<u>DISCLAIMER</u>

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Please read this notice carefully - it applies to all persons who view this webpage. Please note that the disclaimer set out below may be altered or updated. You should read it in full each time you visit the site. The following disclaimer applies to the Placement Document presented herein and is placed solely to comply with the provisions of Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and Section 42 and 62 of the Companies Act, 2013 and the rules thereunder. The Issue referred to herein is meant only for investors who are qualified institutional buyers, as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations ("**QIBs**") which are <u>not</u> excluded pursuant to Regulation 86 of the SEBI ICDR Regulations. No offer is being made to the public or to any other category of investors. You are advised to read this disclaimer carefully before reading, accessing or making any other use of the Placement Document. The Placement Document may not be downloaded, delivered, forwarded or distributed, electronically or otherwise, in whole or in part, to any other person and may not be reproduced in any manner whatsoever. Any downloading, forwarding, delivery, distribution or reproduction of the Placement Document in whole or in part is unauthorized. Failure to comply with this disclaimer may result in a violation of the applicable laws. By accessing the Placement Document, you agree to follow the following terms and conditions, including any modifications to them from time to time.

The Placement Document has not been and will not be registered as a prospectus with any Registrar of Companies in India under the Companies Act, 2013. The Placement Document has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, the Reserve Bank of India, any Registrar of Companies in India or any stock exchange in India. The Placement Document is not and should not be construed as an invitation, offer or sale of any securities to the public in any jurisdiction, including India.

The Placement Document does not constitute or form a part of any offer or solicitation to purchase or subscribe for the Equity Shares in any jurisdiction other than India

None of the Company, the Book Running Lead Manager (as defined in the Placement Document) or any of their respective affiliates, directors, officers, employees, agents, representatives or advisers accepts any liability whatsoever for any loss howsoever arising from any use of this website or the attached Placement Document or their respective contents or otherwise arising in connection therewith.

Basis of access

Access to electronic versions of these materials is being made available on this webpage by the Company in good faith and for information purposes only. Any person seeking access to this webpage represents and warrants to the Company that they are doing so for information purposes only. Making press announcements and other documents available in electronic format does not constitute an offer to sell or the solicitation of an offer to buy Securities in the Company. Further, it does not constitute a recommendation by the Company or any other party to sell or buy Securities in the Company.

Confirmation of understanding and acceptance of disclaimer
Electronic versions of these materials are not directed at or accessible by persons located in jurisdictions other than India.

I hereby confirm that:

☐ I am not located in a jurisdiction other than India

☐ I have read and accept the disclaimer above

Placement Document
Not for Circulation
Serial Number: ___
Strictly Confidential

FIEM INDUSTRIES LIMITED

Originally incorporated as "Rahul Auto Private Limited" on February 6, 1989 under the Companies Act, 1956, with the Registrar of Companies, Delhi and Haryana. The name of our Company was changed to Fiem Industries Private Limited and a fresh certificate of incorporation consequent to the change of name was issued on May 7, 1992. Subsequently, our Company, was converted into a public limited company w.e.f November 30, 1993. The Corporate Identification Number of our Company is L36999DL1989PLC034928.

Registered Office: *D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi - 110015, India;* ***Corporate Office:*** *Plot No. 1915, Rai Industrial Estate, Phase – V, District Sonepat, Haryana - 131029, India;* ***Telephone:*** *+91-130-2367905;* ***Fax:*** *+91-130-2367903;*
Email: *investor@fiemindustries.com;* ***Website:*** *www.fiemindustries.com*

Fiem Industries Limited (our "**Company**" or the "**Issuer**") is issuing 11,97,604 equity shares of face value of ₹ 10 each (the "**Equity Shares**") at a price of ₹ 1,002 per Equity Share, including a premium of ₹ 992 per Equity Share, aggregating upto ₹ 1,200 million (the "**Issue**").

ISSUE IN RELIANCE UPON SECTION 42 AND 62 OF THE COMPANIES ACT, 2013, AS AMENDED, READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED, AND CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI ICDR REGULATIONS")

THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING MADE TO QUALIFIED INSTITUTIONAL BUYERS ("QIBs") AS DEFINED UNDER THE SEBI ICDR REGULATIONS IN RELIANCE UPON CHAPTER VIII OF THE SEBI ICDR REGULATIONS AND SECTION 42 AND 62 OF THE COMPANIES ACT, 2013, AS AMENDED, AND RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN QIBs. THIS PLACEMENT DOCUMENT WILL BE CIRCULATED ONLY TO SUCH QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO EQUITY SHARES OFFERED IN THIS ISSUE.

INVESTMENTS IN THE EQUITY SHARES INVOLVE A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD NOT INVEST ANY FUNDS IN THIS ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENTS. PROSPECTIVE INVESTORS ARE ADVISED TO CAREFULLY READ "RISK FACTORS" ON PAGE 38 BEFORE TAKING AN INVESTMENT DECISION IN THE ISSUE. EACH PROSPECTIVE INVESTOR IS ADVISED TO CONSULT ITS ADVISORS ABOUT THE PARTICULAR CONSEQUENCES TO IT OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THIS PLACEMENT DOCUMENT.

Invitation for subscription, offers and sales of the Equity Shares shall only be made pursuant to the Preliminary Placement Document, together with the respective Application Form and this Placement Document. For further details, refer to "*Issue Procedure*" on page 130 of this Placement Document. The distribution of this Placement Document or the disclosure of its contents to any person, other than QIBs and persons retained by QIBs to advise them with respect to their purchase of the Equity Shares, is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

A copy of this Placement Document (which includes disclosures prescribed under Form PAS-4 under Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended) has been delivered to the BSE Limited ("**BSE**") and the National Stock Exchange of India Limited ("**NSE**" and, together with BSE, the "**Stock Exchanges**"). Our Company shall also make the requisite filings with the Registrar of Companies, Delhi and Haryana (the "**RoC**") and the Securities and Exchange Board of India ("**SEBI**") within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014. This Placement Document has not been reviewed by the SEBI, the Reserve Bank of India ("**RBI**"), the Stock Exchanges or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the RoC, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction. This Issue is meant only for QIBs by way of a private placement and is not an offer to the public or to any other class of investors.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PLACEMENT DOCUMENT.

The information on our Company's website or any website directly or indirectly linked to our Company's website does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites.

All of our Company's outstanding Equity Shares are listed on the Stock Exchanges. The closing price of the outstanding Equity Shares on the BSE and the NSE on September 9, 2016 was ₹ 1,116.95 and ₹ 1,104.15 per Equity Share, respectively. In-principle approval under Regulation 28(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, for listing of the Equity Shares has been received from BSE and NSE on September 12, 2016. Application to the Stock Exchanges will be made for obtaining listing and trading approval for the Equity Shares offered through this Placement Document. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the business of our Company or the Equity Shares.

YOU MAY NOT BE AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILISE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY OUR COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PLACEMENT DOCUMENT.

BOOK RUNNING LEAD MANAGER

Centrum Capital Limited

This Placement Document is dated September 16, 2016.

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NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all the information contained in this Placement Document and after having made all reasonable enquiries, confirms, to the best of its knowledge and belief that this Placement Document contains all material information with respect to our Company, Subsidiary and Joint Venture (together, the "**Group**") and the Equity Shares which is material in the context of the Issue. The statements contained in this Placement Document relating to the Group and the Equity Shares are, in all material respects, true and accurate and not misleading. The opinions and intentions expressed in this Placement Document with regard to us and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on information presently available to us and are based on reasonable assumptions. There are no other facts in relation to us and the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements.

The Book Running Lead Manager and its affiliates, including its shareholders, employees, counsel, officers, directors, representatives or agents have made reasonable enquiries but have not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Manager nor any of its affiliates including any of its shareholders, directors, officers, employees, counsel, representatives or agents make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Manager or any of its affiliates, including its shareholders, directors, officers, employees, counsel, representatives or agents as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has not relied on the Book Running Lead Manager or any of its affiliates including any of its respective shareholders, directors, officers, employees, counsel, representatives or agents in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of us and the merits and risks involved in investing in the Equity Shares. Prospective investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither we nor the Book Running Lead Manager are making any representation to any investor or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such investor or purchaser under applicable legal, investment or similar laws or regulations.

No person is authorized to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us or the Book Running Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any other regulatory authority in any jurisdiction. No such authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document.

The distribution of this Placement Document and the issuance of Equity Shares pursuant to this Issue may be restricted by law in certain jurisdictions. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by any one in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by our Company and the Book Running Lead Manager which would permit an issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any other Issue-related materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than QIBs specified by the Book Running Lead Manager or its representatives, and those retained by QIBs to advise them with respect to their purchase of the Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

Each purchaser of the Equity Shares in this Issue is deemed to have acknowledged, represented and agreed that it is eligible to invest in India and in the Equity Shares under Indian law, including Chapter VIII of the

SEBI ICDR Regulations and is not prohibited by SEBI or any other statutory authority from buying, selling or dealing in securities including the Equity Shares. Each purchaser of the Equity Shares in this Issue also acknowledges that it has been afforded an opportunity to request from us and has reviewed information relating to us and the Equity Shares.

All references herein to “you” or “your” is to the prospective investors of the Issue.

The information on our website, www.fiemindustries.com, or any website directly or indirectly linked to our website or on the website of the Book Running Lead Manager or its respective affiliates or any website directly or indirectly linked to such websites does not constitute or form a part of this Placement Document. Prospective investors should not rely on the information contained in, or available through, any such websites.

This Placement Document contains a summary of some terms of certain documents which are qualified in their entirety by the terms and conditions of those documents.

REPRESENTATIONS BY INVESTORS

All references to “you” or “your” in this section are to the prospective investors in the Issue. By bidding for and subscribing to any of the Equity Shares in the Issue, you are deemed to have represented, warranted, acknowledged and agreed to our Company and the Book Running Lead Manager as follows:

- you (i) are a QIB as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations and are not excluded as an eligible investor pursuant to Regulation 86(1)(b) of the SEBI ICDR Regulations; (ii) have a valid and existing registration under applicable laws of India; and (iii) undertake to acquire, hold, manage or dispose of any Equity Shares that are Allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI ICDR Regulations and (iv) undertake to comply with the SEBI ICDR Regulations, the Companies Act, 2013, the Companies Act, 1956 to the extent applicable and all other applicable laws, including in respect of reporting requirements, if any;

- if you are not a resident of India, but a QIB, you are an Eligible FPI including a FII (including a sub-account other than a sub-account which is a foreign corporate or a foreign individual) and have a valid and existing certificate of registration with SEBI under the applicable laws in India and you agree that you will participate in this Issue through the Portfolio Investment Scheme or the Foreign Portfolio Investment Scheme, as applicable. Further, if you are a non-resident QIB, then the investment amount will be paid out of inward remittance of foreign exchange received through normal banking channels and as per RBI’s notification no. FEMA 20/2000 – RB dated May 3, 2000, as amended from time to time You confirm that you are not an FVCI or a foreign multilateral or bilateral development financial institution;

- you are eligible to invest in India under applicable laws, including the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended and any notification, circulars or clarification issued thereunder, and have not been prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities;

- you will make all necessary filings with the appropriate regulatory authorities including with the RBI, as required, pursuant to applicable laws;

- if you are Allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges;

- you are aware that this Placement Document has not been, and will not be, registered as a prospectus under the Companies Act, 2013 and the SEBI ICDR Regulations or under any other law in force in India. You are aware that this Placement Document has not been reviewed or affirmed by SEBI, RBI or the Stock Exchanges or any other regulatory or listing authority, will not be filed or registered with the Registrar of Companies and is intended for use only by QIBs. This Placement Document has been filed with the Stock Exchanges for record purposes only and this Placement Document has been displayed on the websites of our Company and the Stock Exchanges. Further, you are aware that our Company is required to make the requisite filings in relation to this Issue with the RoC and the SEBI within the time periods prescribed under the Companies Act and the PAS Rules;

- you are entitled and have necessary capacity to acquire/subscribe to the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such consents and authorisations, governmental or otherwise, in each case which may be required thereunder and complied with all necessary formalities, to enable you to commit to participation in this Issue and to perform your obligations in relation thereto (including, in the case of any person on whose behalf you are acting, all necessary consents and authorisations to agree to the terms set out or referred to in this Placement Document), and will honour such obligations;

- neither our Company nor the Book Running Lead Manager nor any of its affiliates, including its shareholders, directors, officers, employees, counsel, representatives or agents are making any recommendations to you or, advising you regarding the suitability of any transactions it may enter into in connection with the Issue; and that your participation in this Issue is on the basis that you are not, and will not, up to Allotment, be a client of the Book Running Lead Manager and that neither the Book Running Lead Manager nor any of its affiliates, including their shareholders, directors, officers, employees, counsel, representatives or agents have any duty or responsibilities to you for providing the protection afforded to their clients or customers for providing advice in relation to this Issue and are not in any way acting in any fiduciary capacity;

- you confirm that, either: (i) you have not participated in or attended any investor meetings or presentations by us or our agents ("**Company Presentations**") with regard to our Company or the Issue; or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such Company Presentations may have included any material misstatements or omissions, and, accordingly you acknowledge that the Book Running Lead Manager has advised you not to rely in any way on any information that was provided to you at such Company Presentations, and (b) confirm that you have not been provided any material information that was not publicly available;

- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the allotment of the Equity Shares shall be on a discretionary basis at the discretion of our Company in consultation with the Book Running Lead Manager ;

- all statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place reliance on forward looking statements, which speak only as at the date of this Placement Document. Our Company assumes no responsibility to update any of the forward-looking statements contained in this Placement Document;

- you have been provided a serially numbered copy of the Preliminary Placement Document and have read this Placement Document in its entirety including, in particular "*Risk Factors*" on page 38 of this Placement Document;

- in making your investment decision (i) you have relied on your own examination of our Company and the terms of the Issue, including the merits and risks involved; (ii) you have made and will continue to make your own assessment of our Company, the Equity Shares and the terms of this Issue based solely on the information contained in this Placement Document and no other representation by us, its Directors, Promoters and affiliates or any other party; (iii) you have consulted your own independent advisors (including tax advisors) or otherwise have satisfied yourself concerning, without limitation, the effects of local laws and taxation matters; (iv) you have relied solely on the information contained in this Placement Document and no other disclosure or representation by our Company, the Book Running Lead Manager or any other party; (v) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of us and the Equity Shares; and (vi) relied upon your own investigation and resources in deciding to invest in the Issue. You are seeking to subscribe to/acquire the Equity shares in this Issue for your own investment and not with a view to resale or distribution;

- you are a sophisticated investor and have such knowledge and experience in financial, business and investment matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares. You are experienced in investing in private placement transactions of securities of companies in a similar nature of business, similar stage of development and in similar jurisdictions. You and any accounts for which you are subscribing to the Equity Shares: (i) are each able to bear the economic risk of the investment in the Equity Shares; (ii) will not look to our Company, the Book Running Lead Manager or their affiliates, including their shareholders, directors, officers, employees, counsel, representatives or agents for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise; (iii) are able to sustain a complete loss on the investment in the Equity Shares; (iv) have no need for liquidity with respect to the investment in the Equity Shares; and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them, of all or any part of the Equity Shares;

- neither the Book Running Lead Manager nor its Affiliates, including their shareholders, investors, officers, employees, counsel, agents or representatives have provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership or disposal of the Equity Shares (including, but not limited, to this Issue and the use of the proceeds from the Equity Shares). You will obtain your own independent tax advice from a reputable service provider and will not rely on the Book Running Lead Manager or its affiliates, including their shareholders, investors, officers, employees, counsel, agents or representatives when evaluating the tax consequences of the Equity Shares (including, but not limited to, this Issue and the use of the proceeds from the Equity Shares). You waive and agree not to assert, any claim against us, the Book Running Lead Manager or any of its Affiliates, including their shareholders, investors, officers, employees, counsel, agents or representatives with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

- where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and to make (and you hereby make) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "you" to include such accounts;

- you agree and acknowledge that in terms of Section 42(7) of the Companies Act, 2013 and other laws, as applicable, we shall file the list of QIBs (to whom this Placement Document are circulated) along with other particulars with the RoC and SEBI within 30 days of circulation of the Placement Document and other filings required under the Companies Act, 2013;

- you are not a 'Promoter' of our Company, as defined under section 2(69) of the Companies Act, 2013 and the SEBI ICDR Regulations, and are not a person related to the Promoter or to group companies of the Promoter, either directly or indirectly and your Bid does not directly or indirectly represent the Promoter or Promoter Group or persons related to the Promoter of our Company or to group companies of the Promoter of our Company;

- you have no rights under a shareholders' agreement or voting agreement with the Promoter or persons related to the Promoter, no veto rights or right to appoint any nominee director on the Board of Directors of our Company other than such rights acquired, if any, in the capacity of a lender not holding any Equity Shares of our Company, the acquisition of which shall not deem you to be a Promoter or a person related to the Promoter;

- you are aware that if you are Allotted more than 5.00% of the Equity Shares in the Issue, our Company shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their websites and you consent to such disclosures;

- you have no right to withdraw your Bid after the Issue Closing Date;

- you are eligible to Bid and hold the Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding upon this Issue of the Equity Shares shall not exceed the level permissible as per any applicable regulations;

- the Bid submitted by you would not eventually result in triggering a tender offer under the Takeover Code;

- your aggregate holding, together with other QIBs participating in this Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the present Issue, shall not exceed 50.00% of the Issue. For the purposes of this representation:

    (i) the expression 'belongs to the same group' shall be interpreted by applying the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

    (ii) 'Control' shall have the same meaning as is assigned to it under Regulation 2 (i)(e) of the Takeover Code;

- you shall not undertake any trade in the Equity Shares credited to your beneficiary account opened with the Depository Participant until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges, as applicable;

- you are aware that the pre-issue and post-issue shareholding pattern of our Company in the format prescribed under Regulations 31 of the SEBI Listing Regulations will be filed by our Company with the Stock Exchanges, and if you are Allotted more than 5.00% of the Equity Shares in the Issue, we shall be required to disclose your name and the number of Equity Shares Allotted to you to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosure being made by us;

- you are aware that our Company shall make necessary filings with the RoC pursuant to the Allotment (which shall include certain details of the Allottees) and if the Allotment of Equity Shares in this Issue results in you being one of the top ten shareholders of our Company, we shall also be required to disclose your name and shareholding details to the RoC within 15 days of Allotment as per section 93 of the Companies Act, 2013 and you consent to such disclosure being made by us;

- you are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, will be made and approval will be received from each of the Stock Exchanges, and (ii) the application for the final listing and trading approval will be made only after Allotment. There can be no assurance that the final approvals for listing and trading in the Equity Shares will be obtained in time or at all. We shall not be responsible for any delay or non-receipt of such final approvals for listing and trading or any loss arising from such delay or non-receipt;

- you are aware and understand that the Book Running Lead Manager has entered into a placement agreement with our Company (the "**Placement Agreement**") whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, undertaken to use its reasonable endeavours to seek to procure subscriptions for the Equity Shares on the terms and conditions set forth herein;

- you understand that the contents of this Placement Document are our Company's exclusive responsibility and neither the Book Running Lead Manager nor any person acting on its behalf, nor any of its shareholders, directors, officers, employees, counsel, advisors, representatives, agents or affiliates has, or shall have, any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of us and will not be liable for your decision to participate in this Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in the Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of either of the Book Running Lead Manager or our Company or any of their respective affiliates or any other person and neither the Book Running Lead Manager , nor our Company nor any of our affiliates including our respective directors, officers, employees, counsel, advisors, representatives or agents or any other person will be liable for your decision to participate in this Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares, is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares issued in pursuance of this Issue and that you have neither received nor relied on any other information given or representations, warranties or statements made by the Book Running Lead Manager (including any view, statement, opinion or representation expressed in any research published or distributed by the Book Running Lead Manager or its affiliates or any view, statement, opinion or representation expressed by any staff (including research staff) of the Book Running Lead Manager or its respective affiliates) or our Company or any of their affiliates, including their respective shareholders, directors, officers, employees, counsel, advisors, representatives or agents and neither the Book Running Lead Manager nor our Company or any of our affiliates, including our respective shareholders, directors, officers, employees, counsel, advisors, representatives or agents will be liable for your decision to participate in this Issue based on any other information, representation, warranty, statement or opinion, that you may have received;

- you understand that neither the Book Running Lead Manager nor its affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in this Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by us of any of our respective obligations or any breach of any representations or warranties by us, whether to you or otherwise;

- you agree to indemnify and hold our Company and the Book Running Lead Manager and its respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements and agreements made by you in this Placement Document. You agree that the indemnity set forth in this section shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

- each of the representations, warranties, acknowledgements and agreements set forth above shall continue to be true and accurate at all times up to and including the Allotment and listing and trading of the Equity Shares on the Stock Exchanges;

- our Company, the Book Running Lead Manager , its respective affiliates and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to the Book Running Lead Manager on their own behalf and on behalf of our Company and are irrevocable;

- you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution. In particular, you acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investment matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares; and

- any dispute arising in connection with this Issue will be governed by and construed in accordance with the laws of the Republic of India and the courts at Delhi, India shall have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Placement Document.

OFF-SHORE DERIVATIVE INSTRUMENTS (P-NOTES)

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, a FPI (other than a Category III foreign portfolio investors and unregulated broad based funds which are classified as Category II FPI by virtue of their investment manager being appropriately regulated unless such FPIs have entered into an offshore derivative instrument with an FII prior to January 7, 2014 or were registered as clients of an FII prior to January 7, 2014), including the affiliates of the Book Running Lead Manager , may issue, subscribe or otherwise deal in offshore derivative instruments as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying (all such offshore derivative instruments are referred to herein as "**P-Notes**") for which they may receive compensation from the purchasers of such P-Notes, listed or proposed to be listed on any recognized stock exchange in India only in favour of those entities which are regulated by any appropriate foreign regulatory authorities in the countries of their incorporation or establishment subject to compliance with "know your client" requirements. A FPI shall also ensure that further issue or transfer of any instrument referred to above issued by or on behalf of it, is made only to persons who are regulated by appropriate foreign regulatory authorities. P-Notes have not been and are not being offered or sold pursuant to this Placement Document. This Placement Document does not contain any information concerning P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

Any P-Notes that may be issued are not securities of our Company and do not constitute any obligations of, claim on, or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by, and are solely the obligations of, third parties that are unrelated to our Company. Our Company and the Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and do not constitute any obligations of, or claims on, the Book Running Lead Manager. FPI affiliates (other than Category III FPI and unregulated broad based funds which are classified as FPI by virtue of their investment manager being appropriately regulated) of the Book Running Lead Manager may purchase, to the extent permissible under law, Equity Shares in the Issue, and may issue P-Notes in respect thereof. Affiliates of the Book Running Lead Manager which are FPIs may purchase, to the extent permitted by applicable laws, the Equity Shares in this Issue and any P-Notes thereof.

Prospective investors interested in purchasing any P-Notes have the responsibility to obtain adequate disclosure as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes or any disclosure related thereto. Prospective investors are urged to consult with their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of this Placement Document;

2. warrant that the Equity Shares issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company;

and it should not for any reason be deemed or construed to mean that this Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever, by reason of any loss which may be suffered by such person consequent to, or in connection with, such subscription/acquisition whether by reason of anything stated or omitted to be stated herein, or for any other reason whatsoever.

PRESENTATION OF FINANCIAL AND OTHER DATA

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to 'you', 'your', 'offeree', 'purchaser', 'subscriber', 'recipient', 'investors', 'prospective investors' and 'potential investor' are to the prospective investors in the Issue, references to 'FIL' or 'Company', 'our Company', or the 'Issuer' are to Fiem Industries Limited and references to 'we', 'us', 'our' are to, where applicable, our Company and its Subsidiary and Joint Venture on a consolidated basis, except as the context otherwise requires.

In this Placement Document, all references to "Indian Rupees", "Rupees", "Rs." and "₹" are to the legal currency of India, all references to "India" are to the Republic of India and its territories and possessions. References to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable, and the words "Lakh" or "Lac" mean "100 thousand", the word "million" means "10 lakh", the word "crore" means "10 million" or "100 lakhs" and the word "billion" means "1,000 million" or "100 crores". All references herein to the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Our Company publishes its financial statements in Indian Rupees. The Reformatted Audited Consolidated Financial Statements and Unaudited Interim Financial Results of our Company included herein have been prepared in accordance with accounting principles generally accepted in India, or GAAP and the Companies Act. The Audited Consolidated Financial Statements of our Company as of and for the Financial Years ended March 31, 2014, March 31, 2015 and March 31, 2016 are prepared by our Auditors in accordance with the applicable generally accepted auditing standards in India prescribed by the ICAI. The Audited Consolidated Financial Statements and Unaudited Interim Financial Results have been prepared in accordance with the requirements of Accounting Standards (AS) specified under Section 133 of the Companies Act, 2013. The unaudited interim financial results have been reviewed by our Auditors in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the ICAI.

