



**Fiem**

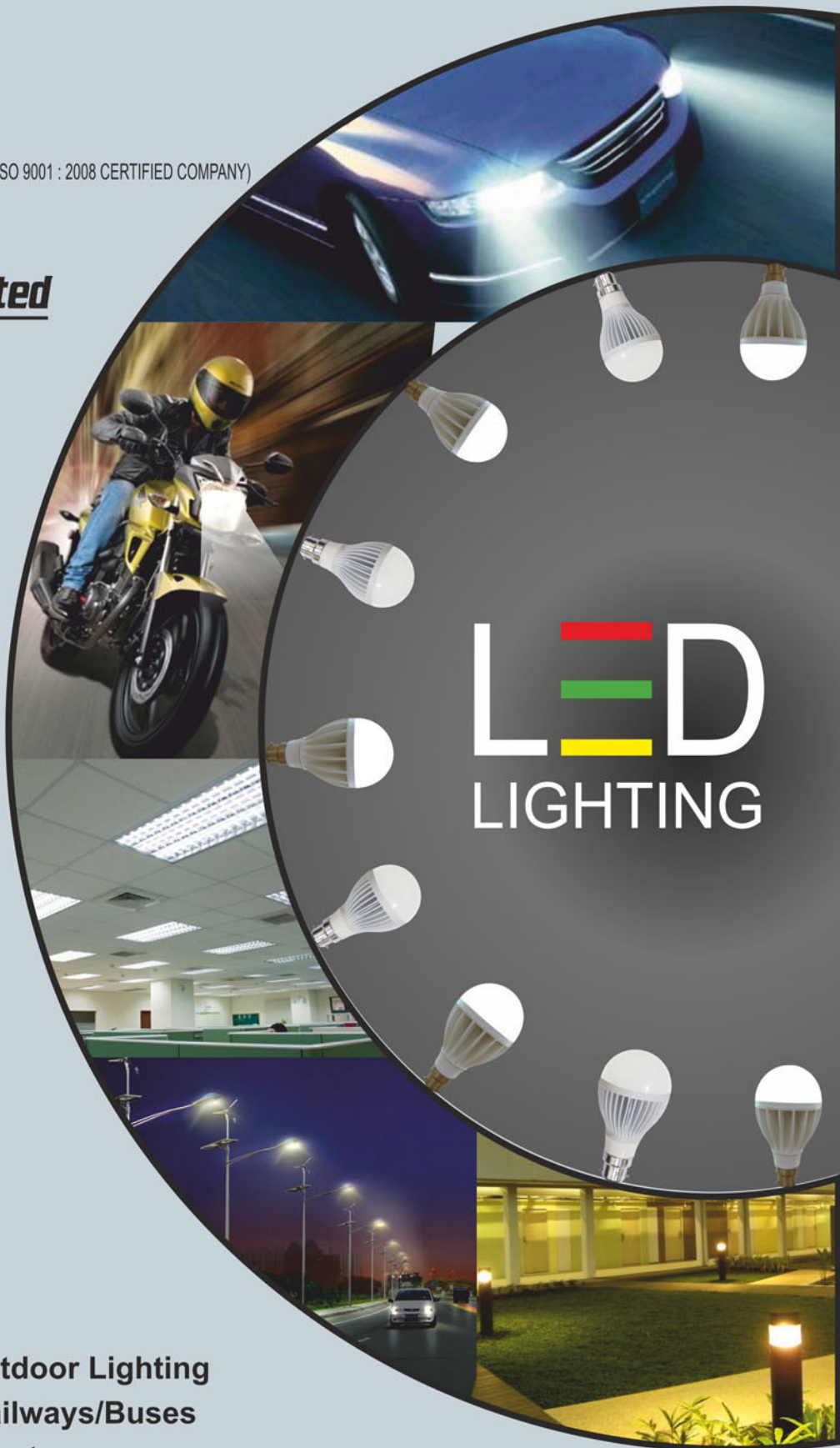
LIGHT UP THE WORLD

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

***Fiem Industries Limited***

***Annual Report  
2012-13***

- Automotive Lighting
- Signalling Equipments
- Rear View Mirrors
- LED Luminaries Indoor & Outdoor Lighting
- Signalling Display Panels-Railways/Buses
- Plastic/Sheet Metal Components



# Chairman's Message

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Dear Stakeholders,

Amidst the prevalent macro economic uncertainties, your company has continued to add certainty in delivering strong performance over the years. We have grown step-by-step to current position of being the leading OEM supplier of automotive lighting and rear view mirrors. During last 5 years of turbulent economic scenario, your company has grown by a CAGR of more than 22%, demonstrating strong resilience and consistency in its overall performance.

During FY 2012-13, Indian Auto Industry has grown by just 2.04% in sales and 1.20% in production. In more specific terms, passenger vehicle segment has grown by 3.27% in sales, thanks to higher demand in utility vehicles; otherwise cars have shown a negative growth of around 4%. Two-wheeler segment has also grown by just 2.43% in sales. It shows the overall slow growth momentum across the Auto Industry. On this backdrop, your company has registered a decent growth of 12.95% in FY 2012-13 by achieving a net turnover of Rs. 598.88 Crores in comparison to Rs. 530.23 Crores in last year. Profit after tax has also increased from Rs. 21.14 Crores in FY 2011-12 to Rs. 27.31 Crores in FY 2012-13 registering an increase of 29.18%.

While we will continue to solidify our position in Auto-component business by judiciously seizing the strategic growth opportunities and expanding our product portfolio, we have gone in for diversification since last year for manufacturing of **LED Luminaries** for indoor and outdoor applications such as Recess Panels, down lights, spot lights, LED Bulbs & LED Tube Lights, Bay Lights, Flood Lights, Solar based Lantern and Street lights etc.

We have our own Government approved R&D Centre, where our Engineers have developed innovative products including **LED Drivers**, which is **USP of our Company** because it make our LED luminaries most competitive, highly reliable with trouble-free-performance.

It is very encouraging to mention that we have been able to do substantial business from the beginning itself. In the current scenario of electric power crises and continuously increasing power tariff, **the need of the hour is LED Lighting** because of its unique advantages like power saving of about 60% in comparison to CFL, Long Life, Eco Friendly, lowest carbon footprint, mercury free, much better performance etc. Therefore, **the future is for LED technology** and there is no dearth for business for LED lighting in the near future. We have taken pro-active steps with rapid expansion of our product range and strive for big business from Railways, Central & State Government, Metro, Overseas Market etc. This business will bring faster growth to the Company, because now **we will be covering three different market segments of Lighting –Automotive, LED In-door and Out-door and Railways**. We have dedicated plans to keep our expansion programme in the LED area and would like to bring a very large range of products in the near future in order to become a very prominent player in this field.

We believe that LED is the future of lighting technology and it will change the landscape of lighting industry. 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. Indian LED lighting Industry is at nascent stage and we will convert this opportunity into our growth engine by leveraging Fiem's decades old core competency in lighting, in-house manufacturing, quality and testing facilities supported by a strong brand 'FIEM'.

To derive our growth in high trajectory, we have taken on the responsibility of rewriting the rules of the game and redefine the LED Lighting Industry in India by manufacturing almost all components of LED Luminaire in-house by maintaining stringent quality standards besides effective cost control mechanism. In this way, Fiem's product strategy is focused on quality products at reasonable prices where we have clear and beneficial value proposition.

Despite all macro-economic volatilities, we look at the future with optimism, hence we are further strengthening our capabilities on all fronts whether manufacturing, R&D, testing, quality or marketing. In this new phase of development, we remain fully confident of the growth potential of our business and look forward for your continued support and encouragement for the well being and sustainable growth of the company.

Thanking you,

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



**Fiem**

# Light Up The World

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

## Energy Saving LED Light



**LED Down Light**


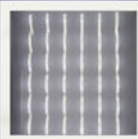



**LED Spot Light**



**LED Street Light with Solar**

## LED Luminaires

						
<b>Ceiling Light 2'X2' Prismatic Series</b>	<b>Ceiling Light 2'X2' Diffused Series</b>	<b>Ceiling Light 2'X2' Sparkle Series</b>	<b>Ceiling Light 2'X2' Bangles Series</b>	<b>Ceiling Light 1'X1'</b>	<b>Down Light</b>	
						
<b>Down Light</b>	<b>Spot Light</b>	<b>LED Multifunction Flash Light</b>	<b>Surface Down Light</b>	<b>Highbay Light</b>	<b>LED Bulb</b>	
						
<b>LED Tube Light</b>	<b>Solar Lantern</b>	<b>Flood Light</b>	<b>Street Light</b>	<b>Solar Street Light</b>	<b>Garden Light</b>	





**fiem**  
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# FIEM LED DISPLAY PANELS & SIGNALLING FOR RAILWAYS





**fiem**

LIGHT UP THE WORLD

# Foray into LED Lighting



FIEM, with over 4 decade of experience in the Lighting, have decided thoughtfully to enter in the foray of manufacturing of LED Luminaires.

The diversification in the field of LED Luminaires have practically helped us to make best use of our enriched knowledge of Lighting technology and leverage our best in class manufacturing, quality & testing facilities besides the modern infrastructure available with us.

The manufacturing activities which had started during FY 2011-12 are fully geared-up during the FY 2012-13 and with large range of products have yielded good business during the year.

In view of the fact that LED Luminaires consumes very less Electricity in comparison to incandescent and CFL, by use of the LED lighting, substantial power can be saved. The Government understand very well that the 'power saved is power generated'. With this premise, Government is wholeheartedly supporting and encouraging the usage of LED in Lighting application among general consumers besides also largely introducing LED Lighting in their own Departments and Establishments.

The requirement of power for Lighting application alone need nearly 20% in India in comparison to the international average of 12-15%. Therefore in India, the LED Lighting will emerge as a major factor in curtailing the demand of power and will prove an effective solution for the power crises by bringing down the power consumption in Lighting.





# Fiem

LIGHT UP THE WORLD



## Expertise for Changing Times



**Common 60W Incandescent Bulb**  
uses 60W per Bulb for 800 Lumen  
1 bulb lasts 1,200 hrs  
20 years = 21 bulb



**Common 14W CFL Bulb**  
uses 14W per Bulb for 800 Lumen  
1 bulb lasts 10,000 hrs  
20 years = 3 CFL bulb



### Fiem 9 W Ambient LED Bulb

uses 9 W per Bulb for 850 Lumen  
1 bulb lasts 25,000 hrs  
20 years = 1 led bulb

LED Lighting is going to be future of Lighting Industry and will create enormous potential of growth. We have already ventured into LED Lighting to convert this potential into big business opportunity. Our R&D Department is actively working on new development for introducing High Power LED Lighting, LED Lighting, and Intelligent LED Lighting.

We have already launched following LED based Lighting products for indoor and outdoor applications which are receiving encouraging response from through out the length and breadth of the country:

- LED Bulbs & LED Tube Lights
- Flood Lights & Street Lights
- Solar based Lantern and Street lights
- Down lights
- Bollards
- Garden Lights
- Spot lights
- Bay Lights etc.
- Recess Panels



Apart from the above products, we have also developed complete LED display panel/ system for Railways, Metros, Taxies which have a very large potential in the near future.

We are already supplying LED Display System for Bus Manufacturers, State Transport Corporation, School and Educational institutions.

The real strength of our company is that we manufacture all the components of LED Luminaires including LED driver in House. We are fully equipped for all Plastic Parts, Sheet Metal Parts, Optical design etc. and only LED is outsourced by us. This help us to meet our strategy, which is focused on supply of best quality products at right price.

GO LED



GO GREEN

## Switch to LED & SAVE UP TO 80% on your electricity lighting bills!



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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 (w.e.f. 01.10.2012)
Mr. Iqbal Singh	- Independent Director
Mr. Charoen Sachamuneewongse	- Independent Director
Mr. C.S. Kothari	- Independent Director
Mr. Amitabh Prakash Agrawal	- Independent Director
Mr. V. K. Malhotra	- Independent Director
Mr. C.D. Shah	- Independent Director (up to 13.09.2012)
Mr. S.K. Jain	- Independent Director (w.e.f. 09.11.2012)

### CHIEF FINANCIAL OFFICER

Mr. O.P. Gupta

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Arvind K. Chauhan

### AUDIT COMMITTEE

Mr. S. K. Jain	- Member /Chairman (w.e.f. 09.11.2012)
Mr. C. S. Kothari	- Member
Mr. V. K. Malhotra	- Member
Mr. Iqbal Singh	- Member (up to 08.11.2012)

### REMUNERATION COMMITTEE

Mr. C.S. Kothari	- Chairman
Mr. Iqbal Singh	- Member
Mr. V. K. Malhotra	- Member

### SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE

Mr. C.S. Kothari	- Chairman
Mr. Rahul Jain	- Member
Mr. Kashi Ram Yadav	- Member

### STATUTORY AUDITORS

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

### REGISTERED OFFICE

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

### COST AUDITORS

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

### CORPORATE OFFICE & UNIT VII

Plot No. 1915, Rai Industrial Estate, Phase - V,  
Distt. Sonapat, Haryana -131029  
**Website: [www.fieminindustries.com](http://www.fieminindustries.com)**

### PRINCIPAL BANKERS

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

### 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



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 24<sup>th</sup> Annual General Meeting of the Company will be held on Monday, the 23<sup>rd</sup> day of September 2013 at 10.00 A.M. at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March 2013 and Profit & Loss Account for the period ended on that date together with Directors' Report and Statutory Auditor's Report thereon.
2. To declare dividend on the Equity Shares of the Company for the financial year 2012-13.
3. To appoint a Director in place of Mr. Iqbal Singh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Charoen Sachamuneewongse, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Vinod Kumar Malhotra, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Mr. Chatter Singh Kothari, who retires by rotation and being eligible, offers himself for re-appointment.
7. To re-appoint M/s Anil S. Gupta & Associates, Chartered Accountants as statutory auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

"**RESOLVED THAT** pursuant to section 224 and other applicable provisions of the Companies Act, 1956, M/s Anil S. Gupta & Associates, Chartered Accountants, be and are hereby re-appointed as statutory auditors of the Company to hold the office from conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and the remuneration of the Auditors shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS:

8. **Appointment of Mr. Subodh Kumar Jain as Director of the Company. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:**

"**RESOLVED THAT** Mr. Subodh Kumar Jain, who was appointed as Additional Director by the Board of Directors of the Company w.e.f. 09.11.2012 pursuant to section 260 and other applicable provisions of the Companies Act, 1956 and Articles of Association of the Company and who being the Additional Director hold the office up to this Annual General Meeting and in respect of whom the Company has received a Notice in writing from a member as required under section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director, be and is hereby appointed as a Director of the Company liable to retire by rotation."

9. **Re-appointment of Mrs. Seema Jain as Whole-time Director of the Company.**

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

"**RESOLVED THAT** pursuant to provisions of sections 198,269,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, approval of the members be and is hereby accorded to the re-appointment of Mrs. Seema Jain as Whole-time Director of the Company w.e.f. 01.04.2014 for a period of three years on the revised remuneration, mentioned as under:

**(a) Revised Salary-**

Rs. 3,00,000/- (Rupees Three Lac) per month.

**(b) Other Benefits, Perquisites & Allowances-**

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

1. Medical Insurance, Personal Accident Policy and such 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 Board of Directors of the Company be and are hereby authorized to alter or vary the terms of appointment or revise the remuneration of Mrs. Seema Jain, as it may deem fit from time to time, so that remuneration payable shall not exceed the permissible limits under section 198,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof).

**RESOLVED FURTHER THAT** in case of no profits or inadequate profits in any financial year, the remuneration or revised remuneration as mentioned above payable to Mrs. Seema Jain will be paid to her as minimum remuneration as permissible in Schedule XIII read with other applicable provisions of the Companies Act, 1956.

**RESOLVED FURTHER THAT** Mrs. Seema Jain shall be liable to retire by rotation within the meaning of section 255 and 256 of the Companies Act, 1956.

**RESOLVED FURTHER THAT** Managing Director and Company Secretary of the Company be and are hereby severally authorized to file the necessary forms, returns and to do all such acts, things and deeds necessary and incidental to give effect to this resolution."

10. **Re-appointment of Ms. Aanchal Jain as Whole-time Director of the Company.**

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

"**RESOLVED THAT** pursuant to provisions of sections 198,269,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, approval of the members be and is hereby accorded to the re-appointment of Ms. Aanchal Jain as Whole-time Director of the Company w.e.f. 01.04.2014 for a period of three years on the revised remuneration, mentioned as under:

**(a) Revised Salary-**

Rs. 2,50,000/- (Rupees Two Lac Fifty Thousand Only) per month.

**(b) Other Benefits, Perquisites & Allowances-**

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

1. Medical Insurance, Personal Accident Policy and such 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 Board of Directors of the Company be and are hereby authorized to alter or vary the terms of appointment or revise the remuneration of Ms. Aanchal Jain, as it may deem fit from time to time, so that remuneration payable shall not exceed the permissible limits under section 198,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof).

**RESOLVED FURTHER THAT** in case of no profits or inadequate profits in any financial year, the remuneration or revised remuneration as mentioned above payable to Ms. Aanchal Jain will be paid to her as minimum remuneration as permissible in Schedule XIII read with other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT Ms. Aanchal Jain shall be liable to retire by rotation within the meaning of section 255 and 256 of the Companies Act, 1956.

RESOLVED FURTHER THAT Managing Director and Company Secretary of the Company be and are hereby severally authorized to file the necessary forms, returns and to do all such acts, things and deeds necessary and incidental to give effect to this resolution."

**11. Increase in Remuneration of Mr. Kashi Ram Yadav, Whole-time Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 198,309,310,311 and Schedule XIII read with other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, approval of the members be and is hereby accorded to the increase in remuneration of Mr. Kashi Ram Yadav w.e.f. 1<sup>st</sup> April, 2013 for the remaining period of his current tenure as Whole-time Director i.e. up to 24<sup>th</sup> October 2014 as mentioned hereunder:

**(a) Revised Salary-**

Rs. 5,50,000/- (Rupees Five Lac Fifty thousand) per month.

**(b) Other Benefits, Perquisites & Allowances-**

In addition to salary, he will be entitled to:

1. Contribution to Provident Fund, Bonus, Medical Insurance, Personal Accident Policy and such 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 Board of Directors of the Company be and are hereby authorized to alter or vary the terms of appointment or revise the remuneration of Mr. Kashi Ram Yadav, as it may deem fit from time to time, so that remuneration payable shall not exceed the permissible limits under section 198,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof).

RESOLVED FURTHER THAT in case of no profits or inadequate profits in any financial year, the remuneration or revised remuneration as mentioned above payable to Mr. Kashi Ram Yadav will be paid to him as minimum remuneration as permissible in Schedule XIII read with other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. Kashi Ram Yadav shall be liable to retire by rotation within the meaning of section 255 and 256 of the Companies Act, 1956.

RESOLVED FURTHER THAT Managing Director and Company Secretary of the Company be and are hereby severally authorized to file the necessary forms, returns and to do all such acts, things and deeds necessary and incidental to give effect to this resolution."

**12. Increase in Remuneration of Mr. J.S.S. Rao, Whole-time Director of the Company.**

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

"RESOLVED THAT pursuant to the provisions of Section 198,309,310,311 and Schedule XIII read with other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, approval of the members be and is hereby accorded to the increase in remuneration of Mr. J.S.S. Rao w.e.f. 1<sup>st</sup> April, 2013 for the remaining period of his current tenure as Whole-time Director i.e. up to 30<sup>th</sup> November, 2014 as mentioned hereunder:

**(a) Revised Salary-**

Rs. 5,50,000/- (Rupees Five Lac Fifty thousand) per month.

**(b) Other Benefits, Perquisites & Allowances-**

In addition to salary, he will be entitled to:

1. Medical Insurance, Personal Accident Policy and such 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 Board of Directors of the Company be and are hereby authorized to alter or vary the terms of appointment or revise the remuneration of Mr. J.S.S. Rao, as it may deem fit from time to time, so that remuneration payable shall not exceed the permissible limits under section 198,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof).

RESOLVED FURTHER THAT in case of no profits or inadequate profits in any financial year, the remuneration or revised remuneration as mentioned above payable to Mr. J.S.S. Rao will be paid to him as minimum remuneration as permissible in Schedule XIII read with other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT Mr. J.S.S. Rao shall be liable to retire by rotation within the meaning of section 255 and 256 of the Companies Act, 1956.

RESOLVED FURTHER THAT Managing Director and Company Secretary of the Company be and are hereby severally authorized to file the necessary forms, returns and to do all such acts, things and deeds 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 : 12.08.2013**

**NOTES:**

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint proxy(ies) to attend and vote on a poll instead of himself/ herself and the proxy(ies) need not be a member of the company. The instrument appointing the proxy(ies), in order to be effective must be received at the registered office of the company not less than forty-eight hours before the scheduled time for commencement of the meeting. Blank proxy form is enclosed with the Notice.**
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Mr. Iqbal Singh, Mr. Charoen Sachamuneewongse, Mr. Vinod Kumar Malhotra and Mr. Chatter Singh Kothari, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, resolutions for appointment of Mr. Subodh Kumar Jain as Director and re-appointment of Mrs. Seema Jain and Ms. Aanchal Jain as Whole-time Directors are to be considered in ensuing Annual General Meeting. Brief resume of all these Directors, nature of their expertise in specific functional areas, their shareholding in the Company, names of companies in which they hold directorships and memberships/chairmanships of Board Committees and relationship between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are annexed to the Notice and provided in the Report on Corporate Governance forming part of the Annual Report. Shareholders are requested to refer the Notice and Report on Corporate Governance for this information. The Board of Directors of the Company commends their respective appointments and re-appointments.
4. **An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business to be transacted at the Meeting is annexed hereto.**
5. Members are requested to bring their Attendance Slip 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, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.**
9. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, 14th September, 2013 to Monday, 23rd September, 2013 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.
10. The Board has recommended a Final dividend at the rate of 40% (Rs. 4.00 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 23rd September, 2013 (after giving effect all the valid transfer received to the Company/RTA on or before 14th September, 2013)
  - 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 13th September, 2013 as per details to be furnished by the depositories.
11. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd. for consolidation into a single folio.
12. Under section 109A of the Companies Act, 1956 members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B of the Companies (Central Government's) General Rules & Forms, 1956 in duplicate to the Company's Registrar & Transfer Agent.
13. Members holding shares in dematerialized mode are advised to intimate all changes pertaining to their bank details, ECS mandate, nominations, power of attorney, address etc. to their depository participant only and not to the Company or its Registrar & Transfer Agent. Members holding shares in physical form are advised to submit particulars of bank account, viz., name and address of the Branch of the Bank, 9 digit MICR code of the branch, type of account and account no. to the Company's Registrar & Transfer Agent.
14. **Investors are requested to note that consequent to amendment in section 205A and introduction of section 205C of the Companies Act, 1956, the amount of dividend, which remains unclaimed or unpaid for a period of seven years from the date of transfer of the same in Unpaid Dividend Account, shall be transferred in Investor Education and Protection Fund as provided under section 205C. Once the amount transferred in said Fund, investor will not be able to claim the dividend and no claim will lie against the company or the Fund. Therefore investors are reminded to claim their unpaid/ unclaimed dividend for the previous financial years 2006-07, 2007-08, 2008-09, 2009-10, 2010-11 & 2011-12.**
15. Non-Resident Indian Members are requested to inform the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd, immediately of:
  - a) Change in their Residential status on return to India for permanent settlement.
  - b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### Item 8. Appointment of Mr. Subodh Kumar Jain as Director of the Company.

Mr. Subodh Kumar Jain was appointed as Additional Director of the Company w.e.f. 09.11.2012 by the Board of Directors in their meeting held on 08.11.2012. He was appointed as Independent Director of the Company. He is a Chartered Accountant and has long and rich experience of more than 30 years in various industries. Being an Additional Director he hold the office up to ensuing Annual General Meeting. As the Board has appointed him for a long-term purpose, therefore his appointment as a Director is being proposed in ensuing Annual General Meeting. The Company has received a Notice under section 257 of the Companies Act, 1956 proposing his candidature as Director.

Mr. Subodh Kumar Jain doesn't hold any Shares in the Company. Further, he is not related to any other Director of the Company.

Except Mr. Subodh Kumar Jain himself, none of the other Director is interested in above resolution.

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

### Item 9. Re-appointment of Mrs. Seema Jain as Whole-time Director of the Company.

Mrs. Seema Jain was re-appointed as Whole-time Director of the Company w.e.f. 01.04.2011 for a period of three years and her current tenure is due for completion on 31.03.2014. She is looking after Finance & Accounts Department of the Company. As the Company is growing with a decent rate and with the increase in operations of the Company her duties and responsibilities have increased significantly. Considering above, the Remuneration Committee and the Board felt it necessary to keep continue her services. Therefore, in the respective meetings held on 12.08.2013, the Remuneration Committee recommended her re-appointment on the revised remuneration as given in resolution and the Board of Directors re-appointed her as Whole-time Director for another term of three years w.e.f. 01.04.2014 subject to approval of the members of the Company.

Mrs. Seema Jain is wife of Mr. J.K. Jain, Chairman & Managing Director and mother of Ms. Aanchal Jain and Mr. Rahul Jain, Whole-time Directors of the Company. Hence, all 4 are related to each other. Further, these are promoters and major shareholders of the Company, therefore, deemed to be concerned or interested in this resolution.

Mrs. Seema Jain, hold 29,60,000 (24.74%) shares in her name. The whole promoter group hold 83,68,278 (69.96%) shares in the Company. Your Directors recommend this resolution for your approval as Special Resolution.

### Item 10. Re-appointment of Ms. Aanchal Jain as Whole-time Director of the Company.

Ms. Aanchal Jain was re-appointed as Whole-time Director of the Company w.e.f. 01.04.2011 for a period of three years and her current tenure is due for completion on 31.03.2014. She is looking after Human Resources affairs of the Company. During recent years the Company has witnessed good growth and also expanding its manufacturing capabilities. With the increase in operations of the Company the manpower of the Company has increased substantially and accordingly her duties and responsibilities have increased significantly. Considering above, the Remuneration Committee and the Board felt it necessary to keep continue her services. Therefore, in the respective meetings held on 12.08.2013, the Remuneration Committee recommended her re-appointment on the revised remuneration as given in resolution and the

Board of Directors re-appointed her as Whole-time Director for another term of three years w.e.f. 01.04.2014 subject to approval of the members of the Company.

Ms. Aanchal Jain is daughter of Mr. J.K. Jain, Chairman & Managing Director and Mrs. Seema Jain, Whole-time Director and sister of Mr. Rahul Jain, Whole-time Director. Hence, all 4 are related to each other. Further, these are promoters and major shareholders of the Company, therefore, deemed to be concerned or interested in this resolution.

Mrs. Aanchal Jain, hold 8,00,000 (6.69%) shares in her name. The whole promoter group hold 83,68,278 (69.96%) shares in the Company.

Your Directors recommend this resolution for your approval as Special Resolution.

### Item 11. Increase in Remuneration of Mr. Kashi Ram Yadav, Whole-time Director of the Company.

Mr. Kashi Ram Yadav was re-appointed as Whole-time Director of the Company for three years w.e.f. 25.10.2011 on the remuneration of Rs. 2,50,000/- per month plus other benefits, which he was drawing before his re-appointment. Last year, his remuneration was revised up-ward to Rs. 4,50,000/- per month w.e.f. 01.04.2012. He is looking after manufacturing operations of all factories of Company situated in North India and having a rich experience of more than three decades in the field of production and manufacturing operations of the Automotive Lightings, Signalling Equipments and Rear View Mirrors. He is associated with the Company for around two decades. The Company is growing with a decent rate and with the increase in operations of the Company his duties and responsibilities have increased significantly. Further, Company has also forayed into Indoor and Outdoor LED Lightings, which have additionally increased his responsibilities.

Keeping in view of above, the Remuneration Committee and the Board of Directors decided to review the Remuneration of Whole-time Directors including Mr. Kashi Ram Yadav. In the respective meetings held on 12.08.2013, the Remuneration Committee recommended the increase in remuneration of Mr. Kashi Ram Yadav from Rs. 4,50,000/- to Rs. 5,50,000/- plus other benefits as given in Resolution w.e.f. 1st April, 2013 for the remaining period of his current tenure and Board of Directors approved the increase subject to approval of the members of the Company.

