw material for which the Company has filed an appeal with CESTAT, New Delhi (Net of deposit)	2,457,076	2,457,076
V. Entry Tax for certain inter-state purchase in Rajasthan for which matter is sub-judice in superior Courts.	689,236	639,693
VI. Liability of Import Duty (For which Bonds executed in favour of Custom Authorities of Rs. 10,00,000) towards Import of Capital Goods without payment of duty for use in the manufacture of specific excisable goods.	414,414	414,414
VII. Liability of Import Duty towards Export obligation undertaken by the Company under EPCG Licenses	644,567	10,162,659

**Note:**– The appeal has been preferred against the order of the Assessing Officer in relation to disallowances of loss on account of foreign exchange derivative contracts entered for hedging of underlying exports.

Based on the advice taken by the company, the company believes that it has good case in respect of all the items under (ii) to (iv) above and hence no provision is considered necessary against the same.

Particulars	31.03.2014	31.03.2013
<b>30 Capital &amp; Other Commitments</b>		
I. Estimated amount of contracts remaining to be executed on capital account and not provided, (net of advances)	62,327,836	61,025,687
II. Estimated amount of contracts remaining to be executed on traded moulds and others not provided, (net of advances)	76,563,356	108,410,873
III. Estimated amount for payment of cess for construction of factory building (net of advances)	1,290,534	1,249,017
IV. Lease Commitments (non-cancellable in nature) (See Note No-33)	3,680,000	–

Particulars	2013-14	2012-13
<b>31 (a) Auditor's Remuneration</b>		
For Statutory Audit	3,000,000	2,500,000
For Tax Audit	300,000	300,000
For Limited Review	700,000	700,000
For Other Services	400,000	400,000
<b>Total (a)</b>	<b>4,400,000</b>	<b>3,900,000</b>
<b>(b) Cost Auditor's Remuneration</b>		
For Cost Audit Fees	150,000	150,000
For Reimbursement of Travelling and Out-of-Pocket Expenses	3,602	7,500
<b>Total (b)</b>	<b>153,602</b>	<b>157,500</b>
<b>Total (a+b)</b>	<b>4,553,602</b>	<b>4,057,500</b>

**32 Deferred Tax Liabilities (Net)**

The components of deferred tax liability (net) recognized in the financial statements and deferred tax recognized in the statement of profit & loss are as under–

	31.03.2014	Addition/(Deduction) during the year	31.03.2013
<b>Deferred Tax Liability</b>			
Depreciation & Amortization and other timing differences in block of assets	284,218,187	34,847,299	249,370,888
<b>Total (A)</b>	<b>284,218,187</b>	<b>34,847,299</b>	<b>249,370,888</b>
<b>Deferred Tax Assets</b>			
Provision for Bad & Doubtful	612,988	304,075	308,913
Provision for Leave Encashment	4,726,079	1,474,074	3,252,005
Provision for Gratuity	(3,836)	(456,768)	452,932
Provision for Bonus	2,534,127	(152,882)	2,687,009
Provision for Warranty	1,213,623	704,776	508,847
Welfare Fund	22,897	65	22,832
<b>Total (B)</b>	<b>9,105,877</b>	<b>1,873,339</b>	<b>7,232,537</b>
Net Deferred Tax Liability (A-B)	275,112,310	32,973,960	242,138,350
Previous Year	242,138,350	49,093,740	193,044,610



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

### 33 Lease Transaction

Minimum lease payments outstanding as on 31st March 2014 in respect of assets taken on non-cancellable operating lease are as follows:-

(Amount in Rs)

Particulars	2013-14	2012-13
Total of future minimum lease payments under non-cancellable operating lease for following periods:		
Not later than one year	2,760,000	-
Later than one year and not later than five years	920,000	-
Lease Rental recognized in Statement of Profit & Loss in respect of cancellable and non-cancellable leases	9,554,935	7,477,235
<b>34 Borrowing Cost Capitalized</b>		
Borrowing Cost Capitalized to Qualifying Assets	-	1,281,952
<b>35 Exchange Differences on account of Fluctuation in Foreign Currency Rates</b>		
<b><u>Exchange Differences recognized in the Statement of Profit &amp; Loss</u></b>		
I. Exchange Gain/(Loss) Relating to Export during the year as a part of "Sales"	2,716,623	1,896,834
II. Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase"	245,806	591,543
III. Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase of Stock-in-Trade"	6,798,549	383,912
IV. Exchange Gain/(Loss) on Settlement of receivables carried forward from the previous year as a part of "Other income"	261,541	1,090,605
V. Exchange Gain/(Loss) on Settlement and Revaluation of other transactions as a part of "Other income"	(1,070,268)	(3,149,725)
VI. Loss on Expiry/Cancellation of Derivative Instruments during the year as a part of "Other expenses"	-	(29,072,594)
VII. Loss on Expiry/Cancellation of Derivative Instruments during the year as a part of "Finance costs"	-	(369,725)
<b><u>Exchange Differences recognized in the Fixed Assets</u></b>		
I. Exchange Gain/(Loss) Gain Relating to Liabilities against Capital Assets settled during the year	807,302	1,159,842
II. Foreign Exchange Adjustment Gain/(Loss) on Long Term Foreign Currency Loan taken for acquisition of fixed assets (Consequent to notification, issued by Ministry of Corporate Affairs, amending the Accounting Standard AS-11)	(6,084,411)	(15,512,780)
<b>36 Earning Per Share</b>		
Profit available for equity shareholders	372,751,852	277,214,052
Weighted average number of shares	11,962,226	11,962,226
Earning Per share basic and diluted (In Rs.)	31.16	23.17
Face value per equity share (In Rs.)	10	10
<b>37 Government Grant</b>		
Duty Drawback on Export	2,454,527	2,188,586
Investment Subsidy Under Investment Promotion Scheme	6,160,988	7,466,237
<b>38 Segment Reporting</b>		
<b><u>Business Segments:-</u></b>		
The Company is engaged in the business of manufacture of various type of auto components and LED luminaries. The segment of the LED luminaries is not reportable segment as it does not exceeds the quantitative thresholds as laid down in AS-17 "Segment reporting". Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting'.		
<b><u>Geographical Segments:-</u></b>		
The geographical segment comprises of domestic and overseas market. The following tables shows the distribution of the Company's Consolidated sales by geographical market, regardless of where the goods were produced.		