The Financial Year of our Company and our Subsidiary is from April 1 to March 31 and that of our Joint Venture is from January 1 to December 31. For the purposes of consolidation, our Company obtains the financial statements from the Joint Venture for the 12 months period from April 1 to March 31 every year and restates and certifies them as per Indian GAAP, prior to presenting the same to our statutory auditors for consolidation. The financial statements of our Subsidiary is certified by a certified tax accountant in Japan, our Company prepares and presents the financial statements of our Subsidiary in Indian rupees to our statutory auditors, who then audits the financial statements of our Subsidiary as per Indian GAAP prior to consolidation.

Our Company does not attempt to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor does our Company provide a reconciliation of its financial statements to International Financial Reporting Standards ("**IFRS**") or U.S. GAAP. Each of IFRS and U.S. GAAP differ in certain significant respects from GAAP. Accordingly, the degree to which the Reformatted Audited Consolidated Financial Statements prepared in accordance with GAAP included in the Placement Document will provide meaningful information is entirely dependent on the reader's familiarity with the respective accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited. Refer to "*Risk Factors*" on page 38 of this Placement Document.

For the sake of presentation in this Placement Document, the numerical and other financial information has been presented in Rupees million. All numerical and financial information as set out and presented in this Placement Document for the sake of consistency and convenience have been rounded off to two decimal places. Our Financial Year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular "Fiscal Year", "Fiscal", "Financial Year" or "FY" are to the 12 month period ended on March 31 of that year. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

MARKET AND INDUSTRY DATA

Information regarding market position, growth rates and other industry data and certain industry forecasts pertaining to the businesses of our Group contained in this Placement Document consists of estimates based on data reports compiled by government bodies, recognized industry sources, professional organisations and analysts, data from other external sources and knowledge of the markets in which we compete. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which we operate has been reproduced from various trade, industry and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as we are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

This data is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from industry associations, government bodies or other organisations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Industry publications generally state that the information they generally contain has been obtained from sources believed to be reliable but that the accuracy and completeness of the information is not guaranteed.

Neither we nor the Book Running Lead Manager have independently verified this data and do not make any representation regarding the accuracy or completeness of such data. Our Company takes responsibility for accurately reproducing such information but accepts no further responsibility in respect of such information and data.

Internal estimates and surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither we nor the Book Running Lead Manager make any representation as to the accuracy and completeness of information based on trade, industry and government publications and websites, data reports compiled by government bodies, professional organisations and analysts, or from other external sources.

Certain information in the section "*Industry Overview*" has been derived from various Government publications / industry reports and reports or information prepared by the India Brand Equity Foundation (IBEF), Automotive Component Manufacturers' Association of India (ACMA) and Electric Lamp and Component Manufacturers' Association of India (ELCOMA) and has not been prepared or independently verified by us, the Book Running Lead Manager or any of our or their respective affiliates or advisors. The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data.

FORWARD LOOKING STATEMENTS

All statements contained in this Placement Document that are not statements of law or historical facts constitute "forward-looking statements." These statements express views of the management of our Company and expectations based upon certain assumptions regarding trends in the Indian and international financial markets and regional economies, the political climate in which our Company operates and other factors. Prospective investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "can", "could", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", "will likely result", "is likely", "are likely", "expect", "expected to", "will continue", "will achieve" or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that they may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause our actual results, performances and achievements to be materially different from any of the forward-looking statements include, among others:

- Dependence on a limited number of customers, and a loss of or significant decrease in business from them;
- Supply and pricing of our raw materials;
- Failure in implementing our strategies;
- Inability to manage our growth effectively;
- Inability to compete effectively;
- Slowdown in end user industries;
- Interruptions at our manufacturing facilities;
- Ability of our clients to grow their business;
- Increased regulation or changes in existing regulations governing our industry;
- General economic and business conditions in India;
- Our ability to expand into new regions and markets; and
- Failure of our automotive customers to develop new automobile models.

By their nature, certain of the market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on revenue or income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Additional factors that could cause our actual results, performance or achievements to differ include but are not limited to, those discussed in "*Risk Factors*", "*Industry Overview*", "*Business*" and "*Management's Discussion and*

Analysis of Financial Condition and Results of Operations" on pages 38, 64, 75 and 90, respectively of this Placement Document.

The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by and information currently available to the management. Although we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to rely on such forward-looking statements. In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a company incorporated under the laws of India. The Board of Directors of our Company comprises of twelve Directors. Other than one of our independent Director, Charoen Sachamuneewongse, who is a resident of Thailand, all of our Company's Directors and key managerial personnel, are residents of India. A substantial portion of the assets of our Company are located in India. As a result, it may not be possible for investors outside India to effect service of process upon our Company or such persons in India, or to enforce judgements obtained against such parties in courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Code of Civil Procedure, 1908, as amended ("**Civil Code**").

Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon between the same parties or parties litigating under the same title except:

(a) where it has not been pronounced by a court of competent jurisdiction;

(b) where it has not been given on the merits of the case;

(c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where it has been obtained by fraud; or

(f) where it sustains a claim founded on a breach of any law then in force in India.

Under Section 14 of the Civil Code, a court in India shall, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; but such presumption may be displaced by proving want of jurisdiction.

A foreign judgment which is conclusive under Section 13 of the Civil Code can be enforced in India (i) by instituting execution proceedings; or (ii) by instituting a suit on such judgment.

Foreign judgments may be enforced by proceedings in execution in certain cases. Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court (within the meaning of that section) in any country or territory outside India which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the foreign judgment had been rendered by the relevant court in India. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards. Furthermore, the execution of the foreign decree under Section 44A of the Civil Procedure Code is also subject to the exceptions under Section 13 of the Civil Procedure Code, as mentioned above.

The United Kingdom, Singapore and Hong Kong have been declared by the Government of India to be a reciprocating territory for the purposes of section 44A of the Civil Code but the United States has not been so declared. A foreign judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit based upon the foreign judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy, and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to execution, and any such amount may be subject to tax in accordance with applicable laws. Any judgment for payment of amounts denominated in a foreign currency would be converted into Rupees on the date of the judgment and not on the date of the payment.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information with respect to the exchange rates between the Rupee and the U.S. Dollar (₹ per US$), for the periods indicated. The exchange rates are based on the reference rates released by RBI, which are available on the website of RBI. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. Dollars at any particular rate, the rates stated below, or at all.

On September 15, 2016 the exchange rate (RBI reference rate) was ₹67.02 to US$ 1.00. (*Source: www.rbi.org.in*)

(*₹ per US$*)

	Period end	Average(1)	High(2)	Low(3)
Financial Year:				
2016	66.33	65.46	68.77	62.15
2015	62.59	61.14	63.74	58.42
2014	60.09	60.49	68.36	53.73
Quarter ended:				
June 30, 2016	67.61	66.93	68.01	66.24
March 31, 2016	66.33	67.50	68.77	66.17
December 31, 2015	66.32	65.92	67.04	64.72
September 30, 2015	65.74	64.91	66.74	63.37
Month ended:				
August 31, 2016	66.98	66.93	67.19	66.74
July 31, 2016	67.03	67.20	67.49	66.91
June 30, 2016	67.61	67.29	68.01	66.62
May 31, 2016	67.20	66.90	67.70	66.27
April 30, 2016	66.51	66.46	66.73	66.24
March 31, 2016	66.33	67.02	68.15	66.33

(1) Average of the official rate for each Working Day of the relevant period.
(2) Maximum of the official rate for each Working Day of the relevant period.
(3) Minimum of the official rate for each Working Day of the relevant period.

(*Source: www.rbi.org.in*)

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Placement Document is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any statute or regulations or policies shall include amendments thereto, from time to time.

Company Related Terms

Term	Description
"Issuer" or "our Company"	Unless the context otherwise indicates or implies, refers to Fiem Industries Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi - 110015, India
"We", "us", "our" and "Group"	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiary and Joint Venture, on a consolidated basis
"Articles" or "Articles of Association"	The articles of association of our Company, as amended
"Associates"	With reference to any company, the associate of that company would mean any other company within the meaning of section 2(6) of the Companies Act, 2013
"Auditors"	The statutory auditors of our Company, M/s Anil S. Gupta & Associates, Chartered Accountants.
"Board of Directors" or "Board"	The board of directors of our Company, or a duly constituted committee thereof. For details of our Board of Directors, please refer to "*Board of Directors and Senior Management*" on page 115 of this Placement Document
"Corporate Office"	Plot No. 1915, Rai Industrial Estate, Phase – V, District Sonepat, Haryana - 131029, India
"Director(s)"	Director(s) of our Company, unless otherwise specified
"Equity Shares"	The equity shares of face value ₹ 10 each of our Company
"fiscal" or "Fiscal" or "Financial Year" or "FY"	A period of 12 months commencing April 1 and ending March 31 of any particular year, unless otherwise stated
"FSSIL"	Fiem Sung San (India) Limited
"Fund Raising Committee"	A committee of our Board comprising of J.K. Jain, Rahul Jain and S.K. Jain
"Joint Venture"	Centro Ricerche Fiem Horustech S.R.L., a company incorporated under the laws of Italy, where our Company holds a 50% equity interest
"Listing Agreements"	The erstwhile equity listing agreements as had previously been entered into by our Company with the Stock Exchanges. In accordance with the requirements of Regulation 109 of the SEBI Listing Regulations, a listed entity which has previously entered into agreement(s) with Stock Exchanges to list its securities is required to execute the Uniform Listing Agreement with such Stock Exchange within six months of the date of notification of the SEBI Listing Regulations
"Memorandum" or "Memorandum of Association"	The Memorandum of Association of our Company, as amended from time to time
"Promoters"	J. K. Jain, Seema Jain, Rahul Jain and Aanchal Jain
"Promoter Group"	The promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations and which are disclosed by our Company to the Stock Exchanges from time to time
"Registered Office"	The registered office of our Company, situated D – 34, DSIDC Packaging Complex, Kirti Nagar, New Delhi - 110015, India
"RoC"	Registrar of Companies, Delhi and Haryana
"Shareholders"	Persons or entities holding Equity Shares of our Company, unless otherwise specified
"Stock Exchanges"	The Indian stock exchanges where our Equity Shares are listed, i.e., the BSE and NSE
"Subsidiary"	The subsidiary of our Company, namely, Fiem Industries Japan Company Limited, incorporated as a company in Japan
"Uniform Listing Agreement"	The uniform listing agreement entered into between the Stock Exchange and our Company, pursuant to the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015

Issue Related Terms

Term	Description
"Allocated /Allocation"	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by them, in consultation with the Book Running Lead Manager and in compliance with Chapter VIII of the SEBI ICDR Regulations
"Allotment/Allotted"	The issue and allotment of Equity Shares pursuant to this Issue
"Allottee(s)"	Successful QIBs who are Allotted Equity Shares of our Company pursuant to the Issue
"Application Form"	The form (including any revisions thereof) pursuant to which a Bidder indicates its interest to subscribe for the Equity Shares pursuant to the Issue
"Audited Consolidated Financial Statements"	The consolidated balance sheet of our Company as at March 31, 2016, March 31, 2015 and March 31, 2014. The related consolidated statement of profit and loss and cash flow statements including notes thereto for the financial year ended March 31, 2016, March 31, 2015 and March 31, 2014 and a summary of significant accounting policies and other explanatory information for the years ended March 31, 2016, March 31, 2015 and March 31, 2014 prepared in accordance with Indian GAAP.
"Bid"	An indication of interest by an eligible QIB, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares to be issued pursuant to the Issue
"Bidder"	Eligible QIBs who have made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form
"Bidding Period"/ "Issue Period"	The period between the Issue Opening Date and Issue Closing Date inclusive of both dates during which Bidders can submit their Bids
"Book Running Lead Manager"	Book Running Lead Manager to the Issue, Centrum Capital Limited
"CAN/Confirmation of Allocation Note"	Note or advice or intimation sent to the successful Bidders confirming the allocation of Equity Shares to such successful Bidders after determination of the Issue price, and requiring such Bidders to pay the entire applicable Issue Price for all the Equity Shares Allocated to such Bidders
"Category III foreign portfolio investor (s)"	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations
"Closing Date"	The date on which the Allotment of the Equity Shares offered pursuant to this Issue shall be made, i.e. on or about September 19, 2016
"Depository"	A body corporate registered under SEBI (Depositories and Participant) Regulations, 1996, as amended
"Designated Date	The date of credit to the Allottee's demat account, as applicable to the relevant Allottee
"DIN"	Director Identification Number
"DP / Depository Participant"	A depository participant as defined under the Depositories Act
"Eligible FPIs"	FPIs that are eligible to participate in this Issue and do not include qualified foreign investors or Category III foreign portfolio investors (who are not eligible to participate in the Issue)
"Eligible QIB"	A qualified institutional buyer, as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations and not ineligible to apply in this Issue under Regulation 86(1)(b) of the SEBI ICDR Regulations
"Escrow Account"	The account titled '*Fiem Industries Limited – QIP Escrow Account*' to be opened with the Escrow Agent, subject to the terms of the Escrow Agreement, into which the application monies payable by Bidders in connection with subscription to Equity Shares pursuant to this Issue shall be deposited
"Escrow Agreement"	Agreement dated September 12, 2016, entered into amongst our Company, the Escrow Bank and the Book Running Lead Manager.
"Escrow Bank"	HDFC Bank Limited
"Foreign Portfolio Investor(s)/ FPI(s)"	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes persons who have been registered under the SEBI FPI Regulations. Any foreign institutional investor who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations
"Floor Price"	The floor price of ₹1,054.70 per Equity Share, which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations. In accordance with the Shareholders special resolution dated September 1, 2016 and Regulation 85(1) of the SEBI ICDR Regulations, the Board may at its absolute discretion, offer a discount of not more than 5.00% to the Floor Price.
"Indian GAAP"	Accounting principles generally accepted in India.
"Issue"	The issue of 11,97,604 Equity Shares each at a price of ₹ 1,002 per Equity Share,

Term	Description
	including a premium of ₹ 992 per Equity Share, aggregating upto ₹ 1,200 million
"Issue Closing Date"	September 15, 2016, the last date up to which the Application Forms shall be accepted
"Issue Opening Date"	September 12, 2016, the date on which the acceptance of the Application Forms shall commence
"Issue Price"	A price of ₹ 1,002 per Equity Share
"Issue Size"	The aggregate size of this Issue i.e. 11,97,604 Equity Shares, aggregating upto ₹ 1,200 million
"Mutual Fund"	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended
"Mutual Fund Portion"	10% of the Equity Shares proposed to be Allotted in this Issue, which is available for Allocation to Mutual Funds
"Net Proceeds"	The total proceeds of this Issue after deduction of Issue expenses including fees, commission and other expenses
"Non-Resident Indian(s) or NRI"	Non-Resident Indian, as defined under FEMA
"Pay-In Date"	Last date specified in the CAN for the payment of application monies by the Bidder(s)
"Placement Agreement"	The agreement dated September 12, 2016 between our Company and the Book Running Lead Manager
"Placement Document"	The Placement Document to be issued in accordance with Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules
"Preliminary Placement Document"	The Preliminary Placement Document dated September 12, 2016 issued in accordance with Chapter VIII of the SEBI ICDR Regulations
"QIBs" or "Qualified Institutional Buyers"	A qualified institutional buyer as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
"QIP"	Qualified institutions placement to QIBs under Chapter VIII of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules
"Reformatted Audited Consolidated Financial Statements"	The reformatted Audited Consolidated Financial Statements and the reformatted audit report prepared for the sake of presentation in this Placement Document.
"Relevant Date"	September 12, 2016 which is the date of the meeting wherein the Fund Raising Committee of the Board of Directors decide to open this Issue
"Unaudited Interim Financial Results"	Our Company's standalone condensed balance sheets and profit and loss statements as of and for the three months' period ended June 30, 2016 and June 30, 2015 and explanatory notes prepared in accordance with Indian GAAP.

Technical/ Industry related terms and abbreviations

Term	Description
"ACMA"	Automotive Component Manufacturers Association of India
"AIS"	Automotive Industry Standards
"AL"	Aluminium
"AMP"	Automotive Mission Plan
"APQP"	Advanced Product Quality Planning
"BEE"	Bureau of Energy Efficiency
"BOM"	Base Object Model
"BOP"	Bought Out Parts
"B2B"	Business-to-Business
"B2C"	Business-to-Consumer
"B2G"	Business-to-Government
"CCC"	China Compulsory Certificate
"CFL"	Compact Fluorescent Lamp
"CIBIL"	Credit Information Bureau (India) Limited
"CNG"	Compressed Natural Gas
"DELP"	Domestic Efficient Lighting Programme
"DFRC"	Duty Free Replenishment Certificate
"DOT"	U.S. Department of Transportation
"DSM"	Demand Side Management
"EBITDA"	Earnings before interest, tax, depreciation and amortization
"EESL"	Energy Efficiency Services Limited
"ELCINA"	Electronic Industries Association of India
"ELCOMA"	Electric Lamp and Component Manufacturers' Association of India

“EMS”	Environmental Management System
“ERP”	Enterprise Resource Planning
“ESQR”	European Society for Quality Research
“FAME”	Faster Adoption and Manufacturing of Electric Hybrid Vehicles
“FTL”	Fluorescent Tube Lights
“GLS”	Gallium Lanthanum Sulphide Bulbs
“HCV”	Heavy Commercial Vehicle
“HID”	High-Intensity Discharge Lamp
“HMDSI”	High Glow Discharge Plasma Silicone Coat
“HPV”	High Performance Vertical Lamp
“IBEF”	India Brand Equity Foundation
“ICAT”	International Centre for Automotive Technology
“ICL”	Incandescent Lamp
“IMF”	International Monetary Fund
“IPIS”	Integrated Passenger Information System
“IS”	Indian Standards
“ISO”	International Organisation for Standardisation
“ISO/ TS 16949”	ISO Technical Specification for Automotive-related products
“kWh”	Kilowatt-Hour
“LCV”	Light Commercial Vehicle
“LED”	Light Emitting Diode
“MCV”	Medium Commercial Vehicle
“NABL”	National Accreditation Board for Testing and Calibration Laboratories
“NATRiP”	National Automotive Testing and R&D Infrastructure Project
“OEM”	Original Equipment Manufacturer
“OHSAS”	Occupational Health and Safety Assessment Series
“PAT”	Profit after Tax
“PC”	Polycarbonate
“PCB”	Printed Circuit Board
“PMMA”	Polymethyl methacrylate
“QCDDM”	Quality, Cost, Development, Delivery and Management
“QMS”	Quality Management System
“RGGVY”	Rajiv Gandhi Grameen Vidyutikaran Yojana
“RONW”	Return on Net Worth
“R&D”	Research and Development
“SCV”	Small Commercial Vehicle
“SDMC”	South Delhi Municipal Corporation
“SEZ”	Special Economic Zones
“UV”	Ultra-Violet
“W”	Watt

Conventional and general terms

Term	Descriptions
“AGM”	Annual General Meeting
“AIF(s)”	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
“Air Act”	The Air (Prevention and Control of Pollution) Act, 1981, as amended
“AS”	Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006, as amended, by the Institute of Chartered Accountants of India
“BSE”	Bombay Stock Exchange Limited
“Co.”	Company
“CAGR”	Compounded Annual Growth Rate
“CARO”	Companies Auditor’s Report Order
“CCI”	Competition Commission of India
“CDSL”	Central Depository Services (India) Limited
“CEO”	Chief Executive Officer
“CIN”	Corporate Identification Number
“CLRA”	The Contract Labour (Regulation and Abolition) Act, 1970, as amended
“CNX”	CRISIL NSE Index
“Companies Act, 1956”	Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections) and the rules made thereunder

Term	Descriptions
"Companies Act, 2013"	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, and the rules made thereunder
"Companies Act"	The Companies Act, 2013 and/or the Companies Act, 1956, as applicable
"Competition Act"	The Competition Act, 2002, as amended
"Copyright Act"	The Indian Copyright Act, 1957, as amended
"CSR"	Corporate Social Responsibility
"Depositories Act"	The Depositories Act, 1996, as amended
"DIN"	Directors' Identification Number
"EDLI"	Employees' Deposit Linked Insurance Scheme, 1976, as amended
"EOM"	Emphasis on matter
"EPA"	The Environment (Protection) Act, 1986, as amended
"EPF"	The Employee Provident Fund Scheme, 1952, as amended
"EPFMP Act"	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952, as amended
"EPS"	The Employees' Pension Scheme, 1995, as amended
"ESI"	Employees' State Insurance Act, 1948, as amended
"Factories Act"	The Factories Act, 1948, as amended
"FDI"	Foreign Direct Investment
"FEMA Regulations"	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
"FEMA"	Foreign Exchange Management Act
"FVCI"	Foreign venture capital investors, as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
"FY"	Financial Year
"GAAP"	Generally Accepted Accounting Principles
"GDP"	Gross Domestic Product
"GoI" or "Government"	Government of India, unless otherwise specified
"Gratuity Act"	The Payment of Gratuity Act, 1972, as amended
"HWM"	Hazardous Wastes (Management and Handling) Rules, 1989, as amended
"ICAI"	The Institute of Chartered Accountants of India
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board
"Income Tax Act" or "IT Act"	The Income Tax Act, 1961, as amended from time to time
"Insider Trading Regulations"	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
"JV"	Joint Venture
"Ltd."	Limited
"Mfg."	Manufacturing
"MLE"	Ministry of Labour and Employment, GoI
"MoEF"	Ministry of Environment and Forest, GoI
"MOU"	Memorandum of Understanding
"National Auto Policy"	National Auto Policy, 2002
"Notified Sections"	Sections of the Companies Act, 2013 that have been notified by the Government of India
"NSDL"	National Securities Depository Limited
"NSE"	National Stock Exchange of India Limited
"p.a."	Per annum
"PAN"	Permanent Account Number
"PAT"	Profit after tax
"PAS Rules"	Shall mean Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
"PAS-4"	Form PAS-4 prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
"Patents Act"	The Patents Act, 1970, as amended
"PBT"	Profit before tax
"PLI Act"	The Public Liability Insurance Act, 1991, as amended
"RBI"	The Reserve Bank of India
"Rs.", "Rupees", "₹" or "Indian Rupees"	The lawful currency of the Republic of India
"R&D Act"	The Research and Development Cess Act, 1986, as amended
"SCRR"	The Securities Contracts (Regulation) Rules, 1957 as amended
"SEBI Act"	The Securities and Exchange Board of India Act, 1992, as amended
"SEBI FII Regulations"	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended

Term	Descriptions
"SEBI FPI Regulations"	Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, as amended
"SEBI ICDR Regulations"	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended, including instructions and clarifications issued by SEBI from time to time
"SEBI Listing Regulations"	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
"SEBI"	The Securities and Exchange Board of India constituted under the SEBI Act
"SENSEX"	An index of 30 constituent stocks traded on BSE representing a sample of large, liquid and representative companies
"SPCB"	State Pollution Control Board
"State Government"	A State government of India
"S&P"	Standard & Poor
"Takeover Code"	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
"Trademarks Act"	The Trade Marks Act, 1999, as amended
"U.A.E."	United Arab Emirates
"U.K."	United Kingdom
"U.S. GAAP"	Generally accepted accounting principles in the U.S.
"U.S. Securities Act"	U.S. Securities Act of 1933, as amended
"United States" or "U.S." or "USA"	United States of America
"VAT"	Value Added Tax Act / Value Added Tax Rules, 2008, as amended
"VCF"	A Venture Capital Fund as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 or the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as the case may be
"Water Act"	The Water (Prevention and Control of Pollution) Act, 1974, as amended
"w.e.f"	with effect from
"Working Day"	Any day, other than public holidays, Saturdays and Sundays, on which commercial banks in Delhi and/or Mumbai are open for business
"$", "US Dollar" or "USD"	The legal currency of the United States

DISCLOSURE REQUIREMENTS UNDER FORM PAS-4 PRESCRIBED UNDER THE COMPANIES ACT, 2013

The table below sets out the disclosure requirements as provided in PAS-4 and the relevant pages in this Placement Document where these disclosures, to the extent applicable, have been provided:

S. No.	Disclosure Requirements	Relevant Page of this Placement Document
1.	**GENERAL INFORMATION**	
a.	Name, address, website and other contact details of the company indicating both registered office and corporate office	Cover Page
b.	Date of incorporation of the Company	Cover Page
c.	Business carried on by the company and its subsidiaries with the details of branches or units, if any	75-89
d.	Brief particulars of the management of the Company	115-125
e.	Names, addresses, DIN and occupations of the directors	115 & 116
f.	Management's perception of risk factors	38-56
g.	Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of –	
(i)	statutory dues	167
(ii)	Debentures and interest thereon	167
(iii)	Deposits and interest thereon	167
(iv)	Loan from any bank or financial institution and interest thereon	167
h.	Names, designation, address and phone number, email ID of the nodal/ compliance officer of the company, if any, for the private placement issue process	174
2.	**PARTICULARS OF THE ISSUE**	
a.	Date of passing of board resolution	170
b.	Date of passing of resolution in the general meeting, authorizing the offer of securities	170
c.	Kinds of securities offered (i.e. whether share or debenture) and class of security	170
d.	Price at which the security is being issued including the premium, if any, along with justification of the price	170
e.	Name and address of the valuer who performed valuation of the security issued	Not Applicable
f.	Amount which the company intends to raise by way of securities	32
g.	Terms of raising of securities:	
(i)	Duration, if applicable	Not Applicable
(ii)	Rate of dividend	Not Applicable
(iii)	Rate of interest	Not Applicable
(iv)	Mode of payment	Not Applicable
(v)	Repayment	Not Applicable
h.	Proposed time schedule for which the offer letter is valid	32-33
i.	Purposes and objects of the offer	59
j.	Contribution being made by the promoters or directors either as part of the issue or separately in furtherance of such objects	59
k.	Principle terms of assets charged as security, if applicable	Not Applicable
3.	**DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.**	
a.	Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons	125
b.	Details of any litigation or legal action pending or taken by any Ministry or Department of the Government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action shall be disclosed	166
c.	Remuneration of directors (during the current year and last three fiscal years)	118-119
d.	Related party transactions entered during the last three Fiscal years immediately preceding the year of circulation of offer letter including with regard to loans made or, guarantees given or securities provided	F-23
e.	Summary of reservations or qualifications or adverse remarks of auditors in the last five fiscal years immediately preceding the year of circulation of offer letter and of their impact on the financial statements and financial position of the Company and the corrective steps taken and proposed to be taken by the Company for each of the said reservations or qualifications or adverse remark	37 & 167
f.	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous company law in the last three years immediately	168

S. No.	Disclosure Requirements	Relevant Page of this Placement Document
	preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries	
g.	Details of acts of material frauds committed against the Company in the last three years, if any, and if so, the action taken by the company	167
4.	**FINANCIAL POSITION OF THE COMPANY**	
a.	the capital structure of the company in the following manner in a tabular form-	
(i) (a)	the authorized, issued, subscribed and paid up capital (number of securities, description and aggregate nominal value)	61
(b)	size of the present offer	61
(c)	paid up capital	
	(A) after the Issue	61
	(B) after conversion of convertible instruments (if applicable)	61
(d)	share premium account (before and after the offer)	61
(ii)	the details of the existing share capital of the issuer company in a tabular form, indicating therein with regard to each allotment, the date of allotment, the number of shares allotted, the face value of the shares allotted, the price and the form of consideration	61 & 62
	Provided that the issuer company shall also disclose the number and price at which each of the allotments were made in the last one year preceding the date of the offer letter separately indicating the allotments made for considerations other than cash and the details of the consideration in each case	Not Applicable
b.	Profits of the Company, before and after making provision for tax, for the three fiscal years immediately preceding the date of circulation of offer letter	35
c.	Dividends declared by the Company in respect of the said three fiscal years; interest coverage ratio for last three years (Cash profit after tax plus interest paid/interest paid)	63
d.	A summary of the financial position of the Company as in the three audited balance sheets immediately preceding the date of circulation of offer letter	F1-F30
e.	Audited Cash Flow Statement for the three years immediately preceding the date of circulation of offer letter	35 & 36
f.	Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company	37
5.	**A DECLARATION BY THE DIRECTORS THAT -**	
a.	the Company has complied with the provisions of the Act and the rules made thereunder	173
b.	the compliance with the Act and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government	
c.	the monies received under the offer shall be used only for the purposes and objects indicated in the Offer letter	

SUMMARY OF BUSINESS

OVERVIEW

We believe that we are one of India's leading manufacturers of automotive lighting and signaling equipment. Our business activities comprise of two segments - automotive segment and LED luminaries segment. The automotive segment constitutes of products like automotive lighting and signaling equipment (head lamps, tail lamps, blinker lamps, fog lamps etc.), rear view mirrors, sheet metal components and plastic moulded parts for motorized vehicles and the LED luminaries segment constitutes LED luminaries for indoor and outdoor lighting and IPIS with LED display panel for buses and railways. The process of diversifying our business into LED luminaries started in the year 2011 with research and development (R&D) for LED products, prior to which, our business activities comprised only of automotive segment.

Our automotive segment has been the significant revenue generating segment with 99.80%, 98.55% and 88.47% of gross sales during Financial Years 2014, 2015 and 2016 respectively. Within the automotive segment, automotive lighting and signaling equipment is our largest product category which comprised 64.56% of our total revenues during Financial Year 2016. Within automotive segment, 94.50% of our revenues come from the two wheeler category. We sell our products in the automotive segment directly to major original equipment manufacturers ("**OEMs**") in India and overseas and also service the replacement market through our distribution network. The sales to domestic OEMs comprised 86.60% of the total revenue from automotive segment during Financial Year 2016.

We market and sell all our products under our brand "FIEM" which are manufactured at our nine modern manufacturing facilities in India. We have three manufacturing facilities located at Hosur (Tamil Nadu), one each at Kundli and Rai in Sonepat (Haryana) and one each at Mysore (Karnataka), Nalagarh (Himachal Pradesh), Tapukara (Rajasthan) and Ahmedabad (Gujarat). Our manufacturing facilities are certified for its quality management, environmental management and occupational health and safety management. All our manufacturing facilities except the Ahmedabad facility (as the same commenced commercial operations in Financial Year 2016) are certified with ISO/TS 16949:2009, some of our manufacturing facilities are certified with ISO 14001:2015, ISO 14000:2004, OHSAS 18001:2007 and ISO 9001:2008. The products manufactured by us conform to UNECE, DOT, CCC and AIS among other global standards, depending on the jurisdiction where our products are being supplied.

Both our business segments are technology and R&D driven which we believe are critical to our success and continued growth. Since the requirements of our customers, who primarily are OEMs, keep changing with the advancement of technology, our ability to provide the new products with latest technology and features is backed by our R&D team and facilities. We believe that our focus on product development, supported by our fully equipped R&D and testing facility significantly contributes to our ability to meet customer needs in an ever-evolving and competitive market. Our R&D facility at Rai, Sonepat, Haryana approved by Department of Science & Industrial Research, Ministry of Science & Technology, having Photometry Lab accredited by National Accreditation Board for Testing and Calibration Laboratories ("**NABL**") provide us with the necessary support and infrastructure to continue to technologically evolve our products to suit the requirements of our customers. The design centres of our Subsidiary in Japan and Joint Venture in Italy enables us to understand and adapt to the technological advances of the developed markets like Japan and Europe. For our automotive segment, we believe that we are one of the few companies in India to have developed and successfully tested LED automotive lighting and signalling equipment. Our R&D strengths have also facilitated us to develop certain innovative products in the LED luminaries segment like the plug and play dimmable bulb, smart bulb, which can be operated through mobile app and emergency bulb, which works even in case of power outages. The IPIS for public transport has entirely been designed and developed in-house.

We believe that we have a strong customer base and have, over a period of last five Financial Years supplied products to over 40 domestic and international OEMs. We also export products manufactured in the automotive segment to Austria, Colombia, Indonesia, Sri Lanka, Japan, Italy, Ireland, UK and South Africa.

We have set up our manufacturing facilities in close proximity to the manufacturing units of few of our major customers offering logistics cost savings and just-in-time delivery

We believe that the long-standing relationships that we have with our customers are critical to our success and continued growth. In the recent years, we have won several awards from our customers including, but not limited to:

- Achievement Award for Strong Cost Reduction Efforts for 2015-16 from Honda Motorcycle and Scooter India Private Limited;
- The Grand Award for QCDDM 2013-14 from Honda Motorcycle and Scooter India Private Limited;
- Achievement Award for Vendor Performance in the field of 'Development' in the year 2013-14 from Suzuki Motor Cycle India Private Limited;
- Supplier Recognition Award by Harley Davidson India for their new motorcycle model 'Harley Davidson – Street and support in recognition of our best practices in QCDDM – 2014;
- Bellwether Award 2012-13 in Auto lighting for 40 years from Business Sphere – 2014;
- Manufacturing Today Award "Champion of Indian Manufacturing" for small and medium enterprise – 2013;
- First Prize for Entrepreneurial Excellence Award in Electronics 2012-13 from ELCINA for LED luminaries and Display – 2013;
- ESQR's Quality Achievement Award 2013 in GOLD Category for the extraordinary achievement on quality management – 2013.
- Achievement Award for Honda Global Support for 2012-13 from Honda Motorcycle & Scooter India Limited 2013

In the Financial Years 2014, 2015 and 2016, our consolidated net revenue from operations was ₹7,204.69 million, ₹8,254.67 million and ₹9,881.60 million, respectively. We had a consolidated net profit of ₹372.75 million, ₹424.75 million and ₹573.33 million in Financial Years 2014, 2015 and 2016, respectively. As at March 31, 2016, we had consolidated total assets of ₹6,587.62 million and consolidated total liabilities of ₹3,856.22 million. During the three-month period ended June 30, 2016, our standalone net revenue from operations was ₹2,451.82 million and our standalone net profit was ₹114.57 million.

OUR STRENGTHS

We believe that our business has the following key competitive strengths:

Diversified products portfolio and geographical presence

Historically we have been in the business of manufacturing custom designed automotive lighting and signalling equipment. In addition to our core manufacturing activities for automotive lighting and signalling equipment, we also manufacture other automotive products, which include rear view mirrors, plastic moulded parts and sheet metal parts (which are essentially fabrication items). In our LED luminaries segment, we design and manufacture LED luminaries for indoor and outdoor applications and IPIS with LED display and software, which provides real-time passenger information in public transport systems.

Over the years, we have continuously strived to diversify our product portfolio and segment exposure by way of organic growth. Currently, we sell our products in the OEM, replacement and export markets, which helps us balance our operational income. We also benefit from a diverse geographic spread of our operations, this helps in reducing our dependence on any single customer, product or geography. Our ability to offer diversified product range as an integrated manufacturer, having presence across various levels of automotive and LED component value chain ranging from product conceptualization, designing, development, manufacturing, testing, supplying and assembling makes us the preferred automotive lighting and LED lighting solution provider for some of our major customers. Our strategy of diversification has helped us to be less dependent on a particular segment or product class.

In-house integrated manufacturing model

We undertake our manufacturing business in an integrated manner, as we have the key competencies and in-house resources to deliver a product from its conceptualization to mass production. Our in-house integration includes R&D and design centers with qualified and experienced teams having access to latest and sophisticated technology for conceptualising designs required for the product development; our tool room for developing the moulds; testing facilities for testing the products we develop as per national standards and international regulations to meet customer specific test requirements and our modern manufacturing facilities equipped with latest machineries for enhancing productivity, cost efficiency and product quality.

We believe that our in-house integration model has been one of the important contributing factors to the successful development of a number of products in a timely manner, without compromising on quality. Our integrated structure enables us to develop products with confidence in our ability to complete the development of a product in a viable manner. We have in-house manufacturing capabilities for almost all of the parts we use in our final product, in addition to having all core processes in-house. Our in house manufacturing capabilities not only ensures cost savings but also in assuring quality. We also believe that our in-house integration model provides us with a competitive advantage over other automotive component players where they outsource some or majority of their products and processes to external agencies.

Strong Focus on Design and Development

We believe that our focus on product development significantly contributes to our ability to meet customer needs in an ever-evolving and competitive market. Further, we believe that our product development processes have been a catalyst for the growth of our business. Our focus on design and development has enabled us to develop a large and diversified portfolio of lighting products, new generation LED technology in automotive and home lighting, IPIS for railways consisting of train indication, coach guidance and computer based announcement and most importantly reduction in development time and cost savings to the customers. Further, our R&D capabilities have enabled us develop and successfully test LED automotive lighting and signalling equipment for two wheelers. Further, our other internal departments such as marketing, quality assurance and production seamlessly interact and co-ordinate with the design team to ensure that customers' requirements are met on an ongoing basis.

Our R&D facility at Rai, Sonepat, Haryana is approved by Department of Science & Industrial Research, Ministry of Science & Technology, having Photometry Lab accredited by National Accreditation Board for Testing and Calibration Laboratories ("**NABL**") provide us with the necessary support and infrastructure to continue to technologically evolve our products to suit the requirements of our customers. The design centres of our Subsidiary in Japan and Joint Venture in Italy enables us to understand and adapt to the technological advances of the developed markets like Europe and Japan.

Our design and development facilities are equipped with advanced machinery and software that makes them capable of performance testing, modelling, prototyping as well as value addition & value engineering. We believe that our prototyping abilities enable shorter response time for sample development and give us a competitive edge in the industry within which we operate. Our design and development facilities focus on research relating to alternate materials and designs to improve product performance and reduce costs. We believe that our R&D capabilities will be an important driver in our automotive lighting and LED business.

Modern in-house manufacturing facilities

We have nine manufacturing facilities across India, two of which are located at Sonepat, Haryana, three of which are located at Hosur, Tamil Nadu, one at Mysore, Karnataka, one at Nalagarh, Himachal Pradesh, one at Tapukara, Rajasthan and one at Ahmedabad, Gujarat. We have imported several machines from overseas like plastic injection moulding machine, LED high speed chip shooter, goniometer with mirror arrangement. Some of the machines that we employ in the manufacturing process of our products are custom made to suit our requirements.

We believe our fully integrated manufacturing facilities allow us to benefit from economies of scale and our multiple facilities give us flexibility in case of production disruption at any of our plants. We seek to backward integrate our manufacturing chain whenever possible in order to reduce input costs and increase customer value.

Established Track Record of Delivering Growth

Our Company was incorporated in 1989 and since then we have maintained strong growth credentials over the years through high rates of customer retention, geographical expansion, improved staff productivity, enhancement of our product portfolio, diversification and growth in customer base. We have delivered consistent growth over the preceding five Financial Years both in terms of financial and operational metrics. Our net sales, on a consolidated basis, have grown at a CAGR of 16.47% from ₹5,319.71 million for the Financial Year 2012 to ₹9,790.50 million for the Financial Year 2016 and our profit after tax for the year, on a consolidated basis, has grown at a CAGR of 28.33% from ₹211.37 million for the Financial Year 2012 to ₹573.33 million for the Financial Year 2016.

Further, we have been able to maintain a consistent track record of paying dividends to our Shareholders since our listing on the Stock Exchanges. Our strong balance sheet and positive operating cash flows enable us to fund our strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations. We strive to maintain a robust financial position with emphasis on having a strong balance sheet and increased profitability.

The table below sets forth some of the financial indicators for Financial Years 2014, 2015 and 2016 on consolidated basis and the three months period ended June 30, 2016 on standalone basis:

(in ₹ million)

Particulars	Financial Year 2014	Financial Year 2015	Financial Year 2016	Three months period ended June 30, 2016
Net Sales	7,161.60	8,201.22	9,790.50	2,415.27
EBITDA (excluding other income)	883.93	1,027.45	1,273.00	312.72
EBITDA margin	12.34%	12.53%	13.00%	12.95%
PAT	372.75	424.75	573.33	114.57
PAT margin	5.20%	5.18%	5.86%	4.74%
RONW (%)	20.36%	19.90%	22.11%	4.23%
Dividend per share	₹6 per Equity Share	₹7 per Equity Share	₹8 per Equity Share	-

For further details on a comparative analysis of our financial position and income from operations, please refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* on Page 90.

Experienced senior leadership and technically skilled and motivated employees

We believe that our qualified and experienced senior management team, technically skilled employee base and established Promoter background have contributed to the growth of our operations and the development of in-house processes and competencies.

Our Chairman and Managing Director, J.K. Jain has around 40 years of work experience in the industry in which we operate. Our senior management team consists of technically qualified and highly experienced professionals in the industry we operate in. They bring with them, extensive experience in sales and marketing, order management, design and engineering, testing, purchase, operations, human resources, finance and after sales services. We believe that our management framework allows us to maintain the flexibility to address the markets and the geographies we operate in. We believe in high standards of ethical integrity and we ensure that all our business functions are carried out in a transparent manner. For further information on our key managerial personnel, please refer to "*Board of Directors and Senior Management*" on Page 115.

Our human resources policies are aimed towards recruiting talented employees and facilitating their integration into our Company and encouraging development of their skills. We believe the strength and quality of our technically skilled team and the nature of our organizational structure has been instrumental in implementing our business and growth strategies. We believe that our talented and motivated employees have been key to our success so far and will further enable us to capitalize on future growth opportunities.

OUR STRATEGY

We intend to grow our business by implementing the following strategies:

Enhancing and globally expanding our products portfolio and geographies

We propose to continue to expand our product portfolio by upgrading and introducing new products under our business verticals. We believe that our strong technical and execution capabilities and qualified and technically skilled employee pool will enable us to enhance and expand our product portfolio. We believe that diversifying our product offerings will enable us to further grow our business operations, reduce the risk of dependency on existing products and strategically target higher margin opportunities. For our automotive segment, we believe that rising pollution globally would drive governments towards adoption of electronic two wheelers. With the increase in sales of electronic two wheelers, we expect the sales of LED automotive lighting and signaling equipment would also surge primarily due to the efficiency offered by LED products compared to conventional bulbs. In order to leverage these developments in the automotive industry, we have developed and successfully tested our LED automotive lighting and signaling equipment. Also, globally LED lighting is emerging as the best and most efficient and environment friendly source of lighting. The Government of India and EESL are strongly encouraging LED lighting through its various schemes and initiatives. In the recent past, we have been awarded several orders after competitive tendering for supply of LED bulbs and LED streetlights.

We intend to continue the expansion of our installed capacity thereby increasing our manufacturing capacities in order to address emerging demand, leverage economies of scale, widen geographic presence and provide unique and value-added products and services to our customers. We recognize that there is significant growth potential in manufacturing the aforesaid products and we believe we are well positioned to capitalize on the opportunities presented by the markets. We also intend to continue to participate in tenders floated by the GoI / public sector undertakings / State Governments to supply LED bulbs and other energy efficient lighting solutions. In addition, we will continue to look for other new product opportunities in lighting and electrical segment to expand our product range. We will continue to use our design capabilities and manufacturing strength to develop innovative designs for our products which will help lower manufacturing costs and expand our geographical presence and customer base.

In order to expand our product portfolio and to strengthen our tool making capabilities, we have entered into a memorandum of understanding (**MoU**) with one of the leading Japanese company specializing in this area for setting up of facilities for developing moulds and tooling. Further, we have also executed a MoU with one of the leading Japanese manufacturers of emission control system products for development and manufacturing of such products for two wheelers with the technical support of our MoU partner. We also intend to increase our focus towards automotive products for four wheelers, and with respect to the same, we have entered into a MoU with a Japanese lock, mirrors, handle bar switches manufacturer for setting up of manufacturing facilities of the specified items.

In order to increase our market reach in the LED luminaries segment, we intend to extend our footprint to the Middle East and the African markets overseas, as we believe that our LED products meet the cost competitiveness and other technical parameters suitable for such markets. We are presently evaluating the most efficient logistics and supply chain to commence catering to such markets.

Expansion of distribution network

The aftermarket segment in India continues to be predominantly serviced primarily by the unorganized sector and by OEMs through their dealer and service networks. As per the industry estimates, the domestic sales of two wheelers is the most growing segment in automotive sector. The total domestic sales of two wheelers is estimated to grow from 16.0 million in 2015 to 55.5 million in 2026. (*Source: ww.ibef.org/download/Auto-Components-January-2016.pdf*). Our automotive segment products i.e. automotive lighting and signalling products and rear view mirrors are glass and plastic based and constitute some of the most fragile parts of a two wheeler, which causes us to expect the replacement market for our automotive lamps to generate a significant recurring demand for our products during the life-cycle of the vehicles.

Presently, we service the aftermarket sales through our 10 depots from where we supply our products to our dealers and retailers, spread across India. In Financial Year 2016, revenue from aftermarket sales in the automotive segment contributed 9.80% of our consolidated net sales. Since our foray into the aftermarket segment, we have also increased our dealers and retailer network over the years and have over 500 dealers and retailers across India as of June 30, 2016. We believe that our replacement market sales would see a steady increase in the foreseeable future as the number of new two wheeler models being introduced by our OEM customers for which we are in the process of developing and manufacturing automotive components are increasing. We plan to open new depots and increase our distribution and retail network for our automotive segment products to enable us to capitalize on future growth opportunities in the replacement markets.

In our LED luminaries segment, we intend to increase the customer base of our LED segment products by diversifying our sales points from B2B to B2C, for which, we have recently executed a MoU with Su-Kam Power Systems Limited for formation of a 50:50 joint venture pursuant to which we will market and sell our LED luminaries segment products under '*Su-Kam Fiem*' brand in the retail market in the Indian territory through the distribution channels of Su-Kam. We believe that pursuant to this joint venture arrangement, our brand 'Fiem' will get significant visibility in the retail market as we will get access to the existing distribution network of our joint venture partner.

Targeting new customer accounts and expanding existing customer business

We intend to increase our sales and customer penetration by targeting new customer accounts and expanding our existing customer accounts in our principal markets by offering our entire range of products. Towards this objective, we seek to continue to leverage our relationships with renowned and established OEMs who presently may be sourcing the products we manufacture from other vendors, as well as our design and engineering innovation competencies so as to be able to enter new and related markets and acquire, evolve and strengthen our customer relationships. While we believe our existing customers provide us with the necessary drivers to generate growth, we intend to continue to focus on new clients. We also intend to leverage our existing relationships with our OEM customers for their overseas businesses as several of our OEM customers are global automotive players and expand the exports of our automotive products. Further, we also perceive that there will be overseas markets for the new products which are under development or for new products for which we have entered into MoUs with our counterparties.

We also believe that we will be able to capitalize on our reputation for quality, consistent performance and customer satisfaction in our existing markets and product verticals to target new customers.

Continue to enhance our brand

We believe that our brand is synonymous with credibility, reliability, efficiency and timely execution capability in the industry in which we operate. We wish to continue to enhance our brand value by continuously delivering quality product and services to our existing and prospective customers so that we become the preferred automotive and lighting solution provider for all our existing and prospective customers thereby increasing our market share. Under our automotive segment, we have entered into MoUs with Japanese companies specializing in areas of setting up of facilities for developing moulds and tooling and emission control system products for two wheelers and lock, mirrors, handle bar switches for four wheelers.

For our LED segment, we have recently executed a MoU with Su-Kam Power Systems Limited for formation of a 50:50 joint venture pursuant to which we intend to market and sell our LED luminaries segment products under '*Su-Kam Fiem*' brand in the retail market in the Indian territory through the distribution channels of Su-Kam. We believe that pursuant to this joint venture arrangement, our brand 'Fiem' will get significant visibility in the retail market as we will get access to the existing distribution network of our joint venture partner.

SUMMARY OF THE ISSUE

The following is a general summary of the terms of this Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including the sections entitled "*Risk Factors*", "*Use of Proceeds*", "*Placement and Lock-Up*", "*Issue Procedure*" and "*Description of Equity Shares*" on pages 38, 59, 140, 130 and 147 respectively, of this Placement Document.

Issuer	Fiem Industries Limited
Face Value	₹ 10 per Equity Share
Issue Size	Issue of 11,97,604 Equity Shares, aggregating up to ₹ 1,200 million. A minimum of 10% of the Issue Size i.e. at least 1,19,761 Equity Shares shall be available for Allocation to Mutual Funds only, and the balance 10,77,843 Equity Shares shall be available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation only to Mutual Funds, such minimum portion or part thereof may be Allotted to other Eligible QIBs.
Dividend	Refer to "*Description of Equity Shares*", "*Dividends*" and "Statement *of Tax Benefits*" beginning on pages 147, 63 and 152 respectively of this Placement Document.
Indian Taxation	Refer to "*Statement of Tax Benefits*" beginning on page 152 of this Placement Document.
Floor Price	₹1,054.70 per Equity Share. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.
Issue Price	₹ 1,002 per Equity Share
Eligible Investors	QIBs as defined in regulation 2(1)(zd) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 86 of the SEBI ICDR Regulations, to whom the Preliminary Placement Document and the Application Form is circulated and who are eligible to bid and participate in this Issue. Refer to sections entitled "*Issue Procedure*" and "*Selling - Transfer Restrictions*" on pages 130 and 142, respectively of this Placement Document. The list of QIBs to whom the Preliminary Placement Document and Application Form is delivered shall be determined by the Book Running Lead Manager in consultation with our Company, at its sole discretion.
Equity Shares issued and outstanding immediately prior to the Issue	1,19,62,226 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	1,31,59,830 Equity Shares
Listing	Our Company has obtained in-principle approvals dated September 12, 2016 in terms of Regulation 28 of the SEBI Listing Regulations, for listing of the Equity Shares issued pursuant to this Issue from the Stock Exchanges. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approvals for the Equity Shares after Allotment of the Equity Shares in this Issue.
Lock-up	Refer to "*Placement and Lock-Up*" on page 140 of this Placement Document.
Transferability Restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. Refer to "*Selling-Transfer Restrictions*" on page 142 of this Placement Document.
Use of Proceeds	The net proceeds from this Issue (after deduction of fees, commissions and expenses in relation to this Issue) will be approximately ₹ 1,174.28 million. Refer to "*Use of Proceeds*" on page 59 of this Placement Document.