Mr. Kashi Ram Yadav holds 338 Shares in the Company. Further, he is not related to any other Director of the Company.

Except Mr. Kashi Ram Yadav himself, none of the other Director is interested in above resolution.

Your Directors recommend this resolution for your approval as Special Resolution.

### Item 12. Increase in Remuneration of Mr. J.S.S. Rao, Whole-time Director of the Company.

Mr. J.S.S. Rao was re-appointed as Whole-time Director of the Company w.e.f. 01.12.2011 for a period of three years on the remuneration of Rs. 2,50,000/- per month plus other benefits, which he was drawing since December, 2008. Last year, his remuneration was also revised up-ward to Rs. 4,50,000/- per month w.e.f. 01.04.2012. He is looking after manufacturing operations of all factories situated in South India and also responsible for overseas operations of the Company. He is having a rich experience of around three decades in the field of production, manufacturing operations, strategic affairs in the Auto Component Industry. The Company is growing with a decent rate and with the increase in operations of the Company his duties and responsibilities have increased significantly. Additionally, operations in our south Units have increased because of establishment of new plant by our esteemed

customer, HMSI in Karnataka. This has further added to his responsibilities.

Remuneration Committee and the Board of Directors have reviewed the Remuneration of Whole-time Directors, including Mr. J.S.S. Rao in their meetings held on 12.08.2013. Considering all above, Remuneration Committee recommended the increase in Remuneration of Mr. J.S.S. Rao from Rs. 4,50,000/- to Rs. 5,50,000/- per month plus other benefits as mentioned in the Resolution w.e.f. 1st April, 2013 for the remaining period of his current tenure. The Board of Directors of the Company have also accepted the recommendation of the Remuneration Committee and approved the increase in the Remuneration subject to approval of the members of the Company.

Mr. J.S.S. Rao holds 12 Shares in the Company. Further, he is not related to any other Director of the Company.

Except Mr. J.S.S. Rao himself, none of the other Director is interested in above resolution.

Your Directors recommend this resolution for your approval as Special Resolution.

**The explanatory statement together with Notice and other annexed information are to be treated as abstracts of the variation in terms of appointment / re-appointment and Memorandum of concern or interest about Mrs. Seema Jain and Ms. Aanchal Jain, Mr. Kashi Ram Yadav and Mr. J.S.S. Rao pursuant to Section 302 of the Companies Act, 1956.**

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

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

**Place : Rai, Sonapat (HR.)  
Date : 12.08.2013**

<b>Brief Details of Directors seeking Appointment / Re-appointment as required under Clause 49 of the Listing Agreement</b>							
Particulars	Mr. Iqbal Singh	Mr. Charoen Sachamuneewongse	Mr. V. K. Malhotra	Mr. C.S. Kothari	Mr. S. K. Jain	Mrs. Seema Jain	Ms. Aanchal Jain
Date of Birth	20.07.1953	18.02.1947	01.02.1957	21.07.1948	22.08.1945	28.08.1954	01.12.1981
Date of First Appointment	05.10.2005	30.04.2009	04.08.2011	01.03.2005	09.11.2012	06.02.1989	02.12.1999
Qualification	Sr. Secondary	Sr. Secondary	B.Com	B.Com	Chartered Accountant	B.Sc	B.Sc, MBA
Category/ Designation	Independent Director	Independent Director	Independent Director	Independent Director	Independent Director	Whole-time Director	Whole-time Director
Brief Resume, Experience and Specialised Field	Businessman, with around three decades experience in Manufacturing, Trading and Exports.	Businessman, with more than 3 decades experience in Trading and International Business.	Businessman with around two decades experience in diverse businesses.	Businessman, with more than 3 decades experience in Business and Finance matters.	A Fellow Chartered Accountant having around 40 years experience in Auditing, Taxation, Finance and Consulting.	Entrepreneur with around 30 years of experience in Finance Matters.	Around 6 Years experience in Human Resources Management of the Company.
Directorships held in Companies, other than Fiem Industries Ltd.	-Parspex (India) Pvt. Ltd. -Harav India Pvt. Ltd.	Nil	Nil	Nil	Nil	Fiem Auto Pvt. Ltd.	Nil
Chairmanship(C) / Membership (M) of Committees held in Companies, other than Fiem Industries Ltd.	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shareholding in Fiem Industries Ltd. as on 12.08.2013.	20014	Nil	Nil	1	Nil	29,60,000 (24.74%)	8,00,000 (6.69%)

**Inter-se relation between Directors as required to be disclosed under Clause 49 of the Listing Agreement:**

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

Except above, none of the Directors who are seeking appointment / re-appointment are related to any other Director of the Company.

DIRECTORS' REPORT

Dear Shareholders,

Board of Directors of your Company have pleasure in presenting the 24th Annual Report on the affairs of the company alongwith the Audited Financial Statements for the financial year ended 31st March 2013 and the report of Statutory Auditors thereon.

FINANCIAL RESULTS

Particulars	(Rs. in Lacs)	
	F.Y. 2012-13	F.Y. 2011-12
Gross Sales	66048.55	57653.87
<b>Sales, Net of Excise</b>	<b>59887.57</b>	53022.67
Earning before Tax, Depreciation & Finance Cost	7022.09	6795.68
Less: Cost of Finance	1292.99	2075.55
Profit before Tax & Depreciation	5729.10	4720.13
Less: Depreciation	1834.75	1688.36
<b>Profit Before Tax</b>	<b>3894.35</b>	3031.77
Less: Tax Expenses	1162.93	917.28
<b>Profit After Tax</b>	<b>2731.42</b>	2114.49
Add: Balance brought forward from previous year	6199.53	4727.12
<b>Profit available for appropriation</b>	<b>8930.95</b>	6841.61
Less: Transfer to General Reserve	275.00	225.00
Less: Proposed Dividend	478.49	358.87
Less: Corporate Dividend Tax	81.31	58.22
<b>Balance carried to Balance Sheet</b>	<b>8096.15</b>	6199.53
<b>Earning Per Share (Rs.)</b>	<b>22.83</b>	17.68

BRIEF REVIEW

The economic scenario in F.Y. 2012-13 continued to be fraught with challenges amid slower growth and uncertainties. Operating in such difficult and testing environment is not less than a challenge.

For Automobile and Auto Component Industry, this year has remained extremely difficult as all the segments gripped in slowdown coped with drying demand. In Passenger Vehicle segments, passenger cars are testing worse times with a negative growth of 4.26% on production and negative growth of 6.69% in domestic sales. However, overall Passenger Vehicle segment has shown positive growth of 2.78% in production and 2.15% in domestic sales, registering an overall growth of 3.27% in total sales including exports, mainly because of robust demand of Utility Vehicles (UVs).

In two-wheeler segment the growth in production has remained slightly less than 2% and in domestic sales, slightly less than 3%. However, the production and sales growth in motorcycles has remained flat with less than 1% variation. In all these slow growth time even for two wheeler segment, the clear winner is scooter class, which has registered a production growth of 13.75% with 14.24% growth in domestic sales. As two-wheeler segment constitute a major part in overall business of your Company and in that too, your company is leader in scooters, hence this has remained a contributory factor in growth of Automotive Lighting and Mirrors business of your company. **[Auto Industry data source: SIAM]**

Despite all economic challenges, difficult situation and uncertainties of the Industry in which we operate, your Company has achieved a growth of 12.95%, as Net Sales for F.Y. 2012-13 has been Rs. 59887.57 Lacs in comparison to Rs. 53022.67 lacs in F.Y. 2011-12. Profit Before Tax is Rs. 3894.35 lacs in comparison to Rs. 3031.77 Lacs in F.Y. 2011-12. Profit After Tax has also increased with the increase in turnover and during F.Y. 2012-13 it was Rs. 2731.42 lacs in comparison to Rs. 2114.49 lacs, registering an increase of 29.18% over last year figure.

DIVIDEND

Since, the Company has come with IPO in year 2006, your Board of Directors has been continuously recommending dividend every year. So in continuance of

this practice and depending upon the growth in last year, Board of Directors has recommended a dividend of 40% (Rs. 4.00 per share) from the profits of the Company, for the year 2012-13 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.

TRANSFER TO RESERVES

In consonance to applicable Rules, an amount of Rs 275.00 Lac is transferred to General Reserve Account out of the profits for the financial year ended 2012-13.

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

In terms of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Mr. Iqbal Singh, Mr. Charoen Sachamuneewongse, Mr. Vinod Kumar Malhotra and Mr. Chatter Singh Kothari Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Resolutions for re-appointment of Mrs. Seema Jain and Ms. Aanchal Jain as Whole-time Directors w.e.f. 01/04/2014 are also to be considered in ensuing Annual General Meeting.

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

- Mr. C.D. Shah has resigned from the directorship and he was director up to 13.09.2012.
- Mr. Subodh Kumar Jain was appointed as additional director w.e.f. 09.11.2012. He is being proposed to be appointed as regular director and necessary resolution is being moved in the ensuing Annual General Meeting.

SUBSIDIARY 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.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard 21 on Consolidated Financial Statements read with other applicable provisions, the Audited Consolidated Financial Statements has also been prepared for FY 2012-13, which forms part of this Annual Report of your Company.

FIXED DEPOSITS

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

STATUTORY AUDITORS

M/s Anil S. Gupta & Associates, Chartered Accountants who retire at the conclusion of the 24th Annual General Meeting and being eligible are proposed for re-appointment. They have given their consent for re-appointment and certificate to the effect that the re-appointment, if made, would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

### **OBSERVATIONS IN AUDITORS' REPORT**

The observations made in the Auditors' Report are self-explanatory and therefore do not call for further comments, except Para 9(a) to the Annexure of their Report in respect of slight delay in payment of statutory dues in some cases. It is hereby explained and informed that, these statutory dues have since been paid.

### **PARTICULARS OF EMPLOYEES**

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

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

Your Company believes that corporates have a special social responsibility in comparison to other constituents of the society, because they play more active, constructive and cohesive role in the society. They touch every facet of society in one or other way and hence should have a more human face and spirit in their conduct and activities.

While profit motive derive any business, this should not be the sole motive of any business. Business must be driven by social reasons, growth spirit and supporting the society in more than one ways. There must be spirit, conduct and efforts of giving back to the society in every possible way. With this belief and as a responsible corporate citizen, your Company considers CSR as an integral part of its activities. Company gives back to the society and helps to form a sustainable society by providing the opportunities for the inclusive growth of women and underprivileged. Company support in many ways to communities among whom the Company operates. Besides following the spirit of CSR in its activities, 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's policies are strict for maintaining health, safety environmental and it takes a lot of initiatives for environment protection and encouragement for greener environment. CSR not only plays an important role in giving back to the society but also creates credibility, reputation and confidence for corporates among society at large, particularly among the communities where they operate.

### **COST AUDIT**

From F.Y. 2012-13 onwards, the Cost Audit has become applicable on all Automotive Components like Automotive Lighting & Signaling Equipments etc. manufactured by the Company. Hence, to conduct the Cost Audit for F.Y. 2012-13, Mr. Krishan Singh Berk, a practising Cost Accountant has been re-appointed as Cost Auditor by the Board of Directors of the Company.

For F.Y. 2011-12, Cost Audit Report was filed by the Company on 26/02/2013, which was with in the extended due date for filing the same. The Cost Audit Report for the year 2012-13 will be filed in due course.

### **MATERIAL CHANGES**

After the end of the Financial Year 2012-13 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, that:

- (i) In the preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for protecting & detecting fraud and other irregularities;
- (iv) The Annual Accounts for the year-ended 31.3.2013 have been prepared on a going concern basis.

### **ACKNOWLEDGEMENT**

Our OEM customers are the most important constituent in our business and your Directors gratefully acknowledge their patronage and confidence shown in the Company over the years and deeply value their relationship. Your Company is among the corporates who realize the importance of human capital on top priority and implement this belief throughout their business operations. With this belief, the Board of Directors of your Company wishes to place on record sincere appreciation for hard work and dedication of all employees and associates of the Company. Through out our journey of growth, we have been supported by banks, vendors and many other stakeholders who are connected with us by one or other way. Further, you the shareholders have continuously reposed faith in us and encouraged us during difficult times. Board of Directors deeply acknowledges the trust, confidence and support of all these stakeholders and look forward for it in future as well.

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

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

**Chairman & Managing Director**

**Place : Rai, Sonapat (HR.)  
Date : 12.08.2013**

ANNEXURE-'A' TO THE DIRECTORS REPORT

**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & Outgo as per Section 217(1)(e) read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988**

**CONSERVATION OF ENERGY**

The management of your Company is well informed about the supply - demand imbalance of the electric energy / power and shortage of electric generation capacity in the country. This supply-demand gap can be narrowed by increase in the generation of power and /or decrease in the demand of power. As it is an acknowledged and well known truth that generation of power takes long time and it is difficult to meet the ever increasing demand of the power, so it is always better to manage the demand side by way of reducing the demand and conserving the energy. It is a general truth that energy saved is nothing but energy produced. With this background and spirit, your company achieves the energy conservation objectives and follows various measures to conserve the energy.

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

1. Approximate 300 LED Lights of 25W installed in production area in place of 101W CFL tubes resulting in substantial saving of power in Rai and Kundli Plant.
2. 250W Mercury lights replaced by 45W LED lights in Rai Plant, resulting in huge energy saving.
3. To save the energy, the temperature of water chiller in Rai Plant of 80TR increased from 14°C-21°C to 17°C-21°C, without affecting the production.
4. Energy saving awareness programme conducted by Siemens and training imparted to concerned staff members as how to use minimum power while working.
5. Maintenance training imparted to operators and staff on a regular basis by outside experts, so that wastage of energy can be avoided.

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

Company has diversified into LED Indoor and Outdoor lighting solutions like LED Home Lighting, LED Solar Street Lighting, etc. As a light source, these products use LEDs which are highly energy efficient with long life span and will also work on Solar Energy. Company is investing steadily and judiciously in this area to give energy efficient, environment friendly and long lasting lighting solutions to the consumers in all walks of life, whether residential, commercial, infrastructure or Industrial etc.

As described above, Company is installing the LED Lights in all their new buildings and steadily replacing the old incandescent, mercury and CFLs across all plants. These in-house made products will be comparatively cost competitive and will directly reduce the power consumption over a long period of their life span. This is a one time investment, but will result in substantial saving of energy as well as substantially reduce the replacement cost because LEDs are having a very long life span in comparison to other conventional sources.

In Rai and Kundli Plant proposal is under consideration for replacing the old Hydraulic System in moulding machines with Servo Hydraulic System. It will save the energy cost by 25% to 35% on each machine.

Apart from above, energy conservation remains a subject of continuous improvement in all plants of the company and periodic reviews are carried out to improve upon these measures and proposals.

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

Energy or power constitutes a major cost factor in production and overall operations of the Company. Above measures have resulted in energy saving, cost saving as well as increase in efficiency of machines. 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:**

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**

Your Company operates in highly technology and research driven industry, where Research & Development is backbone for its growth and standing. Especially, new and ever evolving automotive lighting. Further, the company has also diversified into LED Indoor and outdoor lighting solutions. To drive these fields in next growth phase and for giving the innovative solutions to customers, Company is investing in the Research & Development programme of the Company inter-alia to achieve the following objectives:

- Developing state-of-the-art engineering capabilities and technology for Designing of Automotive Lightings, Rear View Mirrors, LED Lighting etc. to meet the requirement of Indian and Global OEMs and strengthen our capabilities for development of new generation Lamps and innovative products which will meet International Standards.
- Design & Development of new and improved products like LED Head Lamp, Rear Combination Lamps with energy efficient LEDs etc.
- Conducting simulation study of Thermal Management to maximize the efficacy of LED drives for LED Lighting applications both for domestic and automotive.
- Design and Development of Indoor and Outdoor LED Luminaire for industrial, commercial, infrastructure and domestic applications.

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).

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:**

- Developed many new Generation Lighting including LED Lamps for industrial and domestic applications.
- 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)
- Continuing in-house Designing and Development of LED indoor and outdoor Lighting by state of the art electronics and circuit board designed to withstand severe voltage level fluctuation.
- In-house Optical Designing and Simulation for headlamp, tail lamp, signaling lamps and LED lighting products for indoor and outdoor applications.
- In-house Design and Development for four wheeler LED Rear combination, LED direction indicator lamp.

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

- Diversified and large portfolio of lighting products developed.
- Development time/cost reduction, by way of modular designing.
- New generation LED technology in automotive and home lighting segments developed and improved.



- Development of LED based lighting solutions in automotive as well as non-automotive segments.
- Offering enhanced reliability and less lead time of development by use of latest software validation tools at various stages of development.
- In-depth robust Design and Engineering Database having quality gates at defined appropriate stages of development.

### 3. Future Plan of action:

- Research on OLED products.
- Design and development of LED Projector Lamps for high end applications.
- Research on using polymer based projector lenses.
- 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:

The Company had set-up its in-house R&D Unit at Rai Plant. During the year under review the Company has incurred on recurring expenses as well as invested in capital items for enhancing its engineering capabilities and technology for Designing of Automotive Lightings, Rear View Mirrors, LED Lighting etc. For this purpose, highly specialized and latest Designing & Development software purchased and work stations developed. To achieve the objective of R&D programme, highly experienced and qualified engineers joined in R&D Unit of the Company. in F.Y. 2011-12, Ministry of Science and Technology, Department of Science and Industrial Research had accorded its Recognition to our R&D Unit situated at Rai, Sonapat, Haryana w.e.f. 23rd December 2011.

The following expenses have been incurred by the company on its in-house Research & Development Unit:

Particulars	Amount in (Rs.)	
	2012-13	2011-12
<b>Capital Expenditure:</b>		
Capital Expenditure	<b>3,034,125</b>	17,068,380
<b>Total (A)</b>	<b>3,034,125</b>	17,068,380
<b>Recurring / Revenue Expenditure:</b>		
Employees Benefits	<b>37,084,713</b>	33,025,123
Other Expenses	<b>2,247,043</b>	2,062,674
Finance Cost	<b>1,777,407</b>	1,01,915
Depreciation & Amortization	<b>2,136,650</b>	2,56,166
<b>Total (B)</b>	<b>43,245,813</b>	35,445,878
<b>Grand Total (A+B)</b>	<b>46,279,938</b>	52,514,258

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

As stated above, the Company operates in highly technology and research driven industry. Along with Automotive Lighting and Mirrors etc., the newly

diversified field of LED Indoor and outdoor lighting solutions also require a high level and continuous improvement in the technology. Hence, technology absorption, adaptations and innovation are integral part of the operations of the company. Hence, the management of the Company has special focus in technology absorption, adaptation and innovation. Efforts for technology absorption, adaptation and innovation are in the area of product development, new process development and Improvement in existing production processes as well as overall manufacturing processes:

- In assembly lines of Head Lamp and Tail Lamp sensors provided at final inspection stations to detect any manual errors.
- Automatic simultaneous multi-screwing process introduced in Head Light assembly process.
- In 2W LED Tail Lamp vibration sealing process introduced, which has very high leak-proof reliability.
- Improvement was done in Hot Melt process by introduction of fixture and robotics programming instead of earlier manual process.
- Lens pressing and leakage testing was introduced at single stage instead of earlier two stage process.
- Manual Reflector focus adjustment was discontinued and it is being done automatically by machine.

### 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.
- LED introduction resulted in new range of products with better lighting results and better aesthetics.
- New process development and Improvement in existing production processes resulted in increased efficiency.
- This has also resulted into better manufacturing processes and confidence of the customers has increased.
- Process Engineering Department has successfully developed and further improved many Light testing and Leak testing machines / panels and installed these on assembly lines. These are better and cost effective substitute of the imports and it resulted in to saving in foreign exchange.

### 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year 2012-13), information as per Form B to above Rules may be furnished: - Not Applicable.

## EXPORT INITIATIVE AND FOREIGN EXCHANGE EARNING & OUTGO

### Activities relating to Exports:

Manufacturing of Automotive Lamps, signaling lamps and rear view mirrors, sheet metal and plastic molding parts are the main business activities of the Company and recently company has also diversified into LED Indoor and Outdoor lightings. Out of these, company exports Automotive Lamps, signaling lamps and rear view mirrors including mirror plates to other countries and these can be termed as activities relating to exports.

Company supplies these products in foreign markets to OEMs as well as to Tier-I Suppliers in other countries. A few of the customers in Europe imports our specialized lights and supplies further in replacement market. Further, our OEM customer in India, also supplies their fully built vehicles in foreign markets, for

## ANNUAL REPORT 2012-13

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.

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

While our domestic sales are growing fast, exports sales are growing steadily. Therefore, management is taking new initiatives to increase the exports pie and development of new market. In this process, the existing relations with our valued global OEMs giving us a greater confidence. These initiatives are turning into business opportunities and recently, we have been selected by our esteemed customer Honda as their Global Supplier for selected high end Motorcycle of 670 cc. Our esteemed customer M/s Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI) has also bestowed on us "Honda Global Support Supplier 2012-13" Award.

FIEM is a known brand in Automotive Lighting and Rear View Mirrors in international OEMs and is considered as synonymous of High Quality & Low Cost manufacturing Company. The brand image is further strengthening by supplying to world repute OEMs located in India and company has carved a niche as a quality manufacturer. World-class manufacturing facilities of the Company, giving enormous confidence to our customer and we are leveraging these strengths with our valued OEMs for fulfilling their global supply needs.

As a growth oriented organization we keep exploring opportunities to forge strategic new partnership with top class Tier-1 suppliers in foreign markets, which would provide synergies of forging core competencies of both partners and would create new opportunities for exports as well as growth of overall business.

During the year 2012-13, foreign exchange earning and outgo had been as under:

Foreign Exchange Outgo		Amount (In Rs. lacs)	
S. No.	Particulars	2012-13	2011-12
1.	Value of Import on CIF basis	1795.04	2513.68
2.	Finance Cost	139.59	118.89
3.	Salary to Staff	62.30	118.15
4.	Travelling expenses	43.97	54.45
5.	Consultancy Charges	19.93	14.15
6.	Others	36.81	14.48
<b>TOTAL</b>		<b>2097.64</b>	<b>2833.80</b>

Earning in Foreign Exchange		Amount (In Rs. lacs)	
S. No.	Particulars	2012-13	2011-12
1.	Export Sale on FOB Value	1510.89	1125.92
2.	Testing Fee Received	2.08	4.73
3.	Packing & Forwarding	2.30	1.63
4.	Mould & Die Modification Charges	-	11.57
5.	Other Income	0.18	0.85
<b>TOTAL</b>		<b>1515.45</b>	<b>1144.70</b>

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### ECONOMIC OVERVIEW:

#### Global Economy

Global economic scenario in FY 2012-13 has broadly remained challenging amid slow improvement over previous year. Economies throughout the world witnessed slower growth and Eurozone was full of uncertainties due to high unemployment, banking issues and general recession. Some recovery in US Economy is considered as a positive sign but that is a small positive among so many negatives. In Asian economies, China experienced a considerable slow growth in a political transition phase.

#### Indian Economy

During FY 2012-13, India's macroeconomic position could be categorized as difficult and policy landscape was not on comfort level. Throughout the year Retail FDI Policy was remained in news but nothing concrete could be achieved. Opposition political parties and number of business leaders openly aired their views about the prevailing policy uncertainties in the country for last couple of years. Indian currency is depreciating against USD and other foreign currencies, which is resulting in high import cost. As India's fuel requirement is substantially dependent on imports, therefore prices of petrol, diesel and related products are on rising trends, which are fuelling more inflation. Rupee depreciation, alarming import bill, increasingly current account deficit (CAD) and drying-up FDI have reduced India's foreign exchange reserve to alarming situation. Recently there was general appeal from the government for not purchasing the gold, because oil and gold are among largest import commodities for India. Among all these challenging time, country's economic growth hit a decade low of 5 per cent in the FY 2012-13 on account of poor performance in the farm, manufacturing and mining sectors. The shadow of slowdown was across the economy, sparing no single industry or sector.

#### Outlook

Witnessing the decade low growth of 5% in FY 2012-13, across the board it was the view that the economy has bottomed out, and from here we should see only

upward trend, however largely the economists were also of the view that the support available to the economy is not very strong for a quick recovery.

In the beginning of FY 2013-14, some optimism and hope was there and economists were of the view that India's economy is poised for a gradual recovery in 2013-14, driven by large investment projects and foreign direct investment. The other reasons for optimistic views were lower rates, favorable monsoon, gradual pickup in investments, and a modest consumption recovery, due to lower rates and pre-election year spending.

However, as the year progressed, the growth projections were revised downward and in July, 2013 the central bank, in its First Quarter Review of Monetary Policy, cut the growth projection for 2013-14 to 5.5 per cent from an earlier estimate of 5.7 per cent. RBI kept the key rates unchanged and advised the government to take urgent steps to contain the current account deficit. The government in February had estimated 6.5 per cent growth for 2013-14.

Lowering of the economic growth projection by the RBI to 5.5 per cent in the current fiscal is industry's biggest worry as it would have serious implications on critical aspects, including job creation.

With above developments, outlook for growth of Indian economy looks around 5.

A large number of business leaders and economists are of the view that Indian economy needs a more enabling environment from government that encourages investment in manufacturing to produce goods for the huge domestic market of a continent size economy of billion plus people. This will help in reducing imports, increase in exports, resulting in saving of precious foreign exchange, reducing the trade deficit / CAD and will strengthen the falling rupee in addition to creating the employment.

### INDUSTRY STRUCTURE AND DEVELOPMENTS: AUTOMOBILE & AUTO COMPONENTS:

Structurally, Indian Auto Industry consists of:

- Automobile Industry (OEMs) and
- Auto Component Industry (Component Suppliers).

## AUTO INDUSTRY

Automobile Industry (OEMs)	Auto Component Industry (Component Suppliers)
Passenger Vehicles (Cars, Utility Vehicles and Vans),	<ul style="list-style-type: none"> <li>• Lighting equipments like head lamp, tail lamps and other ancillary lamps. Rear View Mirrors, trims, body parts, plastic and sheet metal parts, panel instruments etc.</li> <li>• Engine and engine parts, cooling system, air-conditioners, heat system , power train components etc.</li> <li>• Electrical parts, ignition system, switches, spark plugs, wiring harness, control systems, horns etc.</li> <li>• Transmission system, steering system, gear systems, axles, clutches &amp; brakes system, suspension system, shock absorbers etc.</li> <li>• Chasis, sheet metal parts, die-casting, forging components, wheels, tires and many more.</li> </ul>
Commercial Vehicles (Medium, Heavy & Light CVs-passenger carriers and goods carriers),	
Three-Wheelers (passenger carriers and goods carriers),	
Two-Wheelers (Scooters, Motorcycles, Mopeds)	
Tractors and off- highway vehicles	

**Table 1: The above table just shows an illustrative list of components by Auto Component Industry.**

Over a period of time, Indian automobile industry has grown significantly and it ranks sixth in world after US, China, Japan, Brazil and Germany. OEMs from all across the world, particularly from Japan, Korea, Europe and America have established their base in India. With the passing of time, Indian players like Tata Motors, Mahindra & Mahindra etc. have grown into multinationals by expanding their footprints in other parts of the world. Many other players have substantially contributed to the growth of the industry. Two-wheeler players like HMSI, TVS, Hero MotoCorp, Bajaj have expanded their capacity and reach. Automobile Industry is now among the biggest industry in our economy.

Structurally, Auto Component Industry is very vast and fragmented. The components manufactured by the auto component players run in to thousands and a number of auto component suppliers supply components to make a single vehicle. In this way auto component industry acts as ancillary to Automobile Industry it acts like a vendor-partner in production of any automobile whether

passenger vehicle, commercial vehicle, two wheeler, three wheeler or any other automobile equipments or vehicle. Automobile OEMs fulfill their components requirements from the Auto Component Manufacturers to make a complete vehicle.

In addition to OEMs, replacement markets also form the substantial part of Auto component Industry. Indian Auto Component Industry constitute organized and un-organized sector. Organized sector mainly OEMs focused and unorganized sector mainly dependent on Replacement Market. However, organized players also supply to Replacement Market.