(Amount in Rs.)

	Sales Revenue by Geographical Market	
	2013-14	2012-13
India	6,790,037,158	5,655,016,679
Outside India	371,564,122	375,870,617
<b>Total</b>	<b>7,161,601,280</b>	<b>6,030,887,296</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

	Trade Receivables by Geographical Market	
	31.03.2014	31.03.2013
India	750,569,652	663,880,432
Outside India	16,984,341	29,469,842
<b>Total</b>	<b>767,553,993</b>	<b>693,350,274</b>

Note:-1. The Company has common assets for producing goods for Domestic market and overseas market. Hence, separate figures for fixed assets can not be furnished.

Note:-2. Sales Revenue by geographical market Outside India includes indirect export.

**39 Mat Credit Entitlement**

The Assets of Rs. 3,14,57,986 (Previous Year Rs. 4,22,54,023 shown under 'Long Term Loans & Advances' See note-13) Recognized by the Company as 'MAT Credit Entitlement' under 'Short Term Loans and Advances' (See Note-18) represents that portion of MAT liability, which can be recovered and set-off in subsequent years based on provisions of Section 115JAA of the Income Tax Act, 1961. The management, based on present trend of profitability and also the future profitability projections, is of the view that there would be sufficient taxable income in subsequent year, which will enable the Company to utilize MAT Credit assets.

**40 Related Party Disclosures**

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

**Name of Related Party****(i) Key Management Personnel**

Jagjeevan Kumar Jain	Chairman and Managing Director
Seema Jain	Whole Time Director
Aanchal Jain	Whole Time Director
Rahul Jain	Whole Time Director
JSS Rao	Whole Time Director
Kashi Ram Yadav	Whole Time Director
Takanabu Kamoshita	Director
Saket Singhal	Director up to 31.07.2012

**(ii) Related Parties Controlled by Key Management personnel**

Fiem Auto Private Limited	Entity Controlled by Key Management Personnel
Jagjeevan Kumar Jain (HUF)	Entity Controlled by Key Management Personnel
Fiem Auto & Electrical Industries	Entity Controlled by Key Management Personnel

(Amount In Rs.)

Particulars	Transaction Value		Outstanding Amount	
	2013-14	2012-13	31.03.2014	31.03.2013
<b>(i) Key Management Personnel</b>				
<b>Remuneration</b>				
Jagjeevan Kumar Jain	12,480,000	12,480,000	362,827	821,676
Seema Jain	2,400,000	2,400,000	163,914	164,738
Rahul Jain	3,600,000	1,800,000	218,458	235,000
Aanchal Jain	1,200,000	1,200,000	85,000	-
JSS Rao	6,600,000	5,400,000	397,894	332,266
Kashi Ram Yadav	6,744,864	5,544,864	419,680	350,548
Takanabu Kamoshita	2,798,160	-	-	-
Saket Singhal	-	1,148,645	-	-
<b>Dividend</b>				
Jagjeevan Kumar Jain	11,840,000	5,673,333	-	-
Seema Jain	11,840,000	5,263,260	-	-
Aanchal Jain	3,200,000	938,079	-	-
Rahul Jain	6,209,360	12,942,348	-	-
JSS Rao	48	36	-	-
Kashi Ram Yadav	1,352	1,014	-	-
<b>Loan Received</b>				
Jagjeevan Kumar Jain	1,250,000	-	-	-
<b>Sale of Property</b>				
Rahul Jain	50,000,000	-	-	-
<b>(ii) Related Parties Controlled by Key Management personnel</b>				
<b>Brand Royalty</b>				
Fiem Auto & Electrical Industries	5,000,000	5,000,000	625,000	1,264,050
<b>Dividend</b>				
Jagjeevan Kumar Jain (HUF)	46,152	34,614	-	-
Fiem Auto Private Limited	337,600	253,200	-	-

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014**

(Amount in Rs)

**41 Post Employment Benefits Plan**
**Defined Contribution Plans**

Contribution to Defined Contribution Plan, recognized as 'Employee Benefits Expenses' for the year are as under:

	2013-14	2012-13
Employer's Contribution to Provident Fund	10,509,311	9,934,033
Employer's Contribution to ESI Fund	3,358,447	3,195,590
Employer's Contribution to Wages Welfare Fund	183,996	185,716
<b>Total</b>	<b>14,051,754</b>	<b>13,315,339</b>

**Defined Benefit Plans**

Disclosure requirement as per Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.14 are as follows:

(Amount In Rs.)

Particulars	Gratuity		Leave Encashment	
	2013-14	2012-13	2013-14	2012-13
<b>Recognized in the Statement of Profit &amp; Loss Account</b>				
Current Service Cost	6,530,487	5,043,127	4,026,135	2,560,437
Interest cost on benefit obligation	2,092,082	1,577,884	850,194	545,497
Expected return on plan assets	(2,097,308)	(1,690,278)	–	–
Net actuarial gain/(loss) recognized in the year	(239,149)	(22,998)	(49,076)	394,501
<b>Total</b>	<b>6,286,110</b>	<b>4,907,737</b>	<b>4,827,253</b>	<b>3,500,435</b>
<b>Add: Share of Joint Venture</b>	–	–	94,839	–
<b>Total, Included in "Employee Benefit Expenses"</b>	<b>6,286,110</b>	<b>4,907,737</b>	<b>4,922,092</b>	<b>3,500,435</b>
Amount to be Recognized in Balance Sheet	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Present value of Defined benefit obligation	30,467,238	23,909,631	13,904,321	9,567,535
Fair value of plan assets	30,478,523	22,577,087	–	–
<b>Net Liability/Recoverable Shown in "Short Term/Long Term Provisions/Other Advance Recoverable"</b>	<b>(11,286)</b>	<b>1,332,545</b>	<b>13,904,321</b>	<b>9,567,535</b>
<b>Add: Share of Joint Venture (Net Liability shown in Short Term Provisions)</b>	–	–	332,040	–
Change in the present value of the defined benefit obligation	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Opening defined benefit plan	23,909,631	20,886,952	9,567,535	7,157,071
Interest cost	2,092,082	1,577,884	850,194	545,497
Current service cost	6,530,487	5,043,127	4,026,135	2,560,437
Actuarial (gains)/losses on obligation	(124,682)	(76,172)	(49,076)	394,501
Benefits Paid	(1,940,280)	(3,522,160)	(490,467)	(1,089,971)
<b>Closing defined benefit plan</b>	<b>30,467,238</b>	<b>23,909,631</b>	<b>13,904,321</b>	<b>9,567,535</b>
Change in the fair value of the plan assets	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Opening fair value of plan assets	22,577,087	20,036,442	–	–
Expected return	2,097,308	1,690,278	–	–
Contribution by employer	7,629,941	4,425,701	–	–
Actuarial gains/(losses) on obligation	114,467	(53,174)	–	–
Benefits Paid	(1,940,280)	(3,522,160)	–	–
<b>Closing fair value of plan assets</b>	<b>30,478,523</b>	<b>22,577,087</b>	<b>–</b>	<b>–</b>
<b>Actuarial Assumptions</b>	31.03.2014	31.03.2013	31.03.2014	31.03.2013
Interest & Discount Rate	9.12%	8.25%	9.12%	8.25%
Attrition Rate	1.00%	1.00%	1.00%	1.00%
Retirement Age	58	58	58	58
Salary cost increase rate	6.00%	6.00%	6.00%	6.00%