Risk Factors	Refer to "*Risk Factors*" on page 38 of this Placement Document for a discussion of risks you should consider before deciding whether to subscribe for the Equity Shares.	
Pay-In Date	Last date specified in the CAN sent to the Bidders for payment of application money for Equity Shares being issued pursuant to this Issue.	
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about September 19, 2016.	
Ranking	The Equity Shares being issued pursuant to this Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of dividends. The shareholders of our Company will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations. Shareholders of our Company may attend and vote in shareholders meetings on the basis of one vote for every Equity Share held. Refer to "*Description of Equity Shares"* on page 147 of this Placement Document.	
Approvals	This Issue was authorized and approved by our Board through the resolution passed at their meeting held on May 30, 2016 and approved by our Shareholders through a special resolution passed by postal ballot and e-voting, results of which were declared on September 1, 2016.	
Security Codes for the Equity Shares	ISIN	INE737H01014
	BSE Scrip Code	532768
	NSE Symbol	FIEMIND

SELECTED FINANCIAL INFORMATION

The following selected financial information is derived from and should be read in conjunction with, the Reformatted Audited Consolidated Financial Statements prepared in accordance with Indian GAAP and the Unaudited Interim Financial Results, each included elsewhere in this Placement Document. Please refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 90 of this Placement Document, for further discussion and analysis of the Reformatted Audited Consolidated Financial Statements and the Unaudited Interim Financial Results.

The financial information included in this Placement Document does not reflect our Company's results of operations, financial position and cash flows for the future and its past operating results are no guarantee of its future operating performance.

SELECTED FINANCIAL INFORMATION FROM THE REFORMATTED AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDING MARCH 31, 2014, MARCH 31, 2015 AND MARCH 31, 2016

Statement of Assets and Liabilities as at March 31, 2014, March 31, 2015 and March 31, 2016

(*in ₹ millions*)

	For the year ended March 31,		
	2014	**2015**	**2016**
Equity and liabilities			
Shareholders' funds			
Share capital	119.62	119.62	119.62
Reserves and surplus	1,848.93	2,153.20	2,611.78
Sub-total	1,968.55	2,272.82	2,731.40
Non-current liabilities			
Long-term borrowings	579.56	514.67	908.52
Deferred tax liability (net)	275.11	276.11	296.54
Other long-term liabilities	-	-	2.29
Long-term provisions	11.42	20.07	84.78
Sub-Total	866.09	810.85	1,292.13
Current liabilities			
Short-term borrowings	292.52	343.40	182.98
Trade payables	778.44	882.21	1,507.73
Other Current liabilities	546.77	581.61	790.31
Short-term provisions	98.48	122.32	83.07
Sub-total	1,716.21	1,929.54	2,564.09
Total Equity and liabilities	4,550.85	5,013.21	6,587.62
Assets			
Non-current assets			
Fixed assets	3,130.67	3,390.89	4,275.30
Non-current investments	0.20	0.20	0.30
Long term loan and advances	54.71	76.53	113.91
Other non-current assets	1.04	1.49	87.06
Sub-total	3,186.62	3,469.11	4,476.57
Current assets			
Inventories	423.56	513.89	661.30
Trade receivables	767.55	867.55	1,186.04
Cash and bank balances	20.23	34.38	45.22
Short-term loans and advances	145.27	123.80	208.88
Other current assets	7.62	4.48	9.61
Sub-total	1,364.23	1,544.10	2,111.05
Total Assets	4,550.85	5,013.21	6,587.62

Statement of Profit and Loss for the Financial Year ended March 31, 2014, March 31, 2015 and March 31, 2016

(in ₹ millions)

	For the year ended March 31,		
	2014	**2015**	**2016**
Income			
Income from operations:			
Net sales / income from operations (net of excise duty)	7,161.60	8,201.22	9,790.50
Other operating income	43.09	53.45	91.10
Total Income from operations (Net) - (1)	7,204.69	8,254.67	9,881.60
Expenses			
Cost of materials consumed	4,101.03	4,770.29	5,533.54
Purchase of stock-in trade	226.77	238.66	255.85
Changes in inventories of finished goods, work-in progress and stock in trade	63.36	(32.57)	(66.91)
Employee benefits expenses	843.37	988.56	1,273.49
Depreciation and amortisation expenses	217.90	307.23	331.20
Other expenses	1,086.23	1,262.28	1,612.63
Total Expenses - (2)	6,538.66	7,534.45	8,939.80
Profit from operations before other income, finance costs and exceptional items (1-2 = 3)	666.03	720.22	941.80
Other Income **(4)**	6.65	9.03	9.71
Profit from ordinary activities before finance costs and exceptional items (3+4 = 5)	672.68	729.25	951.51
Finance Costs **(6)**	144.53	120.49	157.81
Profit from ordinary activities after finance costs but before exceptional items (5-6 = 7)	528.15	608.76	793.70
Exceptional Items **(8)**	-	-	-
Profit from ordinary activities before tax (7+8 = 9)	528.15	608.76	793.70
Tax Expenses **(10)**	155.40	184.01	220.37
Net profit from ordinary activities after tax (9-10 = 11)	372.75	424.75	573.33
Extraordinary Item (net of tax expenses) **(12)**		-	-
Net profit for the period (11-12 = 13)	372.75	424.75	573.33

Cash flow statement for the Financial Year ended March 31, 2014, March 31, 2015 and March 31, 2016

(in ₹ millions)

	For the year ended March 31,		
	2014	**2015**	**2016**
CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax as per statement of profit and loss	528.15	608.76	793.70
Adjustments for:			
Depreciation and amortisation	217.90	307.23	331.20
Loss (Profit) on sale / discarded off fixed assets	(4.89)	1.24	(0.67)
Adjustment of income tax for earlier year	(0.02)	0.12	0.50
Unrealised foreign exchange (gain) / loss	0.36	(0.19)	(0.58)
Provision for bad and doubtful debts	0.89	0.36	1.97
Variation in excise duty of FG	0.92	2.36	6.61
Bad debt written off	1.26	1.65	2.04
Interest income	(1.19)	(2.01)	(7.38)
Finance costs	144.53	120.49	157.81
Operating profit before working capital changes	**887.91**	**1,040.01**	**1,285.20**
Adjustments for:			
(Increase) / decrease in operating assets	(25.65)	(212.80)	(665.01)
Inventories	63.20	(90.33)	(147.41)
Trade and other receivables	(76.60)	(101.89)	(322.54)
Other current assets and loans and advances	(12.25)	(20.58)	(195.06)
increase / (decrease) in operating liabilities	22.69	135.45	791.41
Trade payable and other current liabilities and provisions	22.69	135.45	791.41
Cash generated from operating activities	**884.95**	**962.66**	**1,411.60**
Income tax paid (including tax deducted at source)	(117.39)	(141.62)	(192.46)
Net cash from operating activities (A)	**767.56**	**821.04**	**1,219.14**

	For the year ended March 31,		
	2014	2015	2016
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets (including capital advances)	(476.62)	(589.82)	(1,094.31)
Sale of fixed assets	68.85	1.47	5.60
Investment	-	-	(0.10)
Interest received on deposits	1.19	2.01	7.38
Net cash (used) in Investing Activities (B)	**(406.58)**	**(586.34)**	**(1,081.43)**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid	(47.85)	(71.78)	(143.55)
Corporate dividend distribution tax paid	(8.13)	(12.20)	(29.22)
Finance costs paid	(143.08)	(128.63)	(181.42)
Exchange loss on repayment of foreign currency loan	(7.49)	(1.35)	0.89
Proceeds from long term borrowings	139.28	256.25	705.33
Repayment of long term borrowings	(278.22)	(313.38)	(318.90)
Increase / (Decrease) in short term borrowing	(11.03)	50.89	(160.42)
Net cash (used) from financing activities (C)	**(356.52)**	**(220.20)**	**(127.29)**
Net increase (decrease) in cash and cash equivalents (A + B + C)	**4.46**	**14.50**	**10.42**
Opening balance of cash and cash equivalents	15.95	20.22	34.38
Effect of exchange rate change	(0.19)	(0.34)	0.42
Closing Balance of Cash and Cash Equivalents	**20.22**	**34.38**	**45.22**
Components of Cash and Bank Balance			
Cash in hand	2.17	2.15	3.74
Balances with Bank on current account	10.89	2.24	12.65
Deposit with Banks having maturity less than three months	4.52	11.93	2.93
Deposits with original maturity more than three month but less than 12 month	2.26	17.67	25.04
Unpaid dividend account	0.38	0.39	0.86
Cash and Bank Balances	**20.22**	**34.38**	**45.22**
Less: deposit with original maturity more than 3 month but less than 12 month	2.26	17.67	25.04
Cash and cash equivalent in cash flow statement	17.96	16.71	20.18

UNAUDITED INTERIM FINANCIAL RESULTS

Statement of Standalone Unaudited Interim Financial Results for the Three months period ending June 30, 2016 and June 30, 2015

(*in ₹ millions*)

S. No.	PARTICULARS	June 30, 2016	June 30, 2015
1.	**Income from operations** a) Net Sales/Income from operations (Net of excise duty)	2,415.27	2,018.91
	b) Other Operating Income	36.55	15.28
	Total Income from operations (Net)	**2,451.82**	**2,034.19**
2.	Expenses		
	a) Cost of materials consumed	1,475.21	1,214.15
	b) Purchase of stock-in-trade	29.01	30.92
	c) Changes in inventories of finished goods, work-in- progress and stock-in-trade	(146.79)	(55.86)
	d) Employee benefit expenses	360.13	271.86
	e) Depreciation and amortization expenses	93.90	78.23
	f) Other Expenses	421.54	326.93
	Total Expenses	**2,233.00**	**1,866.23**
3.	**Profit from operations before other income, finance costs and exceptional items (1-2)**	**218.82**	**167.96**
4.	Other Income	1.41	3.48
5.	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	**220.23**	**171.44**
6.	Finance costs	54.72	31.12

S. No.	PARTICULARS	June 30, 2016	June 30, 2015
7.	Profit from ordinary activities after finance costs but before exceptional items (5-6)	**165.51**	**140.32**
8.	**Exceptional Items**	-	-
9.	**Profit from Ordinary Activities before tax (7+8)**	**165.51**	**140.32**
10.	Tax expenses	50.94	45.08
11.	**Net Profit from Ordinary Activities after tax (9-10)**	**114.57**	**95.24**
12.	Extraordinary Item (Net of tax Expense)	-	-
13.	**Net Profit for the period (11-12)**	**114.57**	**95.24**
14.	**Paid-up equity share capital** **(Face Value of Rs 10/- Each)**	**119.62**	**119.62**
15.	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year.	-	-
16.	**Earnings Per Share (EPS)** **(Face value of Rs 10/- each)** a) Basic b) Diluted	 9.58 9.58	 7.96 7.96

Summary of reservations or qualifications or adverse remarks or EOMs or CARO observations in the auditors' report in the last five Financial Years immediately preceding the year of filing this Placement Document.

Our Auditors have not made any reservations or qualifications or adverse remarks or EOMs or CARO observations in their reports in the last five Financial Years immediately preceding the year of filing this Placement Document.

Changes in the accounting policies

Other than as required under the applicable laws, there have been no changes in our accounting policies during the last three years.

RISK FACTORS

This offering and an investment in Equity Shares involve a high degree of risk. You should carefully consider the risks described below as well as other information contained in this Placement Document before making an investment decision. If any of the risks described below actually occurs, our business prospects, financial condition and results of operation could be seriously harmed, the trading price of our shares could decline and you may lose all or part of your investment. Unless specified or quantified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of our Equity Shares. Unless otherwise specified, all amounts in this section are stated on a consolidated basis.

This Placement Document also contains forward-looking statements that involve risks and uncertainties. Our Company's results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Placement Document. To obtain a complete understanding of the risks involved in our business, you should read this section in conjunction with "Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 75 and 90 of this Placement Document, respectively.

RISK FACTORS RELATING TO OUR BUSINESS

Materiality:

The risk factors have been determined on the basis of their materiality. The following factors have been considered for determining their materiality:

a. *Some events may not be material individually but may be found material collectively.*
b. *Some events may have a material impact qualitatively instead of quantitatively.*
c. *Some events may not be material at present but may have material impacts in the future.*

1. Majority of our revenues are dependent on few customers and the loss of, or a significant reduction in purchases by such customers could adversely affect our financial performance.

The top two customers for our automotive segment accounted for 69.75% of our net sales during Financial Year 2016. Although we have long-standing relationships with our automotive segment customers, any reason including decrease in demand, recall or discontinuance of a specific vehicle model, could have an adverse effect on our financial condition. In addition, as a consequence of our reliance on these customers, any adverse change in their financial condition may also have an adverse effect on our cash flows and business prospects. Similarly, in our LED luminaries segment, we are awarded orders after competitive bidding and are heavily reliant on sales to the public sector undertakings or State Governments. Our ability to successfully win tenders is dependent on we being one of the lowest bidders. There can be no assurance that we would win all or most of the tenders we bid for.

Such concentration of our business on few customers may adversely affect us in case we lose one or more contracts with these customers. Significant revenue from few customers increases the potential volatility of our results and exposes us to risks which may have an adverse effect on financial performance of our business.

2. SEBI has imposed penalties on our Promoters in the past.

Our Promoters received a letter from SEBI dated January 3, 2014 alleging contravention of Regulation 3(1) of the Takeover Code, related to inter-se transfers undertaken by our Promoters, which was duly replied on January 17, 2014. Further, our Promoters received a show cause notice dated January 28, 2014 for contravention of Regulations 13 (1), 13 (3), 13 (4), 13 (4A) and 13 (5) of the Insider Trading Regulations and Regulations 29 (1), 29 (2) and 29 (3) of the Takeover Code and vide its final order dated February 3, 2015, SEBI imposed a penalty of ₹1,00,000 each on our Promoters, J. K. Jain, Seema Jain, Aanchal Jain and Rahul Jain for contravention of the Takeover Code for off-market inter se transfer of shares amongst themselves for more than 25% of the equity share capital of our Company and non-compliance of disclosure related requirements under the Takeover Code and Insider Trading Regulations. Please also refer to '*Legal Proceedings*' on page 166 of this Placement Document.

We cannot assure you that there will be no action, investigation or prosecution initiated by SEBI, the Stock Exchanges or any other regulatory authority against our Promoters and/or our Company in future for any past or future non-compliance, action (or omission to act) of our Company and/or our Promoters.

3. The name of one of our former independent directors is appearing as a wilful defaulter on www.watchoutinvestors.com.

The name of one of our former independent directors, Abhishek Jain, who resigned from our Board on September 8, 2016 is appearing as a wilful defaulter on *www.watchoutinvestors.com*. He was on the board of SB&T International Limited, Mumbai as a non-executive director and resigned from the board on January 01, 2009. Union Bank of India reported the default relating to repayment of loan facility by SB&T International Limited to CIBIL in 2012. While reporting the default to CIBIL, Union Bank of India reported Abhishek Jain's name in the list of directors of the defaulting company. Since, Abhishek Jain was on our Board as an independent director from November 6, 2015 to September 8, 2016, our Company's name may be associated with him in information and data available in the public domain. Although, he has resigned from our Board, there can be no assurance that his name is not associated with our Company in future, any such imputed association may cause a harm to our reputation.

4. Our Company has in the past compounded certain non-compliances by payment of compounding fees.

Our Company has in the past compounded certain statutory non-compliances by payment of compounding fee. Non-compliances, which our Company has compounded in the last three Financial Years for matters pertaining to earlier periods were related to non-compliances under the Companies Act, 1956 for contravention of Accounting Standards, certain non-disclosures in the balance sheet of our Company and one matter relating to contravention of the legal metrology rules. For further details, please refer to '*Legal Proceedings*' on page 166 of this Placement Document.

We cannot assure you that there will be no action, investigation or prosecution initiated by any statutory authority having jurisdiction over our operations against our Company in future for any past or future non-compliance of statutes by our Company.

5. We do not own the trademark 'FIEM' and have acquired rights under it through a contractual arrangement. Failure to maintain these rights under the trademark will have an adverse effect on our business prospects.

The 'FIEM' trademark is owned by Fiem Auto & Electrical Industries, which is proprietorship concern of our Promoter, J.K. Jain. Our Company has entered into an agreement dated March 1, 2005 with Fiem Auto & Electrical Industries, by virtue of which, the 'FIEM' trademark is assigned to our Company. 'FIEM' is a registered trademark under class 11 and 12 and enjoys protection under trademark laws of India.

Under the terms of the agreement, our Promoter, J.K. Jain reserves the right to use the trademark in any company/body corporate in which J.K. Jain with or without his relatives has a controlling interest, unless company/body corporate has a similar business as that carried on by our Company. Also, in terms of the aforementioned agreement, our Company shall pay an annual royalty for usage of the trademark.

We rely on trademark and copyright laws to protect our intellectual property rights. Our ability to enforce our trademarks and other intellectual property is subject to establishing our ownership of the trademark and other intellectual property as well as general litigation risks in relation to intellectual property rights. If we are not ultimately successful in enforcing our intellectual property rights for any reason, our competitive position, business, results of operations and financial condition may be adversely affected.

6. Decline in the sale of new two wheeler automobiles could significantly decrease the demand for our products.

We derive 94.50% of our net sales from two wheeler vehicle category. A decline in economic activity or any changes in Government policies may have an adverse effect on demand for new two wheelers. Sales of new two wheelers in India is dependent on the time of year, weather, interest rates, fuel prices and the overall economic environment. If demand for new two wheelers decreases, it would have a corresponding impact on the demand for our automotive segment products and may materially and adversely affect our business, financial condition, results of operations and business prospects.

7. Substantial amount of our revenue is derived from our automotive lighting and signaling equipment. Any internal or external factor adversely affecting the sale of these products will have an adverse impact on our profitability.

We depend heavily on our automotive lighting and signaling equipment and derived 64.56% of our gross sales from sale of these products in Financial Year 2016. Automotive lighting and signaling equipment are our largest selling product and comprised of 64.56%, 66.73% and 69.49% of our gross sales from automotive segment in Financial Year 2016, Financial Year 2015 and Financial Year 2014, respectively. We expect that substantial amount of our revenue will continue to be derived from our automotive lighting and signaling equipment in the foreseeable future. Any decline in the sale of our automotive lighting and signaling equipment due to any internal or external factors will adversely affect our market share, results of operations and financial condition.

8. ***Our company is involved in certain legal and other proceedings. Any adverse outcome in such proceedings may have an adverse effect on our business, results of operations and financial condition.***

We are contesting certain legal proceedings in various courts, including certain civil and taxation cases that have been filed against our Company. For further details of the legal proceedings that we are subject to, please refer to "*Legal Proceedings*" on page 166 of this Placement Document. Any adverse decision in any of these cases may adversely affect our business and financial condition. We are also involved in disputes with respect to tax assessments for various years, which are shown as contingent liability in our financial statements. We cannot assure that the outcome of these legal proceedings will be favourable. Such litigation could divert management's time and attention, and consume financial resources in their defence or prosecution. In addition, should any new developments arise, such as changes in Indian law or rulings against us by the regulators, appellate courts or tribunals, we may need to make provisions in our financial statements, which could increase our expenses and current liabilities. If we fail to successfully defend our claims or if our provisions prove to be inadequate, our business, results of operations and financial condition could be adversely affected.

9. ***We require certain regulatory approvals, permits and licenses in the ordinary course of our business, and the failure to obtain, maintain and renew any of these approvals, permits and licenses necessary for carrying out our business, in a timely manner or at all, could adversely affect our business, results of operations and financial condition.***

We are subject to various industrial, environmental, health and safety, employee-related and other laws and regulations for our business operations. The success of our strategy to modernize, optimize and expand our existing operations in the segments in which we operate is contingent upon, among other factors, receipt of all required licenses, registrations, permits and authorizations, including local land use permits, building and zoning permits, environmental permits, and health and safety permits for operating our businesses. Whilst we have obtained a significant number of approvals for our businesses, certain approvals that we have applied for are currently pending. Moreover, we may need to apply for additional approvals and licenses in future. Further, we may need to renew some of the approval and licenses, which may expire, from time to time, in the ordinary course of business.

There can be no assurances that the legal framework, licensing and other regulatory requirements or enforcement trends in our industry will not further change in a manner that does not result in increased costs of compliance, or that we will be successful in responding to such changes. Moreover, as we grow our business, the requirements for obtaining new licenses, approvals and authorizations will also increase. If we lose or otherwise are unable to maintain any of our required licenses, registrations, permits and approvals under applicable laws and regulations, our business operations may be materially and adversely affected and we may be required to incur additional expenditure in this regard.

10. ***We are subject to risks associated with warranty in case of defects in our products, which could generate adverse publicity and adversely affect our business and financial condition.***

Our products are subject to warranties against manufacturing defects. In the event of claimed defects or non-performance of our products, our practice is to accept such genuine claims and to replace such products. In the future, we might also face material number of warranty claims due to defects in our products. Defects, if any, in our products could adversely affect our reputation and demand for our products. Further, we have also furnished bank guarantees/corporate guarantee and indemnity bond to some of our customers for guaranteeing our performance under such contracts, any invocation of which could have an adverse effect on our financial condition. In the event that defects, or warranty claims become more frequent, there may be an adverse effect on our operating results and financial condition.

11. ***Raw material costs for our products constitutes substantial amount of our total expenses, hence exposing us to risks associated with volatility or fluctuations in prices of raw materials.***

The cost of raw materials consumed constitutes a large portion of our total expenses. In Financial Years 2016, 2015 and 2014, our raw material costs constituted approximately 60.82%, 62.32% and 61.36% respectively of our total expenses. Industrial plastic polymers like PMMA and PC is the largest raw material consumed in the manufacturing of our products, which is derivative of crude oil and the prices of which is linked to the crude oil prices. The increase in the price of the key raw materials or commodities could result in an increased manufacturing costs. Historically, we have passed the increased raw material costs to our customers in the form of price increases in our products; however, our inability to pass on the increased costs of raw materials to our customers will adversely affect our margins.

12. Our success depends on our ability to understand evolving industry trends and satisfy changing customer requirements.

The automotive and LED lighting industries are characterized by technological advances, evolving industry standards, changing customer preferences and constant introduction of new products. Our success depends on our ability to develop and introduce new and innovative products, our ability to enhance our existing range of products, and our ability to achieve market acceptance. There can be no assurance that we will be successful in developing new products or incorporate evolving technologies into our products on a timely or cost-effective manner or at all, or if these products will be developed by us at our own manufacturing facilities, or that we will be successful in marketing and selling new products and achieve market acceptance for such products.

The quality, supply stability and timely delivery of our products at competitive prices are essential for customer satisfaction and retention. Cost overruns and unanticipated delays in developing new products, failure to launch a new product or failure in utilization of our production capacities to meet customer requirements could adversely impact our relationship with the customer which could further impact our financial condition.

13. We are exposed to risks related to our tooling agreements with our automotive segment OEMs.

Under the terms of our tooling agreements with our automotive segment OEMs, the tools and moulds are owned by our OEM customers and remain the property of our OEM customers at all times during the term of the agreement. In case of any damage to such tools and moulds, we are required to indemnify our OEM customer to the extent of the loss. Further, in case the tools and moulds are damaged or rendered useless or unfit to give the production of the specified component strictly as per the specification, we shall be required to develop new tooling entirely at our cost within a reasonable time to meet the schedule of supply. Our OEM customer shall at all times have the right to recall / withdraw the tooling / moulds and in case of any inordinate delay in handing over the moulds to our OEM customers, we shall be required to pay damages for any and all the losses caused to the OEM customer. Although, we have never experienced or faced any of the aforesaid circumstances in the past, however, if such a circumstance arises in the future it would have a material adverse effect on our business, financial condition and results of operations.

14. We have entered into certain MoUs and joint venture arrangements, which may not fructify.

We have in the past entered into certain MoUs for technological tie-ups or for formation of joint ventures which could not fructify into binding agreements due to commercial or legal disagreements, delays or changes in our or the counterparties' strategies. There is no certainty that we would be in a position to convert our existing MoUs into binding arrangements. If we are unsuccessful in converting our existing MoUs to binding arrangements, there may be changes in implementation of our strategic plans and our strategy may become materially inaccurate which may impact our business.

15. Our customers may encourage competition to reduce their costs and even reduce sourcing from us to limit their dependence on us, which would have a material adverse effect on us.

The automotive industry is highly competitive, which has led to lowering profit margins for many market players in the automotive component industry. Our OEM customers may encourage price competition among us and our competitors to reduce their costs or even restrict sourcing from us to limit their dependence on us. Our inability to adequately adjust our customer pricing in response to customer demand or market trend in a timely manner, or at all, could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

16. Our Joint Venture and Subsidiary have incurred losses in the past.

As of June 30, 2016, we have invested an aggregate amount of ₹2.95 million and ₹3.32 million in our Subsidiary and Joint Venture respectively. As per the financial statements of our Subsidiary and Joint Venture in the preceding three Financial Years, our Joint Venture incurred a loss of ₹2.62 million and ₹0.55 million in Financial Years 2014 and 2016 respectively and our Subsidiary incurred losses of ₹0.51million in Financial Year 2015. There is no guarantee that our Subsidiary and Joint Venture will not incur losses in the future. In the event that our Subsidiary and Joint Venture incur losses in the future, it may have an adverse effect on our financial condition.