### INDUSTRY OUTLOOK-AUTOMOBILE & AUTO COMPONENTS:

During previous two years, Automobile Industry in India has been able to achieve a decent growth rate of 13.83% in production in FY 2011-12 and 27.45% in FY 2010-11. However, after double digit growth in previous years, Automobile industry

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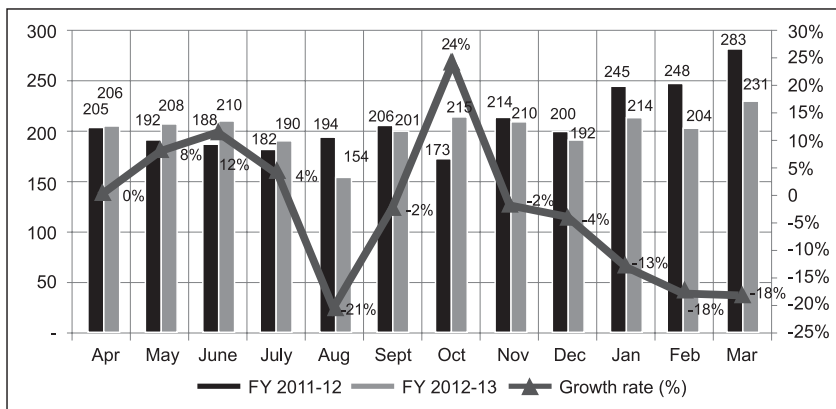
keep struggling throughout the year in FY 2012-13 and able to register a production growth of just 1.20%. This marginal growth was mainly because of overall slow growth in the economy and Automobile Sector was not an exception. Further, challenges were compounded by high interest rates and periodic increase in already high prices of fuel. Due to uncertainty and low growth in the economy, spending of the people remains limited and people keep deferring the vehicle purchases.

During FY 2012-13, the scenario for export sales was also not encouraging and across the board the growth was in negative territory, except UVs and Cars, which shown positive exports of around 58% and 8.60%, respectively. The good growth in UVs is much because of their diesel version and increasing liking among the Indian consumers for UVs.

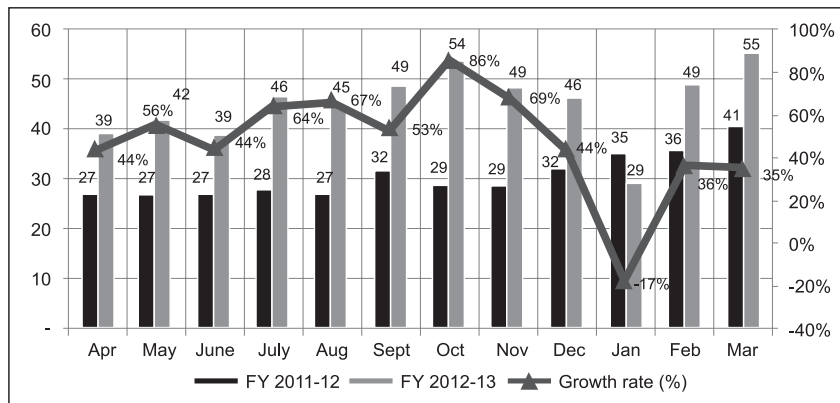
**Table2 : Automobile Production and Sales: Comparison 2011-12 Vs 2012-13**

Automobile Production and Sales : Comparison 2011-12 Vs 2012-13 (Number of Vehicles in Lacs)												
Category	Production			Domestic Sales			Exports			Total Sales		
	11-12	12-13	% Gr	11-12	12-13	% Gr	11-12	12-13	% Gr	11-12	12-13	% Gr
<b>Passenger Vehicles:</b>												
Passenger Cars	25.37	24.29	-4.26	20.31	18.95	-6.69	5.02	5.45	8.60	25.33	24.40	-3.66
Utility Vehicles(UVs)	3.71	5.65	52.29	3.64	5.54	52.20	0.05	0.08	58.23	3.69	5.62	52.29
Vans	2.38	2.39	0.62	2.35	2.37	1.08	0.02	0.02	-12.25	2.37	2.39	0.97
<b>Total Passenger Vehicles</b>	<b>31.46</b>	<b>32.34</b>	<b>2.78</b>	<b>26.30</b>	<b>26.86</b>	<b>2.15</b>	<b>5.09</b>	<b>5.55</b>	<b>9.02</b>	<b>31.39</b>	<b>32.41</b>	<b>3.27</b>
<b>Commercial Vehicles</b>												
<b>Three Wheelers</b>	<b>8.79</b>	<b>8.40</b>	<b>-4.50</b>	<b>5.13</b>	<b>5.38</b>	<b>4.87</b>	<b>3.62</b>	<b>3.03</b>	<b>-16.22</b>	<b>8.75</b>	<b>8.41</b>	<b>-3.85</b>
<b>Two Wheelers:</b>												
Scooters	26.59	30.25	13.75	25.59	29.23	14.24	0.94	0.91	-3.55	26.53	30.14	13.61
Motor Cycles	119.83	119.04	-0.65	100.73	100.86	0.12	18.72	18.67	-0.27	119.45	119.52	0.06
Mopeds	7.86	7.92	0.82	7.77	7.89	1.53	0.09	0.03	-63.55	7.86	7.92	0.78
<b>Total Two wheelers</b>	<b>154.28</b>	<b>157.21</b>	<b>1.90</b>	<b>134.09</b>	<b>137.98</b>	<b>2.90</b>	<b>19.75</b>	<b>19.61</b>	<b>-0.72</b>	<b>153.84</b>	<b>157.59</b>	<b>2.43</b>
<b>All Categories Total</b>	<b>203.82</b>	<b>206.26</b>	<b>1.20</b>	<b>173.62</b>	<b>178.16</b>	<b>2.61</b>	<b>29.38</b>	<b>28.99</b>	<b>-1.34</b>	<b>203.00</b>	<b>207.14</b>	<b>2.04</b>

[Source: SIAM]

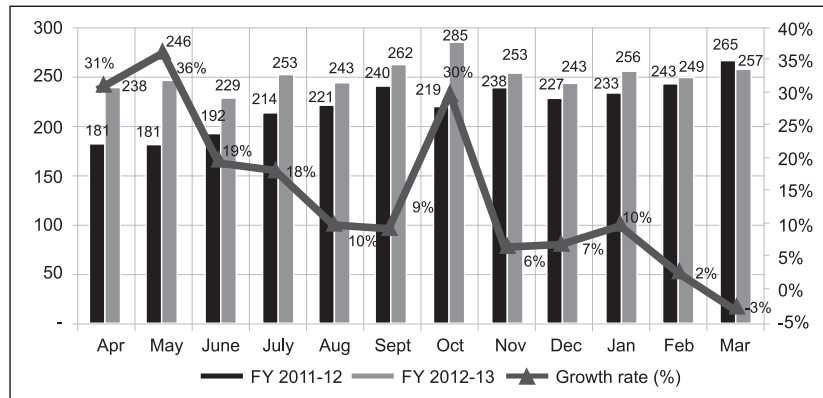


Graph-1: Passenger Car Sales [Source: SIAM]

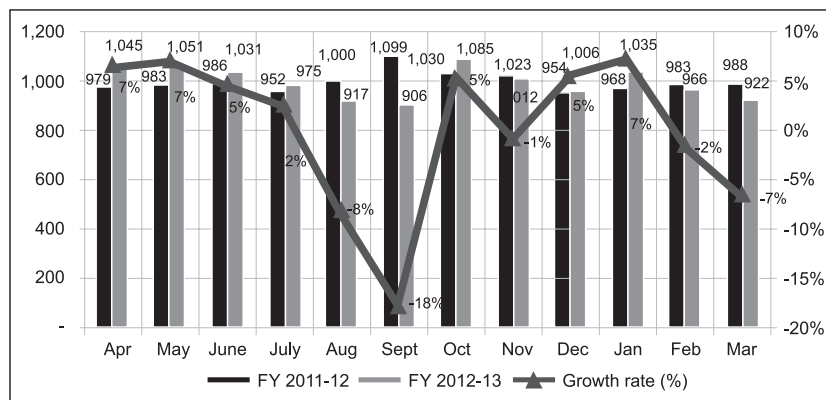


Graph-2: UV Sales (in '000) [Source: SIAM]

From Table 2 and Graphs 1 and 2 it is clear that throughout the year, Cars have remained in negative growth territory barring 2-3 months, resulting in negative growth of around 4% in FY 2012-13. However, Utility Vehicles have shown a good growth of around 52% in the passenger vehicles segment and remained positive throughout the year. The main reason of growth of UVs is diesel option in the UVs and increasing liking in the Indian consumers for UVs. This trend is expected to continue as more and more young buyers like the UVs.



Graph-3: Scooters Sales (in '000) [Source: SIAM]



Graph-4: Motorcycles Sales (in '000) [Source: SIAM]

From the Table 2 and Graphs 3 and 4, we can see that during the year 2012-13, the growth in motorcycles and mopeds has remained flat and clear winner is scooter which has shown a good growth of around 14%, despite overall challenging year for automobile. The reason for this good growth in the scooters is because scooters becoming good and easy option for local commuting for daily use. Further it is becoming favorite among ladies and school going children in addition to the regular male consumers. As the Company is the biggest supplier of automotive lighting and side view mirrors to the scooters, so this is an encouraging factor for the company's growth. Company expects that the growth momentum in scooters will continue over a long period.

During previous years, Industry body SIAM in association with E&Y have carried out research-study and projected following figures for Automobile Industry in 2015 and 2020. The segment-wise growth projections are as under:

Sr.	Industry Segment	Projected Volume by 2015 (Units'000)	Projected Volume by 2020 (Units'000)
1	Passenger Vehicles	5100	8700 - 9700
2	Small Commercial Vehicles	670	1100 - 1220
3	Light Commercial Vehicles	360	470-530
4	Medium & Heavy Commercial Vehicles	390	540 -600
5	Two & Three Wheelers	22100	30000- 33500
6	Tractors	710	940 -1050

Segment Wise Future Projections for Automobile Industry[Source: SIAM-EY Study]

Though, year 2012-13 has proved a year of minuscule growth of just 1.20% and it defied all growth projections, however it looks that this is mainly because of overall challenging environment in the economy and prevailing negative sentiments. On rebound of the economy, auto industry should again come on growth momentum and sustain its growth trajectory in long term.

## OPPORTUNITIES & THREATS:

### Auto-Component Business:

Barring FY 2012-13, Indian automobile and auto component industry was growing with a decent pace and Industry players are using India as manufacturing hub for exports as well as to take benefits of domestic demand of an emerging country with huge demography. However, the current phase of tough environment have slightly shaken this fast track growth journey and it looks that rebound of economy and high growth phase of Indian auto Industry will take some time to recover.

The current phase of uncertainty and challenging macro economic factors cannot shadow the perception about Indian economy as big opportunity and a promising country. The long-term growth drivers are intact and the economy should rebound sooner than later.

Indian Auto Industry have some intact key growth drivers like growing urbanization and emergence of new cities, low automobile penetration till now - a lot of scope for further penetration, burgeoning middle class with rising per capita GDP etc. These all factors will act as strong boosters for growth of 2- Wheeler segment. With the increase in vehicles, growth of auto component will be automatic. Further, replacement market is big market for auto components.

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India has emerged as robust manufacturing base because of various advantages over other countries like large & growing domestic demand, faster product development capabilities, high quality standards, export capabilities, availability of skilled manpower, well conversant with global automotive standards etc.

As per auto component industry estimates, OEMs consumes around 60% of the total turnover and 25% goes to replacement market in India, rest 15% is in the export markets. During the tough times, replacement market plays a crucial role as every auto component manufacturer try to tap this market more aggressively.

As per industry estimates and research reports, Indian auto component industry was around USD 43.4 billion in 2012 and expected to grow with a CAGR of around 11% to reach around USD 66 billion in 2015 and USD 115 billion by 2021. Exports were around USD 5.2 billion in 2011 and expected to grow at CAGR of 18.8% and expected to touch USD 29 billion by 2021.

Taking positive vibes from the ample growth potential in Indian auto component industry, the Company is continuously solidifying its position in Auto-component business by judiciously seizing the strategic growth opportunities and expanding product portfolio. Company has grown step-by-step to current position of being the leading OEM supplier of automotive lighting and rear view mirrors. During last 5 years, the company has grown by a CAGR of more than 22%.

Indian automobile & auto component industry also faces some threats related to structural issues, which are generally typical with a growing and emerging economy. First and foremost of these are Infrastructure challenges like road, ports and power. Depreciating home currency is another issue, which is increasing the cost of imports. Prevailing weak economic sentiments are also cause of concern for the growth. Further, global economic challenges adversely impact the growth of the industry.

### LED Indoor and Outdoor Lighting

While Company continuously growing in Auto-component business, it has already diversified into LED indoor and outdoor lighting business, which will provide the new growth driver. Company is manufacturing a large range of LED products like LED Home Lighting, LED Bulbs and tubes, LED Solar Street Lighting, Multi-Functional Torches cum Flasher Lights, LED Solar Lanterns, LED Display panels for buses and trucks and LED display signal systems for Railways etc.

Company believes that LED is the future of lighting technology and it will change the landscape of lighting industry. 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 the price ladder. Indian LED lighting Industry is still at nascent stage and Company looking to convert this opportunity into growth engine by leveraging its decades old core competency in lighting, in-house manufacturing, quality and testing facilities supported by a strong brand 'FIEM'.

To derive growth of the Company in high trajectory, the management has focused on quality products at reasonable prices where it can have clear and beneficial value proposition. Management aspires to achieve this by manufacturing almost all components of LED Luminaire in-house to maintain stringent quality standards and control the costs.

Despite all macro-economic volatilities, management look at the future with optimism, hence further strengthening capabilities of Company on all fronts whether manufacturing, R&D, testing, quality or marketing to achieve sustainable growth of the company.

Like any other industry, LED Lighting industry also have some threats or challenges like cheap import from China, lack of awareness among Indian consumers about the benefits of LED lighting, less penetration, high initial costs etc. However, with increase in overall market size of LED lighting and entry of more and more serious players these challenges should disappear and LED Lighting should emerge as a sustainable lighting option.

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

The Company has grown step-by-step to current position of being the leading OEM supplier of automotive lighting and rear view mirrors. During last 5 years of turbulent economic scenario, the company has grown by a CAGR of more than 22%, demonstrating strong resilience and consistency in its overall performance.

The year 2012-13 has remained a year of macro economic uncertainties and slow growth across the industry spectrum, not a single industry or sector has remained unaffected. During FY 2012-13, Indian Auto Industry has grown by just 2.04% in sales and 1.20% in production. In more specific terms, passenger vehicle segment has grown by 3.27% in sales, thanks to higher demand in utility vehicles; otherwise cars have shown a negative growth of around 4%. Two-wheeler segment has also grown by a meagre 2.43% in sales. It shows the overall slow growth across the Auto Industry. On this backdrop, the company has registered a decent growth of 12.95% in FY 2012-13 by achieving a net turnover of Rs. 598.88 Crores in comparison to Rs. 530.23 Crores in last year. Profit after tax has also increased from Rs. 21.14 Crores in FY 2011-12 to Rs. 27.31 Crores in FY 2012-13 registering an increase of 29.18%.

A snapshot of financial performance during FY 2012-13 is given in following table:

(Rs. In Lacs)

Particulars	2012-13	Profitability	2011-12	Profitability
Net Sales	59,887.57	-	53,022.67	-
Profit before Tax	3,894.35	6.50%	3,031.77	5.72%
Profit after Tax	2,731.41	4.56%	2,114.49	3.99%

Company is engaged into manufacturing of auto components and main product line are Automotive Lighting & Signaling Equipments, Rear View Mirrors, Sheet Metal Parts, Plastic Moulded Parts and some other components. Company supplies these parts to all leading OEMs in India and also exports to other countries. Company also supplies these parts into Replacement Market all over India.

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

(Rs. in Lacs)

Product Category	2012-13	%age of Total	2011-12	%age of Total	Change (%age)
Lights, signaling equipment and parts	47,070.41	71.27%	41,768.78	72.45%	-1.18%
Rear View Mirror and Parts	8,663.89	13.12%	7,649.73	13.27%	-0.15%
Sheet Metal Parts	1,920.87	2.91%	1,826.20	3.17%	-0.26%
Plastic Moulded Parts	6,629.93	10.04%	4,419.91	7.67%	2.37%
Other Misc. Items (Balance)	1,763.44	2.67%	1,989.24	3.45%	-0.78%
<b>Total</b>	<b>66,048.55</b>	<b>100%</b>	<b>57,653.86</b>	<b>100%</b>	<b>0.00%</b>

Around 71% of the Total Turnover come from Lighting and Signaling Equipments and close to 13% comes from the Rear View Mirrors. Plastic Moulded Parts is the third biggest product line with 10% share in total turnover.

Company has diversified into LED indoor and outdoor lighting business and manufacturing a large range of LED products like LED Home Lighting, LED Bulbs and tubes, LED Solar Street Lighting, Multi-Functional Torches cum Flasher Lights, LED Solar Lanterns, LED Display panels for buses and trucks and LED display signal systems for Railways etc. which also forms part of above turnover.

## RISKS AND CONCERNS:

In recent times, companies across the board are facing rising cost of raw material, which are affecting their EBITDA margins. Further, India is still to come-up with the global peers in respect of technology capabilities and government should support auto component industry in this endeavor. Indian companies are fast integrating with the global economy and have big opportunities in exports and expanding their footprints in global arena. While globalization and liberalization giving big opportunities to Indian companies, it has its own implications, like

companies suffer for any problem in the global economy despite good performance at domestic front. Indian Auto Component Industry is not an exception and affected because of slowdown in global economy in addition to domestic reasons.

The current prevailing concerns is surging fuel prices. Increase in fuel prices impacted the growth in Automobile Industry and people are concerned about the running cost of the vehicle. 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. Therefore, it is less likely that surging fuel prices will grossly impact the two-wheeler purchases. However, any slowdown in demand of two-wheelers may impact the growth of the Company as substantial business of company come from two-wheeler segment of the Automobile Industry.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The internal control system of Company is framed with the objective of optimising resources and protection of assets and resources and ensuring safety of all the constituents, i.e. man, material and machines. 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 that 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.

To supplement the internal control system Cross function Teams conduct the checks and inspections. 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:**

Your Company takes pride in belief that people, values and culture form the most important resource for any growing organization. HR practices and systems should create most conducive environment for the employees to deliver superior performance and continuous learning will enhance the overall capability of the Company. Across the eight units, depots 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.

Toward its Corporate Social Responsibility, Company accomplishes women empowerment by recruiting more woman employees and impart them necessary training. In Assembly lines maximum numbers of workers are women. The facilities given to women employees are best in the industry like canteen, transportation, uniform, lockers, restroom etc.

The Company operates in a highly technology driven industry, which warrant the capabilities of employee comparable in any part of the world. Hence to enhance the capability of the employees, necessary training is imparted regularly for all the key operations. TQM, 5S, Kaizen, 6 Sigma etc. are regular modules/processes for enhancing the skills, productivity and efficiency of the employees.

With the employee friendly policies of the management, the relations with the employees have remained cordial. Like last years, employees' satisfaction is among best in the Industry.

#### **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 Corporate Governance Report is based on the practices followed by the Company's Board and senior management as per business requirement and applicable laws and regulations. In compliance to Clause 49 of the Listing Agreement, the Board of the Company presents this Report on Corporate Governance.

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

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. Good Corporate Governance should be a way of life in its entire spectrum of operations. With this philosophy, management implements its governance practices across the organization.

Management of the company believes that 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. To achieve this objective, Board always look for new strategic-fit business opportunities, which can be converted into growth engines for next phase of growth by judiciously applying resources with utmost financial propriety. In this way, good Corporate Governance ensures maximizing the shareholder value. It is important to focus on the sustainability of business models for longer times, which should be resilient enough to withstand the up & downs of economic cycles.

### 2. BOARD OF DIRECTORS:

#### 2.1 Composition of the Board

The 12 members in the Board bring diverse experience, vast expertise, deep knowledge & skills with varied perspective to the governing body of the Company. Out of 12 Members, six are Independent Directors and another six are Whole-time Directors. 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 31.03.2013
1	Mr. J.K. Jain	CMD Promoter	Nil	Nil	1891111
2	Mrs. Seema Jain	EPD	Nil	Nil	1754420
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	312693
6	Mr. Rahul Jain	EPD	Nil	Nil	4314116
7	Mr. Iqbal Singh	ID	Nil	Nil	20014
8	Mr. Charoen Sachamuneewongse	ID	Nil	Nil	Nil
9	Mr. C.S. Kothari	ID	Nil	Nil	1
10	Mr. Amitabh Prakash Agrawal	ID	Nil	Nil	Nil
11	Mr. Vinod Kumar Malhotra	ID	Nil	Nil	Nil
12	Mr. C.D. Shah (upto 13.09.12)	ID	Nil	Nil	N.A.
13	Mr. Subodh Kumar Jain (w.e.f. 09.11.12)	ID	Nil	Nil	Nil

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 2012-13 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.D. Shah	Resignation	14.09.2012	Independent Director
2.	Mr. Subodh Kumar Jain	Appointment	09.11.2012	Independent Director

#### 2.3 Board Meetings

During the Financial Year 2012-13, five Board Meetings were held on 09.05.2012, 06.08.2012, 18.08.2012, 08.11.2012 and 25.01.2013.

#### 2.4 Directors Attendance Record

The attendance of directors at the above Board Meetings and at the previous Annual General Meeting held on 29th September 2012 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	4/5	Yes
8	Mr. Charoen Sachamuneewongse	0/5	No
9	Mr. C.S. Kothari	5/5	Yes
10	Mr. Amitabh Prakash Agrawal	0/5	No
11	Mr. Vinod Kumar Malhotra	4/5	Yes
12	Mr. C.D. Shah	0/3	N.A.
13	Mr. Subodh Kumar Jain (w.e.f. 09.11.12)	1/1	N.A.



## 2.5 Profile of Directors:

### Brief Profile of the Directors:

**Mr. J. K. Jain**, aged 61 years, is the Chairman and Managing Director of the Company. He hails from a business family and is one of the pioneers in the automotive lighting industry in India. After completing his graduation in Commerce from Delhi University, he got involved in family business of manufacturing of automotive lighting and signaling equipments. In the year 1977, he set-up another proprietary concern namely 'Fiem Auto & Electrical Industries' to tap the business from OEM Customers. Keeping in view the pace of the automotive industry and the growing customer demand, he set-up another Company in the year 1989, namely 'Rahul Auto Pvt. Ltd.' (now Fiem Industries Ltd.) for manufacturing of rear view mirrors along with automotive lighting & signaling equipments. After visualizing the potential growth in the Indian Automobile Industry, he initiated action for re-structuring of all the units under 'Fiem Industries Ltd.' Being founder promoter, he has been instrumental in the growth of the Company since beginning. He has a number of awards and recognitions to his credit; some of these are as under:

1. Udyog Rattan Award by The Institute of Economic Studies (2005),
2. Rashtriya Samman 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, Sri Lanka. (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 58 years, is the Whole-time Director of the Company. She is wife of Mr. J.K. Jain. She completed her B.Sc. from Lady Erwin College of Delhi in 1974. She hails from a business family and looked after the day-to-day business activities of her family business since her college days. She looks after the finance functions of the Company.

**Mr. Rahul Jain**, aged 26 years, is a Whole-time Director of the Company. He is son of Mr. J.K. Jain and Mrs. Seema Jain. He has done B.Sc. (Management) from the Indian Institute of Learning Management (IILM), New Delhi. He is involved in all the business activities of the Company and takes part in all strategic affairs, new initiatives and corporate planning of the Company.

**Ms. Aanchal Jain**, aged 31 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 B.Sc. in Management from the Indian Institute of Learning Management (IILM), New Delhi and Masters in Business Administration in Human Resource and Management from Indiana Institute of Technology, USA. She is overseeing the human resource management functions of the Company.

**Mr. J. S. S. Rao**, aged 56 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 57 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. Chatter Singh Kothari**, aged 65 years, is an Independent Director on the Board of the Company. He is a Commerce Graduate from University of Delhi. He is running his own business and has an experience of over 32 years in the field of finance and marketing. He has been appointed as a Non executive Director of the Company on March 1, 2005.

**Mr. Iqbal Singh**, aged 60 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 66 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 57 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 56 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 67 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.

## 2.6 Inter-se relationship among the Directors as on 31.03.2013

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.

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## 3. AUDIT COMMITTEE

The Audit Committee consists of Mr. Chatter Singh Kothari, Mr. Iqbal Singh and Mr. Vinod Kumar Malhotra as its members. All the members of the Committee are Independent Directors. W.e.f. 09/11/2012, Audit Committee reconstituted and Mr. Subodh Kumar Jain inducted in Audit Committee and Mr. Iqbal Singh resigned from the membership of the Committee. Mr. Subodh Kumar Jain was elected as Chairman by the Committee. Hence, presently Mr. Subodh Kumar Jain is the 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:

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

### 3.1 Audit Committee Meetings

During the Financial year ended 31.03.2013, five meetings of the Audit Committee were held on 09.05.2012, 06.08.2012, 18.08.2012, 08.11.2012 and 25.01.2013. 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	1	1
2	Mr. C.S. Kothari	5	5
3	Mr. Iqbal Singh	4	4
4	Mr. V.K. Malhotra	5	4

## 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 is the Chairman of the remuneration committee.

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

### 4.1 Remuneration Committee Meeting

During the Financial year ended 31.03.2013, two meetings of the Remuneration Committee were held on 06.08.2012 and 18.08.2012, which were 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 31.03.2013 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	54,00,000	Nil	Nil	54,00,000
4	Ms. Aanchal Jain	12,00,000	Nil	Nil	12,00,000
5	Mr. Kashi Ram Yadav	55,44,864	Nil	Nil	55,44,864
6	Mr. Rahul Jain	18,00,000	Nil	Nil	18,00,000
7	Mr. Iqbal Singh	Nil	Nil	Nil	Nil
8	Mr. Charoen Sachamuneewongse	Nil	Nil	Nil	Nil
9	Mr. C.S. Kothari	Nil	Nil	Nil	Nil
10	Mr. Amitabh Prakash Agrawal	Nil	Nil	Nil	Nil
11	Mr. Vinod Kumar Malhotra	Nil	Nil	Nil	Nil
12	Mr. C.D. Shah (up to 13.09.2012)	Nil	Nil	Nil	Nil
13	Mr. S.K. Jain (w.e.f. 09.11.2012)	Nil	Nil	Nil	Nil

### Notes:

1. The Company does not have any Stock Option Scheme or performance-linked incentives for the Directors.
2. The Remuneration Committee considers and recommends the remuneration on appointment/re-appointment of Whole-time 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 General Meeting and Central Government, wherever required. There is no provision for notice period, service contract and severance fees for the Directors.
3. The Company has not paid any sitting fees to the non-executive directors for Board or Committee Meetings.
4. Mr. Kashi Ram Yadav was elevated to the Board w.e.f. 25.10.2008. Prior to that he was working in the Company as regular employee of the Company. The above remuneration of Rs. 55,44,864 for Financial Year 2012-13 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.
5. The above remuneration does not include provisions for leave encashment and gratuity as the same is provided on actuarial basis for the Company as a whole. The amount pertaining to directors is not separately ascertainable and therefore not included above.
5. **SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE**  
The Shareholders / Investors Grievance Committee constituted for redressal of shareholders and investors' complaints like non-receipt of share certificates sent for transfer, non-receipt of balance sheets, non-receipt of declared dividends, matters related to transfer, transmission, dematerialization, re-materialization and other similar related matters to the shareholders. The Committee consists of Mr. Chatter Singh Kothari, Mr. Kashi Ram Yadav and Mr. Rahul Jain as its members. Mr. Chatter Singh Kothari is the Chairman of the committee.
- 5.1 **Shareholders/ Investors Grievance Committee Meetings**  
During the Financial year ended 31.03.2013, two meetings of the Shareholders/ Investors' Grievance Committee were held on 06.08.2012

and 25.01.2013. 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	2	2
2	Mr. Rahul Jain	2	2
3	Mr. Kashi Ram Yadav	2	2

## 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 31.03.2013 are as under:

Sr. No.	Particulars	Opening Complaints	No. of Complaints received	No. of Complaints resolved	Pending Complaints
1.	Received directly from Investor	Nil	05	05	Nil
2.	Received through BSE	Nil	01	01	Nil
3.	Received through NSE	Nil	Nil	Nil	Nil
4.	Received through SEBI	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>06</b>	<b>06</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
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.
2009-10	30.09.2010	Suryadev Motel & Resort, G.T. Karnal Road, Village Alipur, Delhi-110036	10.00 a.m.