**Categories of Plan Assets**

	Gratuity	
	2013-14	2012-13
	%	%
Investment with insurer	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

## Experience Adjustment (Gratuity)

Particulars	31.03.2014	31.03.2013	31.03.2012	31.03.2011	31.03.2010
Defined Benefit Obligation	30,467,238	23,909,631	20,886,952	18,482,904	14,640,642
Plan Assets	30,478,523	22,577,087	20,036,442	17,894,857	10,390,979
Surplus/(deficit)	11,286	(1,332,545)	(850,509)	(588,047)	(4,249,663)
Exp. Adj. On Plan Liabilities	(124,682)	(76,172)	(1,265,439)	–	–
Exp. Adj. On Plan Assets	114,467	(53,174)	(1,041,772)	–	–

- 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.

## 42 Foreign Exchange Currency Exposure Outstanding as on Reporting Date (Fully Hedged)

Particulars	31.03.2014		31.03.2013	
	USD Equivalent	INR Equivalent	USD Equivalent	INR Equivalent
Long Term Loan for Capital Goods (Hedged against exposure to outflow for USD loan repayment and its interest payments. Cross currency swap to pay fixed interest @ 10.60% p.a)	1,879,699	100,000,000	1,879,699	100,000,000
Long Term Loan for Capital Goods (Hedged against exposure to outflow for USD loan repayment and its interest payments. Cross currency swap to pay fixed interest @ 8.50% p.a (subject to grossing up of Withholding Tax)	2,062,500	101,268,750	2,812,500	138,093,750

## 43 Foreign Exchange Currency Exposure Outstanding as on Reporting Date (Not Hedged)

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

	Foreign Currency	31.03.2014		31.03.2013	
		INR	FC	INR	FC
For Import of Raw Materials	USD	2,538,120	40,927	903,603	16,508
	JPY	1,069,500	1,725,000	5,333,691	9,088,400
For Foreign Currency Loan Taken	JPY	136,809,003	249,775,679	210,894,028	385,101,017
For Export of Goods & Services	GBP	–	–	3,550,439	43,028
	USD	13,281,805	216,951	19,425,315	359,417
Bank Balance	USD	4,610,166	73,535	5,482,173	101,320
	JPY	2,593,185	4,350,598	11,496	21,298

## 44 Details of Research and Development Expenses

The Company has incurred following expenses on its R&D Unit situated at Rai, Sonapat, Haryana (India).

(Amount In Rs.)

	2013-14	2012-13
<b>Capital Expenditure</b>		
Capital Expenditure	1,934,307	3,034,125
<b>Total (A)</b>	<b>1,934,307</b>	<b>3,034,125</b>
<b>Revenue Expenditure</b>		
Raw Material Consumed	483,745	–
Employee Benefits	38,649,111	37,084,713
Other Expenses	3,817,180	2,247,043
Finance Cost	989,766	1,777,407
Depreciation & Amortization	2,459,400	2,136,650
<b>Total (B)</b>	<b>46,399,202</b>	<b>43,245,813</b>
<b>Grand Total (A+B)</b>	<b>48,333,509</b>	<b>46,279,938</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2014

### 45 Joint Venture Company

The Company has entered into a joint venture agreement with 'Horustech Lighting SRL Italy' on 2nd December 2013 for forming a joint venture company to set-up a design centre at Italy. Accordingly, a company 'Centro Ricerche Fiem Horustech SRL.' a jointly controlled Entity has been formed on 12th December 2013. The company has invested a sum of Rs. 8,41,200/-(Euro 10,000) towards capital contribution in said Joint Venture Company as on the date of balance sheet.

- (a) Pursuant to Accounting Standard-27, "Financial Reporting of Interests in Joint Ventures" notified under the Companies (Accounting Standards) Rules, 2006 (as amended) disclosure in respect of the said Joint Venture are given below:

Name of joint Venture	Centro Ricerche Fiem Horustech SRL
Description of Interest	Jointly Controlled Entity
Country of Incorporation	Italy
Proportion of Ownership Interest as at March 31, 2014	50%

- (b) In respect of jointly control entity, the company's share of assets, liabilities, incomes and expenses are as follows-

Particulars	(Amount In Rs.)	
	31.03.2014	31.03.2013
Non Current Assets	460,943	-
Current Assets	3,610,203	-
Non Current Liabilities	49,917	-
Current Liabilities	3,751,038	-
Revenue	1,294,387	-
Expenses	3,914,374	-
Contingent Liabilities	-	-
Capital Commitments	-	-

- 46 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

#### 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/-  
**(O.P. Gupta)**  
Chief Financial Officer

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

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

Place : Rai, Sonapat (HR.)  
Date : 28/05/14

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 25th ANNUAL GENERAL MEETING OF the Company will be held on Monday, September 29, 2014 at 10.00 a.m. at Mithas Motel & Resorts, 92/16, G.T. Karnal Road, Alipur, New Delhi - 110036, to transact the following businesses:

### ORDINARY BUSINESS

1. To consider and adopt:
  - (a) the audited financial statements of the Company for the financial year ended March 31, 2014, the reports of the Board of Directors and Auditors thereon; and
  - (b) the audited consolidated financial statements of the Company for the financial year ended March 31, 2014.
2. To declare dividend on Equity Shares of the Company for the financial year 2013-2014.
3. To appoint a Director in place of Shri J.S.S. Rao (DIN:00014320), who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Shri Kashi Ram Yadav (DIN:02379958), who retires by rotation at this Annual General Meeting and being eligible, has offered himself for re-appointment.
5. To appoint Auditors and 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 the provisions of Sections 139 of the Companies Act, 2013 ("Act") and other applicable provisions of the Act, and the Rules framed thereunder, as amended from time to time, M/s Anil S. Gupta & Associates, Chartered Accountants (ICAI Firm Registration No.004061N) be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 28th AGM of the Company to be held in the calendar year 2017 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out-of-pocket, travelling expenses, etc., as may be mutually agreed upon between the Board of Directors of the Company and the Auditors."
8. To appoint Shri Charoen Sachamuneewongse (DIN: 02575804) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Charoen Sachamuneewongse (DIN: 02575804), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."
9. To appoint Shri Amitabh Prakash Agrawal (DIN: 03103950) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Amitabh Prakash Agrawal (DIN: 03103950), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."
10. To appoint Shri Vinod Kumar Malhotra (DIN: 03544095) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Vinod Kumar Malhotra (DIN: 03544095), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."
11. To appoint Shri Padur Narayana Viswanathan (DIN: 03175602) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Padur Narayana Viswanathan (DIN: 03175602), who was appointed as an Additional Director (Independent Director) by the Board of Directors w.e.f. 9th August, 2014 pursuant to the provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office as Additional Director up to the date of this Annual General Meeting, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."

### SPECIAL BUSINESS

6. To appoint Shri Iqbal Singh (DIN: 00014256) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Iqbal Singh (DIN: 00014256), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."
7. To appoint Shri Subodh Kumar Jain (DIN: 00165755) as an Independent Director 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 the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Shri Subodh Kumar Jain (DIN: 00165755), who was appointed as a Director liable to retire by rotation and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019."

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Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for 5 (five) consecutive years for a term up to August 08, 2019."

12. To re-appoint Shri Kashi Ram Yadav (DIN:02379958) as Whole-time Director of the Company and revise his remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 ( the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by Nomination and Remuneration Committee and approved by the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded to re-appointment of Shri Kashi Ram Yadav (DIN: 02379958) as Whole-time Director of the Company for a period of three years with effect from 25th October, 2014 on the revised remuneration and terms and conditions as mentioned hereunder:

**(a) Revised Salary (w.e.f. 01/04/2014)-**

Rs.6,00,000/- (Rupees six lac) per month;

**(b) Other Benefits, Perquisites & Allowance**

In addition of the salary, he will be entitled to:

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

**RESOLVED FURTHER THAT** the revised salary of Rs. 6,00,000/- per month will be effective from 1st April, 2014 and the Board of Directors of the Company (including any Committee thereof) be and are hereby further authorised to amend the terms of appointment and revise the remuneration of Shri Kashi Ram Yadav (DIN: 02379958), as they may deem fit from time to time, so that remuneration payable shall not exceed the permissible limits specified under section 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 or any statutory modification (s) or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Shri Kashi Ram Yadav (DIN: 02379958) shall be governed by Schedule V read with other applicable provisions of the Companies Act, 2013 or any modification(s) thereof.

**RESOLVED FURTHER THAT** Shri Kashi Ram Yadav (DIN: 02379958) shall be subject to retire by rotation.

**RESOLVED FURTHER THAT** the Managing Director, Chief Financial Officer and Company Secretary be and are hereby severally authorised to sign, execute and submit the requisite forms and documents etc. and to do all such acts, deeds and things as may be necessary and incidental to give effect to this resolution."

13. To re-appoint Shri J.S.S. Rao (DIN:00014320) as Whole-time Director of the Company and revise his remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 ( the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and as recommended by Nomination and Remuneration Committee and approved by the Board of Directors of the Company, consent of the members of the Company be and is hereby accorded to re-appointment of Shri J.S.S. Rao (DIN:00014320) as Whole-time Director of the Company for a period of

three years with effect from 1st December, 2014 on the revised remuneration and terms and conditions as mentioned hereunder:

**(a) Revised Salary (w.e.f. 01/04/2014)-**

Rs.6,00,000/- (Rupees six lac) per month;

**(b) Other Benefits, Perquisites & Allowance**

In addition of the salary, he will be entitled to:

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

**RESOLVED FURTHER THAT** the revised salary of Rs. 6,00,000/- per month will be effective from 1st April, 2014 and the Board of Directors of the Company (including any Committee thereof) be and are hereby further authorised to amend the terms of appointment and revise the remuneration of Shri J.S.S. Rao (DIN:00014320), as they may deem fit from time to time, so that remuneration payable shall not exceed the permissible limits specified under section 197 read with Schedule V and any other applicable provisions of the Companies Act, 2013 or any statutory modification (s) or re-enactment thereof.

**RESOLVED FURTHER THAT** in the event of absence or inadequacy of profits in any financial year, the remuneration payable to Shri J.S.S. Rao (DIN:00014320) shall be governed by Schedule V read with other applicable provisions of the Companies Act, 2013 or any modification(s) thereof.

**RESOLVED FURTHER THAT** Shri J.S.S. Rao (DIN:00014320) shall be subject to retire by rotation.

**RESOLVED FURTHER THAT** the Managing Director, Chief Financial Officer and Company Secretary be and are hereby severally authorised to sign, execute and submit the requisite forms and documents etc. and to do all such acts, deeds and things as may be necessary and incidental to give effect to this resolution."

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

-Sd-

**Arvind K. Chauhan  
Company Secretary**

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

**Date : 09.08.2014**

**Registered Office:**

D-34, DSIDC Packaging Complex, Kirti Nagar

New Delhi - 110015, India

Tel: +91-11-25927820, 25927919 Fax: +91-11-25927740

Email: investor@fiemindustries.com | Website: www.fiemindustries.com

CIN: L36999DL1989PLC034928

**NOTES:**

1. **A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however, be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the Meeting.**

**A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. Brief resume of Directors including those proposed to be appointed / re-appointed, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships /



chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, is annexed hereto.