17. ***Our customers' requirements to locate our manufacturing units in close proximity to their facilities may require capital expenditure and we may not be able to manage our manufacturing units at various locations effectively.***

We may have to relocate our existing business facilities on account of our OEM customers' requirements, which may incur relocation costs. Currently, some of our manufacturing facilities, at Nalagarh, Ahmedabad, Mysore, Hosur, are located in close proximity to our customers' units. In the event that any of our customers' facilities are moved from their current locations, we may not be able to utilize our existing manufacturing unit efficiently.

Our Company is and will continue to evaluate various location options for its expansion plans preferably closer to our customers. Our ability to set up and manage effectively our new manufacturing facilities in future, will depend on a variety of factors including availability of sufficient capital, procurement of land, receipt of relevant approvals, availability of sufficient skilled employee and labour base. Costs associated with such expansion plans may affect our business, financial condition and results of operations. Further, we cannot assure that we will be able to manage all our manufacturing units at various locations effectively.

18. ***Our success depends on the smooth supply and transportation of raw materials from our suppliers to our plants and of our products from our plants to our customers, which is subject to various uncertainties and risks.***

We procure our raw materials from domestic as well as international suppliers. Any disruption of our suppliers' operations or inadequate or interrupted transportation of raw materials to our facilities could adversely affect our business, results of operations and financial condition. We depend principally on trucking and seaborne transportation for the delivery of raw materials to our manufacturing facilities and the delivery of our products from our manufacturing facilities to our customers and dealers. Our ability to deliver our products and to receive raw materials depends on the stable and reliable transportation infrastructure. Disruption of transportation services could affect our operations. We rely on third parties to provide such services. Pursuant to our contracts with our third party transportation providers, losses resulting from damages to products under transportation shall be borne by the transporter. Nevertheless, any disproportionate damages on any transporter may not be enforceable in the courts and in such case we may suffer from these losses. In addition, these transportation providers may not be adequate to support our existing and future operations. Further, disruptions of transportation services because of weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, geopolitical events, or other events could impair our ability to complete our manufacturing activities in time or supply our products to our customers. We maintain insurance for international and domestic transportation insurance. For more details on our insurance policies, see "*Business – Insurance*" on page 88 of this Placement Document. In the event of any of the foregoing, we may be required to buy raw materials in the spot market at unfavorable prices, which could materially and adversely affect our business and results of operations and financial condition.

19. ***We are a manufacturing company, and any shutdown of operations at any of our manufacturing facilities may have an adverse effect on our operations and financial condition.***

Our manufacturing facilities and R&D and design centers are subject to operating risks, such as (i) the risk of substantial disruption or shutdown due to breakdowns or failure of equipment, natural disasters, storms, fires, explosions, earthquakes, floods and other catastrophic events, actual, potential or suspected epidemic outbreaks, terrorist attacks and wars, labor disputes, strikes, lock-outs, loss of services of our external contractors, and industrial accidents, (ii) performance below expected levels of output or efficiency, and (iii) obsolescence. Furthermore, because three of our manufacturing facilities are located in Hosur, Tamil Nadu and two in Sonepat, Haryana, the risk of disruption or shutdown of multiple facilities due to a single significant event, natural calamity or other catastrophic event is more pronounced. Moreover, catastrophic events could also destroy any inventory located at our facilities. The occurrence of any such event could result in a temporary or long-term closure of any of our manufacturing facilities, severely disrupt our business operations and materially and adversely affect our financial condition.

20. We have in the past suffered losses under our foreign exchange derivative contracts.

Our Company entered into cross currency swap (principal only swaps and interest rate swaps) and forward currency option contracts to hedge its exposure in foreign currency and interest rates with certain banks in the Financial Year 2008. Due to lesser than expected foreign exchange income of our Company, we suffered losses amounting to ₹210.44 million, ₹46.84 million and ₹29.46 million in Financial Years 2011, 2012 and 2013 under our derivative and currency swap contracts. We have not entered into any derivatives and currency swap contracts thereafter, however, there can be no assurance that we will not enter into such hedging arrangements in the future to hedge against foreign currency fluctuations. Any losses suffered on account of such contracts in future will have an adverse effect on our financial condition.

21. We may face labour disruptions that could interfere with our operations.

We are exposed to the risk of strikes and other industrial actions. Although we believe that we have good relations with our employees and unions presently, there can be no assurance that our employees will not undertake or participate in strikes, work stoppages or other industrial actions in the future. Any labor disruptions may adversely affect our operations by delaying or slowing down our manufacturing, increasing our manufacturing cost or even halting a portion of our manufacturing. This may also cause failure in delivering sales commitments, hurt our relationships with customers and disrupt our supply chain, further affecting our revenue and margins. If there is any prolonged disruption or shutdown of operations at our manufacturing facilities, we may not be able to replace the equipment or inventories, or use different facilities to continue our operations in a timely and cost effective manner or at all. We may not be able to recover from damages or interruptions caused to our manufacturing facilities in a timely manner or at all. The occurrence of any such event could result in the temporary or long-term closure of any of our manufacturing facilities, severely disrupt our business operations and materially and adversely affect our business, results of operations, financial condition and cash flows.

22. Any non-availability of skilled manpower could result in disruptions to our manufacturing operations.

Our manufacturing operations are significantly dependent on access to a large pool of skilled manpower. Our dependence on such skilled manpower may result in significant risks for our operations, relating to the availability of such skilled manpower. There can be no assurance that we will have adequate access to skilled manpower at reasonable rates or at all. As a result, we may be required to incur additional costs to ensure smooth running of our operations. We also depend on third party contractors for providing manpower for various services associated with our business. We cannot assure you that manpower, whether hired through contractors or directly, will continue to be available at reasonable wages in the areas where our manufacturing facilities are located.

23. Our success depends largely on the continued efforts of our senior management and our ability to attract and retain skilled personnel.

Our future success depends on the continued services and performance of our directors, key managerial personnel and other employees. Competition for senior management in the industry is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future. The loss of the services of key persons in the organization could seriously impair our ability to continue to manage and expand our business. Further, the loss of any other member of our senior management or other key personnel may adversely affect our business, results of operations and financial condition. The success of our business will also depend on our ability to identify, attract, hire, train, retain and motivate skilled personnel. Demand for qualified professional personnel is high and the availability of these personnel is relatively limited. If we fail to hire and retain sufficient number of qualified personnel for functions such as manufacturing, technical, finance, marketing, sales, operations and R&D, our business operations and financial condition could be adversely affected.

24. Several properties used by our Company for the purposes of its operations are not owned by us. Any termination of the relevant lease or leave and license agreements in connection with such properties or our failure to renew the same could adversely affect our operations.

Currently, all our depots from where we supply our products to our dealers and retailers located at Kolkata, Kanpur, Raipur, Bengaluru, New Delhi, Ahmedabad, Pune, Chennai, Hyderabad and Ernakulam and marketing offices at New Delhi are not owned by us. Any termination of the lease and/or leave and license agreements in connection with such properties which are not owned by us or our failure to renew the same, and upon favourable conditions, in a timely manner or at all could adversely affect our operations.

25. ***If our estimates or assumptions used in developing our strategic plan are inaccurate or we are unable to execute our strategic plan effectively, our profitability and financial position could be negatively impacted.***

If the estimates or assumptions used in developing our strategic plan vary significantly from actual conditions, our sales, margins and profitability could be impacted. For instance, sales of our products may not grow as quickly as we currently expect, and we may be incorrect in our assumptions and expectations of consumer preferences during our R&D of new products. Also, the fund requirement and deployment for our strategies are based purely on management estimates and assumptions considering the current market scenario and are subject to revision in the light of changes in external circumstances or costs. If we are unsuccessful in executing our strategic plan, or if the underlying estimates or assumptions used to develop our strategic plan are materially inaccurate, our business and financial condition would have an adverse impact.

26. ***If we are not able to compete successfully against existing and new competitors, we may lose customers and market share.***

The product segments in which we operate are highly competitive in India, as a limited number of large manufacturers compete for customer acceptance. Competition is based upon brand perceptions, product performance and innovation, customer service and price. Because of the highly competitive environment in which we operate, our customers frequently seek to obtain price concessions or better trade terms resulting in reduction of our margins.

Our ability to compete effectively may be affected by a number of factors, including:

- our competitors may have substantially better financial and marketing strength, research and development capabilities and other resources and higher market share in certain segments than we do, which could provide them with greater scale and negotiating power with customers; and
- our competitors may have lower manufacturing, sales and distribution costs, and higher profit margins, which may enable them to offer better prices and other promotional incentives;

Any failure by us to compete effectively, including in terms of pricing and/or providing quality products, could have a material adverse effect on our business, results of operations and financial condition.

27. ***We rely upon the success of our dealers and retailers network for our replacement market sales.***

Certain portion of our net sales comprise of replacement market sales for which we are dependent on our dealers and retailers network. Our dealers and retailers are not contractually required to sell our products on an exclusive basis. In addition, no assurance may be given that the current dealers and retailers will continue to do business with us or that we can continue to attract new dealers and retailers to our network. Our business is dependent on our ability to attract and retain third-party dealers and retailers and such parties' ability to promote sell and market our products effectively. Maintaining good relations with the dealers and retailers is vital to our business. Our inability to maintain stability of our dealers and retailers network and to attract new distributors to our dealers and retailers network in the future could adversely affect our business, results of operations and financial condition.

28. ***If we are unable to manage our growth effectively, our business and prospects may be materially and adversely affected.***

Our revenue and our business operations have grown in recent years. Although we plan to continue to expand our scale of operations, we may not be able to sustain these rates of growth in future periods due to a number of factors, including, among others, our execution capability, our ability to maintain customer satisfaction, macroeconomic factors beyond our control such as decline in global economic conditions, availability of cheaper imported products, competition within India's automotive sector and LED lighting industry from players in the organized and unorganized segments, the greater difficulty of growing at sustained rates from a larger revenue base, our inability to control our expenses and the availability of resources for our growth. There can be no assurance that we will not suffer from capital constraints, operational difficulties or difficulties in expanding existing business operations. Our development and expansion strategies will require substantial managerial efforts and skills and the incurrence of additional expenditures and may subject us to new or increased risks. We may not be able to efficiently or effectively implement our growth strategies or manage the growth of our operations, and any failure to do so may limit future growth and have an adverse effect on our business.

29. ***Our exports are subject to risks associated with doing business internationally.***

The products we export overseas are required to comply and adhere to the standards adopted by such jurisdictions. In the event any of the jurisdictions change or adopt new standards, which are different from the existing standards, our existing products may not meet such revised standards and we may have to incur capital expenditure in research and development of products which can adhere to such revised standards. Also, all the development costs that we would have incurred to develop the products prior to the change in standards will become redundant.

Other risks include interest rate change, foreign currency fluctuations, different tax and regulatory environments, dealing with political and economic uncertainty, social unrest, sudden changes in laws and regulations and competing with established players in these regions and cost structures in international markets, including those in which we operate, that are significantly different from those that we have experienced in India. These risks may impact our ability to expand our exports in different regions and otherwise achieve our objectives relating to our export operations.

30. ***Loss of tax benefits or changes in tax policies, laws and regulations may adversely affect our business, results of operations and financial condition.***

Any changes in the tax benefits or change in tax policies, laws or regulations applicable to us may adversely affect our business, results of operations and financial condition. The Governmental and regulatory bodies in India with tax oversight may add or change existing tax laws, regulations and interpretations thereof or result in additional or new tax burdens. Any such additions or changes may have a material adverse effect on our business, results of operations and financial condition. For details of other tax benefits available to our Company, see "*Statement of Tax Benefits*" on page 152 of this Placement Document.

31. ***We may be subject to claims of infringement of third-party intellectual property rights, which could adversely affect our business.***

While we take care to ensure that we comply with the intellectual property rights of third parties and that there are no pending claims against us for infringement of third party intellectual property rights, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. Any claims of infringement, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. As a result of such infringement claims, we could be required to pay third party infringement claims, alter our technologies, change the brands under which we distribute our products, obtain licenses or cease some portions of our operations. The occurrence of any of the foregoing could result in unexpected expenses. In addition, if we alter our technologies, change the brands under which we distribute our products or cease manufacturing of affected items, our revenue could be adversely affected.

32. ***Changes in the policies of the GoI could adversely affect our LED luminaries segment.***

Our success in our LED luminaries segment depends substantially on favorable Government policies. Our LED business is, to a great extent, dependent on the projects awarded by Energy Efficiency Services Limited and/or projects funded by the Central Government, State Governments and local authorities and we derive substantial revenues of our LED luminaries segment from contracts with a limited number of government entities. Any changes in Central or State Government policies, or delay in payment may affect our business and results of operations.

33. ***Increased employee costs could negatively affect our ability to operate efficiently and adversely affect our results of operations.***

The labor cost in India has been increasing over the past years due to increasing competition for quality employees among manufacturing companies as well as growth in inflation and general wage increases. Many aspects of our strategies and business growth may require us to hire employees. For Financial Year 2016, Financial Year 2015 and Financial Year 2014, our employee costs amounted to ₹1,273.49 million, ₹988.56 million and ₹843.37 million, respectively, representing 13.00%, 12.05% and 11.77% of our net sales during the respective periods. For the three months ended June 30, 2016, our employee costs amounted to ₹360.13 million, representing 14.91% of our standalone net sales during that period. We cannot assure that these or future agreements may not significantly result in increased employee costs.

34. ***The implementation of our strategies and other aspects of our business will require significant fund infusion; if we do not have access to sufficient funds, it could adversely affect our business prospects.***

The implementation of many aspects of our strategies will require significant funding. In addition, many aspects of our general business operations have on-going funding requirements that may increase over time.

As at March 31, 2016, our total consolidated long-term and short term borrowings were ₹1,217.31 million and ₹182.98 million respectively. As at June 30, 2016, our total standalone long-term and short term borrowings were ₹1,420.69 million and ₹827.93 million respectively. Our indebtedness is secured by charges over immovable and movable properties and other collaterals and receivables. Over the longer term, we expect that the implementation of our strategy and business plans will require us to rely in part on external financing sources. However, our ability to continue to obtain external financing on commercially reasonable terms will depend on a number of factors, many of which are outside of our control, including our business, results of operations and financial condition, India's economic condition, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and Government policies on lending. We avail working capital facilities with various banks; however, such facilities may not be sufficient to meet our growth strategy. If we are not able to obtain sufficient external funds on commercially acceptable terms to implement our strategies and business plans as currently contemplated, we could be required to revise our strategies and business plans, which could adversely affect our business prospects.

35. We are subject to certain restrictive covenants in our financing arrangements which may limit our operational and financial flexibility.

Some of our financing agreements and debt arrangements set limits on or require us to obtain consents from lenders before undertaking certain projects, issuing new securities, changing our business, merger, consolidation, selling significant assets or making certain acquisitions or investments. These restrictive covenants may also affect some of the rights of our shareholders and our ability to pay dividends if we are in breach of our obligations under the applicable financing agreement.

Further, certain of our financing arrangements include financial covenants. We cannot assure that these covenants will not hinder our business growth in the future. In the event that we breach any of these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately. Any default under these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. Defaults under one or more of our Company's financing agreements may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, business, results of operations and financial condition. Such restrictive covenants may restrict our flexibility in managing our business or projects and could in turn adversely affect our business and prospects.

We believe that our relationships with our lenders are good, and we have in the past to the extent feasible obtained consents from them to undertake various actions and have informed them of our corporate activities from time to time. Compliance with the various terms of such financing arrangements, however, is subject to interpretation and there can be no assurance that we have requested or received all relevant consents from our lenders as contemplated under our financing arrangements. It may be possible for a lender to assert that we have not complied with all applicable terms under our existing financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and may also trigger cross default provisions under certain of our other financing agreements, and may materially and adversely affect our ability to conduct our business and operations or implement our business plans.

36. Our operations are subject to various hazards and could expose us to the risk of liabilities, loss of revenues and increased expenses.

Our operations are subject to various hazards associated with the manufacturing industry such as the use, handling, processing, storage and transportation of hazardous materials, as well as accidents such as leakage or spillages of hazardous materials. The storage of these hazardous materials near our manufacturing facilities and the handling of these materials in the manufacturing process pose inherent risks. Any mishandling of hazardous substances could expose our work force to injuries or death. In addition, our workmen operate heavy machinery at our manufacturing facilities and accidents may occur during operations.

These hazards can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. While we maintain general insurance against these liabilities, insurance proceeds may not be adequate to fully cover the substantial liabilities, lost revenues or increased expenses that we might incur.

Any failure to effectively cover ourselves against any of the foregoing risks could expose us to substantial costs and potentially lead to losses. Additionally, the occurrence of any of these risks may also divert management's attention and resources and adversely affect public perception about our operations and the perception of our suppliers, customers and employees, leading to an adverse effect on our business, results of operations and financial condition.

37. Our insurance coverage may not adequately protect us against possible risk of loss.

While we believe that we maintain insurance coverage in amounts consistent with industry norms, our insurance policies may not cover all risks and are subject to exclusions and deductibles. If any or all of our manufacturing facilities are damaged in whole or in part and our operations are interrupted for a sustained period due to fire and similar perils, there can be no assurance that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption or the costs of repairing or replacing the damaged facilities. If we were held liable for large uninsured losses or amounts and claims for insured losses significantly exceeding the limits of our insurance coverage, our business, results of operations and financial condition may be materially and adversely affected. See the section titled "*Business – Insurance*" on page 88 of this Placement Document.

38. We rely on our information technology systems in managing our supply chain, manufacturing process, logistics and other integral parts of our business.

We rely on centralized, standardized information technology systems and networks to support our business processes, as well as internal and external communications including our data management and application systems. The reliability of our network infrastructure is critical to our business. These information technology systems and networks are potentially vulnerable to damage due to the poor performance or failure of third-party service providers, catastrophic events, power outages, security breaches, network outages, malwares, failed upgrades or other similar events. Any failure in our information technology systems could result in unanticipated business interruptions, including disruption in our supply management, the loss of buyers and damaged reputation. The realization of any risks related to our IT system and network disruptions could have a material adverse effect on our business, financial condition and results of operations.

39. Delays or defaults in customer payments could result in reduction of our profits.

We are exposed to payment delays and/or defaults by our customers and our financial position and financial performance are dependent on the creditworthiness of our customers. Sometimes we commit resources prior to receiving advances and any delays in customer payments may require us to make a working capital investment and may also delay honoring of our payment obligations to our suppliers and vendors. If a customer defaults or delays in making payments where we have devoted significant resources, cancelled or does not proceed to completion, then it could have an adverse effect on our business, results of operations and financial condition.

In our LED segment business, we are dependent on public sector undertakings and Central and State Governments for a large portion of our sales. There can be substantial delays and non-compliance of the contractual terms by these entities in relation to payment of our dues in a timely manner or at all. In addition our ability to take recourse against these public sector undertakings and Central and State Governments is limited and may be time consuming. Any such delays or defaults, if material, could materially and adversely affect our business, prospects, financial condition, cash flows and results of operations.

40. Our business may be adversely affected by environmental and safety regulations to which we are subject.

We are required to comply with Indian central, state and local laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of waste materials, the emission and discharge of waste materials into soil, air or water, and the health and safety of employees. We are also required to obtain and comply with environmental permits for certain of our operations. In the event that such regulations become more stringent, such as increasing the requirements for obtaining approvals or meeting Government standards, this could result in changes to the infrastructure necessary for manufacturing activities, increasing the costs related to changing manufacturing methods in order to meet Government standards and increasing penalties for non-compliance. Furthermore, we may incur significant expenditure relating to operating methodologies and standards in order to comply with applicable environmental laws and regulations. If we fail to comply with any existing laws and regulations, or fail to obtain, maintain or renew any of the required licenses or approvals, the relevant regulatory authorities may impose fines and penalties on us, revoke our business licenses and approvals and/or require us to discontinue our business or impose restrictions on the affected portion of our business.

41. ***Any damages caused by fraud or other misconduct by our employees could adversely affect our business, results of operations and financial condition.***

We are exposed to operational risk arising from inadequacy or failure of internal processes or systems or from fraud. We are susceptible to fraud or misconduct by employees or outsiders, unauthorized transactions by employees and operational errors. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and reputational or financial harm, including our brand. Our management information systems and internal control procedures are designed to monitor our operations and overall compliance. However, they may not be able to identify non-compliance and/or suspicious transactions in a timely manner or at all. In addition, certain internal control processes are carried out manually, which may increase the risk that human error, tampering or manipulation may result in losses that may be difficult to detect. As a result, we may suffer monetary losses which adversely affect our business, results of operations and financial condition.

42. ***We have, in the past, entered into related party transactions and may continue to do so in the future.***

We have entered into various transactions with related parties. For further details, please refer to our Reformatted Audited Consolidated Financial Statements at "*Financial Information*" on page F-23 of this Placement Document. While we believe that we have obtained requisite approvals under applicable laws, wherever required, for all such transactions and have carried them out on an arms-length basis and on commercially reasonable terms, there can be no assurance that we could not have achieved more favorable terms had such transactions been entered into with unrelated parties. It is likely that we may enter into related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. For more details on our related party transactions, see our Reformatted Audited Consolidated Financial Statements. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our shareholders.

43. ***Because we generate income and incur expenses in multiple currencies, exchange rate movements may have an adverse effect on our business, results of operations and financial condition.***

We have foreign currency exposure related to foreign-denominated revenues, including costs of imported raw materials and equipment and export sales. In Financial Year 2016, our exports accounted for 3.60% of our net sales and the imported raw materials accounted for approximately 10.22% of our raw material cost. Depreciation in the value of the Rupee increases our total costs of such imports in Rupee terms and, depending on the timing of the currency fluctuation, we may be unable to recover these costs through cost-saving measures elsewhere or by passing on these increased costs to our customers and distributors through higher prices. Similarly, we source certain types of equipment from overseas. We expect that our foreign currency exposure will increase as our business grows. Significant currency exchange rate fluctuations and currency devaluations could have an adverse effect on our business, results of operations and financial condition.

44. ***Any crystallization of our significant contingent liabilities could materially and adversely affect our business, financial conditions, result of operations and prospects.***

We had contingent liabilities amounting to ₹428.87 million, ₹354.96 million and ₹289.79 million, as of March 31 2016, 2015 and 2014, respectively. See "*Management's Discussion and Analysis of Financial Condition and Results of Operation – Contingent Liabilities*". Our contingent liabilities as of March 31, 2016 aggregated to approximately ₹428.87 million on a consolidated basis to the extent quantifiable and primarily consist of, letter of credit opened, outstanding bank guarantees and litigation matters. If any of these contingent liabilities materialize, our business, financial conditions, result of operations and prospects may be materially and adversely impacted.

EXTERNAL RISK FACTORS

45. ***Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP, IndAS and IFRS, which may be material to investors' assessments of our financial condition.***

Our Company follows Indian GAAP to prepare its annual and interim financial statements. Our Company is required to prepare annual and interim financial statements under Indian Accounting Standards ("Ind-AS") from April 1, 2017 as required under Section 133 of the Companies Act, 2013 read with Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016. We have not attempted to quantify the impact of US GAAP, Ind-AS or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of US GAAP, Ind-AS or IFRS. US GAAP, Ind-AS and IFRS differ in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements, which are restated as per SEBI ICDR Regulations included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

46. ***Public companies in India, including us, are required to prepare financial statements under Ind AS and compute Income Tax under the Income Computation and Disclosure Standards (the "ICDS"). The transition to Ind AS and ICDS in India is very recent and we may be negatively affected by such transition.***

Our financial statements included in this Placement Document are prepared in accordance with Indian GAAP. The Ministry of Corporate Affairs, GoI, pursuant to a notification dated February 16, 2015, set out the timelines for the implementation of Ind AS. Accordingly, our Company is required to prepare its financial statements in accordance with Ind AS from April 1, 2017, as required under Section 133 of the Companies Act 2013 read with Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016. The Ind AS is different in many aspects from Indian GAAP under which our financial statements are currently prepared and presented. For instance, financial instruments being classified as equity or financial liabilities based on the substance of the contractual arrangement rather than legal form, accounting policies related to determination of control for consolidation, accounting of acquisitions/business combinations, recording of minority interest, accounting for leases and revenue sharing arrangements, accounting of deferred taxes, use of fair value for recording assets and liabilities, classification of financial assets and liabilities, disclosure impact in connection with financial instruments, segment reporting, related party disclosures, interim financial reporting, in terms of Ind AS are different from the accounting policies for these items under Indian GAAP. Similarly, the Ministry of Finance, GoI, has issued a notification dated July 6, 2016, stating that ICDS shall be applicable with effect from April 1, 2016, and is applicable Financial Year 2017 onward. Therefore, ICDS will have a direct impact on computation of taxable income of our Company in Financial Year 2017 onwards. ICDS differs on several aspects from accounting standards including the Indian GAAP and Ind AS. As a result, our financial statements for the period commencing from April 1, 2016 may not be comparable to our historical financial statements.