Special Resolutions passed in above-mentioned 3 AGMs held on 30.09.2010, 30.09.2011 and 29.09.2012 are as under:

#### Special Resolutions passed at the A.G.M. held on 30.09.2010:

In the A.G.M. held on 30.09.2010, no Special Resolution was passed by the Shareholders.

#### 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.

## 6.2 Resolutions through Postal Ballot:

No special resolution was passed by way of postal ballots at the last AGM. At the ensuing AGM also, there is no special resolution proposed to be passed through postal ballots.

## 7. DISCLOSURES

### 7.1 Disclosure on materially significant related party transactions that may have potential conflict with the interest of the Company at large:

- a) The Related Party Disclosures / Transactions have been reported elsewhere in this Annual Report in 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. Further, no personnel have been denied access to the Audit Committee.

### 7.4 Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause.

The Company has complied with mandatory requirements and has constituted a Remuneration Committee from the non-mandatory requirements.

### 7.5 The members of the senior management have made disclosure to the Board relating to all material financial and other transactions, if any, stating that they did not have personal interest that could result in a conflict with the interest of the Company at large.

### 7.6 The Company follows the Accounting Standards issued by the Institute of Chartered Accountants of India and has not adopted a treatment different from that prescribed in Accounting Standards.

### 7.7 The Chairman & Managing Director and Chief Financial Officer of the Company have certified about financial statements, internal control and accounting policies etc. for Financial year 2012-13 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 published in Financial Express and Jansatta (Hindi) Newspapers. The results are also posted on the website of the Company www.fiemindustries.com. During the year the Company has not issued any official news release.

## 9. GENERAL SHAREHOLDER INFORMATION:

### a) Date, time and Venue of the 24th AGM:

Monday, the 23rd September 2013 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.

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## c) Book Closure Date

The Register of Members and Share Transfer Books of the Company will be closed from Saturday, September 14, 2013 to Monday, September 23, 2013 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.

## d) Dividend Payment Date

If declared at the AGM, Dividend payment will start from 27th September, 2013.

## e) Listing on Stock Exchanges

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

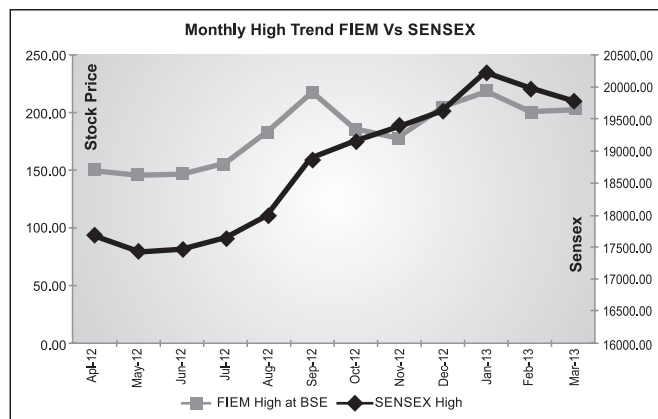
Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Ltd.	Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.	FIEMIND
B S E Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	532768

The Annual Listing Fees for the year 2013-14 has been paid by the Company to both the Stock Exchanges.

## f) Market Data: Monthly High and Low Share Price during Financial Year 2012-13 (in Rs.)

Month	NSE		BSE	
	High	Low	High	Low
April, 2012	151.00	133.00	148.90	133.00
May, 2012	146.00	116.65	145.00	123.00
June, 2012	146.50	127.00	145.95	131.05
July, 2012	155.00	131.50	154.00	132.00
August, 2012	182.80	121.95	182.00	136.00
September, 2012	216.50	151.10	216.55	167.00
October, 2012	185.00	164.40	185.05	161.60
November, 2012	179.00	162.50	177.50	169.90
December, 2012	203.95	170.05	203.90	174.00
January, 2013	219.90	180.05	219.00	184.20
February, 2013	199.90	185.00	200.00	184.00
March, 2013	202.00	176.70	202.00	185.00

## g) Comparison of FIEM High Vs Sensex High during Financial Year 2012-13



## 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 31.03.2013

Distribution by category:

Shareholding Pattern as on 31.03.2013

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
(2)	Non-Institutions			
(a)	Bodies Corporate	97	1358478	11.36
(b)	Individuals	4315	1379535	11.53
(c)	Any Other (specify)-			
	i. Non Resident Indians	38	683224	5.71
	ii. Directors & Their Relatives	4	20365	0.17
	iii. Clearing Members	39	48295	0.40
	iv. Foreign Corporate Bodies	1	104051	0.87
	<b>Total Public Shareholding</b>	<b>4494</b>	<b>3593948</b>	<b>30.04</b>
	<b>TOTAL (A)+(B)</b>	<b>4500</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	4284	344305	2.88
2	501 to 1000	100	79572	0.67
3	1001 to 2000	38	56398	0.47
4	2001 to 3000	11	29124	0.24
5	3001 to 4000	6	22957	0.19
6	4001 to 5000	4	18020	0.15
7	5001 to 10000	9	62485	0.52
8	10001 and above	48	11349365	94.88
	<b>Total</b>	<b>4500</b>	<b>11962226</b>	<b>100</b>

## k) Dematerialization of shares and Liquidity status as on 31.03.2013

Sr. No.	Demat / physical	No. of Shares	Free to Trade / lock-in	%age of Total shares
1	NSDL	25,45,542	Free to trade	21.28
2	CDSL	92,92,052	Free to trade	77.68
3	Physical	1,24,632	Free to trade	1.04
	<b>Total</b>	<b>1,19,62,226</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.

**m) Plant Locations**

The Company has Eight Plants. The name & address are as under:

Unit I	Unit II	Unit III
32 Mile Stone, G. T. Road, Kundli, Sonapat, Haryana	219/2B, Thally Road, Kallukondapalli, Hosur, Tamil Nadu	Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu
Unit IV	Unit V	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	
Plot No. 1915, Rai Industrial Estate, Phase -V, Distt. Sonapat, Haryana.	Plot No. SP1-C, Industrial Area Tapukara, Distt. Alwar, Rajasthan.	

**n) Address for Correspondence**

Registered Office Address:	D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi-110015
Corporate Office Address	Plot No. 1915, Rai Industrial Estate, Phase-V, Distt. Sonapat, Haryana, 131029

**o) Prevention of Insider Trading**

In accordance with requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended, the Company has instituted a comprehensive code of conduct for prevention of Insider Trading in Company's Shares.

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

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

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, 2013, 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, Sonepat  
Date : 30/05/2013**

## **CERTIFICATION BY MANAGING DIRECTOR AND CFO FOR FINANCIAL YEAR 2012-13**

**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 2012-13 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; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Place : Rai, Sonapat (HR)**  
**Date : 30.05.2013**

**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, 2013.

**Place : Rai, Sonapat (HR)**  
**Date : 30.05.2013**

**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 Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2013, 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

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"). 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. 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 2013;
- (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.
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

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

Place: Rai, Sonapat (HR.)  
Dated: 30/05/2013

# ANNUAL REPORT 2012-13

## 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 given unsecured interest free loan of Rs 588,000 to a wholly owned foreign subsidiary of the company. In respect said loans, the maximum amount outstanding at any time during the year is Rs 2,460,900 and the year end balance is Rs 2,310,400.
  - 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 not taken any loans secured or unsecured from companies, firms or other parties covered in register maintained under section 301 of Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act. 1956 have been so entered.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(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

Name of Statute	Nature of Due	Period to which it Pertains	Amount in Rs	Forum where dispute is Pending
The Central Excise Act, 1944	Modvat Credit of Excise Duty	December 1996 to October 1997	2,507,076	CESTAT, New Delhi
		<b>Total</b>	<b>2,507,076</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: 30/05/2013**

## BALANCE SHEET AS AT 31ST MARCH 2013

(Amount in Rs)

	Note No.		AS AT 31.03.2013	AS AT 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	119,622,260	119,622,260	
b) Reserves & Surplus	3	<u>1,562,327,914</u>	<u>1,323,714,935</u>	1,443,337,195
			1,681,950,174	
<b>NON CURRENT LIABILITIES</b>				
a) Long term borrowings	4	761,845,309	949,899,157	
b) Deferred Tax Liabilities (net)	36	242,138,350	193,044,610	
c) Other Long term Liabilities	5	17,370,488	25,917,928	
d) Long Term Provisions	6	<u>7,937,907</u>	<u>6,242,392</u>	
			1,029,292,054	1,175,104,087
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings	7	303,542,912	441,651,469	
b) Trade Payables	8	745,612,536	644,092,643	
c) Other Current Liabilities	9	494,051,748	429,263,535	
d) Short Term Provisions	10	<u>73,707,899</u>	<u>53,010,791</u>	
			1,616,915,095	1,568,018,438
<b>TOTAL</b>			<b><u>4,328,157,323</u></b>	<b><u>4,186,459,720</u></b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	11	2,915,537,865	2,805,423,944	
ii) Intangible assets	11	10,868,903	9,641,949	
iii) Capital work-in-progress	11	14,789,546	13,730,080	
iv) Intangible assets under development		-	-	
b) Non-current investments	12	462,040	462,040	
c) Long term Loans and Advances	13	80,870,563	72,152,916	
d) Other non current assets	14	<u>1,077,229</u>	<u>992,229</u>	
			3,023,606,146	2,902,403,158
<b>CURRENT ASSETS</b>				
a) Current Investments		-	-	
b) Inventories	15	486,655,422	457,368,185	
c) Trade receivables	16	688,179,925	670,701,432	
d) Cash and Bank Balances	17	15,318,178	52,656,923	
e) Short term Loans and Advances	18	108,935,160	101,569,272	
f) Other current assets	19	<u>5,462,492</u>	<u>1,760,749</u>	
			1,304,551,177	1,284,056,562
<b>TOTAL</b>			<b><u>4,328,157,323</u></b>	<b><u>4,186,459,720</u></b>

Significant Accounting Policies and

Notes to financial Statements.

1 to 54

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

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

Place : Rai, Sonapat (HR.)

Date : 30/05/13

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2013**

(Amount in Rs)

	Note No.	Current Year 2012-13	Previous Year 2011-12
<b>INCOME</b>			
Sale of Products (Gross)		6,604,854,683	5,765,386,761
Less :- Excise Duty		<u>616,097,717</u>	<u>463,119,614</u>
Net Sales		5,988,756,966	5,302,267,147
Other Operating revenue		33,389,912	33,156,098
Revenue from Operation (Net)	20	6,022,146,878	5,335,423,245
Other Income	21	3,526,568	3,008,307
<b>TOTAL REVENUE (A)</b>		<b>6,025,673,446</b>	<b>5,338,431,552</b>
<b>EXPENSES</b>			
Cost of Raw Materials and Components Consumed	22	3,576,469,898	3,127,490,376
Purchase of Stock-in-Trade	23	81,035,447	91,654,310
Changes in Inventories of Finished Goods,			
Work in progress and Stock in trade	24	1,046,850	(40,268,472)
Employees Benefits Expenses	25	707,703,837	611,869,263
Other Expenses	26	957,208,784	868,117,758
Finance Costs	27	129,298,819	207,555,986
Depreciation and Amortization Expense	11	183,474,781	168,835,612
<b>TOTAL EXPENSES (B)</b>		<b>5,636,238,417</b>	<b>5,035,254,832</b>
<b>PROFIT BEFORE TAX (A-B)</b>		<b>389,435,029</b>	<b>303,176,720</b>
<b>TAX EXPENSES</b>			
Current Tax (MAT payable)		76,600,000	61,629,655
Less : MAT Credit Entitlement		<u>9,400,000</u>	<u>16,329,655</u>
a) Net Current Tax Expense		67,200,000	45,300,000
b) Deferred Tax		<u>49,093,740</u>	<u>46,428,183</u>
		116,293,740	91,728,183
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>273,141,289</b>	<b>211,448,537</b>
Basic and Diluted Earning per Equity Share			
(Nominal value Rs 10 per share)	41	22.83	17.68

Significant Accounting Policies and

Notes to financial Statements. 1 to 54

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

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

 Place : Rai, Sonapat (HR.)  
 Date : 30/05/13

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

Particulars	2012-13		2011-12	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit Before Tax As Per Statement of Profit and Loss		389,435,029		303,176,720
<b>Adjustments for</b>				
Depreciation & Amortization	183,474,781		168,835,612	
Loss on sale/discarded of Fixed Assets	1,698,510		1,608,824	
Adjustment of Income Tax for Earlier Year	49,113		-	
Unrealised Foreign Exchange (Gain)/Loss	(775,649)		(3,349,617)	
Provision for Bad & Doubtful Debts	(6,802,829)		4,405,705	
Bad Debt written-off	4,917,914		7,173,472	
Interest Income	(2,716,170)		(2,469,933)	
Exchange Difference on Derivatives Contracts	29,072,594		46,836,952	
Finance Costs	129,298,819	338,217,083	207,555,986	430,597,001
<b>Operating Profit before Working Capital Changes</b>		727,652,112		733,773,721
Adjustment for (Increase)/decrease in Operating Assets				
Inventories	(28,947,356)		(35,712,212)	
Trade and Other Receivables	(15,622,854)		(219,307,750)	
Other Current Assets & Loan and Advances	(11,134,291)	(55,704,501)	57,714,387	(197,305,575)
Adjustment for Increase/(decrease) in Operating Liabilities				
Trade Payable & Other Current Liabilities and Provisions	142,106,342	142,106,342	90,602,838	90,602,838
<b>Cash Generated from Operating Activities</b>		814,053,953		627,070,984
Exchange Difference on Derivatives Contracts	(29,442,319)		(48,290,023)	
Income Tax Paid (Including Tax Deducted at Source)	(71,982,151)	(101,424,470)	(59,660,317)	(107,950,340)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		712,629,483		519,120,644
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Including Capital Advances)	(282,495,885)		(547,826,450)	
Sale of Fixed Assets	2,965,200		3,376,062	
Deposit with Banks having maturity over three month	268,000		811,690	
Interest Received on Bank Deposits	1,818,164		2,133,201	
<b>NET CASH (USED) IN INVESTING ACTIVITIES</b>		(277,444,521)		(541,505,497)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013 (Contd...)

(Amount in Rs)

Particulars	2012-13		2011-12	
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Dividend Paid	(35,886,678)		(29,905,565)	
Corporate Dividend Distribution Tax Paid	(5,821,716)		(4,851,431)	
Finance Costs Paid	(158,895,533)		(178,263,428)	
Exchange Loss on Repayment of Foreign Currency Loan	(15,211,096)		(1,615,536)	
Increase/(Decrease) in Long-Term Borrowing	(118,358,223)		215,125,565	
Increase/(Decrease) in Short-Term Borrowing	(138,108,557)		60,532,857	
<b>Net Cash (used)/from Financing Activities</b>		(472,281,803)		61,022,462
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		(37,096,840)		38,637,609
Opening Balance of Cash & Cash Equivalents		52,388,923		13,626,115
Effect of Exchange Rate Change		26,095		125,199
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>15,318,178</b>		<b>52,388,923</b>
<b>Components of Cash and Bank Balance</b>				
Cash in Hand		2,084,489		1,521,621
Balances with Banks on Current Account		11,798,040		13,120,984
Deposit with Banks having maturity less than three months		1,165,000		37,507,640
Deposit with original maturity more than 3 month but less than 12 month		-		268,000
Unpaid Dividend Accounts		270,650		238,678
<b>Cash and Bank Balances (Refer Note No.-17)</b>		<b>15,318,178</b>		<b>52,656,923</b>
Less:-Deposit with original maturity more than 3 month but less than 12 month		-		268,000
<b>Cash and Cash Equivalent in Cash Flow Statement</b>		<b>15,318,178</b>		<b>52,388,923</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 Accountants

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 30/05/13

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

1. Significant Accounting Policies Followed by The Company

Corporate Information

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.

During the year, the company has made diversification into LED Luminaries. It has started the production of LED luminaries comprising of indoor and outdoor lighting, display panels etc. The company's registered office is in New Delhi and it has several manufacturing plants and depots across the country. The research and development unit is situated at Rai, Sonapat, Haryana. It has one wholly owned foreign subsidiary in Japan. Its shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

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 except for certain revalued fixed assets and those items covered under "Accounting Standard-30" on "Financial instruments: Recognition and Measurement" which have been measured at their fair value. 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. Tangible and Intangible Fixed Assets

(i) Tangible assets are valued at the historical cost of acquisition, construction or manufacturing cost, as the case may be, except for certain fixed assets, which have been stated at revalued amounts less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies (Net of tax/duty credits availed, if any,) installation and commissioning expenses and all incidentals cost attributable to bringing the assets to its working condition. Interest on borrowings and financing costs during the period of construction or installation of fixed assets which take substantial period of time to get ready for its intended use up to the date of commencement of commercial production is added to the cost of respective tangible assets.

- (ii) Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.
- (iii) Own manufactured tangible assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.
- (iv) 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.
- (v) In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the pervious financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of depreciable fixed assets.

D. 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.

E. Inventories

- (i) Raw materials, components, stores and spare are valued at lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a First in First Out basis (FIFO).
- (ii) Semi-finished goods and finished goods are valued lower of cost or net realizable value. Cost includes direct materials and direct labour and a proportion of manufacturing overheads based on normal operating capacity. Finished stocks lying in the factory premises, branches, Depots are valued inclusive of excise duty.
- (iii) Manufactured and bought out moulds, block & dies for sale are valued at lower of cost or net realizable value. Manufactured moulds, block & dies include direct material, direct labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a First in First Out basis (FIFO).
- (iv) Inventories of non-reusable waste say scrap for which facilities for reprocessing do not exist have been valued at net realizable value.
- (v) Goods in transit are stated as a component of inventories if the significant risk and rewards of ownership have passed to the company and valued at actual cost incurred up to the date of Balance Sheet.

F. 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.



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

- (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) Technical know-how 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.

### G. 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. 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 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) Interest income is accounted on accrual basis.

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

- (i) Government grants and subsidies are recognised in the statement of profit and loss account 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

### I. 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.

### J. 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.

### K. Employee Benefits

- (i) Retirement Benefits in the form of Provident Fund and ESI schemes are a defined contribution plans and the contributions are charged to 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.

### L. Expenditure on New Projects and Substantial Expansion

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

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

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.

### N. 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

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

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) Provisions for current taxes are presented in the balance sheet after off-setting advance taxes paid.

**O. 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 amorized 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.

**P. 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.

**Q. Impairment**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated, an impairment loss is recognized whenever the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use.

In assessing Value in use, the estimated future cash flows is discounted to their present value based on an appropriate discount factor.

**R. Cash and Cash Equivalents**

Cash and cash equivalents 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.

**S. 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.

**T. 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.

The Foreign currency forward contracts are fair valued at each reporting date. The Company records the gain or loss on effective hedges, if any in the "Hedging Reserve Account" until the transactions are complete. On completion, the gain or loss is transferred to statement of profit and loss account or adjusted to the fixed assets, as the case may be, of that period. To designate foreign currency forward contracts as an effective hedge, the management objectively evaluates and evidence with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flow attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the statement of profit and loss. Currently, hedge undertaken by the Company are effective in nature and the resultant gain or loss consequent to fair valuation is recognized in the Hedging Reserve Account until the transaction is complete, at each reporting date.

Derivative Financial Instruments is presented under "Other current liability".

Derivative Financial Instruments are fair valued at the exchange rate prevailing at the reporting date.

**U. 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"

**V. 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.

**W. 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.

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<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>
<b>a) Terms/rights attached to equity shares</b>		
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>b) Aggregate number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date</b>		
1,04,065 fully paid up equity shares of Rs10/- each allotted during 2007-08 to the shareholders of M/s Fiem Sung san (India) Limited Pursuant to its Amalgamation without payment being received in cash.		
<b>c) The Details of shareholder holding more than 5% shares in the company (Equity share of Rs 10 each fully paid up)</b>		
Name of the Shareholder	AS AT 31.03.2013	AS AT 31.03.2012
	No of shares      % held	No of shares      % held
1) Rahul Jain	4,314,116      36.06%	4,187,694      35.00%
2) J.K. Jain	1,891,111      15.81%	1,891,111      15.81%
3) Seema Jain	1,754,420      14.67%	1,656,573      13.85%
<b>d)</b>	There is no change in share capital of the company, therefore no reconciliation for share capital is reported.	
<b>3 RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVE</b>		
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	22,757,200	23,749,226
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026	992,026
Total (b)	21,765,174	22,757,200
Total (a+b)	139,242,452	140,234,478
<b>SECURITIES PREMIUM RESERVE</b>		
As per Last Balance Sheet	509,972,343	509,972,343
<b>GENERAL RESERVE</b>		
As Per Last Balance Sheet	76,000,000	53,500,000
Add :- Transferred from Surplus in the statement of Profit and Loss	27,500,000	22,500,000
	103,500,000	76,000,000
<b>HEDGING RESERVE (Refer Note No. 48 &amp; 49)</b>	-	(22,444,541)
<b>SURPLUS -OPENING BALANCE</b>	619,952,655	472,712,512
Add:- Net profit after tax transferred from Statement of Profit and Loss	273,141,289	211,448,537
Amount Available for Appropriation	893,093,944	684,161,049
Less :- Appropriations		
i) Proposed Dividend	47,848,904	35,886,678
ii) Corporate Dividend Tax	8,131,921	5,821,716
iii) Transfer to General Reserve	27,500,000	22,500,000
	83,480,825	64,208,394
<b>SURPLUS -CLOSING BALANCE</b>	809,613,118	619,952,655
<b>TOTAL</b>	<b>1,562,327,914</b>	<b>1,323,714,935</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

4 LONG TERM BORROWINGS  
(SECURED LOANS)

PARTICULARS	NON CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31.03.13	AS AT 31.03.12	AS AT 31.03.13	AS AT 31.03.12
<b>TERM LOANS FROM BANKS</b>				
a) Indian Rupee Loan	410,485,331	558,124,221	145,118,888	132,525,552
b) Foreign Currency Loan	339,289,181	378,512,314	121,238,916	93,689,860
	<u>749,774,512</u>	<u>936,636,535</u>	<u>266,357,804</u>	<u>226,215,411</u>
<b>VEHICLE LOANS</b>				
a) from Banks	9,630,542	9,722,504	9,179,380	8,113,205
b) from Others	2,440,255	3,540,119	1,099,864	995,611
	<u>12,070,797</u>	<u>13,262,623</u>	<u>10,279,245</u>	<u>9,108,816</u>
<b>TOTAL</b>	<b>761,845,309</b>	<b>949,899,157</b>	<b>276,637,049</b>	<b>235,324,227</b>

**INDIAN RUPPE TERM LOAN FROM BANKS INCLUDES**

- a) From Citibank N.A.: - Loan outstanding as at 31.03.13 Rs 56,982,715 (Previous year Rs 63,000,000) 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 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 Standard Chartered Bank :- Loan outstanding as on 31.03.13 Nil (Previous Year Rs 16,206,933).
- c) From State bank of Patiala :- Loan outstanding as on 31.03.13 Rs 183,988,170 (Previous Year Rs 220,642,839) 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 carries floating interest rate of 11.75% and 12.75%. The Loan is Secured against First Pari Passu charge alongwith Axis Bank 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).
- d) From Axis Bank :- Loan outstanding as on 31.03.13 Rs 314,633,334 ( Previous year Rs 390,800,000) :- 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 carries floating interest rate of 11.75% and 12.25%. The Loan is Secured against First Pari Passu charge with State Bank of Patiala 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.

**FOREIGN CURRENCY TERM LOAN FROM BANKS INCLUDES**

- a) From CITIBANK N.A. :- Loan outstanding as on 31.03.13 Rs 100,000,000/- (Previous Year Nil) 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 31.03.13 Rs 222,434,348 (Previous year Rs 324,902,174). 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 31.03.13 Rs 138,093,750 (Previous year Rs 147,300,000). 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 INCLUDES**

- a) Vehicle loan from banks and others outstanding as on 31.03.13 are Rs 22,350,042 (Previous year Rs 22,371,439) secured against hypothecation of the respective vehicles acquired out of proceeds thereof. The Loans carries interest rate between 10% to 12%.