4. **A Statement setting out the material facts concerning each item of special business (explanatory statement) pursuant to Section 102 and other applicable provisions of the Companies Act, 2013, is annexed hereto.**
5. Members are requested to bring their attendance slip at the Venue of the Meeting.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. **Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days, between 10.00 a.m. to 5.00 p.m. upto the date of the Annual General Meeting.**
9. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, September 20, 2014 to Monday, September 29, 2014 (both days inclusive) for the purpose of the Annual General Meeting and for determining the names of members eligible for Dividend on equity shares, if declared at the meeting.
10. The Board has recommended a Final dividend at the rate of 60% (Rs. 6 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 29, 2014 (after giving effect all the valid transfer received to the Company/RTA on or before September 20, 2014).
  - 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 19, 2014 as per details to be furnished by the depositories.
11. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, M/s. Link Intime India Pvt. Ltd. ("RTA") cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
12. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / RTA. Members are also advised not to leave their demat account(s) dormant for long. Periodical statement of holdings should be obtained from the concerned Depository Participant and holding should be verified.
13. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company / RTA.
14. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company. Members are desirous of making nominations are requested to send their requests in Form SH-13 [pursuant to section 72 of the Companies Act 2013 and rule 19(1) of the Companies (Share Capital & Debentures) Rules 2014] in duplicate to the Company's RTA.
15. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to RTA, for consolidation into a single folio.
16. **Investors are requested to note that under section 124 (5) read with section 125 of the Companies Act, 2013 (corresponding sections are 205A and 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 125 of Companies Act, 2013 (section 205C of Companies Act, 1956). Investors are reminded to claim their unpaid/unclaimed dividend for the previous financial years 2006-07, 2007-08, 2008-09, 2009-10, 2011-12 & 2012-13.**

17. Non-Resident Indian Members are requested to inform RTA, 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.
18. **Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.**
19. **Soft copy of the Annual report 2013-14 and Notice of 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication process unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the 25th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent via permitted mode.**
20. Members may also note that the Notice of 25th Annual General Meeting and the Annual Report for 2013-14 will also be available on the Company's website [www.fiemindustries.com](http://www.fiemindustries.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request to the Company's investor email id: [investor@fiemindustries.com](mailto:investor@fiemindustries.com)
21. **Voting through electronic means:**
  - I. **Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to its members facility to exercise their right to vote at the 25th Annual General Meeting (AGM) by electronic means and the Business may be transacted through e-voting Services provided by National Securities Depository Limited. (NSDL).**
  - II. **Mrs. Ranjana Gupta, Practising Company Secretary** has been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
  - III. Members are requested to carefully read the instructions for e-voting before casting their vote.
  - IV. The e-voting facility will be available during the following voting period after which the portal will be blocked and shall not be available for e-voting :

<b>Commencement of E-voting</b>	<b>From 10:00 a.m. (IST) on September 22, 2014</b>
<b>End of e- voting</b>	<b>On September 24, 2014 Upto 06:00 p.m. (IST)</b>

- V. The cut-off date (i.e. the record date) for the purpose of e-voting is August 14, 2014.
- VI. **The procedure and instructions for e-voting are as under:**
  - (A) **In case a member receives an email from NSDL or Link Intime India Pvt. Ltd. [for members whose email IDs are registered with the Company / depository participant]:**
    - (a) Your User ID and Password details for e-voting will be in the mail / pdf file. Please note that the password is an initial password. You will not receive these details / pdf file if you are already registered with NSDL for e-voting.
    - (b) Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>



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- (c) Click on Shareholder - Login.
- (d) If you are already registered with NSDL for e-voting then you have to use your existing user ID and password.
- (e) If you are logging in for the first time, please enter the user ID and password provided in the attached PDF file as initial password.
- (f) The Password Change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
- (g) Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
- (h) Select "EVEN" (E-Voting Event Number) of Fiem Industries Ltd. Now you are ready for e-voting as Cast Vote page opens.
- (i) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (j) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (k) Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
- (l) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG format) of the relevant Board Resolution/ Authority letter, etc., together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to csranjana@ranjanagupta.in with a copy marked to evoting@nsdl.co.in.

**Please note that:**

- Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
- Your login ID and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the shareholder.
- It is strongly recommended that you do not share your password with any other person and take utmost care to keep it confidential.
- In case of queries, please refer to the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual - Shareholders, available at the Downloads section of www.evoting.nsdl.com.

**(B) In case a Member receives physical copy of the Notice of AGM [for Members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy]:**

- (i) Initial User ID and Password is provided as below/ at the bottom of the Ballot Form for the AGM:

EVEN (E Voting Event Number)	User ID	PASSWORD

- (ii) Please follow all steps from Sl. No. (b) to Sl. No. (l) above to cast vote through e-voting.

- VII. The Scrutinizer shall within a period not exceeding 3 working days from the conclusion of e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and will make a Scrutinizer's Report of the votes cast in favour or against, if any, and will submit the report to the Chairman of the Meeting.
- VIII. The Scrutinizer's decision on the validity of the vote shall be final and binding.
- IX. The Results on resolutions shall be declared on or after the AGM of the Company and the resolutions will be deemed to be passed on

the AGM date subject to receipt of the requisite number of votes in favour of the resolutions.

- X. The result declared along with the Scrutinizer's report shall be placed on the website of the Company (www.fiemindustries.com) within 2 (two) days of passing of the resolutions at the AGM and communicated to the Stock Exchanges where the Company shares are listed.

**STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 ("the Act")**

**Item no. 6 to 10**

Shri Iqbal Singh, Shri Subodh Kumar Jain, Shri Charoen Sachamuneewongse, Shri Amitabh Prakash Agrawal and Shri Vinod Kumar Malhotra were appointed as Independent Directors of the Company at various times, in compliance with the requirement of the Clause 49 of the listing agreement entered with the Stock Exchanges. Further, Appointments of all above Directors are in compliance with the Companies Act, 1956, and their appointment is subject to retire by rotation.

As per the provisions of Section 149(4) of Companies Act, 2013 ("Act") which has come into force with effect from 1st April, 2014, every listed company is required to have at least one third of the total number of Directors as Independent Directors. Further, Section 149(10) of the Act provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Act.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement which would be effective from October 1, 2014 inter alia stipulates the conditions for the appointment of Independent Directors by a listed company.