Further, there can be no assurance that the adoption of Ind AS will not affect our reported results of operations, cash flows or financial condition. Our management is devoting and will continue to need to devote time and other resources for the successful and timely implementation of Ind AS. A failure to successfully transition into the Ind AS regime may have an adverse effect on the trading price of the Equity Shares and/or may lead to regulatory action and other legal consequences against our Company. Moreover, our transition to Ind AS reporting may be hampered by increasing competition and increased costs for the relatively small number of Ind AS-experienced accounting personnel available as more Indian companies begin to prepare Ind AS financial statements. There is not yet a significant body of established practice from which to draw references/judgments regarding the implementation and application of Ind AS. Any of these factors relating to the use of Ind AS may adversely affect our financial condition, results of operations and cash flows.

47. ***Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition and results of operations.***

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the CCI. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly determines purchase or sale prices; directly or indirectly results in bid rigging or collusive bidding, limits or controls the manufacturing, supply or distribution of goods and services; or shares the market or source of manufacturing or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach himself or herself and may be punished as an individual. If we, or any of our employees, are penalized under the Competition Act, our business may be adversely affected. On March 4, 2011, the Government notified and brought into force the Combination Regulation Provisions, which came into effect from June 1, 2011. The Combination Regulation Provisions require that any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, must be notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (which were further amended on March 28, 2014 and July 1, 2015). These regulations, as amended, set out the mechanism for the implementation of the Combination Regulation Provisions under the Competition Act.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, financial condition and results of operations.

48. We price certain intercompany transactions using transfer pricing, which subjects us to certain risks that may adversely affect our results of operation and financial condition.

We evaluate certain intercompany transactions using transfer pricing, which, in India, is currently governed by the Income Tax Act, 1961, as amended and the relevant provisions of the Companies Act, 2013. The Income Tax Department of India has, in the past, initiated a significant number of disputes against Indian companies related to transfer pricing. These disputes can be costly and difficult to defend due in part to the inherent challenge of documenting and defending the transfer prices that companies used. Moreover, the regulations that govern transfer pricing are vaguely drafted and provide limited guidance regarding their application and interpretation, leaving discretion to the Income Tax Department of India and other regulatory bodies in interpretation and enforcement. If the Income Tax Department of India initiates a dispute against us for our transfer pricing practices, our results of operations and financial condition may be adversely affected.

49. Changes in legislation or the rules relating to tax regimes could adversely affect our business, prospects, cash flows and results of operations.

Our business is subject to a significant number of state tax regimes and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could adversely affect our cash flows results of operations. The applicable categories of taxes and tax rates also vary significantly from state to state, which may be amended from time to time. The final determination of our tax liabilities involves the interpretation of local tax laws and related regulations in each jurisdiction as well as the significant use of estimates and assumptions regarding the scope of future operations and results achieved and the timing and nature of income earned and expenditures incurred.

We are involved in various disputes with tax authorities. For details of these disputes, see "*Legal Proceedings*" on page 166 of this Placement Document. Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Central or State Governments that affect our industry include income tax and other taxes, duties or surcharges introduced from time to time.

The tax scheme in India is extensive and subject to change from time to time and any adverse changes in any of the taxes levied by the Central or State Governments could adversely affect our competitive position and profitability The GoI has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Although the legislative bill has been passed by both houses of Parliament and has also received the President's assent after ratification by more than half of the States, we are unable to provide any assurance as to the exact date of when GST is to be introduced or any other aspect of the tax regime following implementation of the GST. Further, any disagreements between certain State Governments may also create further uncertainty towards the implementation of the GST.

Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Further, the General Anti Avoidance Rules

("**GAAR**") is proposed to be effective from April 1, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us. We have not determined the impact of such proposed legislations on our business. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future

50. Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares.

The Indian securities markets may be more volatile than securities markets in more developed economies. The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the U.S. and Europe. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have, in the past, experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and increased margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

51. A slowdown in economic growth in India could cause our business to suffer.

India's GDP growth was 7.3% in 2015 according to the IMF's World Economic Outlook as of January 2016. In its first bi-monthly monetary policy statement 2016 announced in April 2016, the RBI estimates GDP growth at 7.6% in Financial Year 2016.

In the few years prior to Financial Year 2015, India's economy experienced a slowdown in economic growth and high inflation due to a variety of factors, including unsustainably high current account deficits, capital outflows and consequent exchange rate pressures. Despite the recent signs of an economic turnaround in the Indian economy, there is no assurance that growth will not slow down again or that inflation will not further increase in the future. A slowdown in the Indian economy could adversely affect our business and our borrowers and contractual counterparties, especially if such a slowdown were to be continued and prolonged. In periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations. Inflation may also have a bearing on the overall interest rates, which may adversely affect our net interest income.

Further, in light of the increasing linkage of the Indian economy to other global economies, the Indian economy will be increasingly influenced by economic and market conditions in other countries. As a result, a recession in the United States and other countries in the developed world and a slowdown in economic growth in major emerging markets like China could have an adverse impact on economic growth in India. A slowdown in the pace of growth in the Indian economy could result in lower demand for credit and other financial products and services and higher defaults among corporate, retail and rural borrowers, which could adversely impact our business, our financial performance, our ability to implement our strategy and the trading price of the Equity Shares.

52. Investing in securities that carry emerging market risks can be affected generally by volatility in the emerging markets.

The markets for securities bearing emerging market risks, such as risks relating to India, are, to varying degrees, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions differ in each country, investors' reactions to developments in one country may affect securities of issuers in other countries, including India. Accordingly, the price and liquidity of our Equity Shares may be subject to significant fluctuations, which may not necessarily be directly or indirectly related to our financial performance.

53. A significant change in the Government's economic liberalization and deregulation policies could adversely affect our business and the price of our Equity Shares.

Our business and customers are predominantly located in India or are related to and influenced by the Indian economy. The Government has traditionally exercised, and continues to exercise, a dominant influence over many aspects of the economy. Government policies could adversely affect business and economic conditions in India, our ability to implement our strategy and our future financial performance. Since 1991, successive Indian governments have pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector and encouraging the development of the Indian financial sector. For the past several years, coalition governments have governed India. The leadership of India and the composition of the coalition in power are subject to change and election results are sometimes not along expected lines. It is difficult to predict the economic policies that will be pursued by the Government. The rate of economic liberalization could change and specific laws and policies affecting banking and finance companies, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in India's economic liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular.

54. Any downgrading of India's debt rating by an international rating agency could adversely affect our business and the price of our Equity Shares.

Standard and Poor's, an international rating agency, revised its outlook for India's debt rating from 'Negative' to 'Stable' in September 2014 due in part to an improvement in the political climate in India. In April 2015, Moody's revised its India sovereign rating outlook to "positive" from "stable". However, there is no assurance that India's credit ratings will not be downgraded in the future. Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our business and limit our access to capital markets, increase the cost of funds, adversely impact our liquidity position, our shareholders' funds and the price of our Equity Shares.

55. Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.

Our charter documents and various provisions of Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder of our Company than as a shareholder of a corporation in another jurisdiction.

56. Investors may not be able to enforce a judgment of a foreign court against us.

It may not be possible for investors in our Equity Shares to effect service of process outside of India on us or our directors and executive officers and experts named in this Placement Document who are residents of India or to enforce judgments obtained against us or these persons in foreign courts predicated upon the liability provisions of foreign countries. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian law and practice. For further details, please refer to "*Enforcement of Civil Liabilities*" on page 16 of this Placement Document.

57. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notifications, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures, corporate governance norms, audit matters, and related party transactions. Further, the Companies Act, 2013 has also introduced additional requirements which do not have corresponding equivalents under the Companies Act, 1956, including the introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), and prohibitions on advances to directors. We are also required to spend 2% of our average net profits during three immediately preceding Financial

Years on corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company, Directors and officers in default, for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

We may face challenges in anticipating the changes required by, interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations). We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 that are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

Further, there is no assurance that the Government will not in the future introduce new laws or regulations (other than the Companies Act, 2013) or amend or change existing laws or regulations in a manner that materially and adversely impacts our business operations and costs of doing business.

58. ***Political instability or changes in the GoI or in the Government of the States where we operate could cause us significant adverse effects.***

Our performance, market price and liquidity of our Equity Shares may be affected by changes in control, Government policies, taxation, social and ethnic instability, social/civil unrest and other political and economic developments affecting India. Our business is also impacted by regulations and conditions in the various states in India where we operate. Since 1991, successive governments have pursued policies of economic liberalization and financial sector reforms. However, there can be no assurance that such policies will continue in the future. Any political instability could affect specific laws and policies affecting foreign investment. A significant change in the Government's policies could adversely affect our business, results of operations, financial condition, and prospects and could cause the price of our Equity Shares to decline.

RISKS RELATING TO OUR EQUITY SHARES AND THE ISSUE

59. ***You will be subject to market risks until the Equity Shares credited to your demat account are listed and permitted to trade.***

You can start trading the Equity Shares allotted to you only after they have been credited to your demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, you will be subject to market risk from the date you pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allotted to you will be credited to your demat account or that trading in the Equity Shares will commence in a timely manner.

60. ***Our past history of dividend declaration/payment does not assure that our Company will pay dividends to its shareholders in the near future.***

We have declared/paid dividends in the last five Financial Years. However, there can be no assurance that dividend will be paid in the future. The declaration and payment of dividends, if any in the future will be recommended by our Board of Directors, at their discretion and will depend on a number of factors, including legal requirements, its earnings, cash generated from operations, capital requirements and overall financial condition.

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We may be unable to pay dividends in the near or medium-term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our projects, financial condition and results of operations.

61. ***An investor will not be able to sell any of our Equity Shares purchased in the offering other than on a recognized Indian stock exchange for a period of 12 months from the date of issue of our Equity Shares.***

Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the issue of our Equity Shares in this offering, investors purchasing our Equity Shares in the offering may only sell their Equity Shares on the

BSE, or the NSE and may not enter into any off-market trading in respect of their Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of our Equity Shares. In addition to the above, investors will be subject to the respective regulations applicable to their operations and any lock-in requirements prescribed thereunder.

62. Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of the Equity Shares within 12 months in an Indian company are generally taxable in India. Any gain realized on the sale of listed Equity Shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (**"STT"**) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of the Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realized on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of our Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. The above statements are based on the current tax laws.

63. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of our Equity Shares.

Under foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing and reporting requirements specified by the RBI. If the transfer of shares is not in compliance with such pricing or reporting requirements and does not fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

64. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell Equity Shares at a particular point in time.

We are subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The BSE and NSE halted trading due to the index-based market-wide circuit breaker on May 18, 2009 after the index crossed the threshold of such circuit breaker. A closure of, or trading stoppage on, either the BSE or the NSE could adversely affect the trading price of the Equity Shares.

The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

65. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after those Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and/or the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

66. We or other intermediaries may be required to withhold U.S. tax on payments made on the Equity Shares to certain non-U.S. financial institutions after December 31, 2016.

Under certain provisions of the U.S. Internal Revenue Code (commonly referred to as FATCA), we may be subject to a 30% U.S. withholding tax on certain payments we receive unless we enter into a FFI agreement. We may enter into such an agreement with the IRS and thereby become a participating FFI unless we otherwise become eligible for an exemption (e.g., pursuant to an intergovernmental agreement between the United States and India). The U.S. Treasury Department and the IRS recently issued regulations that implement certain provisions of FATCA. Under FATCA and the regulations, if we enter into an FFI agreement, we (or another intermediary that is a participating FFI) may be required, pursuant to our FFI agreement, to withhold 30% U.S. withholding tax from any payment made on the Equity Shares after December 31, 2016, to the extent the payment is considered to be a "foreign pass thru payment," but only if such payment is made to a "foreign financial institution" (which is broadly defined for this purpose and in general includes investment vehicles) that is not a participating FFI. Under current regulations, the term "foreign pass thru payment" is not defined and it is not yet clear whether or to what extent payments on the Equity Shares will be treated as "foreign pass thru payments". Holders of Equity Shares should consult their own tax advisors regarding the application of FATCA to an investment in the Equity Shares and their ability to obtain a refund of any amounts withheld under FATCA.

The above is based on our understanding of FATCA, which is complex new legislation, and its application to us is uncertain at this time.

67. Your ability to sell Equity Shares that you acquire in this Issue is restricted by the transfer restrictions set forth in the Placement Document.

No actions have been taken by our Company in order to permit a public offering of the Equity Shares in any jurisdiction including India. The Equity Shares are subject to restrictions on transferability and resale. You are required to inform yourself about and observe these restrictions, which are set forth in this Placement Document under the section "Transfer Restrictions". We, our representatives and our agents will not be obligated to recognize any acquisition, transfer or resale of the Equity Shares made other than in compliance with the restrictions set forth herein.

68. Your holdings may be diluted by additional issuances of equity and any dilution may adversely affect the market price of our Equity Shares.

We may be required to finance our growth through additional equity offerings. Any future issuances of our Equity Shares could dilute the holdings of investors in our Company and could adversely affect the market price of our Equity Shares.

69. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.

Under the Companies Act, any company incorporated in India must offer its holders of Equity Shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new Equity Shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution,. However, if the law of the jurisdiction in which you are located does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

70. Investors bear the risk of fluctuation in the price of the Equity Shares.

The offer price of the Equity Shares in this Issue will be determined by our Company in consultation with the Book Running Lead Manager based on the applications received in compliance with Chapter VIII of the SEBI ICDR Regulations, and it may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. You may be unable to sell your Equity Shares at or above the offer price and, as a result, you may lose all or part of your investment. The price at which the Equity Shares will trade after this Issue will be determined by the market forces and may be influenced by many factors, including:

- our financial condition and the financial condition of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures; and
- the present state of our development.

In addition, the Indian stock market has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares of our company regardless of our operating performance or prospects.

71. Statistical, industry and financial data in this Placement Document may be incomplete or unreliable.

We have not independently verified data obtained from official and industry publications and other sources referred to in this Placement Document and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy and the industries in which we currently operate are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. For further details, please refer to "*Industry Overview*" on page 64 of this Placement Document.

MARKET PRICE INFORMATION

As at the date of this Placement Document, 1,19,62,226 Equity Shares are issued and outstanding. The Equity Shares have been listed and traded on the BSE and NSE since October 19, 2006.

On September 9, 2016 the closing price of the Equity Shares on the BSE and the NSE was ₹1,116.95 and ₹1,104,15 per Equity Share, respectively. The market price and other information of the Equity Shares traded on each of the BSE and the NSE has been given separately.

(i) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for Financial Years 2016, 2015 and 2014:

BSE

Year ending March 31	Date of high	High (₹)	Volume on date of high (No. of Equity Shares)	Total Volume of the Equity Shares traded on date of high (₹ in mn)	Date of low	Low (₹)	Volume on date of low (No. of Equity Shares)	Total Volume of the Equity Shares traded on date of low (₹ in mn)	Average price (₹)	Total volume of the equity shares traded in the Financial Years	
										In number	₹ in mn
2016	31-Mar-16	943.00	78,696	72.41	26-Aug-15	475	7,952	4.01	641.90	43,07,552	2,792.10
2015	15-Jan-15	945.30	1,47,400	134.39	02-Apr-14	400	90254	36.31	655.07	60,53,905	4,057.27
2014	28- Mar-14	428.00	38,466	16.06	04-Sep-13	179.05	4,874	0.90	251.98	42,29,376	1,282.26

(Source: www.bseindia.com)

NSE

Year ending March 31	Date of high	High (₹)	Volume on date of high (No. of Equity Shares)	Total Volume of the Equity Shares traded on date of high (₹ in mn)	Date of low	Low (₹)	Volume on date of low (No. of Equity Shares)	Total Volume of the Equity Shares traded on date of low (₹ in mn)	Average price (₹)	Total volume of the equity shares traded in the Financial Years	
										In number	₹ in mn
2016	30-Mar-16	944.00	82,643	74.06	25-Aug-15	475.00	45,652	23.27	641.87	1,08,01,690	7131.37
2015	03-Feb-15	948.90	74,646	69.03	01-Apr-14	395.05	21,929	9.01	654.58	92,21,588	6325.13
2014	28- Mar-14	426.90	73,339	30.64	16-Jul -13	178.10	5,603	1.04	251.45	61,02,713	1880.65

(Source: www.nseindia.com)

Notes:

1) High, low and average prices are based on the daily closing prices.
2) In case of two days with the same closing price, the date with the higher volume has been chosen.

(ii) The following tables set forth the reported high, low and average market prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

BSE

Month	Date of high	High (₹)	Volume on date of high (No. of Equity Shares)	Total Volume of the Equity Shares traded on date of high (₹ in million)	Date of low	Low (₹)	Volume on date of low (No. of Equity Shares)	Total Volume of the Equity Shares traded on date of low (₹ in million)	Average price during the month (₹)	Monthly Total volume of the equity shares traded	
										In number	₹ in million
Aug – 16	19-Aug-16	1079.85	13866	14.60	04-Aug-16	972.85	5076	5.07	1008.34	137389	139.66
Jul – 16	12-Jul-16	1062.00	14004	14.47	05-Jul-16	945.00	15441	14.47	997.73	173084	173.07
Jun – 16	30-Jun-16	974.00	19572	18.37	24-Jun-16	778.00	22450	17.86	841.9	196415	166.61
May – 16	3-May-16	854.00	10506	8.88	25-May-16	735.55	9007	6.78	807.59	165721	134.75
Apr – 16	01-Apr-16	936.00	17157	15.69	28-Apr-16	799.00	10362	8.44	849.6	175265	150.65
Mar – 16	31-Mar-16	943.00	78696	72.41	09-Mar-16	719.71	8617	6.35	790.2	290791	240.30

(Source: www.bseindia.com)

NSE

Month	**Date of high**	**High (₹)**	**Volume on date of high (No. of Equity Shares)**	**Total Volume of the Equity Shares traded on date of high (₹ in million)**	**Date of low**	**Low (₹)**	**Volume on date of low (No. of Equity Shares)**	**Total Volume of the Equity Shares traded on date of low (₹ in million)**	**Average price during the month (₹)**	**Monthly Total volume of the equity shares traded**	
										In number	**₹ in million**
Aug – 16	22-Aug-16	1084.00	43,982	46.54	03-Aug-16	972.50	7343	7.22	1011.32	400233	409.86
Jul – 16	12-Jul-16	1067.65	45,482	47.17	01-Jul-16	944.10	25,668	24.67	999.87	618285	622.10
Jun – 16	30-Jun-16	976.00	95,583	90.10	24-Jun-16	780.00	25256	20.24	843.31	525792	454.97
May – 16	3-May-16	853.00	28,942	24.39	25-May-16	733.60	34429	25.77	808.22	416020	335.99
Apr – 16	01-Apr-16	934.95	43,730	39.88	28-Apr-16	802.20	19090	15.57	849.96	609260	520.37
Mar – 16	30-Mar-16	944.00	82,643	74.06	09-Mar-16	716.00	41971	30.92	790.70	1020416	830.84

(Source: www.nseindia.com)

Notes:

1) High, low and average prices are based on the daily closing prices.
2) In case of two days with the same closing price, the date with the higher volume has been chosen.

(iii) The following table sets forth the market price on the Stock Exchanges on May 31, 2016, the first Working Day following the approval of the Board for this Issue:

BSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ lac)**
798.00	832.50	798.00	824.95	10,138	8.29

NSE					
Open	**High**	**Low**	**Close**	**Number of Equity Shares traded**	**Volume (₹ lac)**
800.10	837.00	798.00	828.45	51,756	42.41

(Source: www.bseindia.com and www.nseindia.com)

USE OF PROCEEDS

The gross proceeds of this Issue will be ₹ 1,200 million. After deducting the Issue expenses (including fees and commissions) of approximately ₹ 25.72 million, the net proceeds of this Issue will be approximately ₹ 1,174.28 million (the **"Net Proceeds")**.

Subject to compliance with applicable laws and regulations, we intend to use the Net Proceeds for future growth requirements, investments in joint ventures, expanding capacities in the existing plants, for setting-up new facilities and general corporate purposes. In accordance with the decision of our Board and as permissible under applicable laws and Government policies, our management will have flexibility in deploying the Net Proceeds received by our Company from this Issue.

Neither our Promoters nor our Directors are making any contribution either as part of this Issue or separately in furtherance of the objects of this Issue.

CAPITALISATION STATEMENT

The following tables set forth our Company's capitalization as of and for the quarter ended June 30 and the year ended March 31, 2016 based on our Unaudited Interim Financial Results and Reformatted Audited Consolidated Financial Statements and as adjusted for this Issue. These tables should be read in conjunction with the financial information contained in "*Financial Information*" beginning on page F-1 of this Placement Document.

(*In ₹ million*)

	As at March 31, 2016[(a)]	**As at June 30, 2016[(b)]**	**As adjusted for this Issue**
Shareholders' Fund (Equity)			
Share Capital	119.62	119.62	131.60
Securities Premium Account	509.97	509.97	1,697.99
Reserves and surplus (after reducing revaluation reserve of ₹138.25 million)	1,962.42	2,076.99	2,076.99
Total Shareholders' Funds (A)	2,592.01	2,706.58	3,906.58
Debt			
Long-term borrowings	1,217.31	1,420.69	1,420.69
Short-term borrowings	182.98	827.93	827.93
Total Debt (B)	1,400.29	2,248.62	2,248.62
Total (A+B)	3,992.30	4,955.20	6,155.20
Total Debt / Equity Ratio	0.54	0.83	0.58

(a) As per the standalone audited financial statement of our Company.
(b) As per the unaudited financial statement, subject to limited review.

CAPITAL STRUCTURE

The Equity Share capital of our Company as at the date of this Placement Document is set forth below:

(*In ₹ million, except share data*)

		Aggregate value at face value
1.	**AUTHORIZED SHARE CAPITAL**	
	3,00,00,000 Equity Shares of ₹ 10 each	300.00
2.	**ISSUED, SUBSCRIBED AND PAID UP CAPITAL BEFORE THIS ISSUE**	
	1,19,62,226 Equity Shares	119.62
3.	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	11,97,604 Equity Shares	11.97
4.	**PAID-UP CAPITAL AFTER THIS ISSUE**	
	1,31,59,830 Equity Shares	131.60
5.	**SECURITIES PREMIUM ACCOUNT**	
	Before this Issue	509.97
	After this Issue	1,672.27

Notes:

(a) This Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on May 30, 2016 and by the shareholders of our Company vide a special resolution passed pursuant to sections 42 and 62(1)(c) of the Companies Act through postal ballot held on September 1, 2016.

(b) The Securities Premium Account after this Issue is calculated net of adjustments for estimated issue expenses of approximately ₹ 25.72 million.

Terms/ rights attached to equity shares

Our Company has only one class of Equity Shares having a face value of ₹ 10 per Equity Share. Each holder of Equity Share is entitled to one vote per Equity Share.

Share Capital History of our Company

A. The history of the Equity Share capital of our Company is provided in the following table:

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Consideration	Nature of allotment
February 6,1989	20	100	100	Cash	Subscribers to Memorandum
October 7, 1991	7,950	100	100	Cash	Further Allotment
September 21, 1992	60,107	100	100	Cash	Further Allotment
November 16, 1992	4,415	100	100	Cash	Further Allotment
June 30, 1993	19,326	100	100	Cash	Further Allotment
September 27, 1993	15,625	100	100	Cash	Further Allotment
February 2, 1994	7,812	100	100	Cash	Further Allotment
March 15, 1994	34,745	100	100	Cash	Further Allotment
July 21, 1994	50,000	100	100	Cash	Further Allotment
April 18, 1995	45,973	100	100	Cash	Further Allotment
February 1, 1996	31,350	100	100	Cash	Further Allotment
September 6, 1996	33,937	100	100	Cash	Further Allotment
July 10, 1997	70,000	100	100	Cash	Further Allotment
March 31, 2003	20,000	100	100	Cash	Further Allotment
March 11, 2005	40,000	100	100	Cash	Further Allotment
March 31, 2005	55,000	100	100	Cash	Further Allotment
April 18, 2005	150,000	100	100	Cash	Further Allotment
April 21, 2005	3,740	100	100	Cash	Further Allotment
Sub-division of nominal value of Equity shares of our Company from ₹100 per Equity Share to ₹10 per Equity Share vide EGM dated March 8, 2006.[(A)]					
March 9, 2006 [(B)]	1,000,000	10	NIL	NIL	Bonus Issue

Date of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Consideration	Nature of allotment
March 31, 2006	258,160	10	125	Cash	Further Allotment
October 11, 2006	41,00,001[(C)]	10	137	Cash	Initial Public Offering
December 10, 2007[(D)]	104,065	10	NIL	Other than Cash	Pursuant to the Scheme of Amalgamation
TOTAL	**11,962,226**				

[(A)] At the Extra-ordinary General Meeting of our Company held on March 8, 2006 our shareholders approved the sub-division of one Equity Share of ₹ 100 each into 10 Equity Shares of ₹ 10 each.

[(B)] At the Extra-ordinary General Meeting of our Company held on March 8, 2006, our shareholders approved the issue of bonus Equity Shares in the ratio of 1 Equity Share for every 6.5 Equity Shares of our Company.

[(C)] During our initial public offer (IPO) one additional Equity Share was allotted in retail category for rounding off purpose as per the provision of retaining oversubscription to the extent of 10% of the issue to the public in our Prospectus dated September 29, 2006.