	1-2 years	2-3 years	3-4 years	4-5 years
Maturity Profile of Term Loan and Vehicle Loan	290,222,322	248,941,348	153,131,639	69,550,000

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

		AS AT 31.03.2013	AS AT 31.03.2012
<b>5 OTHER LONG TERM LIABILITIES</b>			
a) Advances from Customers		17,302,520	25,689,750
b) Foreign Currency Monetary Item Translation Difference Account (note no. 40)		67,968	228,178
<b>TOTAL</b>		<b>17,370,488</b>	<b>25,917,928</b>
<b>6 LONG TERM PROVISIONS</b>			
Provision for Retirement Benefits			
a) Leave Encashment		7,937,907	6,242,392
<b>TOTAL</b>		<b>7,937,907</b>	<b>6,242,392</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	303,542,912		341,651,469
b) Foreign Currency Loan	-		100,000,000
		303,542,912	441,651,469
<b>TOTAL</b>		<b>303,542,912</b>	<b>441,651,469</b>
<b>Indian Rupee Loan includes</b>			
a) From Citibank NA :- Loan outstanding as at 31st March 2013 Rs 303,623,937 (Previous Year Rs 237,814,029) 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 12.25%. 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 2013 is NIL (Receivable Rs 81,025/-) (Previous Year Loan of Rs 103,837,440) 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 12.90%. 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>Foreign currency Loan includes</b>			
a) From Citibank NA :- Loan outstanding as at 31st March 2013 -NIL (Previous Year Rs 100,000,000 )			
<b>8 TRADE PAYABLES</b>			
a) Micro, Small and Medium Enterprises	5,627,210		2,191,637
b) Others	739,985,326		641,901,006
		745,612,536	644,092,643
<b>TOTAL</b>		<b>745,612,536</b>	<b>644,092,643</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 intimation received, on requests made by the company, with regards to vendors registration under the said Act.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>9 OTHER CURRENT LIABILITIES</b>		
a) Current Maturity of Long- term debt (See Note 4)	276,637,049	235,324,227
b) Interest accrued but not due on borrowings	3,141,277	4,510,965
c) Interest accrued and due on borrowings	4,579,922	5,266,073
d) Investor Education and Protection Fund will be credited by following amount (as and when due)		
- Unpaid Dividend	270,650	238,678
e) Advances from Customers	74,853,261	35,393,552
f) Security Deposits Received	11,600,810	11,206,655
g) Creditors for Capital Expenditure	27,289,111	31,259,605
h) Liabilities for Expenses	60,087,814	44,833,480
i) Mark to Market Losses on Derivative Contracts	-	22,444,541
j) Statutory Dues payable	35,591,855	38,785,759
<b>TOTAL</b>	<b>494,051,748</b>	<b>429,263,535</b>
<b>10 SHORT TERM PROVISIONS</b>		
1) Provision for Retirement Benefits		
a) Leave Encashment	1,629,628	914,679
b) For Gratuity	1,332,545	850,509
	2,962,173	1,765,188
2) Other Provisions		
a) Provision for Taxation		
I. Income tax (net of advance tax)	8,488,324	3,831,994
II. Wealth Tax	650,000	590,000
III. Corporate Dividend Tax	8,131,921	5,821,716
	17,270,245	10,243,710
b) Proposed Dividend	47,848,904	35,886,678
c) Warranties	1,497,048	1,325,567
d) Excise Duty	4,129,529	3,789,648
<b>TOTAL</b>	<b>73,707,899</b>	<b>53,010,791</b>

**Proposed Dividend**

During the year ended 31.03.13, the amount of Rs 4.00 per share as dividend recognized for distributions to equity shareholders ( Previous Year Rs 3.00 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 31.03.13 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	31.03.13	31.03.12
Opening Balance	1,325,567	1,043,226
Addition	1,497,048	1,325,567
Utilization	1,640,190	1,027,845
Reversal	(314,623)	15,381
Closing Balance	<b>1,497,048</b>	<b>1,325,567</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

**11. FIXED ASSETS**

(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION & AMORTIZATION			NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 01.04.2012	For the Year	Deductions	As at 31.03.2013	As at 31.03.2012
<b>1. Tangible Assets</b>								
Land Free hold	293,554,387	-	-	-	-	-	293,554,387	293,554,387
Land Lease hold	173,060,130	12,538,591	-	3,493,610	2,569,248	-	179,535,862	169,566,519
Buildings	776,047,711	67,687,369	-	81,311,371	26,810,654	-	735,613,055	694,736,340
Plant & Equipment	1,659,887,314	110,753,660	4,186,700	372,354,582	89,127,513	2,440,596	1,307,412,776	1,287,532,733
Furniture & Fixtures	68,485,830	13,500,865	74,832	19,214,786	5,274,721	3,749	57,426,105	49,271,044
Vehicles	82,998,371	12,838,091	6,291,889	32,814,767	7,041,513	3,516,636	53,204,929	50,183,604
Office Equipment	22,615,122	3,576,988	74,267	6,229,683	1,827,202	2,999	18,063,957	16,385,439
Mould, Block & Dies	295,403,191	60,188,877	-	157,036,656	36,766,860	-	161,788,551	138,366,535
Tools & Equipments	40,318,666	4,199,861	-	23,527,093	5,773,093	-	15,218,341	16,791,574
Electrical Installations	100,637,439	9,705,365	-	21,482,834	5,407,336	-	83,452,635	79,154,606
Computers	31,699,677	2,513,285	-	21,818,512	2,127,180	-	10,267,266	9,881,165
<b>Total</b>	<b>3,544,707,840</b>	<b>297,502,951</b>	<b>10,627,688</b>	<b>739,283,894</b>	<b>182,725,320</b>	<b>5,963,980</b>	<b>2,915,537,865</b>	<b>2,805,423,944</b>
Previous Year	2,876,794,461	676,373,533	8,460,154	575,648,226	167,110,936	3,475,268	2,805,423,944	-
<b>2. Intangible Assets</b>								
Computer Software	19,220,711	2,968,441	9,292,659	9,578,762	1,741,487	9,292,659	10,868,903	9,641,949
Development Expenditure	10,801,235	-	10,801,235	10,801,235	-	10,801,235	-	-
Technical know-How	2,028,613	-	2,028,613	2,028,613	-	2,028,613	-	-
<b>Total</b>	<b>32,050,559</b>	<b>2,968,441</b>	<b>22,122,507</b>	<b>22,408,610</b>	<b>1,741,487</b>	<b>22,122,507</b>	<b>10,868,903</b>	<b>9,641,949</b>
Previous Year	24,860,224	7,190,335	-	19,691,908	2,716,702	-	9,641,949	-
<b>3. Capital Work-in-Progress</b>								
<b>Grand Total</b>	<b>3,576,758,399</b>	<b>300,471,392</b>	<b>32,750,195</b>	<b>761,692,504</b>	<b>184,466,807</b>	<b>28,086,487</b>	<b>2,926,406,768</b>	<b>2,815,065,893</b>
Previous Year	2,901,654,685	683,563,868	8,460,154	595,340,133	169,827,638	3,475,268	2,815,065,893	-

**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 buildings includes an amount of Rs. 11,369,746 being amount paid for purchase of guest house, the registration of which is still pending in the name of Company.
- Addition to mould, block & dies includes inhouse development of moulds, block & dies amounting to Rs. 9,059,145 (Previous year Rs. Nil)
- Gross Block of Land free hold includes Rs. 117,477,278 and gross block of Buildings includes Rs. 29,701,382 on account of revaluation carried out in the past years based on reports issued by Government approved valuers.
- Additions of fixed assets includes Rs. 15,512,780 (Previous Year-Rs. 16,783,273) 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	9,726,526	-
ii. Fixed assets under installation	5,063,019	9,496,127
iii. Fixed assets in transit	-	4,233,953
<b>Total</b>	<b>14,789,546</b>	<b>13,730,080</b>

	Rs.	Rs.
	Current Year	Previous Year
	184,466,807	169,827,638
	992,026	992,026
	<u>183,474,781</u>	<u>168,835,612</u>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>12 LONG TERM INVESTMENTS</b>		
1) Investment in Equity Instruments (unquoted) in Subsidiaries		
a) 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	2,62,040
2) in Others		
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	2,00,000
<b>TOTAL</b>	<b>462,040</b>	<b>4,62,040</b>
<b>13 LONG TERM LOANS AND ADVANCES</b> (unsecured but considered good)		
a) MAT Credit Entitlement	42,254,023	32,864,655
b) Capital Advances	13,936,600	16,176,841
c) Loan to Subsidiary Company	2,310,400	1,872,900
d) Security Deposits	18,942,253	16,791,920
e) Prepaid Expenses	1,528,787	2,446,600
f) Loan to Employees	1,898,500	2,000,000
<b>TOTAL</b>	<b>80,870,563</b>	<b>72,152,916</b>
<b>14 OTHER NON CURRENT ASSETS</b>		
a) Margin Money deposit with original maturity for more than 12 months	621,000	536,000
b) Balance with Income tax Dept.	456,229	456,229
<b>TOTAL</b>	<b>1,077,229</b>	<b>992,229</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	227,143,225	198,584,071
b) Raw Materials and Components in transit	8,040,433	5,576,924
c) Work in Progress	120,201,379	130,301,012
d) Finished Goods	100,115,584	97,829,039
e) Stock in trade (Mould, Tools and Dies)	796,694	3,937,283
f) Stock in trade (Others)	11,318,002	1,411,175
g) Stores and Spares (including Packing Material)	18,479,004	18,327,325
h) Stores and Spares (including Packing Material) in transit	561,101	1,401,356
<b>TOTAL</b>	<b>486,655,422</b>	<b>457,368,185</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>16 TRADE RECEIVABLES</b>		
(unsecured but considered good)		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	5,189,247	14,100,750
b) Considered Doubtful	908,832	7,711,661
Other Debts :- Considered Good	<u>682,990,678</u>	<u>656,600,682</u>
	689,088,757	678,413,093
Less:- Provision for Doubtful Debts	908,832	7,711,661
<b>TOTAL</b>	<b><u>688,179,925</u></b>	<b><u>670,701,432</u></b>
Trade receivables includes dues from subsidiary company- Fiem Industries Japan Co., Ltd. Rs 1,208,975 (Previous year Rs 8,742,968)		
<b>17 CASH AND BANK BALANCES</b>		
1) Cash and Cash Equivalents		
a) Balances with Banks on current account	11,798,040	13,120,984
b) Deposits with original maturity of less than three months	<u>1,165,000</u>	<u>37,507,640</u>
	12,963,040	50,628,624
2) Cash on Hand	2,084,489	1,521,621
3) Other bank balances		
a) Unpaid Dividend Account	270,650	238,678
b) Margin money deposit with original maturity for more than 3 months but less than 12 months	<u>-</u>	<u>268,000</u>
	270,650	506,678
<b>TOTAL</b>	<b><u>15,318,178</u></b>	<b><u>52,656,923</u></b>
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
(unsecured but considered good)		
a) Prepaid Expenses	9,571,192	7,817,173
b) Loan to Employees	2,584,336	3,681,275
c) Advances for Goods other than Capital Goods	31,754,384	19,765,473
d) Balance with Customs, Excise Department	51,172,098	63,180,795
e) Balance with Sales Tax Department	1,949,075	2,423,748
f) Security deposits	1,613,068	1,916,068
g) Other Advances recoverable	10,291,007	2,784,741
<b>TOTAL</b>	<b><u>108,935,160</u></b>	<b><u>101,569,272</u></b>
<b>19 OTHER CURRENT ASSETS</b>		
a) Interest accrued on fixed deposits	23,157	505,347
b) Interest accrued on Margin money deposit	27,942	33,864
c) Interest accrued on Security deposits	757,246	587,292
d) Subsidy Receivables	3,169,716	-
e) Export Incentive Receivables	1,484,431	634,246
<b>TOTAL</b>	<b><u>5,462,492</u></b>	<b><u>1,760,749</u></b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

		Current Year 2012-13	Previous Year 2011-12
<b>20 REVENUE FROM OPERATIONS</b>			
Sale of Products (Gross)	6,604,854,683		5,765,386,761
Less :- Excise Duty	<u>616,097,717</u>		<u>463,119,614</u>
Net Sales		5,988,756,966	5,302,267,147
Other Operating Revenues		33,389,912	33,156,098
<b>TOTAL</b>		<b><u>6,022,146,878</u></b>	<b><u>5,335,423,245</u></b>
<b>Detail of Sale of Products (Gross)</b>			
a) <u>Finished goods</u>			
Automotive Lights, signaling equipment and parts	4,707,041,426		4,176,878,199
Rear View Mirror and Parts	866,388,833		764,973,254
Sheet Metal Parts	192,087,424		182,620,251
Plastic Moulded Parts	662,993,109		441,990,566
Moulds	55,647,151		57,925,521
Others	<u>6,307,046</u>		<u>1,791,765</u>
		6,490,464,988	5,626,179,556
b) <u>Traded goods</u>			
Plastic Powder	681,098		2,426,623
Bulb	14,569,556		9,297,507
Iron sheet and rods	807,023		436,479
Mould and dies	83,084,563		110,885,680
Others	<u>15,247,454</u>		<u>16,160,916</u>
		114,389,695	139,207,205
		6,604,854,683	5,765,386,761
<b>Detail of Other Operating Revenues</b>			
Scrap Sales		20,503,297	21,759,429
Testing Charges		1,671,470	1,724,599
Mould Dies and Tool Modification Charges		1,387,248	2,654,677
Government Grant/ Subsidy		7,466,237	45,936
Duty drawback on Export		2,188,586	620,251
Others		<u>173,074</u>	<u>6351,206</u>
		33,389,912	33,156,098
<b>21 OTHER INCOME</b>			
Interest Income		2,716,170	2,469,933
Other Non-Operating Income		810,398	538,374
<b>TOTAL</b>		<b><u>3,526,568</u></b>	<b><u>3,008,307</u></b>
<b>22 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>			
Inventories at the beginning of the year		198,584,071	200,676,626
Add : Purchases		3,605,029,052	3,125,397,821
Less :- Inventories at the end of the year		<u>227,143,225</u>	<u>198,584,071</u>
<b>TOTAL</b>		<b><u>3,576,469,898</u></b>	<b><u>3,127,490,376</u></b>
Particulars of Raw material and components consumed			
Plastic Powder		1,267,697,641	1,035,836,125
Bulb		397,431,395	393,491,351
Iron sheet and rods		205,620,030	202,064,007
Others		<u>1,705,720,832</u>	<u>1,496,098,893</u>
		<b><u>3,576,469,898</u></b>	<b><u>3,127,490,376</u></b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

		Current Year 2012-13	Previous Year 2011-12
<b>23</b>	<b>PURCHASE OF STOCK IN TRADE</b>		
	a) Purchase of Traded Goods	36,825,854	25,094,506
	b) Purchase of Traded Moulds, Dies and Tools	44,209,593	66,559,804
		<u>81,035,447</u>	<u>91,654,310</u>
	<b>TOTAL</b>	<b>81,035,447</b>	<b>91,654,310</b>
	<u>Detail of Purchase of Traded Goods</u>		
	Plastic Powder	633,557	2,147,197
	Bulb	10,476,503	6,907,730
	Iron sheet and rods	761,642	578,320
	Mould Dies and Tools	44,209,593	66,559,803
	Others	24,954,152	15,461,260
		<u>81,035,447</u>	<u>91,654,310</u>
<b>24</b>	<b>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	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
		<u>232,431,659</u>	<u>233,478,509</u>
	<u>Inventories at the beginning of the year</u>		
	a) Finished Goods	97,829,039	75,876,195
	b) Work -in- Progress	130,301,012	106,596,199
	c) Traded Goods - (Mould, Tools and Dies)	3,937,283	10,737,643
	d) Traded Goods - (Others)	1,411,175	-
		<u>233,478,509</u>	<u>193,210,037</u>
	<b>TOTAL</b>	<b>1,046,850</b>	<b>(40,268,472)</b>
	<u>Finished Goods</u>		
	Automotive Lights, signaling equipment and parts	69,651,618	70,791,752
	Rear View Mirror and Parts	22,087,930	21,190,866
	Plastic Moulded Parts	7,953,570	5,622,024
	Sheet Metal Parts	422,466	224,397
		<u>100,115,584</u>	<u>97,829,039</u>
	<u>Work in Progress</u>		
	Automotive Lights, signaling equipment and parts	88,418,011	96,422,749
	Rear View Mirror and Parts	22,346,366	18,242,142
	Plastic Moulded Parts	2,368,076	10,424,081
	Sheet Metal Parts	7,068,926	5,212,040
		<u>120,201,379</u>	<u>130,301,012</u>
<b>25</b>	<b>EMPLOYEES BENEFITS EXPENSES</b>		
	Salaries, Wages and bonus to employees	644,278,638	563,828,156
	Contribution to Provident and Other funds	13,091,513	12,346,814
	Staff Welfare Expenses	41,925,514	29,262,548
	Gratuity Expenses	4,907,737	4,163,190
	Earned Leave to staff	3,500,435	2,268,556
	<b>TOTAL</b>	<b>707,703,837</b>	<b>611,869,263</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

	Current Year 2012-13	Previous Year 2011-12
<b>26 OTHER EXPENSES</b>		
<u>Manufacturing Expenses</u>		
Job Charges	3,969,605	4,187,925
Machinery running and Maintenance		
a) Machinery Repair	2,653,257	1,769,236
b) Machinery Spares	49,110,634	48,981,339
Consumption of Stores and Spare parts	87,507,334	73,627,791
Packing Expenses	149,582,314	140,608,374
Power & Fuel	266,023,864	225,399,827
Variation in Excise duty of FG	339,881	755,947
Repair - Dies	13,192,974	12,994,644
Factory / Godown rent Rent	4,188,866	3,676,521
Freight, Cartage & Octroi	51,936,421	44,649,625
Testing Fees	3,943,594	4,419,900
Segregation Charges Paid	218,199	626,852
	632,666,942	561,697,979
<u>Administrative and Selling Expenses</u>		
Advertisement, Sub & Membership Exp.	6,374,674	3,963,859
Payment to Auditors	4,057,500	3,400,000
Donation	3,168,255	2,593,315
Rates and taxes	4,472,035	4,022,881
Insurance	3,022,362	2,895,424
Bad debt written off	4,917,914	7,173,472
Provision for Bad and Doubtful Debt	(6,802,829)	4,405,705
Rent	1,507,259	1,057,097
Repair & Maintenance- Building	2,241,768	1,470,510
Repair & Maintenance- Other	15,489,312	13,008,874
Royalty	5,000,000	5,000,000
Loss on sale of Fixed Assets	1,698,510	1,269,165
Loss due to Fire	-	678,520
Exchange Difference -Derivatives	29,072,594	46,836,952
Selling & Distribution Expenses	119,140,535	94,297,798
Cash Discount on sales	10,526,594	4,354,343
Travelling and Conveyance Expenses	17,802,792	21,027,514
Prior Period Expenses	1,959,002	227,102
Other Office Expenses	100,893,565	88,737,248
	324,541,842	306,419,778
<b>TOTAL</b>	<b>957,208,784</b>	<b>868,117,758</b>
<b>27 FINANCE COSTS</b>		
Interest Expenses	155,413,961	175,905,957
Other Borrowing Costs	2,569,345	2,965,542
Exchange difference to the extent considered as an adjustment to borrowing costs (See note- 44)	(28,684,487)	28,684,487
<b>TOTAL</b>	<b>129,298,819</b>	<b>207,555,986</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

Particulars	31.03.2013	31.03.2012
<b>28 Contingent Liabilities</b>		
I. Bill of Exchange Discounted from Bank	216,843,142	255,953,416
II. Service Tax demand on credit taken on Outdoor catering for which the Company has filed an appeal with CESTAT, Chennai	-	1,313,248
III. Excise Duty Demand on Modvat Credit taken on raw material for which the Company has filed an appeal with CESTAT, New Delhi	2,507,076	2,507,076
IV. Entry Tax for certain inter-state purchase in Rajasthan for which matter is sub-judice in superior Courts.	639,693	535,777
V. Liability of Import Duty (For which Bonds executed in favour of Custom Authorities of Rs. 10,00,000) towards Import of Capital Goods for use in the manufacture of specific excisable goods	414,414	-
VI. Liability of Import Duty towards Export obligation undertaken by the Company under EPCG Licenses	10,162,659	-
VII. Claim against the Company not acknowledged as debts, being disputed by the Company	-	500,000
<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
<b>29 Capital &amp; Other Commitments</b>		
I. Estimated amount of contracts remaining to be executed on capital account and not provided, (net of advances)	61,025,687	22,815,468
II. Estimated amount of contracts remaining to be executed on traded goods not provided, (net of advances)	108,410,873	30,667,070
III. Estimated amount for payment of cess for construction of factory building (net of advances)	1,249,017	939,442
IV. Estimated amount for payment of import duty on debonding of EOU unit to DTA unit	-	4,412,256
<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
<b>30 Earning in Foreign Exchange</b>		
I. FOB Value of Exports	151,089,035	112,592,350
II. Packing & Forwarding Charges Received	230,375	163,400
III. Testing Charges Received	208,470	472,600
IV. Design, Development & Modification Charges	-	1,156,677
V. Others	18,503	85,267
<b>Total</b>	<b>151,546,383</b>	<b>114,470,294</b>
<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
<b>31 Expenditure in Foreign Currency</b>		
I. Finance Cost	13,958,933	11,888,867
II. Salary to Staff	6,230,038	11,815,916
III. Travelling Expenses	4,396,587	5,444,721
IV. Consultancy Charges	1,992,649	1,414,690
V. Others	3,681,391	1,448,672
<b>Total</b>	<b>30,259,598</b>	<b>32,012,866</b>
<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
<b>32 Value of Imports Calculated on CIF Basis</b>		
I. Raw Materials	67,602,350	77,171,543
II. Capital Goods	52,613,973	106,574,809
III. Trading Goods	52,938,543	64,580,628
IV. Components & Spare Parts	5,137,539	2,261,442
V. Consumable Store	1,211,375	779,976
<b>Total</b>	<b>179,503,781</b>	<b>251,368,398</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

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

(Amount In Rs.)

	2012-13		2011-12	
	Rs.	%	Rs.	%
<b>Raw Materials</b>				
Imported	71,662,631	2.00%	72,144,437	2.31%
Indigenous	3,504,807,267	98.00%	3,055,345,939	97.69%
<b>TOTAL</b>	<b>3,576,469,898</b>	<b>100.00%</b>	<b>3,127,490,376</b>	<b>100.00%</b>
<b>Stores and Spare Parts</b>				
Imported	8,120,993	5.94%	2,476,247	2.02%
Indigenous	128,496,975	94.06%	120,132,883	97.98%
<b>TOTAL</b>	<b>136,617,968</b>	<b>100.00%</b>	<b>122,609,130</b>	<b>100.00%</b>

	2012-13	2011-12
<b>34 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.)	312,153	260,127
Amount of Dividend Paid (In USD)	5,800	5,309
Year to which dividend relates	2011-12	2010-11
	2012-13	2011-12
<b>35 (a) Auditor's Remuneration</b>		
For Statutory Audit	2,500,000	2,000,000
For Tax Audit	300,000	300,000
For Limited Review	700,000	700,000
For Other Services	400,000	400,000
<b>TOTAL</b>	<b>3,900,000</b>	<b>3,400,000</b>
<b>(b) Cost Auditor's Remuneration</b>		
For Cost Audit Fees	150,000	-
For Reimbursement of Travelling and Out-of-Pocket Expenses	7,500	-
<b>TOTAL</b>	<b>157,500</b>	<b>-</b>

## 36 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-

	31.03.2013	Addition/(Deduction) during the year	31.03.2012
<b>Deferred Tax Liability</b>			
Depreciation & Amortization and other timing differences in block of assets	249,370,888	47,869,292	201,501,595
<b>Total (A)</b>	<b>249,370,888</b>	<b>47,869,292</b>	<b>201,501,595</b>
<b>Deferred Tax Assets</b>			
Provision for Bad & Doubtful	308,913	(2,193,136)	2,502,049
Provision for Leave Encashment	3,252,005	929,893	2,322,112
Provision for Gratuity	452,932	176,984	275,948
Provision for Bonus	2,687,009	110,440	2,576,569
Provision for Warranty	508,847	78,766	430,081
Welfare Fund	22,832	11,316	11,515
Interest Accrued on FCNRB Loan	-	(338,712)	338,712
<b>Total (B)</b>	<b>7,232,537</b>	<b>(1,224,448)</b>	<b>8,456,985</b>
Net Deferred Tax Liability (A-B)	242,138,350	49,093,740	193,044,610
Previous Year	193,044,610	46,428,183	146,616,427

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

### 37 Lease Transaction

Certain factory/depot premises, guesthouse premises and plant & machinery are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms are for 1-3 years and are renewable at the mutual agreement of the both the parties. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancelable in nature.

(Amount in Rs)

Particulars	2012-13	2011-12
Total of future minimum lease payments under cancelable operating lease for following periods:		
Not later than one year	4,632,955	2,670,796
Later than one year and not later than five years	5,423,243	4,796,295
Lease payment recognized in Statement of Profit & Loss	6,595,620	6,113,074
<b>38 Borrowing Cost Capitalized</b>		
Borrowing Cost Capitalized to Qualifying Assets	1,281,952	845,000
<b>39 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"	1,953,576	1,971,464
II. Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase"	591,543	218,999
III. Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase of Stock-in-Trade"	383,912	2,250,809
IV. Exchange Gain/(Loss) on Settlement of receivables carried forward from the previous year as a part of "Other income"	2868,416	208,845
V. Exchange Gain/(Loss) on Settlement and Revaluation of other transactions as a part of "Other income"	(3,293,765)	4,193,547
VI. Loss on Expiry/Cancellation of Derivative Instruments during the year as a part of "Other expenses"	(29,072,594)	(46,836,952)
VII. Loss on Expiry/Cancellation of Derivative Instruments during the year as a part of "Finance costs"	(369,725)	(1,453,071)
<b><u>Exchange Differences recognized in the Fixed Assets Account</u></b>		
I. Exchange Gain/(Loss) Gain Relating to Liabilities against Capital Assets settlement during the year	1,159,842	266,438
II. Foreign Exchange Adjustment Gain/(Loss) on Long Term Foreign Currency Loan (Consequent to notification, issued by Ministry of Corporate Affairs, amending the Accounting Standard AS-11)	(15,512,780)	(16,783,273)
<b>40 Foreign Currency Monetary Item Translation Difference Account</b>		
Opening Balance	(228,178)	(2,200)
Exchange loss/(gain) during the year	150,500	(254,500)
Less:-Amortization of Exchange Fluctuation for the year	9,710	28,522
Closing Balance	(67,968)	(228,178)
<b>41 Earning Per Share</b>		
Profit available for equity shareholders	273,141,289	211,448,537
Weighted average number of shares	11,962,226	11,962,226
Earning Per share basic and diluted (In Rs.)	22.83	17.68
Face value per equity share (In Rs.)	10	10
<b>42 Government Grant</b>		
Duty Drawback on Export	2,188,586	620,251
Investment Subsidy Under Investment Promotion Scheme	7,466,237	45,936

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

43 Segment Reporting

Business Segments:-

The Company's operations are manufacture of various types of automotive lighting and accessories. 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	
		2012-13	2011-12
India		5,654,985,408	5,088,150,177
Outside India		333,771,558	214,116,970
<b>TOTAL</b>		<b>5,988,756,966</b>	<b>5,302,267,147</b>

		Trade Receivables by Geographical Market	
		31.03.2013	31.03.2012
India		663,880,432	639,258,675
Outside India		24,299,493	31,442,757
<b>TOTAL</b>		<b>688,179,925</b>	<b>670,701,432</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.

44 Ministry of Corporate Affairs, Government of India through Circular No. 25/2012 dated 9th August 2012 has clarified that para 6 of Accounting Standard AS-11 and para 4 (e) of AS-16 shall not apply to a Company which is applying para 46-A of AS-11. Consequently, exchange differences, arising on settlement/translation of foreign currency loan to the extent regarded as an adjustment to interest cost as per para 4(e) of AS-16 and charged to statement of Profit and Loss, have now been adjusted by the company in the cost of related fixed assets. As a result exchange loss amounting to Rs. 28,684,487 representing interest differential up to 31.03.2012 previously expensed has been reversed and corresponding adjustment has been made to the cost of Fixed Assets.

45 The Assets of Rs. 42,254,023 (Previous Year Rs. 32,864,655) Recognized by the Company as 'MAT Credit Entitlement' under 'Long Term Loans and Advances' (See Note-13) 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 foreseeable future, 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 (W.e.f. 01.10.2012)
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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**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount In Rs.)

Particulars	Transaction Value		Outstanding Amount	
	2012-13	2011-12	31.03.2013	31.03.2012
<b>(i) Key Management Personnel</b>				
<b>Remuneration</b>				
Jagjeevan Kumar Jain	12,480,000	12,480,000	821,676	687,101
Seema Jain	2,400,000	2,400,000	164,738	140,237
Rahul Jain	1,800,000	-	235,000	-
Aanchal Jain	1,200,000	1,200,000	-	127,775
JSS Rao	5,400,000	3,000,000	332,266	226,757
Kashi Ram Yadav	5,544,864	3,144,864	350,548	186,565
<b>Interest</b>				
Aanchal Jain	-	919,849	-	-
<b>Dividend</b>				
Jagjeevan Kumar Jain	5,673,333	4,698,465	-	-
Seema Jain	5,263,260	4,141,433	-	-
Aanchal Jain	938,079	781,733	-	-
Rahul Jain	12,942,348	10,469,235	-	-
JSS Rao	36	30	-	-
Kashi Ram Yadav	1,014	845	-	-
<b>(ii) Related Parties Controlled by Key Management personnel</b>				
<b>Brand Royalty</b>				
Fiem Auto & Electrical Industries	5,000,000	5,000,000	1,264,050	1,240,875
<b>Dividend</b>				
Jagjeevan Kumar Jain (HUF)	34,614	28,845	-	-
Fiem Auto Private Limited	253,200	211,000	-	-
<b>(iii) Subsidiary Company</b>				
<b>Fiem Industries Japan Co. Limited</b>				
Sales of Goods	3,437,474	11,430,022	1,124,855	3,587,209
Sales of Services	208,470	111,550	84,120	5,155,759
Purchases of Goods	-	266,918	-	-
Long Term Loan Given	588,000	-	2,310,400	1,872,900
Investment	-	-	262,040	262,040
Due from Subsidiary Co.	-	-	-	3,810,858
Realisation of Dues	3810,858	513,364	-	-

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

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

	2012-13	2011-12
Employer's Contribution to Provident Fund	9,710,207	9,308,053
Employer's Contribution to ESI Fund	3,195,590	2,947,388
Employer's Contribution to Wages Welfare Fund	185,716	91,373
<b>TOTAL</b>	<b>13,091,513</b>	<b>12,346,814</b>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

**Defined Benefit Plans**

Disclosure requirement as per Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.13 are as follows:

(Amount In Rs.)