In view of the fact that existing appointment of all Independent Directors is subject to retire by rotation and under Companies Act, 2013 they are not subject to retire by rotation and they can hold office for a term up to five consecutive years and considering the other provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, it is proposed to make fresh appointments of all the above directors as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019 and they would not be subject to retire by rotation. The Nomination and Remuneration Committee has also recommended the fresh appointments of all these Independent Directors.

The Company has received declarations from the above Independent Directors that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

The Company has also received notices in writing from members alongwith the deposit of requisite amount under Section 160 of the Act proposing the candidatures of each of the above Director for the office of the Independent Directors of the Company.

Above mentioned Directors are not disqualified from being appointed as Independent Directors in terms of Section 149 of the Act and have given their consent to act as Independent Directors.

In the opinion of the Board, each of above independent directors fulfil the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. The above independent directors are independent of the management.

Brief resume of the above independent directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are annexed hereto.

Copy of the draft letters for respective appointments of the above independent directors as Independent Directors setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Each of above independent directors may be deemed to be interested in the resolution set out respectively at Item Nos. 6 to 10 of the Notice with regard to their respective appointments.

The relatives of the above independent directors may be deemed to be interested in the resolutions set out respectively at Item Nos. 6 to 10 of the Notice, to the extent of their shareholding interest, if any, in the Company.



Save and except the above, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in these resolutions.

The Board commends the Ordinary Resolutions set out at Item Nos. 6 to 10 of the Notice for approval by the shareholders.

#### Item No. 11

Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Board of Directors of the Company has appointed Shri Padur Narayana Viswanathan (P.N. Viswanathan) as an Additional Director (Independent Director) of the Company with effect from August 9, 2014.

In terms of Section 149(10) of the Act, an Independent Director can hold office for a term up to five consecutive years, hence Shri P.N. Viswanathan is appointed by the Board as Independent Director for a period of five years w.e.f. August 9, 2014, subject to his appointment by shareholders in ensuing Annual General Meeting.

Section 149 of the Act inter alia stipulates the criteria of independence should a company propose to appoint an independent director on its Board. The Company has received a declaration from Shri P.N. Viswanathan that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under revised Clause 49 of the Listing Agreement. Shri P.N. Viswanathan possesses appropriate skills, experience and knowledge; inter alia, in the field of projects, general administration and financial matters.

As per the said Section 149, an independent director can hold office for a term up to 5 (five) consecutive years on the Board of a company and he shall not be included in the total number of directors for retirement by rotation.

In the opinion of the Board, Shri P.N. Viswanathan fulfils the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Shri P.N. Viswanathan is independent of the management. Shri P.N. Viswanathan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

Brief resume of Shri P.N. Viswanathan, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are annexed hereto.

Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Shri P.N. Viswanathan be appointed as an Independent Director.

The Company has also received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Shri P.N. Viswanathan for the office of Director of the Company.

Copy of the letter for appointment of Shri P.N. Viswanathan as an Independent Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company.

This Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchanges.

Save and except Shri P.N. Viswanathan and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board commends the Ordinary Resolution set out at Item No. 11 of the Notice for approval by the shareholders.

#### Item No. 12

Shri Kashi Ram Yadav is a Whole-time Director of the Company. His current term of appointment as Whole-time Director of the Company will expire on 24th October 2014.

He is associated with the Company for more than 22 years. As the Company is growing with a decent pace and also diversified into LED Luminaire business, hence with the increase in operations of the Company his duties and responsibilities have increased significantly.

The current remuneration of Mr. Kashi Ram Yadav is Rs. 5,50,000/- per month with other benefits. Nomination and Remuneration Committee considered the matter of his re-appointment and revision in remuneration and recommended to the Board upward revision in the remuneration from current salary of Rs. 5,50,000/- to

revised salary of Rs. 6,00,000/- w.e.f 1st April, 2014. The proposed re-appointment and revised remuneration is with in permissible limits and compliance of applicable provisions of Companies Act, 2013 and Rules thereunder.

On the recommendation of the Nomination and Remuneration Committee, and considering the above things, the Board of Directors of the Company decided for his re-appointment as Whole-time Director for another period of three years beyond his current tenure. Board also considered the recommendation of Nomination and Remuneration Committee about revision of his remuneration and revised the salary as given in the resolution subject to approval by the members of the Company.

Considering the above facts and for smooth and efficient running of the manufacturing operations of all factories of Company situated in North India, his services should be continued, hence, the resolution is proposed for his re-appointment and revision in remuneration.

Shri Kashi Ram Yadav holds 338 shares in the company. Further, he is not related to any other Director of the Company.

Save and except Shri Kashi Ram Yadav and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Board recommends the passing of the special resolution as set out in item no. 12 of the Notice.

#### Item No. 13

Shri J.S.S. Rao is a Whole-time Director of the Company. His current term of appointment as Whole-time Director of the Company will expire on 30th November 2014. He is responsible for South India operations of the Company and also looking strategic and overseas affairs. He is associated with the company for more than 10 years. With the increase in operations of the Company, his responsibilities are also increased.

Nomination and Remuneration Committee of the Board considered the matter of his re-appointment as Whole-time Director beyond his current term and also considered the revision in remuneration. The current remuneration of Mr. J.S.S. Rao is Rs. 5,50,000/- per month with other benefits. Nomination and Remuneration Committee considered the matter of his re-appointment and revision in remuneration and recommended to the Board upward revision in the remuneration from current salary of Rs. 5,50,000/- to revised salary of Rs. 6,00,000/- w.e.f 1st April, 2014. The proposed re-appointment and revised remuneration is with in the permissible limits and compliance of applicable provisions of Companies Act, 2013.

On the recommendation of the Nomination and Remuneration Committee, and considering the above things, the Board of Directors of the Company decided for his re-appointment as Whole-time Director for another period of three years beyond his current tenure. Board also considered the recommendation of Nomination and Remuneration Committee about revision of his remuneration and revised the salary as given in the resolution subject to approval by the members of the Company.

His re-appointment for another period of three years and revision in remuneration, would require approval of the shareholders, hence the resolution is proposed for his re-appointment and revision in remuneration.

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

Save and except Shri J.S.S. Rao and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors, Key Managerial Personnel of the Company and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

Accordingly the Board recommends the passing of the **special resolution** as set out in item no. 13 of the Notice.