*[(D)] Allotment of 104,065 Equity Shares to the members of Fiem Sung San (India) Limited ("**FSSIL**") pursuant to a court approved scheme of amalgamation of FSSIL with our Company in accordance with the provisions of Section 391 to Section 394 of the Companies Act, 1956. One new equity share was allotted for every 4.15 equity shares held in FSSIL. The shares held by our Company in FSSIL were cancelled pursuant to the approved scheme of amalgamation.*

Details of allotments made in the last one year

Our Company has not made any allotment of Equity Shares in the last one year preceding the date of filing of this Placement Document.

Stock option plan

Our Company does not have a stock option plan.

DIVIDENDS

The declaration and payment of dividends by our Company is recommended by our Board of Directors, at their discretion, subject to the applicable provisions of the Companies Act and our Memorandum and Articles of Association. Under the Companies Act, 2013, the board of directors of a company recommends the payment of dividend and the shareholders approve of the same at a general meeting.

The table below sets forth the details of the dividends declared by our Company on its Equity Shares during the last three Financial Years:

Financial Year ended	Dividend per Equity Share (₹)	Rate of dividend (%)
March 31, 2016	₹ 8.00	80%
March 31, 2015	₹ 7.00	70%
March 31, 2014	₹ 6.00	60%

The amounts paid as dividends in the past are not necessarily indicative of the dividend policy of our Company or dividend amounts, if any, in the future. The declaration of dividends are dependent on a number of factors, including but not limited to the earnings, capital requirements, contractual obligations, applicable legal restrictions, results of operations, overall financial position of our Company and other factors that may be considered relevant by the Board. Our Company has no formal dividend policy. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in the future.

Dividends are payable within 30 days of approval by the Shareholders in an AGM. The Articles grant discretion to the Board to declare and pay interim dividends as appear to it to be justified by the profits of our Company. Dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owner in the records of the Depository on the date specified as the 'record date' or 'book closure date'. Any shareholder who ceases to be a shareholder prior to the record date or who becomes a shareholder after the record date will not be entitled to the dividend declared by our Company.

INDUSTRY OVERVIEW

The information in this section has been extracted from publicly-available documents, including officially-prepared materials from the GoI and its various ministries, trade, industry or general publications and other third-party sources as cited in this section. Industry websites and publications generally state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. While we have exercised reasonable care in compiling and reproducing such official, industry, market and other data in this document, it has not been independently verified by us or any of our advisors, or the Book Running Lead Manager or any of its advisors, and should not be relied on as if it had been so verified.

INDIAN ECONOMY AT A GLANCE

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation and International Monetary Fund ("**IMF**"). (*Source: indiainbusiness.nic.in*). India was the fourth largest economy in the world (in terms of GDP (purchasing power parity)), after China, the European Union and the United States of America in 2015 *(Source: CIA World Factbook - https://www.cia.gov/library/publications/resources/the-world-factbook/rankorder/2001rank.html)*.

According to the IMF World Economic Outlook Update (January 2016), Indian economy is expected to grow at 7-7.75 per cent during FY 2016-17, despite the uncertainties in the global market. The Economic Survey 2015-16 had forecasted that the Indian economy will be growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years. (*Source: indiainbusiness.nic.in*)

The improvement in India's economic fundamentals has accelerated in the year 2015 with the combined impact of strong Government reforms, RBI's inflation focus supported by benign global commodity prices. India was ranked the highest globally in terms of consumer confidence during October-December quarter of 2015, continuing its earlier trend of being ranked the highest during first three quarters of 2015, as per the global consumer confidence index created by Nielsen. (*Source: indiainbusiness.nic.in*)

INDIAN AUTOMOBILE INDUSTRY

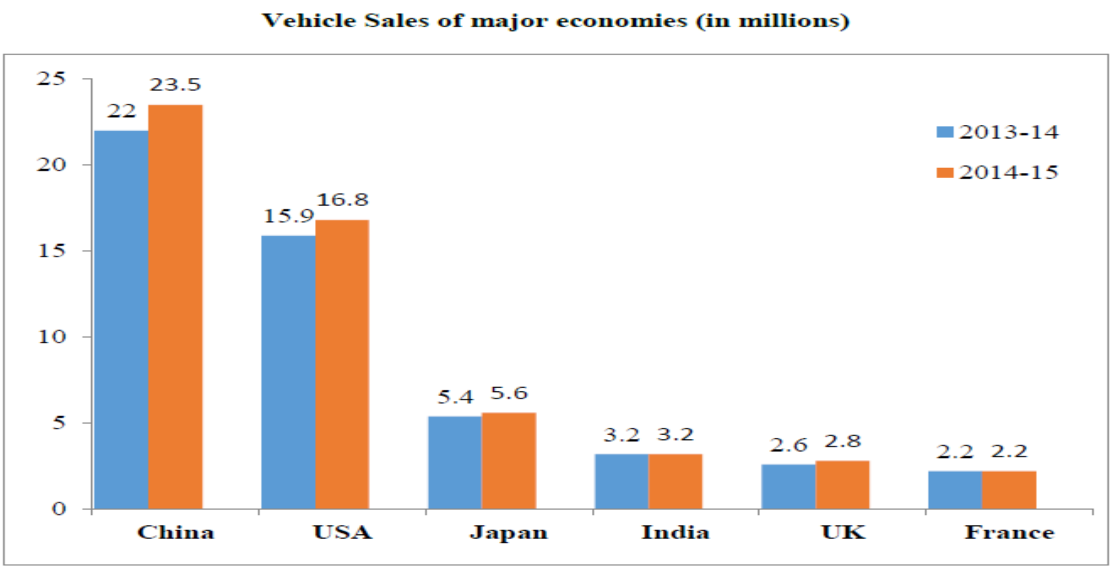
Overview

The Indian auto industry is one of the largest in the world. The industry accounts for 7.1 per cent of the country's Gross Domestic Product. As of FY 2014-15, around 31 per cent of small cars sold globally were manufactured in India. The two wheelers segment with 81 per cent market share is the leader of the Indian automobile market owing to a growing middle class and a young population. Moreover, the growing interest of the companies in exploring the rural markets further aided the growth of the sector. The overall passenger vehicle segment has 13 per cent market share. (*Source: indiainbusiness.nic.in*)

India is also a prominent auto exporter and has strong export growth expectations for the near future. In April-January 2016, exports of Commercial Vehicles registered a growth of 18.36 per cent over April-January 2015**.** In addition, several initiatives by the GoI and the major automobile players in the Indian market are expected to make India a leader in the two wheeler and four wheeler market in the world by 2020. (*Source: indiainbusiness.nic.in*)

The Indian automobile industry is gradually and steadily coming out of the slump witnessed in the last couple of years. Total vehicle production growth, excluding tractors was 8.7% in FY 2014-15. FDI inflow in the automobile sector increased by 75% from ₹ 9,027 crores in 2013-14 to ₹ 15,794 crore in 2014-15. *(Source: ACMA Annual Report 2014-15)*

The below chart shows the vehicle sales data of major economies of the world in the years 2013-14 and 2014-15.

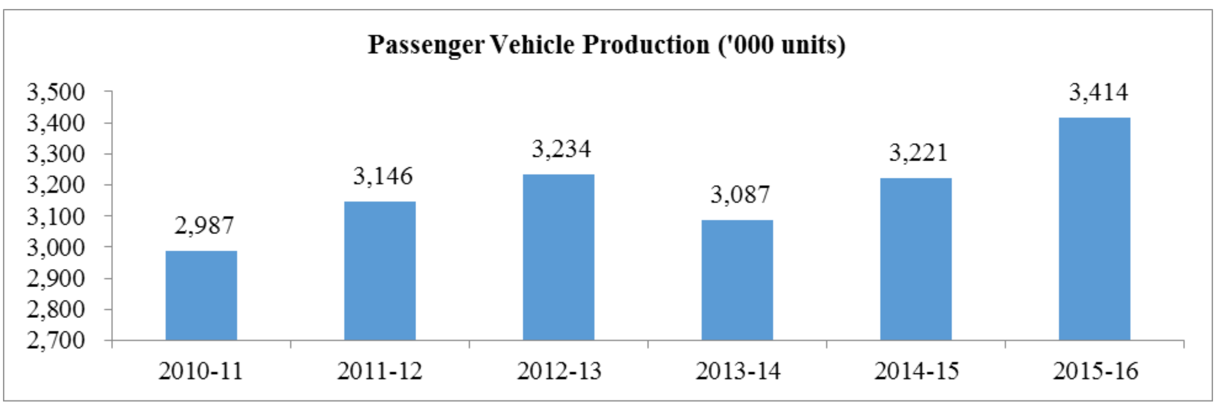


(Source: ACMA Annual Report 2014-15)

Market Size

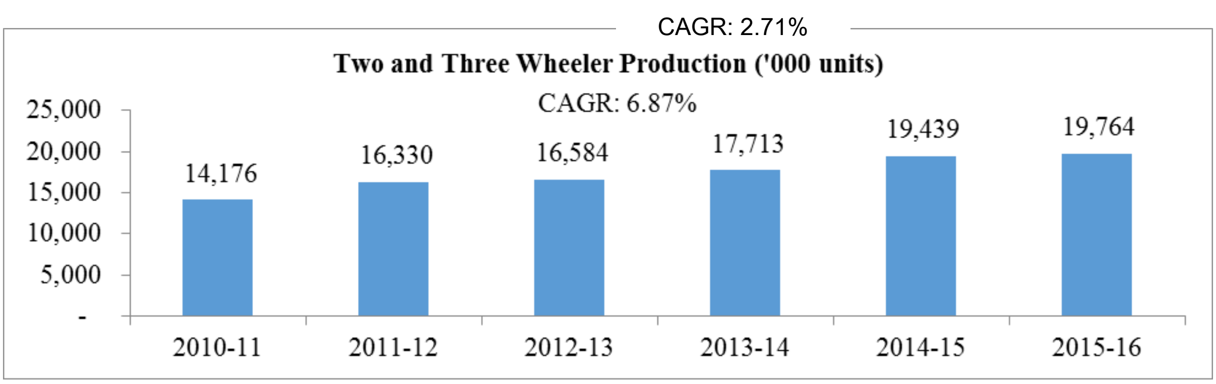
Sales of passenger vehicles increased by 11.04 per cent to 242,060 units in April 2016 driven by demand for utility vehicles. While sales of passenger cars went up by 1.87 per cent to 162,566 units in April 2016, those of utility vehicles grew by 43 per cent to 62,170 units. Sales of commercial vehicles maintained its momentum on back of replacement demand and grew by 17.36 per cent to 53,835 units. The two-wheeler industry also performed well. While sales of scooters increased by 35.86 per cent to 468,368 units, the demand for motorcycles shot up by a strong 16.24 per cent to 1,024,926 units. (*Source: indiainbusiness.nic.in*)

The chart below depicts the production of passenger vehicles from 2010-11 to 2015-16.



(Source: ACMA)

The chart below shows the production of two & three wheelers from 2010-11 till 2015-16.



(Source: ACMA)

Investments

In order to keep up with the growing demand, several auto makers have started investing heavily in various segments of the industry during the last few months. The industry has attracted FDI worth US$ 14.32 billion during the period April 2000 to December 2015. (*Source: indiainbusiness.nic.in*)

Government Initiatives

The GoI encourages foreign investment in the automobile sector and allows 100 per cent FDI under the automatic route. Some of the major initiatives taken by the GoI are:

- The Minister of Road Transport, Highways & Shipping has announced plans to set up a separate independent Department for Transport, comprising of experts from the automobile sector to resolve issues such as those related to fuel technology, motor body specifications and fuel emissions, apart from exports.
- GoI aims to make automobiles manufacturing the main driver of 'Make in India' initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the Auto Mission Plan (AMP) 2016-26.
- The Government plans to promote eco-friendly cars in the country i.e. CNG based vehicle, hybrid vehicle, and electric vehicle and also made mandatory of 5 per cent ethanol blending in petrol.
- The Government has formulated a Scheme for Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India, under the National Electric Mobility Mission 2020 to encourage the progressive induction of reliable, affordable and efficient electric and hybrid vehicles in the country.
- The Automobile Mission Plan for the period 2006–2016, designed by the Government is aimed at accelerating and sustaining growth in this sector. Also, the well-established Regulatory Framework under the Ministry of Shipping, Road Transport and Highways, plays a part in providing a boost to this sector.

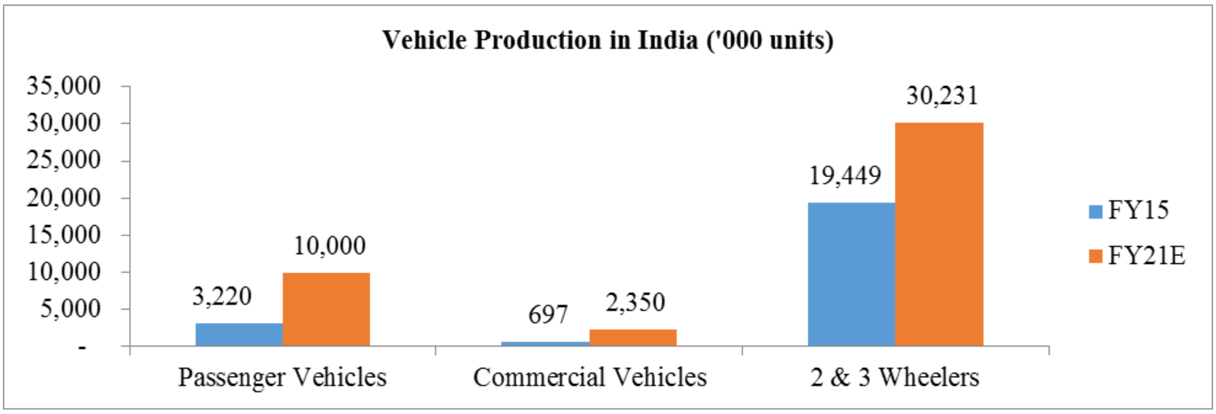
(*Source: indiainbusiness.nic.in*)

Road Ahead

India is expected to become the fourth largest automobiles producer globally by 2020 after China, US and Japan. (*Source: www.ibef.org/download/Auto-Components-January-2016.pdf)*

India's automotive industry is one of the most competitive in the world. The Indian automotive sector has the potential to generate up to US$300 billion in annual revenue by 2026, create 65 million additional jobs and contribute over 12 per cent to India's Gross Domestic Product. (*Source: indiainbusiness.nic.in*)

The below chart shows the expected vehicle production in India in FY2020-21:

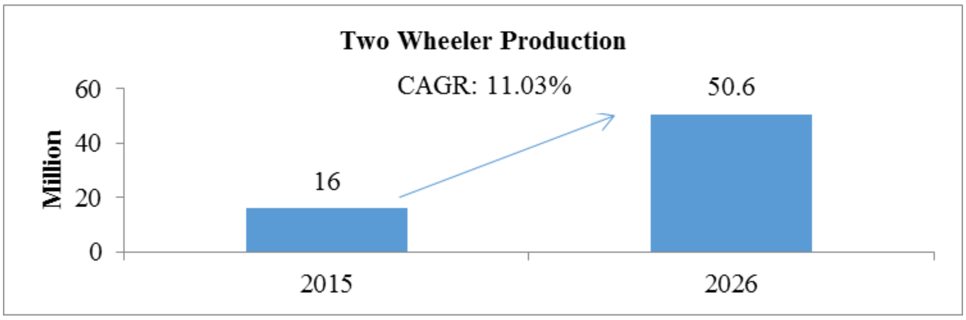


(*Source:*www.ibef.org/download/Auto-Components-January-2016.pdf*)*

Domestic Sales of Two wheelers is the most growing segment. The total domestic sales of two wheelers will grow from 16.0 million in 2015 to 50.60 to 55.5 million in 2026. (*Source:* ww.ibef.org/download/Auto-Components-January-2016.pdf)

(*Source:* www.ibef.org/download/Automobile-January-2016.pdf)

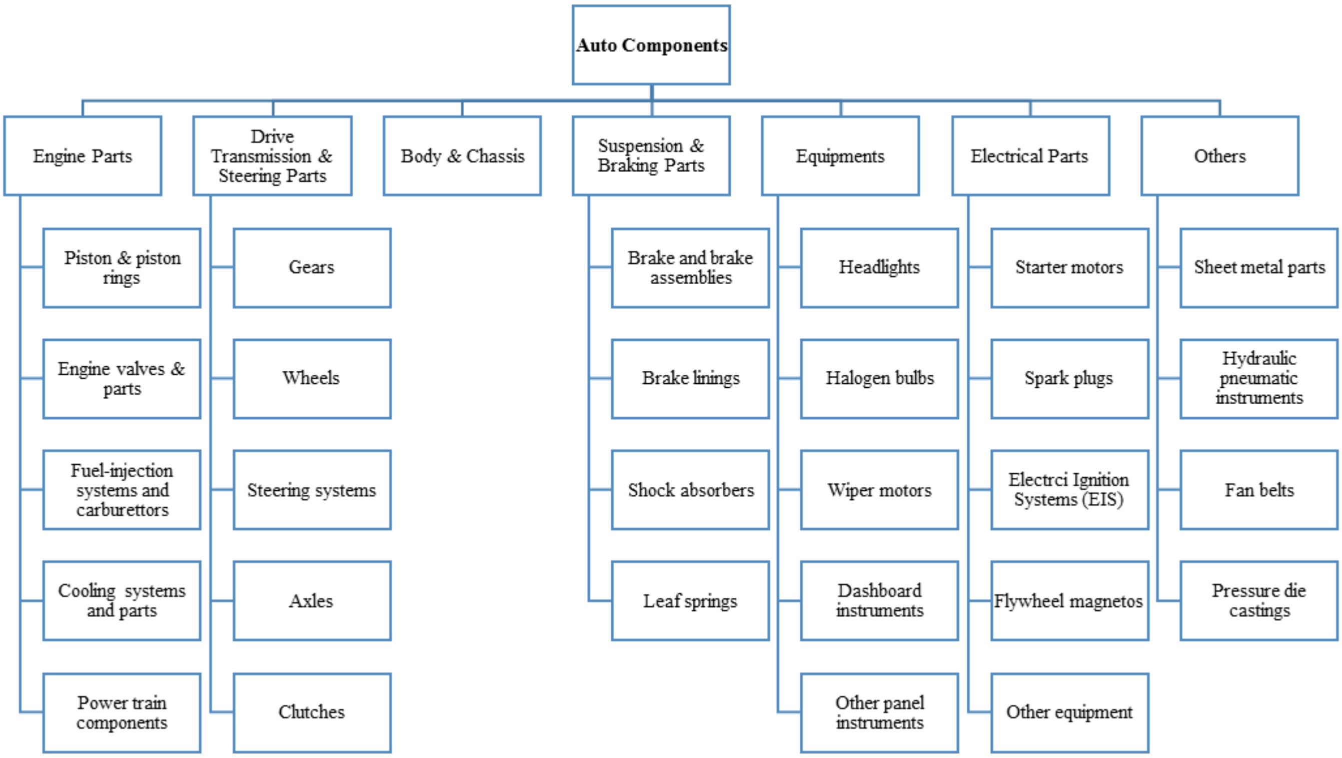
INDIAN AUTOMOTIVE COMPONENT INDUSTRY



Overview

The Indian auto-components industry can be broadly classified into the organised and unorganised sectors. The organised sector caters to the Original Equipment Manufacturers ("**OEMs**") and consists of high-value precision instruments while the unorganised sector comprises low-valued products and caters mostly to the aftermarket category. (*Source:* www.ibef.org/industry/autocomponents-india.aspx)

The auto components market is split into six product segments.



(*Source:* www.ibef.org/download/Auto-Components-January-2016.pdf)

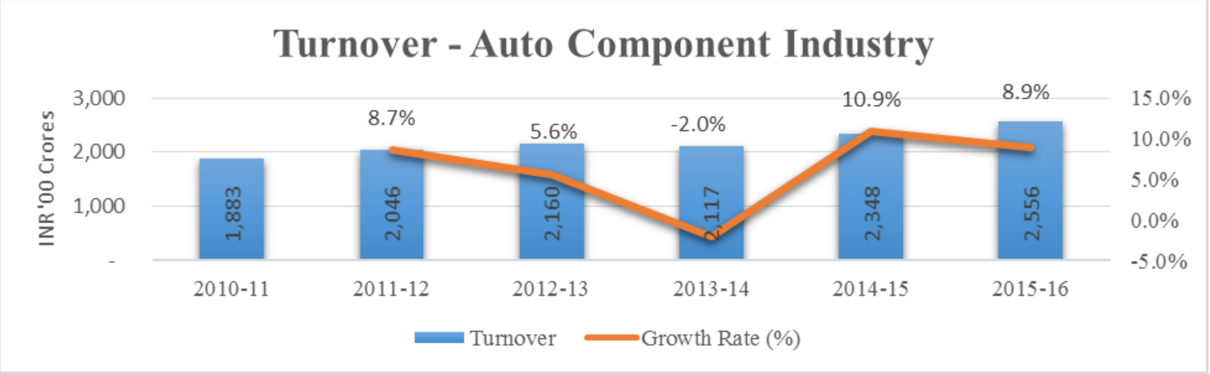
After a bleak 2013-14, the Indian auto-component industry showed some early signs of a turnaround in 2014-15. The GoI, too, was proactive and intervened positively on several counts for the industry. (*Source: ACMA Annual Report 2014-15*). The turnover of the Indian auto component industry stood at USD38.5 billion in FY 2014 -15 (*Source:*www.ibef.org/download/Auto-Components-January-2016.pdf)

The auto-components industry employs as many as 19 million people, both directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favourable destination for investment.
(*Source:* www.ibef.org/industry/autocomponents-india.aspx)

Market Size

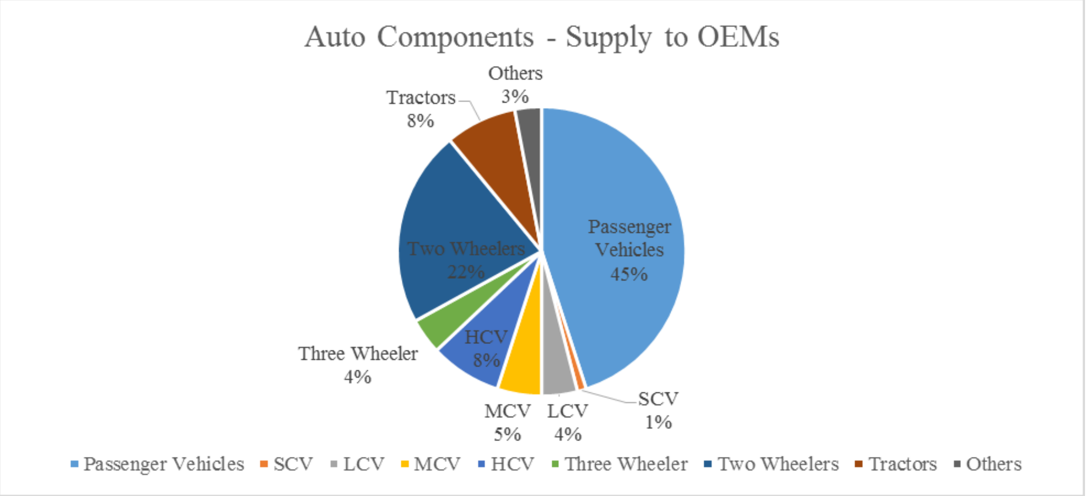
Over the last decade, the automotive components industry has scaled three times to US$ 40 billion in 2015 while exports have grown even faster to US$ 11 billion. This has been driven by strong growth in the domestic market and increasing globalisation (including exports) of several Indian suppliers.
(*Source:* www.ibef.org/industry/autocomponents-india.aspx)

The chart below shows the turnover of auto component industry and the growth rate from 2010-11 to 2015-16



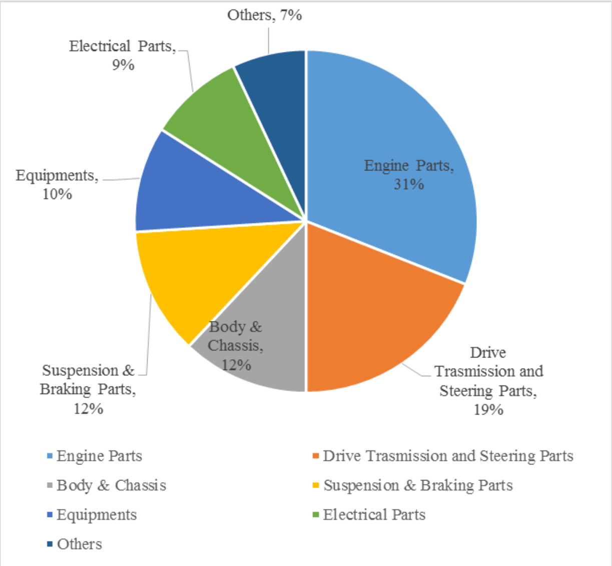
(Turnover includes supplies to OEMs, aftermarket sales and exports)
(Source: ACMA)

The below chart depicts the supply of auto components to OEMs in percentage terms in FY 2016:



OEMs consumption includes locally produced Components and Imports
(*Source: ACMA*)

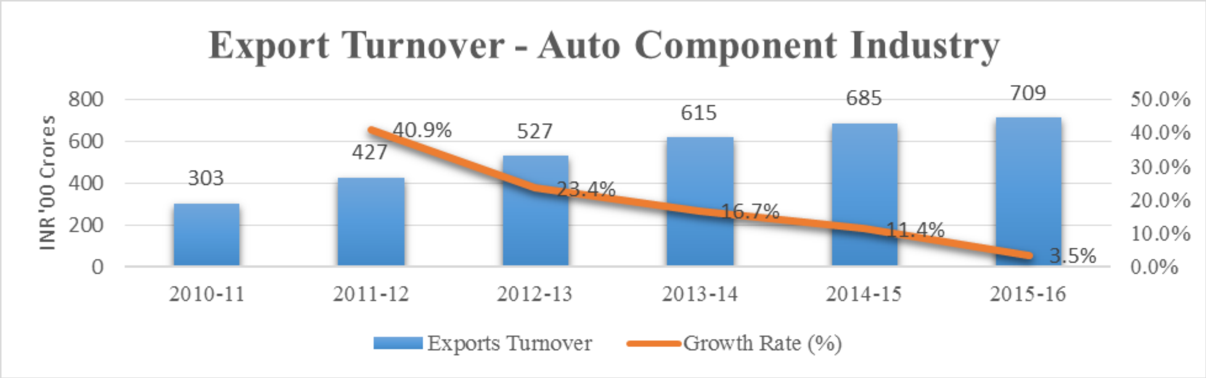
The below table depicts the production volumes by product range in FY 2016:



(Source: ACMA)

Exports

The chart below shows the export turnover of auto component industry and the growth rate during 2010-11 to 2015-16.