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
<b>Recognized in the Statement of Profit &amp; Loss Account</b>				
Current Service Cost	5,043,127	3,504,263	2,560,437	2,073,457
Interest cost on benefit obligation	1,577,884	1,472,969	545,497	437,580
Expected return on plan assets	(1,690,278)	(1,588,830)	-	-
Net actuarial gain/(loss) recognized in the year	(22,998)	776,312	394,501	(242,481)
<b>Total, Included in "Employee Benefit Expenses"</b>	<b>4,907,737</b>	<b>4,163,190</b>	<b>3,500,435</b>	<b>2,268,556</b>
<b>Amount to be Recognized in Balance Sheet</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Present value of Defined benefit obligation	23,909,631	20,886,952	9,567,535	7,157,071
Fair value of plan assets	22,577,087	20,036,442	-	-
<b>Net Liability, Shown in "Short Term/Long Term Provisions"</b>	<b>1,332,545</b>	<b>850,509</b>	<b>9,567,535</b>	<b>7,157,071</b>
Change in the present value of the defined benefit obligation	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Opening defined benefit plan	20,886,952	18,482,904	7,157,071	5,407,477
Interest cost	1,577,884	1,472,969	545,497	437,580
Current service cost	5,043,127	3,504,263	2,560,437	2,073,457
Actuarial (gains)/losses on obligation	(76,172)	(265,459)	394,501	(242,481)
Benefits Paid	(3,522,160)	(2,307,725)	(1,089,971)	(518,962)
<b>Closing defined benefit plan</b>	<b>23,909,631</b>	<b>20,886,952</b>	<b>9,567,535</b>	<b>7,157,071</b>
Change in the fair value of the plan assets	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Opening fair value of plan assets	20,036,442	17,894,857	-	-
Expected return	1,690,278	1,588,830	-	-
Contribution by employer	4,425,701	3,902,252	-	-
Actuarial gains/(losses) on obligation	(53,174)	(1,041,772)	-	-
Benefits Paid	(3,522,160)	(2,307,725)	-	-
<b>Closing fair value of plan assets</b>	<b>22,577,087</b>	<b>20,036,442</b>	<b>-</b>	<b>-</b>
<b>Actuarial Assumptions</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Interest & Discount Rate	8.25%	8.50%	8.25%	8.50%
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	
	2012-13	2011-12
	%	%
Investment with insurer	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

**Experience Adjustment (Gratuity)**

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Defined Benefit Obligation	23,909,631	20,886,952	18,482,904	14,640,642	10,237,560
Plan Assets	22,577,087	20,036,442	17,894,857	10,390,979	6,212,621
Surplus/(deficit)	(1,332,545)	(850,509)	(588,047)	(4,249,663)	(4,024,939)
Exp. Adj. On Plan Liabilities	-	-	-	-	-
Exp. Adj. On Plan Assets	-	-	-	-	-

- 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.
- Information relating to experience adjustment on Plan Assets and Plan Liability in the actuarial valuation of gratuity as required by Para 120 (n)(ii) of the Accounting standard 15 (Revised) on Employee benefits is not available with the company.
- The company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting standard 15 (Revised) on Employee benefits is not disclosed.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

### 48 Foreign Exchange Derivatives and Exposure outstanding at end of the year

#### Cross Currency Swap & Forward Currency Option

The Company uses Cross-currency swaps (principal only swaps and interest rate swaps) and forward currency option contracts to hedge its exposure in foreign currency and interest rates. The counter party is bank. These contracts are for a period between four to five years. All the contracts have been settled during the year and there is no pending contract as on 31.03.2013. The instruments wise information on derivative instruments as on 31.03.2013 is as follows.

Particulars	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>Cross-Currency Swap</b>				
<u>Principal Only Swap</u>				
31.03.2013	-	-	-	-
31.03.2012	3	43,069,223	15,687,500	(11,200,616)
<u>Interest Swap</u>				
31.03.2013	-	-	-	-
31.03.2012	3	1,472,286	659,804	(259,345)
Particulars	No of Contracts	USD Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>Forward Currency Option</b>				
31.03.2013	-	-	-	-
31.03.2012	2	1,320,000	56,542,000	(10,984,580)

### 49 Movement in Hedging Reserve Account

The movement in Hedging Reserve Account during the year ended March 31, 2013, for derivative transactions.

Particulars	2012-13	2011-12
Balance at the beginning of the year	(22,444,541)	(37,162,000)
Loss recorded/booked on occurrence of settlement of hedge transaction.		
Cross Currency Swap-Principal Swap	14,504,594	27,586,652
Cross Currency Swap-Interest Swap	369,725	1,453,071
Forward Currency Option	14,568,000	19,250,300
Changes in the fair Value of derivative transaction	(6,997,778)	(33,572,564)
Balance at the end of the year	-	(22,444,541)

### 50 Foreign Exchange Currency Exposure Fully Hedged

Particulars	31.03.2013		31.03.2012	
	USD Equivalent	INR Equivalent	USD Equivalent	INR Equivalent
Short Term Loan for working capital Fully hedged cost Current Year Nil (Previous year 10.75% p.a)	-	-	2,040,816	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 @ 10.60% p.a)	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)	2,812,500	138,093,750	30,00,000	147,300,000

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

51 Foreign Exchange Currency Exposure not hedged by a Derivatives Instruments or otherwise

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

	Foreign Currency	31.03.2013		31.03.2012	
		INR	FC	INR	FC
For Import of Raw Materials	USD	903,603	16,508	1,149,084	23,261
	JPY	5,333,691	9,088,400	927,750	1,500,000
For Import of Capital Goods	USD	-	-	1,160,410	25,100
For Foreign Currency Loan Taken	JPY	210,894,028	385,101,017	284,979,051	520,426,356
For Export of Goods & Services	GBP	3,550,439	43,028	2,248,355	27,544
	JPY	1,353,015	2,093,100	13,107,532	24,080,919
	USD	19,425,315	359,417	-	-
For Foreign Currency Loan Given	JPY	2,224,041	4,000,000	1,620,600	3,000,000
Bank Balance	USD	5,482,173	101,320	5,170,347	103,154
	JPY	11,494	21,298	11,492	21,294
	EURO	-	-	331,286	5,093

52 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.)	
	2012-13	2011-12
<b>Capital Expenditure</b>		
Capital Expenditure	3,034,125	17,068,380
<b>Total (A)</b>	<b>3,034,125</b>	<b>17,068,380</b>
<b>Revenue Expenditure</b>		
Employee Benefits	37,084,713	33,025,123
Other Expenses	2,247,043	2,062,674
Finance Cost	1,777,407	101,915
Depreciation & Amortization	2,136,650	256,166
<b>Total (B)</b>	<b>43,245,813</b>	<b>35,445,878</b>
<b>Grand Total (A+B)</b>	<b>46,279,938</b>	<b>52,514,258</b>

53 Disclosure under Clause 32 of the Listing Agreement

Subsidiary Company	(Amount In Rs.)			
	Outstanding Balance at year end		Maximum Amount Outstanding in the year	
	31.03.2013	31.03.2012	2012-13	2011-12
Fiem Industries Japan Co., Limited	23,10,400	18,72,900	24,60,900	18,72,900

54 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/-  
**(Arvind K. Chauhan)**  
Company Secretary

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

Place : Rai, Sonapat (HR.)  
Date : 30/05/13

**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	31.03.2013
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,2013 (amount in Rs)	39,38,433
	(b) not dealt with in the accounts of the Company for the year ended 31st March,2013 (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,2013 (amount in Rs)	(5,99,437)
	(b) not dealt with in the accounts of the Company for the year ended 31st March, 2013 (amount in Rs)	Nil

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

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

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

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

Place : Rai, Sonapat (HR.)  
 Date : 30/05/2013



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

## DIRECTORS' REPORT

### To Shareholder(s),

The Directors of the company hereby present the 4th 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 2013 and the report of Auditors thereon.

### FINANCIAL RESULTS:

The major financial particulars for the financial year 2012-13 and previous financial year are as under:

Particulars	2012-13 (Rs.)	2011-12 (Rs.)
Total Revenue	45,608,368	29,195,261
Expenditures	41,627,681	27,796,735
Profit (Loss) for the Year before Tax	3,980,687	1,398,526
Provision for Tax	42,254	42,503
Profit(Loss) after Tax (carried to Balance Sheet)	3,938,433	1,356,023

### 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 Companies Act, 1956 and Rules under said Act are not applicable on this Company.

### Share Capital:

During the Financial Year 2012-13, 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 2012-13 Company has made a turnover of Rs 45,608,368 and profits of Rs 3,938,433.

### 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 2012-13.

### 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:

- In the preparation of the annual accounts for the year ended March 31, 2013, the applicable accounting standards had been followed to the extent of applicability along with proper explanation relating to material departures, if any;
- 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;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Companies Act, 1956 for safeguarding the assets of the company and for protecting & detecting fraud and other irregularities;
- The Annual Accounts for the year-ended 31.3.2013 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 : 30.05.2013

Sd/-  
J.K. Jain  
Director

Sd/-  
J.S.S. Rao  
Director

# ANNUAL REPORT 2012-13

## 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 2013, 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., LIMITED Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2013, 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

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?"). 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. 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 2013;
- (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.
  - 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: 30/05/2013



## **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 taken interest free loan of Rs 5,88,000 from 100% Holding company, Fiem industries Limited. In respect of said loans, the maximum amount outstanding at any time during the year is 24,60,900 and year end balance is Rs 23,10,400.  
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.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The company is incorporated in Japan and accordingly, maintenance of records under section 209(1)(d) of the companies Act 1956, is not applicable .
9. The Company being registered in Japan has no statutory liability in India and accordingly reporting for paragraph 4(ix) regarding verification of regularity in depositing statutory dues is not applicable.
10. The company has been registered for less than 5 years and hence clause 4(x) regarding reporting on accumulated and cash losses of the order is not applicable.
11. The company has not raised any loans from financial institution or banks during the period.
12. According to the information & explanations given to us, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) are not applicable to the company.
15. According to the information & explanations given to us, no guarantees for loans taken by others from banks or financial institutions have been given by the company.
16. The company has not taken any term loan, therefore the reporting under clause 4(xvi) is no applicable to the company.
17. According to the information and explanations given to us by the Management and on an overall examination of the balance sheet of the company, we are of opinion that there are no funds raised on short term basis that have been used for long term investments.
18. The company has not made preferential allotment of shares to parties.
19. The company has not issued any debentures.
20. The company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

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

**Place: Rai, Sonapat (HR.)**  
**Dated: 30/05/2013**

## BALANCE SHEET AS AT 31ST MARCH 2013

(Amount in Rs)

	Note No.		AS AT 31.03.2013	AS AT 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	262,040	262,040	
b) Reserves & Surplus	3	(1,293,726)	(5,607,770)	(5,345,730)
			(1,031,686)	
<b>NON CURRENT LIABILITIES</b>				
a) Long term Borrowings	4	2,310,400	1,872,900	1,872,900
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings		-	-	
b) Trade Payables	5	6,381,498	11,619,060	
c) Other Current Liabilities	6	465,074	4,390,873	
d) Short Term Provisions	7	40,432	43,701	
			6,887,004	16,053,634
<b>TOTAL</b>			<b>8,165,718</b>	<b>12,580,804</b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	8	155,058	174,014	
ii) Intangible assets		-	-	
			155,058	174,014
<b>CURRENT ASSETS</b>				
a) Current Investments		-	-	
b) Inventories	9	111,120	2,837,100	
c) Trade receivables	10	6,379,323	6,623,836	
d) Cash and Bank Balances	11	633,930	2,176,924	
e) Short term Loans and Advances	12	886,286	768,930	
f) Other current assets		-	-	
			8,010,660	12,406,790
<b>TOTAL</b>			<b>8,165,718</b>	<b>12,580,804</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

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 : 30/05/13

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2013**

(Amount in Rs)

	Note No.	Current Year 2012-13	Previous Year 2011-12
<b>INCOME</b>			
a) Net Sales	13	45,593,275	29,139,474
b) Other Income	14	15,094	55,787
<b>TOTAL REVENUE (A)</b>		<b>45,608,368</b>	<b>29,195,261</b>
<b>EXPENSES</b>			
a) Purchase of Stock-in-Trade	15	32,838,952	19,130,016
b) Changes in Inventories of Finished Goods, Work In progress and Stock In trade	16	2,725,980	(2,837,100)
c) Employees Benefits expenses	17	1,942,471	6,641,375
d) Other Expenses	18	3,748,293	4,609,846
e) Finance costs	19	353,030	2,39,345
f) Depreciation and Amortization Expense	8	18,956	13,253
<b>TOTAL EXPENSES (B)</b>		<b>41,627,682</b>	<b>27,796,735</b>
<b>PROFIT BEFORE TAX (A-B)</b>		<b>3,980,687</b>	<b>1,398,526</b>
<b>TAX EXPENSES</b>			
Current Tax		42,254	42,503
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>3,938,433</b>	<b>1,356,023</b>
Basic and Diluted Earning per Equity Share (Nominal value JPY 50,000 each per share)	21	393,843	135,602
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**

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 : 30/05/13

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

Particulars	2012-13		2011-12	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net Profit Before Tax As Per Statement of Profit &amp; Loss</b>		3,980,687		1,398,526
Adjustments for Non Cash Items to reconcile Profit				
Depreciation & Amortization Expenses	18,956		13,253	
Effect of Translation Reserve	375,611		(964,775)	
Interest Income	(1,258)		(2,528)	
Finance Costs	353,030	746,339	239,345	(714,705)
<b>Operating Profit before Working Capital Changes</b>		4,727,026		683,821
Adjustment for (Increase)/decrease in Operating Assets & Liabilities				
(Increase)/Decrease in Inventories	2,725,980		(2,837,100)	
(Increase)/Decrease in Trade Receivables	244,513		12,884,799	
(Increase)/Decrease in Short Term Loans & Advances	(117,356)		(3,04,427)	
Increase/(Decrease) in Trade Payable & Provisions	(9166,630)	(6,313,493)	(41,220,518)	(31,477,246)
<b>Cash Generated from Operation</b>		(1,586,467)		(30,793,425)
Adjusted for Direct Taxes and Other Items:				
Income Tax Paid	(42,254)	(42,254)	(42,503)	(42,503)
<b>Net Cash From Operating Activities</b>		(1,628,721)		(30,835,928)
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	-		(133,020)	
Interest Income	1,258		2,528	
<b>Net Cash (Used)/ from in Investing Activities</b>		1,258		(130,492)
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Addition in Loan from Holding Company	437,500		252,300	
Finance Costs Paid	(353,030)		(2,39,345)	
<b>Net Cash (used)/from Financing Activities</b>		84,470		12,955
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		(1,542,994)		(30,953,465)
Opening Balance of Cash & Cash Equivalents		2,176,924		33,130,389
<b>Closing Balance of Cash &amp; Cash Equivalents (Refer Note no-11)</b>		<b>6,33,930</b>		<b>2,176,924</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 : 30/05/13

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

### 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 or Revised Schedule VI 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 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 Account 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. 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.

#### 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 by the weighted average number of equity shares outstanding during the year.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<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	(1,069,900)	(105,125)
Less :- Addition / (deduction) during the year	375,611	(964,775)
	(694,289)	(1,069,900)
<b>SURPLUS -OPENING BALANCE</b>	(4,537,870)	(5,893,893)
Add:- Net profit after tax transferred from Statement of Profit and Loss	3,938,433	1,356,023
<b>SURPLUS -CLOSING BALANCE</b>	(599,437)	(4,537,870)
<b>TOTAL</b>	<b>(1,293,726)</b>	<b>(5,607,770)</b>
<b>4. LONG TERM BORROWINGS</b>		
(UNSECURED LOANS)		
Loan from 100% Holding Company - Fiem Industries Limited	2,310,400	18,72,900
<b>TOTAL</b>	<b>2,310,400</b>	<b>18,72,900</b>
<b>5. TRADE PAYABLES</b>		
Sundry Creditors	5,172,524	28,76,091
Payable to Holding company - Fiem Industries Limited	1,208,975	87,42,968
<b>TOTAL</b>	<b>6,381,498</b>	<b>116,19,060</b>
<b>6. OTHER CURRENT LIABILITIES</b>		
Liabilities for Expenses	465,074	489,516
Liabilities for Expenses- Payable to Fiem Industries limited	-	3,810,858
Statutory Dues Payable	-	90,500
<b>TOTAL</b>	<b>465,074</b>	<b>4,390,873</b>
<b>7. SHORT TERM PROVISIONS</b>		
Provision for Taxation	40,432	43,701
<b>TOTAL</b>	<b>40,432</b>	<b>43,701</b>

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**
**8. FIXED ASSETS**
**(Amount In Rs.)**

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 31.03.2013	Upto 01.04.2012	For the Year	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
<b>Tangible Assets</b>										
Office Equipments	16,566	-	-	16,566	1,118	787	-	1,905	14,661	15,448
Furniture & Fixtures	40,117	-	-	40,117	4,654	2,539	-	7,194	32,923	35,463
Vehicles	88,417	-	-	88,417	2,846	8,400	-	11,245	77,172	85,571
Computer	44,603	-	-	44,603	7,072	7,230	-	14,302	30,301	37,531
<b>Total</b>	<b>189,703</b>	<b>-</b>	<b>-</b>	<b>189,703</b>	<b>15,690</b>	<b>18,956</b>	<b>-</b>	<b>34,646</b>	<b>155,058</b>	<b>174,014</b>
Previous Year	56,683	133,020	-	189,703	2,436	13,253	-	15,690	174,014	-

**(Amount in Rs)**

	AS AT 31.03.2013	AS AT 31.03.2012
<b>9. INVENTORIES</b>		
Traded Goods	111,120	2,837,100
<b>TOTAL</b>	<b>111,120</b>	<b>2,837,100</b>
<b>10. TRADE RECEIVABLES</b>		
(unsecured but considered good)		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	-	-
b) Considered Doubtful	-	-
Other Debts :- Considered Good	6,379,323	6,623,836
Less:- Provision for Doubtful Debts	-	-
<b>TOTAL</b>	<b>6,379,323</b>	<b>6,623,836</b>
<b>11. CASH AND BANK BALANCES</b>		
Cash and Cash Equivalents		
a) Cash on hand	-	53,527
b) Balances with Banks on current account	633,930	2,123,397
<b>TOTAL</b>	<b>633,930</b>	<b>2,176,924</b>
<b>12. SHORT TERM LOAN AND ADVANCES</b>		
(Unsecured but considered good)		
i) Advance for Goods other than Capital Goods	-	-
ii) Security Deposit	45,486	137,190
iii) Balance with Customs, Excise Department	816,286	339,815
iv) Prepaid Expenses	24,514	291,925
<b>TOTAL</b>	<b>886,286</b>	<b>768,930</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

	Current Year 2012-13	Previous Year 2011-12
<b>13. NET SALES</b>		
Sale of Traded Goods - Mock Up Samples	45,593,275	29,139,474
<b>TOTAL</b>	<b>45,593,275</b>	<b>29,139,474</b>
<b>14. OTHER INCOME</b>		
Interest Income		
a) on Banking Deposits	1,258	2,528
Other Non-Operating Income	13,836	53,258
<b>TOTAL</b>	<b>15,094</b>	<b>55,787</b>
<b>15. PURCHASE OF STOCK IN TRADE</b>		
Purchase of Traded Goods - Mock Up Samples	32,838,952	19,130,016
<b>TOTAL</b>	<b>32,838,952</b>	<b>19,130,016</b>
<b>16. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Stock in Trade at Close		
a) Traded Goods- Mock up sample	111,120	2,837,100
Stock in Trade at Commencement		
a) Traded Goods	2,837,100	-
<b>TOTAL</b>	<b>2,725,980</b>	<b>(2,837,100)</b>
<b>17. EMPLOYEES BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	1,559,885	5,555,357
Contribution to Provident and Other funds	223,826	624,790
Staff Welfare Expenses	158,760	461,229
<b>TOTAL</b>	<b>1,942,471</b>	<b>6,641,375</b>
<b>18. OTHER EXPENSES</b>		
Testing fees	183,000	111,550
Advertisement, Sub & Membership Exp.	-	6,480
Rate taxes and fee	15,240	31,260
Insurance	5,942	1,452
Rent	881,615	1,287,127
Repair & Maintenance- Other	28,200	2,857
Selling & Distribution Expenses	118,688	90,862
Travelling Expenses	744,205	1,129,830
Other Office Expenses	1,771,403	19,48,428
<b>TOTAL</b>	<b>3,748,293</b>	<b>4,609,846</b>
<b>19. FINANCE COSTS</b>		
Other Borrowing Costs	353,030	239,345
<b>TOTAL</b>	<b>353,030</b>	<b>239,345</b>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**
**(Amount in Rs)**

	<b>2012-13</b>	<b>2011-12</b>
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**20 Lease Transaction**

Lease payment under Operating Lease have been accounted for in accordance with AS-19 of the ICAI "Accounting for Leases" and accordingly lease payment under operating lease have been recognized as an expenses in the statement of profit & loss account over the period of lease term.

Total of future minimum lease payments under cancelable operating lease for following periods:

Not later than one year	<b>678,173</b>	1,287,127
Later than one year and not later than five years	-	-
Lease payment recognized in Statement of Profit & Loss	<b>881,615</b>	1,287,127

**21 Earning Per Share**

Profit available for equity shareholders	<b>3,938,433</b>	1,356,023
Weighted average number of shares	<b>10</b>	10
Earning Per share basic and diluted (In Rs.)	<b>393,843</b>	135,602
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**
**Key Management Personnel**

Saket Singhal Director (up to 31.07.2012)  
Takanabu Kamoshita Director

**Holding Company**

Fiem Industries Limited 100% Holding Company Incorporated in India

Particulars	Transaction Value		Outstanding Amount	
	2012-13	2011-12	31.03.2013	31.03.2012
<b>Key Management Personnel</b>				
<b>Remuneration</b>				
Saket Singhal	<b>1,148,645</b>	4,351,863	-	-
<b>Holding Company</b>				
<b>Fiem Industries Limited</b>				
Sales of Goods	-	266,918	-	-
Purchase of Services	<b>208,470</b>	111,550	<b>84,120</b>	5,155,759
Purchases of Goods	<b>3,437,474</b>	11,430,022	<b>1,124,855</b>	3,587,209
Long Term Loan Received	<b>588,000</b>	-	<b>2,310,400</b>	1,872,900
Share Capital	-	-	<b>262,040</b>	262,040
Payable to Holding Company	-	-	-	3,810,858
Payment of Dues	<b>(3,810,858)</b>	(513,364)	-	-

**24 Post Employment Benefits Plan**

Defined Contribution Plans

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

Employer's Contribution to Provident and other fund	<b>2012-13</b>	2011-12
	<b>223,826</b>	624,790
<b>Total</b>	<b>223,826</b>	<b>624,790</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 : 30/05/13



# 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 Limited ("the Company") and its subsidiary, which comprise the Consolidated Balance Sheet as at 31st March 2013, the Consolidated Statement of Profit and Loss and Consolidated 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

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 Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). 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. 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 Company as at 31st March 2013;
- (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.

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

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

Place: Rai, Sonapat (HR.)  
Dated: 30/05/2013

## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2013

(Amount in Rs)

	Note No.		AS AT 31.03.2013	AS AT 31.03.2012
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	119,622,260	119,622,260	
b) Reserves & Surplus	3	1,561,102,157	1,318,335,343	
			1,680,724,417	1,437,957,603
<b>NON CURRENT LIABILITIES</b>				
a) Long term borrowings	4	761,845,309	949,899,157	
b) Deferred Tax Liabilities (net)	31	242,138,350	193,044,610	
c) Other Long term Liabilities	5	17,302,520	25,689,750	
d) Long Term Provisions	6	7,937,907	6,242,392	
			1,029,224,086	1,174,875,909
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings	7	303,542,912	441,651,469	
b) Trade Payables	8	750,785,059	646,968,734	
c) Other Current Liabilities	9	494,516,823	429,843,550	
d) Short Term Provisions	10	73,748,331	53,054,492	
			1,622,593,125	1,571,518,246
<b>TOTAL</b>			<b>4,332,541,628</b>	<b>4,184,351,758</b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	11	2,915,692,923	2,805,597,958	
ii) Intangible assets	11	10,868,903	9,641,949	
iii) Capital work-in-progress	11	14,789,546	13,730,080	
iv) Intangible assets under development		-	-	
b) Non-current investments	12	200,000	200,000	
c) Long term Loans and Advances	13	78,560,163	70,280,016	
d) Other non current assets	14	1,077,229	992,229	
			3,021,188,764	2,900,442,232
<b>CURRENT ASSETS</b>				
a) Current Investments		-	-	
b) Inventories	15	486,766,542	460,205,285	
c) Trade receivables	16	693,350,274	668,582,300	
d) Cash and Bank Balances	17	15,952,109	54,833,847	
e) Short term Loans and Advances	18	109,821,447	98,527,344	
f) Other current assets	19	5,462,492	1,760,749	
			1,311,352,864	1,283,909,526
<b>TOTAL</b>			<b>4,332,541,628</b>	<b>4,184,351,758</b>

Significant Accounting Policies and Notes to financial Statements. 1 to 47  
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/-  
**(Arvind K. Chauhan)**  
Company Secretary

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

Place : Rai, Sonapat (HR.)  
Date : 30/05/13

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2013**

(Amount in Rs)

	Note No.	Current Year 2012-13	Previous Year 2011-12
<b>INCOME</b>			
Sale of Products (Gross)		6,646,985,013	5,782,829,295
Less :- Excise Duty		<u>616,097,717</u>	<u>463,119,614</u>
Net Sales		6,030,887,296	5,319,709,681
Other Operating revenue		33,341,242	31,614,597
Revenue from Operation (Net)	20	<u>6,064,228,538</u>	<u>5,351,324,278</u>
Other Income	21	3,541,661	3,064,094
<b>TOTAL REVENUE (A)</b>		<b><u>6,067,770,199</u></b>	<b><u>5,354,388,372</u></b>
<b>EXPENSES</b>			
Cost of Raw Materials and Components Consumed	22	3,576,469,898	3,127,490,376
Purchase of Stock-in-Trade	23	110,411,455	99,354,304
Changes in Inventories of Finished Goods, Work in progress and Stock in trade	24	3,772,830	(43,105,572)
Employees Benefits Expenses	25	709,646,308	618,510,638
Other Expenses	26	960,774,077	872,349,136
Finance Costs	27	129,651,848	207,795,331
Depreciation and Amortization Expense	11	183,493,737	168,848,865
<b>TOTAL EXPENSES (B)</b>		<b><u>5,674,220,154</u></b>	<b><u>5,051,243,077</u></b>
<b>PROFIT BEFORE TAX (A-B)</b>		<b><u>393,550,045</u></b>	<b><u>303,145,295</u></b>
<b>TAX EXPENSES</b>			
Current Tax (MAT payable)		76,642,254	61,672,158
Less : MAT Credit Entitlement		<u>9,400,000</u>	<u>16,329,655</u>
a) Net Current Tax Expense		67,242,254	45,342,503
b) Deferred Tax		<u>49,093,740</u>	<u>46,428,183</u>
		116,335,994	91,770,686
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b><u>277,214,052</u></b>	<b><u>211,374,609</u></b>
Basic and Diluted Earning per Equity Share (Nominal value Rs 10 per share)	35	23.17	17.67

Significant Accounting Policies and

Notes to financial Statements. 1 to 47

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

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

 Place : Rai, Sonapat (HR.)  
 Date : 30/05/13

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

Particulars	2012-13		2011-12	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit Before Tax As Per Statement of Profit and Loss		393,550,045		303,145,295
<b>Adjustments for</b>				
Depreciation & Amortization	183,493,737		168,848,865	
Loss on sale/discarded of Fixed Assets	1,698,510		1,608,824	
Adjustment of Income Tax for Earlier Year	49,113		-	
Unrealised Foreign Exchange (Gain)/Loss	(909,980)		(2,592,335)	
Provision for Bad & Doubtful Debts	(6,802,829)		4,405,705	
Bad Debt written-off	4,917,914		7,173,472	
Interest Income	(2,717,428)		(2,472,461)	
Exchange Difference on Derivatives Contracts	29,072,594		46,836,952	
Finance Costs	129,651,848	338,453,479	207,795,331	431,604,353
<b>Operating Profit before Working Capital Changes</b>		732,003,524		734,749,648
Adjustment for (Increase)/decrease in Operating Assets				
Inventories	(26,221,376)		(38,549,312)	
Trade and Other Receivables	(22,768,294)		(225,189,593)	
Other Current Assets & Loan and Advances	(14,634,716)	(63,624,386)	58,147,102	(205,591,803)
Adjustment for Increase/(decrease) in Operating Liabilities				
Trade Payable & Other Current Liabilities and Provisions	144,448,044	144,448,044	66,674,972	66,674,972
<b>Cash Generated from Operating Activities</b>		812,827,182		595,832,817
Exchange Difference on Derivatives Contracts	(29,442,319)		(48,290,023)	
Income Tax Paid (Including Tax Deducted at Source)	(72,027,674)	(101,469,993)	(59,702,820)	(107,992,843)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>711,357,189</b>		<b>487,839,974</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Including Capital Advances)	(282,495,884)		(547,953,582)	
Sale of Fixed Assets	2,965,200		3,376,062	
Deposit with Banks having maturity over three month	268,000		811,690	
Interest Received on Bank Deposits	1,819,422		2,135,729	
<b>NET CASH (USED) IN INVESTING ACTIVITIES</b>		<b>(277,443,262)</b>		<b>(541,630,101)</b>

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013 (Contd...)**

(Amount in Rs)

Particulars	2012-13		2011-12	
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Dividend Paid	(35,886,678)		(299,05,565)	
Corporate Dividend Distribution Tax Paid	(5,821,716)		(48,51,431)	
Finance Costs Paid	(159,248,562)		(1785,02,773)	
Exchange Loss on Repayment of Foreign Currency Loan	(15,211,096)		(16,15,536)	
Increase/(Decrease) in Long-Term Borrowing	(118,358,223)		2151,25,565	
Increase/(Decrease) in Short-Term Borrowing	(138,108,557)		605,32,857	
<b>NET CASH (USED)/FROM FINANCING ACTIVITIES</b>		(472,634,832)		60,783,117
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		(38,720,904)		6,992,990
Opening Balance of Cash & Cash Equivalents		54,565,847		46,756,504
Effect of Exchange Rate Change		26,095		125,199
Effect of Foreign Currency Translation Reserve		81,072		691,154
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>15,952,109</b>		<b>54,565,847</b>
<b>Components of Cash and Bank Balance</b>				
Cash in Hand		2,084,489		1,575,148
Balances with Banks on Current Account		12,431,970		15,244,381
Deposit with Banks having maturity less than three months		1,165,000		37,507,640
Deposit with original maturity more than 3 month but less than 12 month		-		268,000
Unpaid Dividend Accounts		270,650		238,678
<b>Cash and Bank Balances (Refer Note No.-17)</b>		<b>15,952,109</b>		<b>54,833,847</b>
Less:-Deposit with original maturity more than 3 month but less than 12 month		-		268,000
<b>Cash and Cash Equivalent in Cash Flow Statement</b>		<b>15,952,109</b>		<b>54,565,847</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 Accountants

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

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

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

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

 Place : Rai, Sonapat (HR.)  
 Date : 30/05/13

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

1. Significant Accounting Policies Followed by The Company

Corporate Information

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.