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

-Sd-

**Arvind K. Chauhan  
Company Secretary**

**Place : Rai, Sonapat (HR.)  
Date : 09.08.2014**

# ANNUAL REPORT 2013-14

## Details of Directors seeking appointment / re-appointment at the Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Mr. Iqbal Singh	Mr. Amitabh Prakash Agrawal	Mr. Charoen Sachamuneewongse	Mr. V. K. Malhotra	Mr. S. K. Jain	Mr. P. N. Viswanathan	Mr. Kashi Ram Yadav	Mr. J.S.S. Rao
Category/ Designation	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Whole-time Director	Whole-time Director
Date of Birth	20.07.1953	19.07.1956	18.02.1947	01.02.1957	22.08.1945	03.01.1938	07.02.1956	02.12.1956
Date of First Appointment	05.10.2005	01.08.2010	30.04.2009	04.08.2011	09.11.2012	09.08.2014	25.10.2008	01.12.2005
Qualification(s)	Senior Secondary	MBBS	Senior Secondary	Commerce Graduate	Chartered Accountant	Commerce Graduate	Matriculation	Post Graduate
Number of Shares held	20014	NIL	NIL	NIL	NIL	NIL	338	12
Brief Resume / Expertise in specific functional areas	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 is working as a doctor in USA and has overall experience of more than 25 years in the field of medical profession.	He is running his own business and has overall experience of over 30 years in the field of Merchandised Trading & Broking.	He is having an experience of around 20 year's business experience.	He is Fellow Chartered Accountant and having around 40 years experience in Auditing, Taxation, Finance and Consulting.	<ul style="list-style-type: none"> <li>He has been associated with TVS Group for around 45 years and served the organization in various capacities and retired as Vice President from Sundaram Clayton Limited, one of the TVS Group Companies.</li> <li>Vast experience in new projects, general administration, financial matters and other managerial affairs.</li> </ul>	He has more than 30 years experience in production and manufacturing operations of automotive lightings, rear view mirrors and other auto components.	He has an overall experience of over 30 years in automotive lighting and components industry involving manufacturing, operational and business strategic functions.
Other Directorship(s)	- Parspex (India) Private Limited - Harav India Private Limited	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Committee Positions in other Public Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Relationship between Directors inter-se	Not related to any other Director	Not related to any other Director	Not related to any other Director	Not related to any other Director	Not related to any other Director	Not related to any other Director	Not related to any other Director	Not related to any other Director

By Order of the Board  
For Fiem Industries Limited

-Sd-

Arvind K. Chauhan  
Company Secretary

Place : Rai, Sonapat (HR.)  
Date : 09.08.2014

# FIEM INDUSTRIES LIMITED

(CIN: L36999DL1989PLC034928)

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

Email: investor@fiemindustries.com Website: www.fiemindustries.com

Phone: +91-11-25927820, 25927919 Fax: +91-11-25927740



25th Annual General Meeting

## ATTENDANCE SLIP

Please fill Attendance Slip and hand it over the registration counter

DP Id* & Client ID/ Folio No.	
No. of Shares held	Name and Address of the Shareholder :

I hereby record my presence at the 25th Annual General Meeting of the Company, held on the **Monday, 29th September, 2014 at 10.00 am** at Mithas Motel & Resorts, 92/16, G.T. Karnal Road, Alipur, New Delhi - 110036

\* Applicable for investors holding shares in electronic form.

\_\_\_\_\_  
SIGNATURE OF SHAREHOLDER / PROXY

## PROXY FORM

Form No. MGT-11

[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : L36999DL1989PLC034928  
Name of the Company : FIEM INDUSTRIES LTD.  
Registered Office : D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi - 110015, India  
Name of the member (s) : \_\_\_\_\_  
Registered address : \_\_\_\_\_  
E-mail ID : \_\_\_\_\_  
Folio No/ Client ID/ DP ID : \_\_\_\_\_

I/ We, being the member (s), holding \_\_\_\_\_ Shares of the above named company, hereby appoint:

1) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him

2) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him

3) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
E-mail : \_\_\_\_\_ Signature : \_\_\_\_\_

as my/ our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the 25th Annual General Meeting of the Company, to be held on the **Monday, 29th September, 2014 at 10.00 am** at Mithas Motel & Resorts, 92/16, G.T. Karnal Road, Alipur, New Delhi - 110036 and at any adjournment thereof in respect of such resolutions as are indicated below:

\*\*I wish my above proxy to vote in the manner as indicated in the box below:

Item No.	Description	I/We assent to the resolution (For)	I/We dissent to the resolution (Against)
1.	Consideration and adoption of: a) Audited financial statements of the Company for the financial year ended March 31, 2014, the reports of the Board of Directors and Auditors thereon; and b) Audited consolidated financial statements of the Company for the financial year ended March 31, 2014.		
2.	Declaration of dividend for F.Y. 2013-14.		
3.	Re-appointment of Shri J.S.S. Rao, Director of the Company who retire by rotation.		
4.	Re-appointment of Shri Kashi Ram Yadav, Director of the Company who retire by rotation.		
5.	Appointment of M/s Anil S. Gupta & Associates, Chartered Accountants, as Auditors and fixing their remuneration.		
6.	Appointment of Shri Iqbal Singh as an Independent Director.		
7.	Appointment of Shri Subodh Kumar Jain as an Independent Director.		
8.	Appointment of Shri Charoen Sachamuneewongse as an Independent Director.		
9.	Appointment of Shri Amitabh Prakash Agrawal as an Independent Director.		
10.	Appointment of Shri Vinod Kumar Malhotra as an Independent Director.		
11.	Appointment of Shri P.N. Viswanathan as an Independent Director.		
12.	Re-appointment of Shri Kashi Ram Yadav as a Whole-time Director.		
13.	Re-appointment of Shri J.S.S. Rao as a Whole-time Director		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

Signature of Proxy holder(s)

Affix  
Revenue  
Stamp of  
Rs. 1

Signature of shareholder

**Notes:**

- 1) **This form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.**
- 2) A proxy need not be a member of the Company.
- 3) In the case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.
- \*\*4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.