During the year, the company has made diversification in LED Luminaries. It has started the production of LED luminaries comprising of indoor and outdoor lighting, display panels etc. The company's registered office is in New Delhi and it has several manufacturing plants and depots across the country. The research and development unit is situated at Rai, Sonapat, Haryana. It has one wholly owned foreign subsidiary in Japan. Its shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

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 except for certain revalued fixed assets and those items covered under "Accounting Standard-30" on "Financial instruments: Recognition and Measurement" which have been measured at their fair value. 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) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- (iii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Translation reserve.

- (iv) The company has only one wholly owned foreign subsidiary i.e Fiem Industries Japan Co. Ltd. incorporated in Japan which has been considered for consolidation.

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. Tangible and Intangible Fixed Assets

- (i) Tangible assets are valued at the historical cost of acquisition, construction or manufacturing cost, as the case may be, except for certain fixed assets, which have been stated at revalued amounts less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies (Net of tax/duty credits availed, if any,) installation and commissioning expenses and all incidentals cost attributable to bringing the assets to its working condition. Interest on borrowings and financing costs during the period of construction or installation of fixed assets which take substantial period of time to get ready for its intended use up to the date of commencement of commercial production is added to the cost of respective tangible assets.
- (ii) Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.
- (iii) Own manufactured tangible assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.
- (iv) 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.
- (v) In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of depreciable fixed assets.

D. 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.

E. Inventories

- (i) Raw materials, components, stores and spare are valued at lower of cost or net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

are expected to be sold at or above cost. Cost is determined on a First in First Out basis (FIFO).

- (ii) Semi-finished goods and finished goods are valued lower of cost or net realizable value. Cost includes direct materials and direct labour and a proportion of manufacturing overheads based on normal operating capacity. Finished stocks lying in the factory premises, branches, Depots are valued inclusive of excise duty.
- (iii) Manufactured and bought out moulds, block & dies for sale are valued at lower of cost or net realizable value. Manufactured moulds, block & dies include direct material, direct labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a First in First Out basis (FIFO).
- (iv) Inventories of non-reusable waste say scrap for which facilities for reprocessing do not exist have been valued at net realizable value.
- (v) Goods in transit are stated as a component of inventories if the significant risk and rewards of ownership have passed to the company and valued at actual cost incurred up to the date of Balance Sheet.

### F. 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) Technical know-how 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.

### G. 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. 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 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) Interest income is accounted on accrual basis.

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

- (i) Government grants and subsidies are recognised in the statement of profit and loss account 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.

### I. 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.

### J. 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.

### K. Employee Benefits

- (i) Retirement Benefits in the form of Provident Fund and ESI schemes are a defined contribution plans and the contributions are charged to 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

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

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.

**L. Expenditure on New Projects and Substantial Expansion**

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

**M. Provisions, Contingent Liabilities and Contingent Assets**

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.

**N. 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) Provisions for current taxes are presented in the balance sheet after off-setting advance taxes paid.

**O. 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 amorized 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.

**P. 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.

**Q. Impairment**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated, an impairment loss is recognized whenever the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing Value in use, the estimated future cash flows is discounted to their present value based on an appropriate discount factor.

**R. Cash and Cash Equivalents**

Cash and cash equivalents 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.

**S. Cash Flow Statement**

Cash flow statement are reported using the indirect method, whereby profit/

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(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.

### **T. 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.

The Foreign currency forward contracts are fair valued at each reporting date. The Company records the gain or loss on effective hedges, if any in the "Hedging Reserve Account" until the transactions are complete. On completion, the gain or loss is transferred to statement of profit and loss account or adjusted to the fixed assets, as the case may be, of that period. To designate foreign currency forward contracts as an effective hedge, the management objectively evaluates and evidence with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flow attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the statement of profit and loss. Currently, hedge undertaken by the Company are effective in nature and the resultant gain or loss

consequent to fair valuation is recognized in the Hedging Reserve Account until the transaction is complete, at each reporting date.

Derivative Financial Instruments is presented under "Other current liability".

Derivative Financial Instruments are fair valued at the exchange rate prevailing at the reporting date.

### **U. 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"

### **V. 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.

### **W. 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.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<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) Aggregate number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date**

1,04,065 fully paid up equity shares of Rs10/- each allotted during 2007-08 to the shareholders of M/s Fiem Sung san (India) Limited Pursuant to its Amalgamation without payment being received in cash.

**c) 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 31.03.2013		AS AT 31.03.2012	
	No of shares	% held	No of shares	% held
1) Rahul Jain	4,314,116	36.06%	4,187,694	35.00%
2) J.K. Jain	1,891,111	15.81%	1,891,111	15.81%
3) Seema Jain	1,754,420	14.67%	1,656,573	13.85%

d) 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	22,757,200		23,749,226	
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026		992,026	
Total (b)	21,765,174		22,757,200	
Total (a+b)		139,242,452		140,234,478

**SECURITIES PREMIUM RESERVE**

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

**GENERAL RESERVE**

As Per Last Balance Sheet 76,000,000 53,500,000

Add :- Transferred from Surplus in the statement  
of Profit and Loss 27,500,000 22,500,000

103,500,000 76,000,000

**HEDGING RESERVE (Refer Note No. 42 & 43)**

- (22,444,541)

**TRANSLATION RESERVE**

240,997 159,925

**SURPLUS -OPENING BALANCE**

614,413,138 467,246,923

Add:- Net profit after tax transferred from Statement  
of Profit and Loss 277,214,052 211,374,609

Amount Available for Appropriation 891,627,190 678,621,532

**Less :- Appropriations**

i) Proposed Dividend 47,848,904 35,886,678

ii) Corporate Dividend Tax 8,131,921 5,821,716

iii) Transfer to General Reserve 27,500,000 22,500,000

83,480,825 64,208,394

**SURPLUS -CLOSING BALANCE**

808,146,364 614,413,138

**T O T A L** **1,561,102,157** **1,318,335,343**

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

**4 LONG TERM BORROWINGS  
(SECURED LOANS)**

PARTICULARS	NON CURRENT PORTION		CURRENT MATURITIES	
	AS AT 31.03.13	AS AT 31.03.12	AS AT 31.03.13	AS AT 31.03.12
<b>TERM LOANS FROM BANKS</b>				
a) Indian Rupee Loan	410,485,331	558,124,221	145,118,888	132,525,552
b) Foreign Currency Loan	339,289,181	378,512,314	121,238,916	93,689,860
	<u>749,774,512</u>	<u>936,636,535</u>	<u>266,357,804</u>	<u>226,215,411</u>
<b>VEHICLE LOANS</b>				
a) from Banks	9,630,542	9,722,504	9,179,380	8,113,205
b) from Others	2,440,255	3,540,119	1,099,864	995,611
	<u>12,070,797</u>	<u>13,262,623</u>	<u>10,279,245</u>	<u>9,108,816</u>
<b>T O T A L</b>	<b><u>761,845,309</u></b>	<b><u>949,899,157</u></b>	<b><u>276,637,049</u></b>	<b><u>235,324,227</u></b>

**INDIAN RUPPE TERM LOAN FROM BANKS INCLUDES**

- From Citibank N.A.: - Loan outstanding as on 31.03.13 Rs 56,982,715 (Previous year Rs 63,000,000) 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 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 Standard Chartered Bank :- Loan outstanding as on 31.03.13 Nil (Previous Year Rs 16,206,933 ).
- From State bank of Patiala :- Loan outstanding as on 31.03.13 Rs 183,988,170 (Previous Year Rs 220,642,839) 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 carries floating interest rate of 11.75% and 12.75% . The Loan is Secured against First Pari Passu charge alongwith Axis Bank 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 31.03.13 Rs 314,633,334 (Previous year Rs 390,800,000) :- 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 carries floating interest rate of 11.75% and 12.25%. The Loan is Secured against First Pari Passu charge with State Bank of Patiala 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.

**FOREIGN CURRENCY TERM LOAN FROM BANKS INCLUDES**

- From CITIBANK N.A. :- Loan outstanding as on 31.03.13 Rs 100,000,000/- (Previous Year Nil) 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 31.03.13 Rs 222,434,348 (Previous year Rs 324,902,174). 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 31.03.13 Rs 138,093,750 (Previous year Rs 147,300,000). 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 INCLUDES**

- Vehicle loan from banks and others outstanding as on 31.03.13 are Rs 22,350,042 (Previous year Rs 22,371,439) secured against hypothecation of the respective vehicles acquired out of proceeds thereof. The Loans carries interest rate between 10% to 12%.

	1-2 years	2-3 years	3-4 years	4-5 years
Maturity Profile of Term Loan and Vehicle Loan	290,222,322	248,941,348	153,131,639	69,550,000

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>5 OTHER LONG TERM LIABILITIES</b>		
a) Advances from Customers	17,302,520	25,689,750
<b>TOTAL</b>	<b>17,302,520</b>	<b>25,689,750</b>
<b>6 LONG TERM PROVISIONS</b>		
Provision for Retirement Benefits		
a) Leave Encashment	7,937,907	6,242,392
<b>TOTAL</b>	<b>7,937,907</b>	<b>6,242,392</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	303,542,912	341,651,469
b) Foreign Currency Loan	-	100,000,000
<b>TOTAL</b>	<b>303,542,912</b>	<b>441,651,469</b>

**Indian Rupee Loan includes**

- a) From Citibank NA :- Loan outstanding as at 31st March 2013 Rs 303,623,937 (Previous Year Rs 237,814,029) 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 12.25%. 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 2013 is NIL (Receivable Rs 81,025/-) (Previous Year Loan of Rs 103,837,440) 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 12.90%. 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)

**Foreign currency Loan includes**

- a) From Citibank NA :- Loan outstanding as at 31st March 2013 -NIL (Previous Year Rs 100,000,000)

**8 TRADE PAYABLES**

a) Micro, Small and Medium Enterprises	5,627,210	2,191,637
b) Others	745,157,849	644,777,097
<b>TOTAL</b>	<b>750,785,059</b>	<b>646,968,734</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 intimation received, on requests made by the company, with regards to vendors registration under the said Act.

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>9 OTHER CURRENT LIABILITIES</b>		
a) Current Maturity of Long- term debt (See Note 4)	276,637,049	235,324,227
b) Interest accrued but not due on borrowings	3,141,277	4,510,965
c) Interest accrued and due on borrowings	4,579,922	5,266,073
d) Investor Education and Protection Fund will be credited by following amount (as and when due)		
- Unpaid Dividend	270,650	238,678
e) Advances from Customers	74,853,261	35,393,552
f) Security Deposits Received	11,600,810	11,206,655
g) Creditors for Capital Expenditure	27,289,111	31,259,605
h) Liabilities for Expenses	60,552,888	45,322,995
i) Mark to Market Losses on Derivative Contracts	-	22,444,541
j) Statutory Dues payable	35,591,855	38,876,259
<b>T O T A L</b>	<b>494,516,823</b>	<b>429,843,550</b>
<b>10 SHORT TERM PROVISIONS</b>		
1) Provision for Retirement Benefits		
a) Leave Encashment	1,629,628	914,679
b) For Gratuity	1,332,545	850,509
	2,962,173	1,765,188
2) Other Provisions		
a) Provision for Taxation		
I. Income tax ( net of advance tax)	8,528,756	3,875,695
II. Wealth Tax	650,000	590,000
III. Corporate Dividend Tax	8,131,921	5,821,716
	17,310,677	10,287,411
b) Proposed Dividend	47,848,904	35,886,678
c) Warranties	1,497,048	1,325,567
d) Excise Duty	4,129,529	3,789,648
<b>T O T A L</b>	<b>73,748,331</b>	<b>53,054,492</b>

**Proposed Dividend**

During the year ended 31.03.13, the amount of Rs 4.00 per share as dividend recognized for distributions to equity shareholders (Previous Year Rs 3.00 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 31.03.13 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	31.03.13	31.03.12
Opening Balance	1,325,567	1,043,226
Addition	1,497,048	1,325,567
Utilization	1,640,190	1,027,845
Reversal	(314,623)	15,381
Closing Balance	<b>1,497,048</b>	<b>1,325,567</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

## 11. FIXED ASSETS

(Amount in Rs.)

PARTICULARS	GROSS BLOCK			DEPRECIATION & AMORTIZATION			NET BLOCK	
	As at 01.04.2012	Additions	Deductions	As at 01.04.2012	For the Year	Deductions	As at 31.03.2013	As at 31.03.2012
<b>1. Tangible Assets</b>								
Land Free hold	293,554,387	-	-	293,554,387	-	-	293,554,387	293,554,387
Land Lease hold	173,060,130	12,538,591	-	185,598,720	2,569,248	-	179,535,862	169,566,519
Buildings	776,047,711	67,687,369	-	843,735,080	26,810,654	-	735,613,055	694,736,340
Plant & Equipment	1,659,887,314	110,753,660	4,186,700	1,766,454,274	89,127,513	2,440,596	1,307,412,776	1,287,532,733
Furniture & Fixtures	68,525,947	13,500,865	74,832	81,951,980	5,277,260	3,749	57,459,029	49,306,507
Vehicles	83,086,788	12,838,091	6,291,889	89,632,990	7,049,913	3,516,636	53,282,101	50,269,176
Office Equipment	22,631,688	3,576,988	74,267	26,134,409	1,827,988	2,999	18,078,619	16,400,887
Mould, Block & Dies	295,403,191	60,188,877	-	355,592,067	36,766,860	-	161,788,551	138,366,535
Tools & Equipments	40,318,666	4,199,861	-	44,518,527	5,773,093	-	15,218,341	16,791,574
Electrical Installations	100,637,439	9,705,365	-	110,342,805	5,407,336	-	83,452,635	79,154,606
Computers	31,744,281	2,513,285	-	34,257,566	2,134,410	-	10,297,567	9,918,696
<b>Total</b>	<b>3,544,897,543</b>	<b>297,502,951</b>	<b>10,627,688</b>	<b>3,831,772,806</b>	<b>182,744,276</b>	<b>5,963,980</b>	<b>2,915,692,923</b>	<b>2,805,597,958</b>
Previous Year	2,876,851,144	676,506,553	8,460,154	3,544,897,543	167,124,190	3,475,268	2,805,597,958	-
<b>2. Intangible Assets</b>								
Computer Software	19,220,711	2,968,441	9,292,659	12,896,493	1,741,487	9,292,659	10,868,903	9,641,949
Development Expenditure	10,801,235	-	10,801,235	-	-	10,801,235	-	-
Technical know-How	2,028,613	-	2,028,613	2,028,613	-	2,028,613	-	-
<b>Total</b>	<b>32,050,559</b>	<b>2,968,441</b>	<b>22,122,507</b>	<b>12,896,493</b>	<b>1,741,487</b>	<b>22,122,507</b>	<b>10,868,903</b>	<b>9,641,949</b>
Previous Year	24,860,224	7,190,335	-	32,050,559	2,716,702	-	9,641,949	-
<b>3. Capital Work-in-Progress</b>								
<b>Grand Total</b>	<b>3,576,948,102</b>	<b>300,471,392</b>	<b>32,750,195</b>	<b>3,844,669,299</b>	<b>184,485,763</b>	<b>28,086,487</b>	<b>2,926,561,825</b>	<b>2,815,239,907</b>
Previous Year	2,901,711,368	683,696,888	8,460,154	3,576,948,102	169,840,892	3,475,268	2,815,239,907	-

## 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 buildings includes an amount of Rs. 11,369,746 being amount paid for purchase of guest house, the registration of which is still pending in the name of Company.
- Addition to mould, block & dies includes inhouse development of moulds, block & dies amounting to Rs. 9,059,145 (Previous year Rs. Nil)
- Gross Block of Land free hold includes Rs. 117,477,278 and gross block of Buildings includes Rs. 29,701,382 on account of revaluation carried out in the past years based on reports issued by Government approved valuers.
- Additions of fixed assets includes Rs. 15,512,780 (Previous Year Rs. 16,783,273) 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	9,726,526	-
ii. Fixed assets under installation	5,063,019	9,496,127
iii. Fixed assets in transit	-	4,233,953
<b>Total</b>	<b>14,789,546</b>	<b>13,730,080</b>



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>12 LONG TERM INVESTMENTS</b>		
1) Investment in Equity Instruments (unquoted) in Others		
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	32,864,655
b) Capital Advances	13,936,600	16,176,841
c) Security Deposits	18,942,253	16,791,920
d) Prepaid Expenses	1,528,787	2,446,600
e) Loan to Employees	1,898,500	2,000,000
<b>TOTAL</b>	<b>78,560,163</b>	<b>70,280,016</b>
<b>14 OTHER NON CURRENT ASSETS</b>		
a) Margin Money deposit with original maturity for more than 12 months	621,000	536,000
b) Balance with Income tax Dept.	456,229	456,229
<b>TOTAL</b>	<b>1,077,229</b>	<b>992,229</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	227,143,225	198,584,071
b) Raw Materials and Components in transit	8,040,433	5,576,924
c) Work in Progress	120,201,379	130,301,012
d) Finished Goods	100,115,584	97,829,039
e) Stock in trade (Mould, Tools and Dies)	796,694	3,937,283
f) Stock in trade (Others)	11,429,122	4,248,275
g) Stores and Spares (including Packing Material)	18,479,004	18,327,325
h) Stores and Spares (including Packing Material) in transit	561,101	1,401,356
<b>TOTAL</b>	<b>486,766,542</b>	<b>460,205,285</b>
<b>16 TRADE RECEIVABLES</b> (unsecured but considered good)		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	5,189,247	14,100,750
b) Considered Doubtful	908,832	7,711,661
Other Debts :- Considered Good	688,161,027	654,481,550
<b>TOTAL</b>	<b>694,259,106</b>	<b>676,293,961</b>
Less:- Provision for Doubtful Debts	908,832	7,711,661
<b>TOTAL</b>	<b>693,350,274</b>	<b>668,582,300</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

	AS AT 31.03.2013	AS AT 31.03.2012
<b>17 CASH AND BANK BALANCES</b>		
1) Cash and Cash Equivalents		
a) Balances with Banks on current account	12,431,970	15,244,381
b) Deposits with original maturity of less than three months	<u>1,165,000</u>	<u>37,507,640</u>
	13,596,970	52,752,022
2) Cash on Hand	2,084,489	1,575,147
3) Other bank balances		
a) Unpaid Dividend Account	270,650	238,678
b) Margin money deposit with original maturity for more than 3 months but less than 12 months	<u>-</u>	<u>268,000</u>
	270,650	506,678
<b>TOTAL</b>	<u><b>15,952,109</b></u>	<u><b>54,833,847</b></u>
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
(unsecured but considered good)		
a) Prepaid Expenses	9,595,706	8,109,098
b) Loan to Employees	2,584,336	3,681,275
c) Advances for Goods other than Capital Goods	31,754,384	15,954,615
d) Balance with Customs, Excise Department	51,988,384	63,520,610
e) Balance with Sales Tax Department	1,949,075	2,423,748
f) Security deposits	1,658,554	2,053,258
g) Other Advances recoverable	10,291,007	2,784,741
<b>TOTAL</b>	<u><b>109,821,447</b></u>	<u><b>98,527,344</b></u>
<b>19 OTHER CURRENT ASSETS</b>		
a) Interest accrued on fixed deposits	23,157	505,347
b) Interest accrued on Margin money deposit	27,942	33,864
c) Interest accrued on Security deposits	757,246	587,292
d) Subsidy Receivables	3,169,716	-
e) Export Incentive Receivables	1,484,431	634,246
<b>TOTAL</b>	<u><b>5,462,492</b></u>	<u><b>1,760,749</b></u>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

		Current Year 2012-13	Previous Year 2011-12
<b>20 REVENUE FROM OPERATIONS</b>			
Sale of Products (Gross)	6,646,985,013		5,782,829,295
Less :- Excise Duty	<u>616,097,717</u>		<u>463,119,614</u>
Net Sales		6,030,887,296	5,319,709,681
Other Operating Revenues		33,341,242	31,614,597
<b>TOTAL</b>		<b><u>6,064,228,538</u></b>	<b><u>5,351,324,278</u></b>
<b>Detail of Sale of Products (Gross)</b>			
a) <u>Finished goods</u>			
Automotive Lights, signaling equipment and parts	4,703,578,481		4,165,448,177
Rear View Mirror and Parts	866,388,833		764,973,254
Sheet Metal Parts	192,087,424		182,620,251
Plastic Moulded Parts	662,993,109		441,990,566
Moulds	55,647,151		57,925,521
Others	<u>6,307,046</u>		<u>1,791,765</u>
		6,487,002,043	5,614,749,534
b) <u>Traded goods</u>			
Plastic Powder	681,098		2,426,623
Bulb	14,569,556		9,297,507
Iron sheet and rods	807,023		436,479
Mould and dies	83,084,563		110,885,680
Mock Up sample	45,593,275		28,872,556
Others	<u>15,247,454</u>		<u>16,160,916</u>
		159,982,969	168,079,761
		<u>6,646,985,013</u>	<u>5,782,829,295</u>
<b>Detail of Other Operating Revenues</b>			
Scrap Sales		20,503,297	21,759,429
Testing Charges		1,488,470	1,724,599
Mould Dies and Tool Modification Charges		1,387,248	2,654,677
Government Grant/ Subsidy		7,466,237	45,936
Duty drawback on Export		2,188,586	620,251
Others		307,404	4,809,705
		<u>33,341,242</u>	<u>31,614,597</u>
<b>21 OTHER INCOME</b>			
Interest Income		2,717,428	2,472,461
Other Non-Operating Income		824,234	591,633
<b>TOTAL</b>		<b><u>3,541,661</u></b>	<b><u>3064,094</u></b>
<b>22 COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>			
Inventories at the beginning of the year		198,584,071	200,676,626
Add : Purchases		3,605,029,052	3,125,397,821
Less :- Inventories at the end of the year		<u>227,143,225</u>	<u>198,584,071</u>
<b>TOTAL</b>		<b><u>3,576,469,898</u></b>	<b><u>3,127,490,376</u></b>
<u>Particulars of Raw material and components consumed</u>			
Plastic Powder		1,267,697,641	1,035,836,125
Bulb		397,431,395	393,491,351
Iron sheet and rods		205,620,030	202,064,007
Others		<u>1,705,720,832</u>	<u>1,496,098,893</u>
		<b><u>3,576,469,898</u></b>	<b><u>3,127,490,376</u></b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

		Current Year 2012-13	Previous Year 2011-12
<b>23 PURCHASE OF STOCK IN TRADE</b>			
a) Purchase of Traded Goods	66,201,862		32,794,500
b) Purchase of Traded Moulds, Dies and Tools	44,209,593		66,559,804
		110,411,455	99,354,304
<b>TOTAL</b>		<b>110,411,455</b>	<b>99,354,304</b>
<u>Detail of Purchase of Traded Goods</u>			
Plastic Powder		633,557	2,147,197
Bulb		10,476,503	6,907,730
Iron sheet and rods		761,642	578,320
Mould Dies and Tools		44,209,593	66,559,803
Others		54,330,160	23,161,254
		<b>110,411,455</b>	<b>99,354,304</b>
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>			
Inventories at the end 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
Inventories at the beginning of the year			
a) Finished Goods	97,829,039		75,876,195
b) Work -in- Progress	130,301,012		106,596,199
c) Traded Goods - (Mould, Tools and Dies)	3,937,283		10,737,643
d) Traded Goods - (Others)	4,248,275		-
		236,315,609	193,210,037
<b>TOTAL</b>		<b>3,772,830</b>	<b>(43,105,572)</b>
<u>Finished Goods</u>			
Automotive Lights, signaling equipment and parts		69,651,618	70,791,752
Rear View Mirror and Parts		22,087,930	21,190,866
Plastic Moulded Parts		7,953,570	5,622,024
Sheet Metal Parts		422,466	224,397
		<b>100,115,584</b>	<b>97,829,039</b>
<u>Work in Progress</u>			
Automotive Lights, signaling equipment and parts		88,418,011	96,422,749
Rear View Mirror and Parts		22,346,366	18,242,142
Plastic Moulded Parts		2,368,076	10,424,081
Sheet Metal Parts		7,068,926	5,212,040
		<b>120,201,379</b>	<b>130,301,012</b>
<b>25 EMPLOYEES BENEFITS EXPENSES</b>			
Salaries, Wages and bonus to employees		645,838,523	569,383,512
Contribution to Provident and Other funds		13,315,339	12,971,603
Staff Welfare Expenses		42,084,274	29,723,777
Gratuity Expenses		4,907,737	4,163,190
Earned Leave to staff		3,500,435	2,268,556
<b>TOTAL</b>		<b>709,646,308</b>	<b>618,510,638</b>

**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(Amount in Rs)

	Current Year 2012-13	Previous Year 2011-12
<b>26 OTHER EXPENSES</b>		
<u>Manufacturing Expenses</u>		
Job Charges	3,969,605	4,187,925
Machinery running and Maintenance		
a) Machinery Repair	2,653,257	1,769,236
b) Machinery Spares	49,110,634	48,714,421
Consumption of Stores and Spare parts	87,507,334	73,627,791
Packing Expenses	149,582,314	140,608,374
Power & Fuel	266,023,864	225,399,827
Variation in Excise duty of FG	339,881	755,947
Repair - Dies	13,192,974	12,994,644
Factory / Godown rent Rent	4,188,866	3,676,521
Freight, Cartage & Octroi	51,936,421	44,649,625
Testing Fees	3,943,594	4,419,900
Segregation Charges Paid	218,199	626,852
	632,666,942	561,431,061
<u>Administrative and Selling Expenses</u>		
Advertisement, Sub & Membership Exp.	6,374,674	3,970,339
Payment to Auditors	4,057,500	3,400,000
Donation	3,168,255	2,593,315
Rates and taxes	4,487,275	4,054,141
Insurance	3,028,303	2,896,876
Bad debt written off	4,917,914	7,173,472
Provision for Bad and Doubtful Debt	(6,802,829)	4,405,705
Rent	2,388,874	2,344,224
Repair & Maintenance- Building	2,241,768	1,470,510
Repair & Maintenance- Other	15,517,512	13,011,732
Royalty	5,000,000	5,000,000
Loss on sale of Fixed Assets	1,698,510	1,269,165
Loss due to Fire	-	678,520
Exchange Difference -Derivatives	29,072,594	46,836,952
Selling & Distribution Expenses	119,259,223	94,388,659
Cash Discount on sales	10,526,594	4,354,343
Travelling and Conveyance Expenses	18,546,997	22,157,344
Prior Period Expenses	1,959,002	227,102
Other Office Expenses	102,664,968	90,685,676
	328,107,135	310,918,075
<b>TOTAL</b>	<b>960,774,077</b>	<b>872,349,136</b>
<b>27 FINANCE COSTS</b>		
Interest Expenses	155,413,961	175,905,957
Other Borrowing Costs	2,922,374	3,204,887
Exchange difference to the extent considered as an adjustment to borrowing costs (See note- 38)	(28,684,487)	28,684,487
<b>TOTAL</b>	<b>129,651,848</b>	<b>207,795,331</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

(Amount in Rs)

Particulars	31.03.2013	31.03.2012	
<b>28 Contingent Liabilities</b>			
I. Bill of Exchange Discounted from Bank	216,843,142	255,953,416	
II. Service Tax demand on credit taken on Outdoor catering for which the Company has filed an appeal with CESTAT, Chennai	-	1,313,248	
III. Excise Duty Demand on Modvat Credit taken on raw material for which the Company has filed an appeal with CESTAT, New Delhi	2,507,076	2,507,076	
IV. Entry Tax for certain inter-state purchase in Rajasthan for which matter is sub-judice in superior Courts.	639,693	535,777	
V. Liability of Import Duty (For which Bonds executed in favour of Custom Authorities of Rs. 1,000,000) towards Import of Capital Goods for use in the manufacture of specific excisable goods	414,414	-	
VI. Liability of Import Duty towards Export obligation undertaken by the Company under EPCG Licenses	10,162,659	-	
VII. Claim against the Company not acknowledged as debts, being disputed by the Company	-	500,000	
<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	
<b>29 Capital &amp; Other Commitments</b>			
I. Estimated amount of contracts remaining to be executed on capital account and not provided, (net of advances)	61,025,687	22,815,468	
II. Estimated amount of contracts remaining to be executed on traded goods not provided, (net of advances)	108,410,873	30,667,070	
III. Estimated amount for payment of cess for construction of factory building (net of advances)	1,249,017	939,442	
IV. Estimated amount for payment of import duty on debonding of EOU unit to DTA unit	-	4,412,256	
<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>	
<b>30 (a) Auditor's Remuneration</b>			
For Statutory Audit	2,500,000	2,000,000	
For Tax Audit	300,000	300,000	
For Limited Review	700,000	700,000	
For Other Services	400,000	400,000	
<b>Total</b>	<b>3,900,000</b>	<b>3,400,000</b>	
<b>(b) Cost Auditor's Remuneration</b>			
For Cost Audit Fees	150,000	-	
For Reimbursement of Travelling and Out-of-Pocket Expenses	7,500	-	
<b>Total</b>	<b>157,500</b>	<b>-</b>	
<b>31 Deferred Tax Liabilities (Net)</b>			
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-			
	31.03.2013	Addition/(Deduction) during the year	31.03.2012
<b>Deferred Tax Liability</b>			
Depreciation & Amortization and other timing differences in block of assets	249,370,888	47,869,292	201,501,595
<b>Total (A)</b>	<b>249,370,888</b>	<b>47,869,292</b>	<b>201,501,595</b>
<b>Deferred Tax Assets</b>			
Provision for Bad & Doubtful	308,913	(2,193,136)	2,502,049
Provision for Leave Encashment	3,252,005	929,893	2,322,112
Provision for Gratuity	452,932	176,984	275,948
Provision for Bonus	2,687,009	110,440	2,576,569
Provision for Warranty	508,847	78,766	430,081
Welfare Fund	22,832	11,316	11,515
Interest Accrued on FCNRB Loan	-	(338,712)	338,712
<b>Total (B)</b>	<b>7,232,537</b>	<b>(1,224,448)</b>	<b>8,456,985</b>
Net Deferred Tax Liability (A-B)	242,138,350	49,093,740	193,044,610
Previous Year	193,044,610	46,428,183	146,616,427

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

### 32 Lease Transaction

Certain factory/depot premises, guesthouse premises and plant & machinery are obtained on operating leases. There are no contingent rents in the lease agreements. The lease terms are for 1-3 years and are renewable at the mutual agreement of the both the parties. There are no restrictions imposed by lease arrangements. There are no subleases and all the leases are cancelable in nature.

(Amount in Rs)

Particulars	2012-13	2011-12
Total of future minimum lease payments under cancelable operating lease for following periods:		
Not later than one year	5,311,128	3,957,923
Later than one year and not later than five years	5,423,243	4,796,295
Lease payment recognized in Statement of Profit & Loss	7,477,235	7,400,201
<b>33 Borrowing Cost Capitalized</b>		
Borrowing Cost Capitalized to Qualifying Assets	1,281,952	845,000
<b>34 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"	1,896,834	1,633,854
II. Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase"	591,543	218,999
III. Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase of Stock-in-Trade"	383,912	2,250,809
IV. Exchange Gain/(Loss) on Settlement of receivables carried forward from the previous year as a part of "Other income"	1,090,605	29,352
V. Exchange Gain/(Loss) on Settlement and Revaluation of other transactions as a part of "Other income"	(3,149,725)	3,897,366
VI. Loss on Expiry/Cancellation of Derivative Instruments during the year as a part of "Other expenses"	(29,072,594)	(46,836,952)
VII. Loss On Expiry/Cancellation of Derivative Instruments during the year as a part of "Finance costs"	(369,725)	(1,453,071)
<b><u>Exchange Differences recognized in the Fixed Assets Account</u></b>		
I. Exchange Gain/(Loss) Gain Relating to Liabilities against Capital Assets settlement during the year	1,159,842	266,438
II. Loss on Foreign Exchange Adjustment on Long Term Foreign Currency Loan (Consequent to notification, issued by Ministry of Corporate Affairs, amending the Accounting Standard AS-11)	(15,512,780)	(16,783,273)
<b>35 Earning Per Share</b>		
Profit available for equity shareholders	277,214,052	211,374,609
Weighted average number of shares	11,962,226	11,962,226
Earning Per share basic and diluted (In Rs.)	23.17	17.67
Face value per equity share (In Rs.)	10	10
<b>36 Government Grant</b>		
Duty Drawback on Export	2,188,586	620,251
Investment Subsidy Under Investment Promotion Scheme	7,466,237	45,936
<b>37 Segment Reporting</b>		
<b><u>Business Segments:-</u></b>		
The Company's operations are manufacture of various types of automotive lighting and accessories. 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	
	2012-13	2011-12
India	5,655,016,679	5,088,487,620
Outside India	375,870,617	231,222,061
<b>Total</b>	<b>6,030,887,296</b>	<b>5,319,709,681</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

## Trade Receivables by Geographical Market

	31.03.2013	31.03.2012
India	663,880,432	639,258,675
Outside India	29,469,842	29,323,625
<b>Total</b>	<b>693,350,274</b>	<b>668,582,300</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.

- 38 Ministry of Corporate Affairs, Government of India through Circular No. 25/2012 dated 9th August 2012 has clarified that para 6 of Accounting Standard AS-11 and para 4 (e) of AS-16 shall not apply to a Company which is applying para 46-A of AS-11. Consequently, exchange differences, arising on settlement/translation of foreign currency loan to the extent regarded as an adjustment to interest cost as per para 4(e) of AS-16 and charged to statement of Profit and Loss, have now been adjusted by the company in the cost of related fixed assets. As a result exchange loss amounting to Rs. 28,684,487 representing interest differential up to 31.03.2012 previously expensed has been reversed and corresponding adjustment has been made to the cost of Fixed Assets.
- 39 The Assets of Rs. 42,254,023 (Previous Year Rs. 32,864,655) Recognized by the Company as 'MAT Credit Entitlement' under 'Long Term Loans and Advances' (See Note-13) 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 foreseeable future, 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 (W.e.f. 01.10.2012)
JSS Rao	Whole Time Director
Kashi Ram Yadav	Whole Time Director
Saket Singhal	Director (up to 31.07.2012)
Takanabu Kamoshita	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

(Amount In Rs.)

Particulars	Transaction Value		Outstanding Amount	
	2012-13	2011-12	31.03.2013	31.03.2012
<b>(i) Key Management Personnel</b>				
<b>Remuneration</b>				
Jagjeevan Kumar Jain	12,480,000	12,480,000	821,676	687,101
Seema Jain	2,400,000	2,400,000	164,738	140,237
Rahul Jain	1,800,000	-	235,000	-
Aanchal Jain	1,200,000	1,200,000	-	127,775
JSS Rao	5,400,000	3,000,000	332,266	226,757
Kashi Ram Yadav	5,544,864	3,144,864	350,548	186,565
Saket Singhal	1,148,645	4,351,863	-	-
<b>Interest</b>				
Aanchal Jain	-	919,849	-	-
<b>Dividend</b>				
Jagjeevan Kumar Jain	5,673,333	4,698,465	-	-
Seema Jain	5,263,260	4,141,433	-	-
Aanchal Jain	938,079	781,733	-	-
Rahul Jain	12,942,348	10,469,235	-	-
JSS Rao	36	30	-	-
Kashi Ram Yadav	1,014	845	-	-
<b>(ii) Related Parties Controlled by Key Management personnel</b>				
<b>Brand Royalty</b>				
Fiem Auto & Electrical Industries	5,000,000	5,000,000	1,264,050	1,240,875
<b>Dividend</b>				
Jagjeevan Kumar Jain (HUF)	34,614	28,845	-	-
Fiem Auto Private Limited	253,200	211,000	-	-



**NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**

(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:

	2012-13	2011-12
Employer's Contribution to Provident Fund	9,934,033	9,932,843
Employer's Contribution to ESI Fund	3,195,590	2,947,388
Employer's Contribution to Wages Welfare Fund	185,716	91,372
<b>Total</b>	<b>13,315,339</b>	<b>12,971,603</b>

**Defined Benefit Plans**

Disclosure requirement as per Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.13 are as follows:

(Amount In Rs.)

Particulars	Gratuity		Leave Encashment	
	2012-13	2011-12	2012-13	2011-12
<b>Recognized in the Statement of Profit &amp; Loss Account</b>				
Current Service Cost	5,043,127	3,504,263	2,560,437	2,073,457
Interest cost on benefit obligation	1,577,884	1,472,969	545,497	437,580
Expected return on plan assets	(1,690,278)	(1,588,830)	-	-
Net actuarial gain/(loss) recognized in the year	(22,998)	776,312	394,501	(242,481)
<b>Total, Included in "Employee Benefit Expenses"</b>	<b>4,907,737</b>	<b>4,163,190</b>	<b>3,500,435</b>	<b>2,268,556</b>
<b>Amount to be Recognized in Balance Sheet</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Present value of Defined benefit obligation	23,909,631	20,886,952	9,567,535	7,157,071
Fair value of plan assets	22,577,087	20,036,442	-	-
<b>Net Liability, Shown in "Short Term/Long Term Provisions"</b>	<b>1,332,545</b>	<b>850,509</b>	<b>9,567,535</b>	<b>7,157,071</b>
Change in the present value of the defined benefit obligation	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Opening defined benefit plan	20,886,952	18,482,904	7,157,071	5,407,477
Interest cost	1,577,884	1,472,969	545,497	437,580
Current service cost	5,043,127	3,504,263	2,560,437	2,073,457
Actuarial (gains)/losses on obligation	(76,172)	(265,459)	394,501	(242,481)
Benefits Paid	(3,522,160)	(2,307,725)	(1,089,971)	(518,962)
<b>Closing defined benefit plan</b>	<b>23,909,631</b>	<b>20,886,952</b>	<b>9,567,535</b>	<b>7,157,071</b>
Change in the fair value of the plan assets	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Opening fair value of plan assets	20,036,442	17,894,857	-	-
Expected return	1,690,278	1,588,830	-	-
Contribution by employer	4,425,701	3,902,252	-	-
Actuarial gains/(losses) on obligation	(53,174)	(1,041,772)	-	-
Benefits Paid	(3,522,160)	(2,307,725)	-	-
<b>Closing fair value of plan assets</b>	<b>22,577,087</b>	<b>20,036,442</b>	<b>-</b>	<b>-</b>
<b>Actuarial Assumptions</b>	<b>31.03.2013</b>	<b>31.03.2012</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Interest & Discount Rate	8.25%	8.50%	8.25%	8.50%
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%
<b>Categories of Plan Assets</b>		<b>2012-13</b>	Gratuity	2011-12
		%		%
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 2013

## Experience Adjustment (Gratuity)

Particulars	31.03.2013	31.03.2012	31.03.2011	31.03.2010	31.03.2009
Defined Benefit Obligation	23,909,631	20,886,952	18,482,904	14,640,642	10,237,560
Plan Assets	22,577,087	20,036,442	17,894,857	10,390,979	6,212,621
Surplus/(deficit)	(1,332,545)	(850,509)	(588,047)	(4,249,663)	(4,024,939)
Exp. Adj. On Plan Liabilities	-	-	-	-	-
Exp. Adj. On Plan Assets	-	-	-	-	-

- 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.
- Information relating to experience adjustment on Plan Assets and Plan Liability in the actuarial valuation of gratuity as required by Para 120 (n)(ii) of the Accounting standard 15 (Revised) on Employee benefits is not available with the company.
- The company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting standard 15 (Revised) on Employee benefits is not disclosed.

## 42 Foreign Exchange Derivatives and Exposure outstanding at end of the year

## Cross Currency Swap &amp; Forward Currency Option

The Company uses Cross-currency swaps (principal only swaps and interest rate swaps) and forward currency option contracts to hedge its exposure in foreign currency and interest rates. The counter party is bank. These contracts are for a period between four to five years. All the contracts have been settled during the year and there is no pending contract as on 31.03.2013. The instruments wise information on derivative instruments as on 31.03.2013 is as follows.

Particulars	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>Cross-Currency Swap</b>				
<u>Principal Only Swap</u>				
31.03.2013	-	-	-	-
31.03.2012	3	43,069,223	15,687,500	(11,200,616)
<u>Interest Swap</u>				
31.03.2013	-	-	-	-
31.03.2012	3	1,472,286	659,804	(259,345)
Particulars	No of Contracts	USD Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>Forward Currency Option</b>				
31.03.2013	-	-	-	-
31.03.2012	2	1,320,000	56,542,000	(10,984,580)

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

### 43 Movement in Hedging Reserve Account

The movement in Hedging Reserve Account during the year ended March 31, 2013, for derivative transactions.

Particulars	2012-13		2011-12	
Balance at the beginning of the year		(22,444,541)		(37,162,000)
Loss recorded/booked on occurrence of settlement of hedge transaction.				
Cross Currency Swap-Principal Swap	14,504,594		27,586,652	
Cross Currency Swap-Interest Swap	369,725		1,453,071	
Forward Currency Option	14,568,000	29,442,319	19,250,300	48,290,023
Changes in the fair Value of derivative transaction		(6,997,778)		(33,572,564)
Balance at the end of the year		-		(22,444,541)

### 44 Foreign Exchange Currency Exposure Fully Hedged

Particulars	31.03.2013		31.03.2012	
	USD Equivalent	INR Equivalent	USD Equivalent	INR Equivalent
Short Term Loan for working capital (Fully hedged cost 11.60% p.a (Previous year 10.75% p.a)	-	-	2,040,816	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 @ 10.60% p.a)	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)	2,812,500	138,093,750	3,000,000	147,300,000

### 45 Foreign Exchange Currency Exposure not hedged by a Derivatives Instruments or otherwise

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

	Foreign Currency	31.03.2013		31.03.2012	
		INR	FC	INR	FC
For Import of Raw Materials	USD	903,603	16,508	1,149,084	23,261
	JPY	5,333,691	9,088,400	927,750	1,500,000
For Import of Capital Goods	USD	-	-	1,160,410	25,100
For Foreign Currency Loan Taken	JPY	210,894,028	385,101,017	284,979,051	520,426,356
For Export of Goods & Services	GBP	3,550,439	43,028	2,248,355	27,544
	JPY	-	-	5,093,322	10,076,484
Bank Balance	USD	19,425,315	359,417	-	-
	USD	5,482,173	101,320	5,170,347	103,154
	JPY	11,496	21,298	2,134,889	3,422,539
	EURO	-	-	331,286	5,093

# ANNUAL REPORT 2012-13

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

### 46 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.)

	2012-13	2011-12
<b>Capital Expenditure</b>		
Capital Expenditure	3,034,125	17,068,380
<b>Total (A)</b>	<b>3,034,125</b>	<b>17,068,380</b>
<b>Revenue Expenditure</b>		
Employee Benefits	37,084,713	33,025,123
Other Expenses	2,247,043	2,062,674
Finance Cost	1,777,407	101,915
Depreciation & Amortization	2,136,650	256,166
<b>Total (B)</b>	<b>43,245,813</b>	<b>35,445,878</b>
<b>Grand Total (A+B)</b>	<b>46,279,938</b>	<b>52,514,258</b>

47 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/-  
**(Arvind K. Chauhan)**  
Company Secretary

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

Place : Rai, Sonapat (HR.)  
Date : 30/05/13



ATTENDANCE SLIP

FIEM INDUSTRIES LIMITED

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

Regd. Folio No.....	No. of Shares held.....
DPID No. ....	Client ID No.....
<b>NAME AND ADDRESS:</b>	

I hereby record my presence at the 24th Annual General Meeting held at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036 on Monday, 23rd day of September 2013 at 10.00 A.M.

SIGNATURE OF THE MEMBER / PROXY PRESENT



PROXY FORM

FIEM INDUSTRIES LIMITED

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

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

I/We..... of..... being a member/ members of Fiem Industries Limited, hereby appoint Mr./ Ms./ Mrs..... of..... or failing him Mr./ Ms./ Mrs..... of..... as my/ our proxy to attend and vote for me/ us and on my / our behalf at the 24th Annual General Meeting of the Company to be held on Monday, 23rd day of September 2013 at 10.00 A.M. and at any adjournment thereof.

As witness my hand/ our hand(s) this ..... Day of .....2013

Affix revenue stamp

- Notes:
- (i) The form should be signed across the revenue stamp as per specimen signature registered with the company / depository.
  - (ii) The proxy form duly completed must be deposited at the Registered Office of the company not less than 48 hours before the time fixed for holding the aforesaid meeting.
  - (iii) A proxy need not be a member.





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# Our System & COP Certifications



**Our Manufacturing Facilities are ISO/TS 16949:2009, OHSAS 18001:2007 & ISO 14001:2004 Certified.**



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# Awards & Recognitions

2013



ESQR'S Quality Achievement Award 2013 in the GOLD CATEGORY for the Extra ordinary achievement in quality management.



Achievement Award for Vendor Performance in the field of 'Development' in the year 2012-13. from Suzuki Motor cycle India Private Limited.



Achievement Award for Honda Global Support for 2012-13 from Honda Motorcycle & Scooter India Ltd.

- 2012
  - Achievement Award for Delivery Management for 2011-2012 from Honda Motorcycle & Scooter India Ltd.
  - Achievement Award for Vender Performance from Suzuki Motor cycle India Private Limited.
  - Business Excellence Award in Electronics 2012 from Elcina Electronics Industries Association of India.
  - World Quality Commitment International Gold Star Award-2012 for Quality from BID Paris.
  - Hind Gaurav Award for Excellence 2012 from Indian Society for Industry & Intellectual Development.
  - Life Time Achievement Award in the Field of Auto Lighting from Business Sphere 2011-2012.
  - Excellences in Innovation-Runner up Award from manufacturing Today 2012.
  - HR Champion Award 2012 from India Human Capital Awards.
  
- 2011
  - Achievement Award for achieving Quality & Delivery Target for 2010-2011 from Honda Motorcycle & Scooter India Ltd.
  - Award for Q.D Performance from Honda Motorcycle & Scooter India Ltd.
  - Outstanding Entrepreneurship Award from Enterprise Asia.
  
- 2010
  - Achievement Award for achieving Quality & Delivery Target for 2009-2010 from Honda Motorcycle & Scooter India Ltd.
  - Indo-Nepal Sadbhavana Award
  - National Achievement Award for Business Excellence from Indian Society for Industry & Intellectual Development.
  
- 2009
  - SMB Award for superior performance during 2007-2008 From Industry 2 Magazine.
  - Rashtriya Gaurav Ratan Award from Indian Society for Industry & Intellectual Development.
  - Achievement Award for the year 2008-2009 for achieving the quality & Delivery Targets from Honda Motorcycle & Scooter India Ltd.
  - Grand Award for Development for the year 2008-2009 from Honda Motorcycle & Scooter India Ltd.
  - Appreciation Certificate from Hyundai Motor India Ltd.
  - Award for Environmental Management system from CQMS, Jadavpur University, Calcutta.
  
- 2008
  - New Model Development Award for the year 2007-2008 from Honda Motorcycle & Scooter India Ltd.
  - Appreciation Certificate from Hyundai Motor India Ltd.
  - National Business Leadership Award from Indian Society for Industry & Intellectual Development.
  
- 2007
  - QCDDM Award for year 2006-2007 from Honda Motorcycle & Scooter India Ltd.
  - Rashtriya Samman Puraskar Award from Indian Society for Industry & Intellectual Development.
  - Automotive Lighting Equipment Man of the year award from Business Sphere Magazine.
  - Vikas Rattan Gold Award from Indian Organization for Business Research & Development.
  - Individual Achievement and contributions on Nations growth Award from International Business Productivity Forum.
  - Life Time Achievement Award from India International Council for Industry & Trade.
  
- 2006
  - Transworld Gold Star Award for Excellency in Quality from International Study Circle.
  - Achievement Award for quality & Delivery Targets from Honda Motorcycle & Scooter India Ltd.
  - New Model Development Award for the year 2005-2006 from Honda Motorcycle & Scooter India Ltd.
  - Appreciation Certificate from Hyundai Motor India Ltd.
  
- 2005
  - QCDDM Award for year 2004-2005 from Honda Motorcycle & Scooter India Ltd.
  - Appreciation Certificate from Hyundai Motor India Ltd.
  - Bhartiya Shiromani Puraskar award from Institute of Economic Studies.
  - Udyog Rattan Award from Institute of Economic Studies.



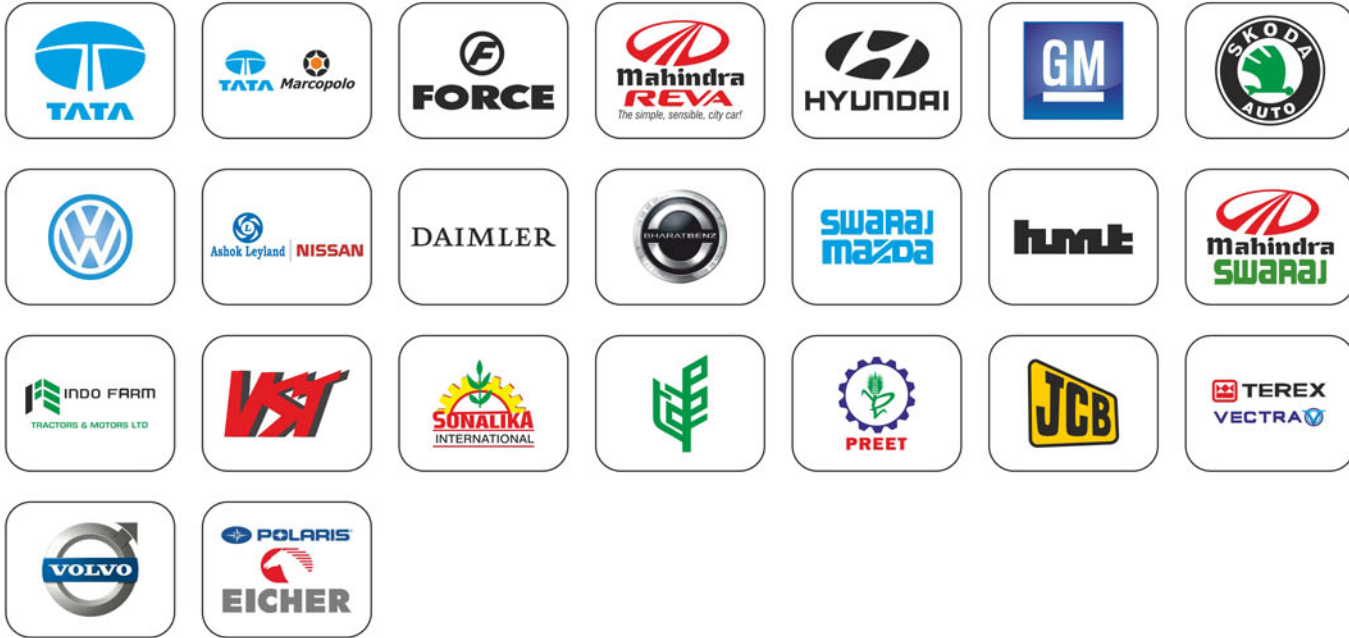




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# Our Prestigious Customers

## • Four-Wheeler segment (Domestic Customers)



## • Four-Wheeler segment (Global)



## • Two-Wheeler segment (Domestic)



## • Two-Wheeler segment (Global)



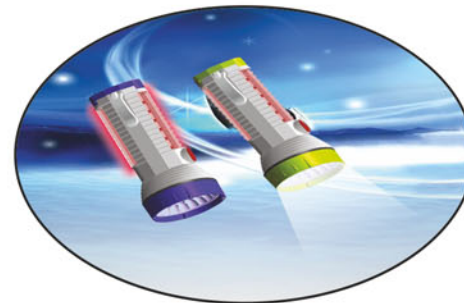


Fiem

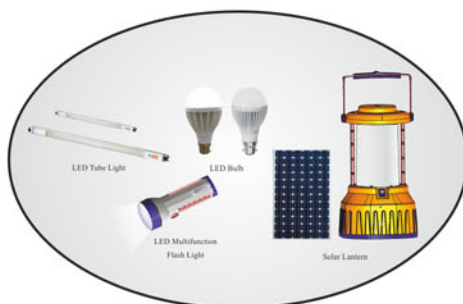
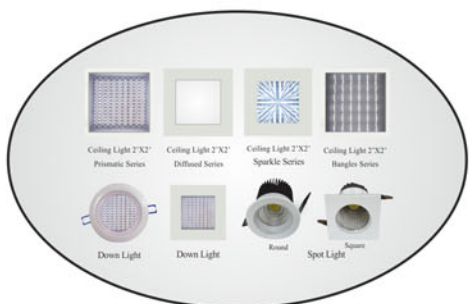


Light Up The World

Automotive Lighting, Signalling Equipment and Rear View Mirror



LED Luminaires





**Fiem**

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# 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)

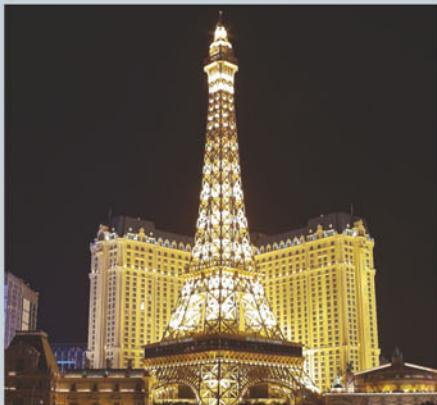


**Fiem**



**Light Up The World**

## LED... The Future of Lighting



- **Light Weight**
- **Eco Friendly**
- **Zero Mercury & UV**
- **Zero Maintenance**
- **Shockproof**
- **80% Power Saving**



LEDs are extremely energy efficient and consume up to 80% less power than incandescent / CFL bulbs. Substituting conventional Lights with Fiem -LED lights fixtures is an excellent way to reduce the costs for lighting.

Fiem -LED lights have a much longer lifespan as compared to incandescent /CFL bulbs. Long lifespan of LEDs reduces maintenance cost and lower long-term operating costs compared to conventional bulbs and tubes.

Certainly, LED is a one time investment, but it drastically reduces the recurring costs of your electricity bill in the long run.

**Fiem Industries Limited**

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

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