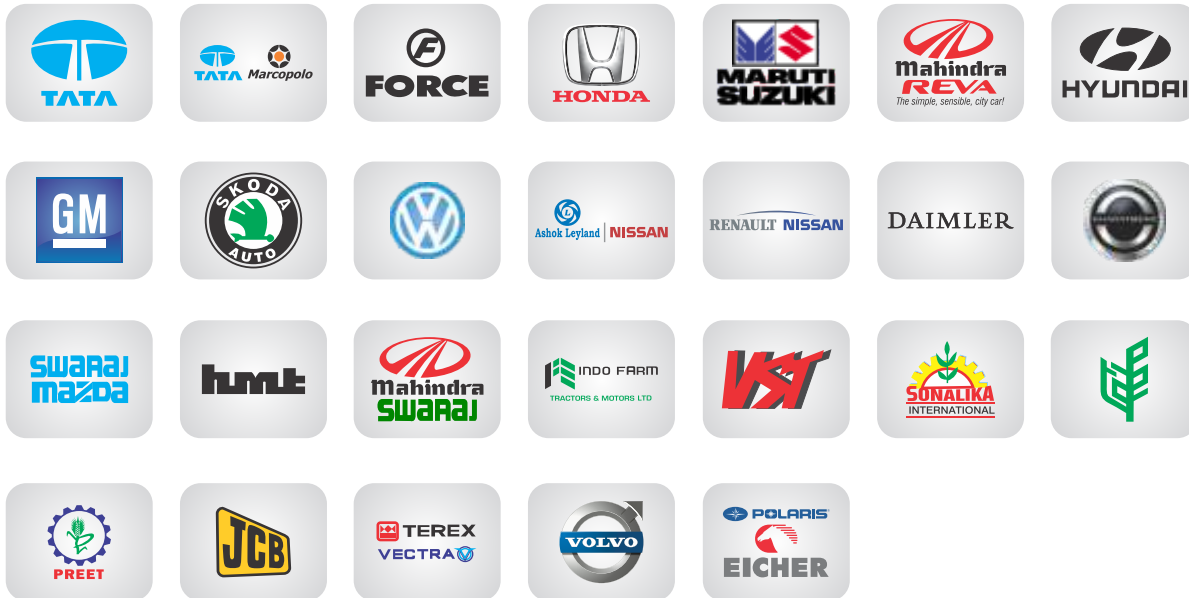






# OUR PRESTIGIOUS CUSTOMERS

## Four-Wheeler segment (Domestic Customers)



## Four-Wheeler segment (Global Customers)



## Two-Wheeler segment (Domestic Customers)



## Two-Wheeler segment (Global Customers)



## AUTOMOTIVE LIGHTING & SIGNALING EQUIPMENTS AND REAR VIEW MIRRORS



# OUR MANUFACTURING FACILITIES



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



Unit-I, Kundli (Haryana)



Unit-II, Hosur (Tamil Nadu)



Unit-III, Hosur (Tamil Nadu)



Unit-IV, Mysore (Karnataka)



Unit-V, Hosur (Tamil Nadu)



Unit-VI, Nalagarh (HP)



Unit-VIII, Tapukara (Rajasthan)



Unit-IX, Ahmedabad (Gujarat)



## FIEM INDUSTRIES LTD.

(CIN: L36999DL1989PLC034928)

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

Email: [investor@fiemindustries.com](mailto:investor@fiemindustries.com)

Phone: +91-11-25927820, 25927919 Fax: +91-11-25927740

**Unit - VII & Corporate Office:** Plot No. 1915, Rai Industrial Estate, Phase-V, Sonapat - 131029 (Haryana) India

Tel.: +91-130-2367905/906/907/909/910 E-mail : [fiemunit7@fiemindustries.com](mailto:fiemunit7@fiemindustries.com)

**Delhi Showroom:** 804, IIIrd Floor, Bhisham Pitamah Marg, Arjun Nagar, Kotla Mubarakpur,

Opp. Defence Colony, New Delhi-110003

Tel : +91-11-41086458

**Website:** [www.fiemindustries.com](http://www.fiemindustries.com)

**PUNE Office**  
Shop No. A-12 Empire Estate,  
Bombay Pune Road,  
Chinchwad, Pune  
(Maharashtra) INDIA

**JAPAN Office**  
201, Shiko 30 Season,  
1-14-1 Tohoku Niiza-Shi Saitama,  
Japan Ken - 352-0001

**UNIT - I**  
32 Km Stone, G.T. Road,  
Kundli, Distt.  
Sonapat - 131028  
(Haryana) INDIA

**UNIT - II**  
219 / 2B, Hosur - Thally Road,  
Kalukondapali,  
Belagondapali,  
P.O. Hosur - 635114  
(Tamilnadu) INDIA

**UNIT - III**  
Kelamangalam Road,  
Achetipalli Post,  
Hosur CF - 635110  
(Tamilnadu) INDIA

**UNIT - IV**  
Survey No. 29,  
Madargalli Village,  
Varuna Hobli, Mysore,  
Taluk - 571311 (Karnataka) INDIA

**UNIT - V**  
Fiem Industrial Complex,  
Kelamangalam Road,  
Achetipalli Post, Hosur CF - 635110  
(Tamilnadu) INDIA



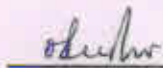


**UNIT - VI**  
Village Bhatian Tahsil Nalagarh,  
Distt. Solan - 174101  
(Himachal Pradesh) INDIA

**UNIT - VIII**  
SP1 - C,  
Tapukara Industrial Estate,  
Distt. Alwar - 301707  
(Rajasthan) INDIA

**UNIT - IX**  
Survey No. 151-153,  
Village Karsanpura-Taluka-Mandal  
Distt. Ahmedabad-382123  
(Gujarat) INDIA

## Form A

Format of covering letter of the annual audit report to be filed with stock exchanges

1.	Name of Company	Fiem Industries Ltd.		
2.	Annual Financial Statements for the year ended	31 <sup>st</sup> March, 2014		
3.	Type of Audit Observation	✓ Un-qualified / matter of Emphasis		
4.	Frequency of observation	Whether appeared first time ... / repetitive ..... / since how long period ... - <u>Not Applicable</u> ✓		
5. Signed by:				
<b>Fiem Industries Ltd.</b>		Anil S. Gupta & Associates Chartered Accountants		
	 J.K. Jain, Chairman & Managing Director	 O.P. Gupta, CFO	 S.K. Jain, Audit Committee Chairman	 Anil Kumar Gupta Proprietor (Memb. No. 83159)

Date: 09/08/2014