(*Source: ACMA*)

The table below shows the top 10 export destinations in FY 2015-16:

Country Name	Contribution to export turnover
U.S.A.	23.59%
Germany	6.96%
Turkey	6.22%
U.K.	5.43%
Italy	3.86%
Thailand	3.18%
U.A.E.	3.15%
France	2.99%
Brazil	2.62%
Mexico	2.59%

(*Source: ACMA*)

Growth Drivers

Demand-side Drivers
- Robust growth in domestic automotive industry
- Increasing investment in road infrastructure

- Growth in the working population
- Middle class income to drive the market

Supply-side Drivers

- Competitive advantages facilitating emergence of outsourcing hub
- Technological shift
- Focus on R&D

Policy Support

- Establishing special auto parks and virtual SEZs for auto components
- Lower excise duty on specific parts of hybrid vehicles
- New Policies like Automotive Mission Plan 2016-26
- Faster Adoption & Manufacturing of Electric Hybrid Vehicles to improve the auto component sector

(*Source:* www.ibef.org/download/Auto-Components-January-2016.pdf*)*

Challenges

1. High cost of capital
2. Capacity utilisation
3. Infrastructure challenges and cost with respect to roads, ports and power
4. Imports are higher than exports
5. Combating counterfeit parts
6. Skilled manpower
7. Building R&D competence and ecosystem

(*Source: ACMA*)

Favourable Policy Measures Aiding Growth

- Automotive Mission Plan 2006–16
    - Setting up of a technology modernisation fund focusing on small and medium enterprises
    - Establishment of automotive training institutes and auto design centres, special auto parks and auto component virtual SEZs, encouragement to fuel efficient technologies

- NATRiPs
    - Set up at a total cost of USD388.5 million to enable the industry to adopt and implement global performance standards
    - Focus on providing low-cost manufacturing and product development solutions

- Department of Heavy Industries and Public Enterprises
    - Created a USD200 million fund to modernise the auto components industry by providing an interest subsidy on loans and investment in new plants and equipment
    - Provided export benefits to intermediate suppliers of auto components against the Duty Free Replenishment Certificate (DFRC)

- The Automotive Mission Plan 2016-26 (AMP 2026)
    - AMP 2026 targets a fourfold growth in the automobiles sector in India which includes the manufacturers of automobiles, auto components and tractor industry over the next ten years
    - It is expected to generate an additional employment of 65 million

- FAME (April, 2015)
    - Planning to implement Faster Adoption and Manufacturing of Electric Hybrid Vehicles ("**FAME**") till 2020 which would cover all vehicle segments, all forms of hybrid and pure electric vehicles

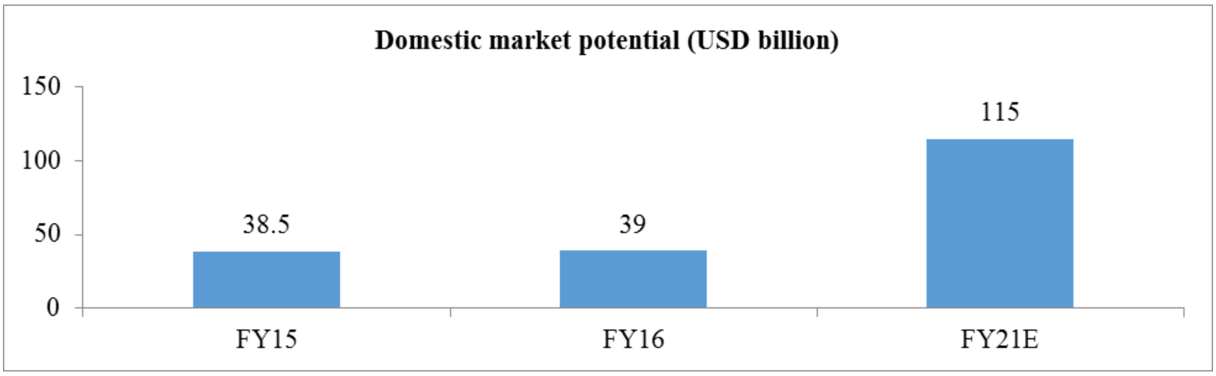
(*Source: www.ibef.org/download/Auto-Components-January-2016.pdf*)

Road Ahead

The rapidly globalising world is opening up newer avenues for the transportation industry, especially while it

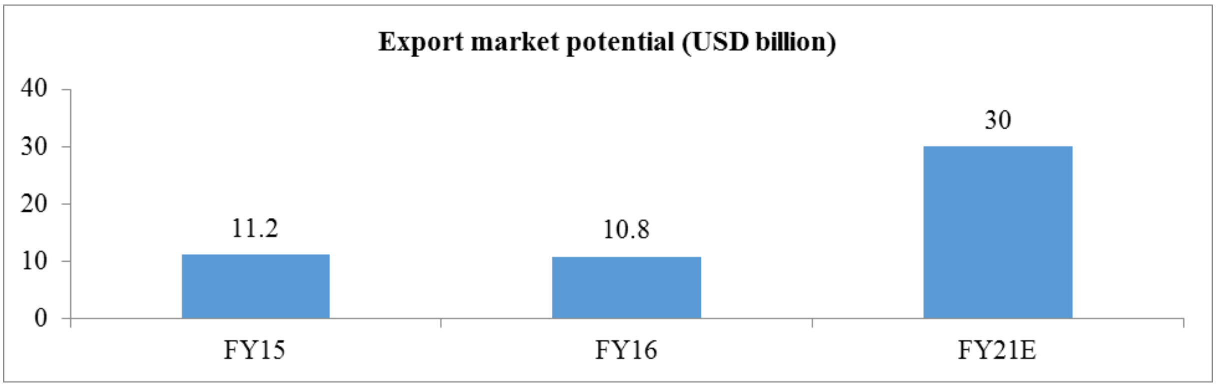
makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.
(*Source:* www.ibef.org/industry/autocomponents-india.aspx)

The Indian auto-components industry is set to become the third largest in the world by 2025. The Indian Auto Component industry is expected to grow by 8-10 per cent in FY 2017-18, based on higher localisation by Original Equipment Manufacturers (OEM), higher component content per vehicle, and rising exports from India. The domestic market is expected to account for 71 per cent of total sales by 2021 with a total market size of USD 115 billion. (*Source:* www.ibef.org/download/Auto-Components-January-2016.pdf)



(*Source: www.ibef.org/download/Auto-Components-January-2016.pdf, ACMA*)

Exports will account for as much as 26 per cent of the market by 2021.



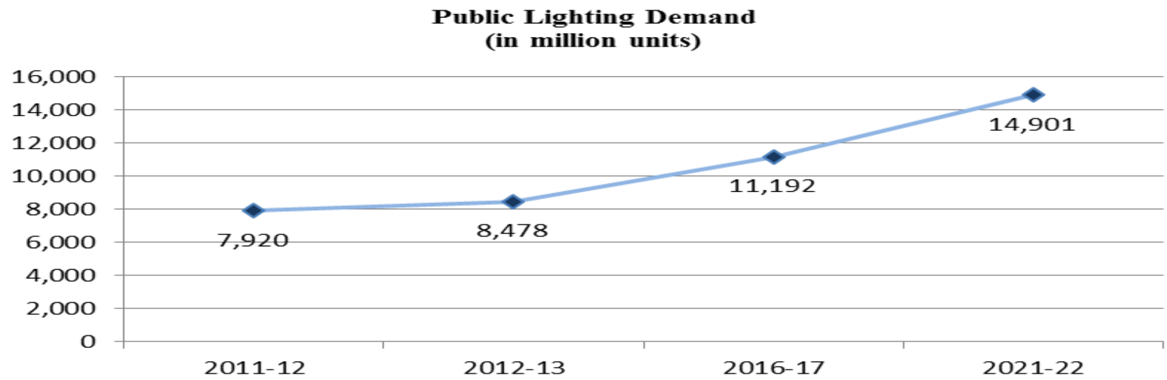
(*Source: www.ibef.org/download/Auto-Components-January-2016.pdf, ACMA*)

INDIAN LIGHTING INDUSTRY

Overview

According to the BEE, lighting accounts for almost 20% of the total electricity demand in India. (*Source: BEE, Supporting Energy Efficient Lighting in India*). According to the 18th Electrical Power Survey of the Central Electricity Authority of India, the estimated energy consumption in the Indian public lighting sector was approximately 8478 million KWh in 2012-13.

It is expected that the sector will grow at a CAGR of 7% during the XIIth plan (2012-2017) and XIIIth plan (2017-2022) periods. (*Source: EESL Toolkit for Street Light Energy Efficiency*) This trend is highlighted by the chart below:



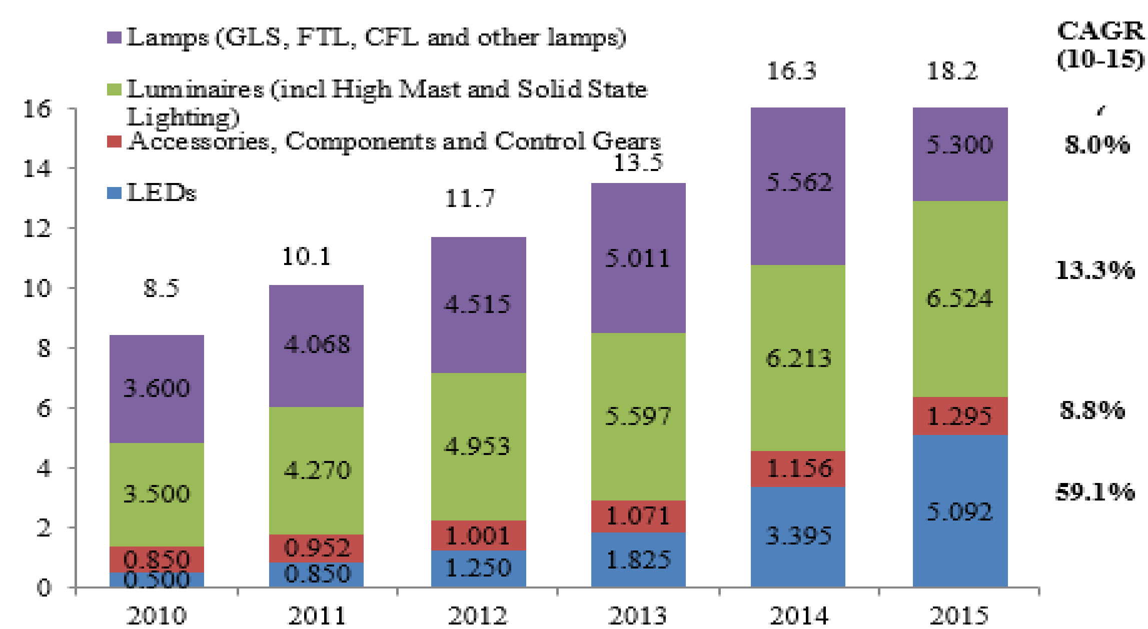
(*Source: EESL Toolkit for Street Light Energy Efficiency*)

The Indian lighting industry can be broadly separated into three categories: (i) B2C, (ii) B2B and (iii) B2G.

In the B2C market, the main product categories are ICLs, fluorescent and CFL lights, which are used in residential settings. In the B2B market, the main product categories are fluorescent, CFL and high-pressure gas discharge lights, which are used in commercial, automotive and industrial settings. In the B2G market, demand is driven primarily by the Government's need and desire to upgrade and replace the lighting infrastructure with LED lighting (for example, the Prime Minister's office installed LED lighting, which will result in savings of 7,000 units of energy each month). (*Source: Indian Prime Minister's Office: LED Bulb Distribution*).

The Indian lighting industry has seen a strong growth of 59%, growing from ₹ 8,500 crores in 2010 to ₹ 13,500 crores in 2013. This has been driven by the move from GLS lamps to CFLs and, more recently, to LEDs. Several government initiatives supported this transition, including use of CFLs in government offices, providing consumers with CFLs through DSM schemes, free lamps to BPL houses, etc. However, the percentage usage of lighting continues to be a high at 18% of the total power consumption in our country (much higher than the developed countries, which account for 12-15%). A move away from GLS, for instance, and adoption of energy efficient products (e.g. LED, CFL) and systems (e.g. smart controls) will help a lot in reducing our energy consumption. (*Source: ELCOMA Vision 2020 - Vision Document*). The Indian lighting industry stood at ₹18,211 crores for the period January 2015 to December 2015. (*Source: Statistics for Lighting Industry in India (2015) - ELCOMA*)

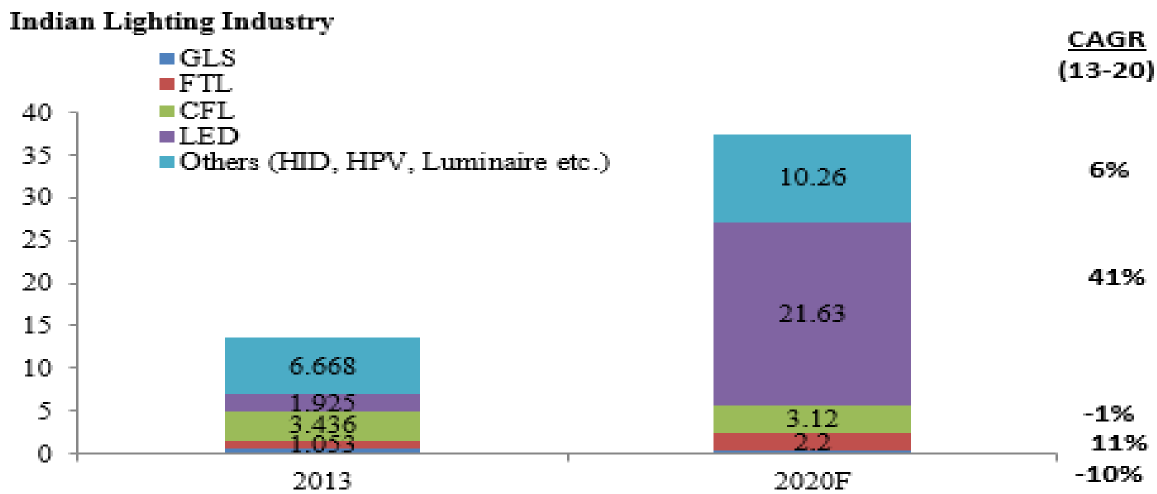
The chart below sets out the growth in the Indian lighting industry, since 2010:



(*Source: ELCOMA Vision 2020 - Vision Document*)

Road Ahead

The Indian Lighting Industry has initiated to reduce energy consumption for lighting from present 18% of total power consumption to 13% by year 2020 by introducing more energy efficient products and working with government to execute various schemes and awareness programs to achieve this. (*Source: ELCOMA Vision 2020 - Vision Document*)



	2013	2020F
# GLS (Million)	780	480
# FTL (Million)	234	400
# CFL (Million)	453	480

(*Source: ELCOMA Vision 2020 - Vision Document*)

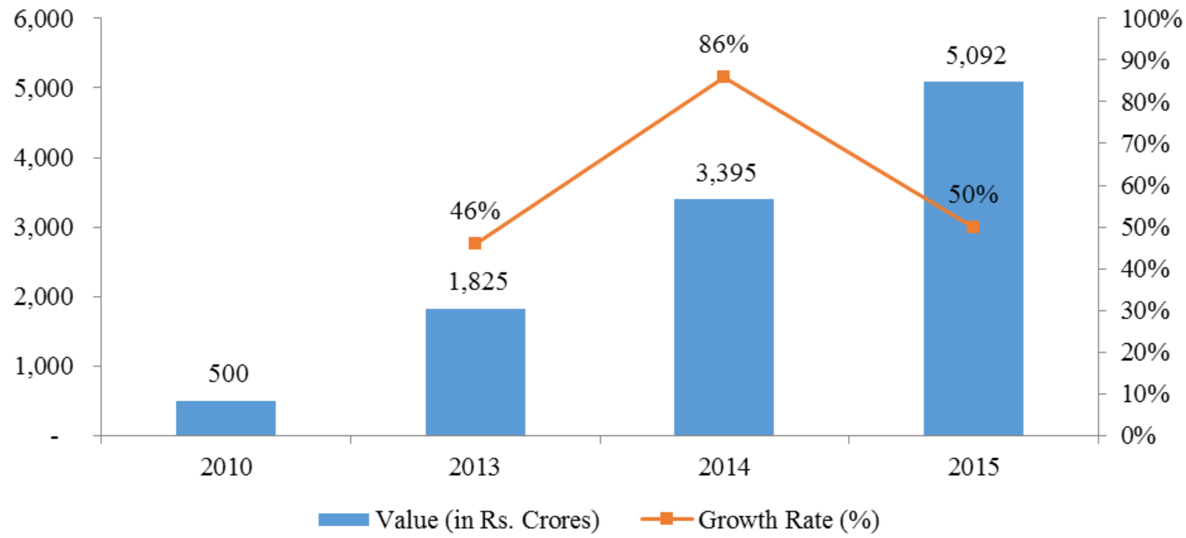
LED LIGHTING INDUSTRY

Overview

LED is one of today's most energy-efficient and rapidly-developing lighting technologies. Quality LED light bulbs last longer, are more durable and offer comparable or better light quality than other types of lighting. Residential LEDs can use at least 75% less energy, and last 25 times longer, than ICLs. (*Source: U.S. Department of Energy*)

LED lighting is considerably different from other lighting sources, such as ICLs and CFLs. Key differences include the following: (i) LEDs are compact; (ii) a mix of red, green, and blue LEDs are typically used to make white light; (iii) LEDs emit light in a specific direction, reducing the need for reflectors and diffusers that can trap light; and (iv) LEDs emit very little heat when compared to ICLs, which release 90% of their energy as heat, and CFLs, which release about 80% of their energy as heat. (*Source: U.S. Department of Energy*)

The Indian LED lighting industry stood at ₹ 5,092 crores in 2015, up from ₹ 3,395 crores in 2014. (*Source: Statistics for Lighting Industry in India (2015) - ELCOMA*). The chart below elaborates on the growth of the Indian LED lighting industry in the past five years.



(*Source: Statistics for Lighting Industry in India (2015) - ELCOMA*)

Demand Drivers

The Government's energy efficiency policies aim to replace ICLs with LEDs in households and street-lights across India. In early January of 2015, the GoI announced that the installation of LEDs in households and street-lights in 100 cities in India is targeted for completion by March 2016. (*Source: Indian Prime Minister's Office: LED Bulb Distribution*) The pan-India home lighting program has as its goal of distribution of one crore energy efficient bulbs which is expected to lead to an overall saving of twenty-five crore units each year, translating into a saving of over ₹1,000 crore over a seven year period. (*Source: Government of India, Ministry of Power, EESL Signs MOU with SDMC for LED Street Lighting, January 9, 2015*) To facilitate access to LEDs, the Prime Minister also launched a web-based system to enable consumers in Delhi to register requests for procuring LEDs under the DELP. (*Source: Indian Prime Minister's Office: LED Bulb Distribution*)

Through EESL, the Government is rolling out the DELP, which is a large-scale ICL replacement program in which LEDs are provided to households at a price similar to ICLs. It is expected that DELP will lead to a significant increase in the demand for LEDs and the ensuing economics to scale will lead to reduced cost thereby stimulating a virtuous cycle similar to witnessed in the case of CFLs. DELP proposes to overcome the cost barrier associated with LEDs by using the basic architecture and best practices of Bachat Lamp Yojna. (*Source: EESL DELP*)

Road Ahead

Supported by ongoing Government initiatives to promote LED lighting as well as changing consumer preferences, the LED market will grow to ₹ 21,600 crores by 2020, an exponential growth of 41% CAGR from ₹ 1,925 crores in 2013, making the LED market ~60% of the total lighting industry (₹ 37,600 crores) in 2020. The Government has decided to change all street lights and lights in public spaces to LED lights, and initiated making all LED specifications mandatory. All existing Government schemes to distribute CFL are being modified with LED lamp distribution. (*Source: ELCOMA Vision 2020 - Vision Document*)

More recently, initiatives have been taken to promote LEDs in the past few years, and are likely to continue:

- The Government plans to change all street lighting to LEDs (potential of ₹ 12,000 crores of LEDs over the next 3 years and another ₹ 39,500 crores of LED lights from 2017 to 2020)
- The Government has initiated sending notifications to commercial buildings to change existing downlights exclusively to LED
- Under RGGVY scheme, the Government plans to provide LED Lamps to BPL houses
- Existing DSM schemes by State Governments for distribution of CFL are now being replaced with LED lamps

(*Source: ELCOMA Vision 2020 - Vision Document*)

BUSINESS

References to the "Company" are to Fiem Industries Limited and references to "we" and "our" are to the Company, its Subsidiary and Joint Venture on a consolidated basis (together, the "Group"). Financial results included in this section are derived from our consolidated financial statements included elsewhere in this Placement Document.

OVERVIEW

We believe that we are one of India's leading manufacturers of automotive lighting and signaling equipment. Our business activities comprise of two segments - automotive segment and LED luminaries segment. The automotive segment constitutes of products like automotive lighting and signaling equipment (head lamps, tail lamps, blinker lamps, fog lamps etc.), rear view mirrors, sheet metal components and plastic moulded parts for motorized vehicles and the LED luminaries segment constitutes LED luminaries for indoor and outdoor lighting and IPIS with LED display panel for buses and railways. The process of diversifying our business into LED luminaries started in the year 2011 with research and development (R&D) for LED products, prior to which, our business activities comprised only of automotive segment.

Our automotive segment has been the significant revenue generating segment with 99.80%, 98.55% and 88.47% of gross sales during Financial Years 2014, 2015 and 2016 respectively. Within the automotive segment, automotive lighting and signaling equipment is our largest product category which comprised 64.56% of our total revenues during Financial Year 2016. Within automotive segment, 94.50% of our revenues come from the two wheeler category. We sell our products in the automotive segment directly to major original equipment manufacturers ("**OEMs**") in India and overseas and also service the replacement market through our distribution network. The sales to domestic OEMs comprised 86.60% of the total revenue from automotive segment during Financial Year 2016.

We market and sell all our products under our brand "FIEM" which are manufactured at our nine modern manufacturing facilities in India. We have three manufacturing facilities located at Hosur (Tamil Nadu), one each at Kundli and Rai in Sonepat (Haryana) and one each at Mysore (Karnataka), Nalagarh (Himachal Pradesh), Tapukara (Rajasthan) and Ahmedabad (Gujarat). Our manufacturing facilities are certified for its quality management, environmental management and occupational health and safety management. All our manufacturing facilities except the Ahmedabad facility (as the same commenced commercial operations in Financial Year 2016) are certified with ISO/TS 16949:2009, some of our manufacturing facilities are certified with ISO 14001:2015, ISO 14000:2004, OHSAS 18001:2007 and ISO 9001:2008. The products manufactured by us conform to UNECE, DOT, CCC and AIS among other global standards, depending on the jurisdiction where our products are being supplied.

Both our business segments are technology and R&D driven which we believe are critical to our success and continued growth. Since the requirements of our customers, who primarily are OEMs, keep changing with the advancement of technology, our ability to provide the new products with latest technology and features is backed by our R&D team and facilities. We believe that our focus on product development, supported by our fully equipped R&D and testing facility significantly contributes to our ability to meet customer needs in an ever-evolving and competitive market. Our R&D facility at Rai, Sonepat, Haryana approved by Department of Science & Industrial Research, Ministry of Science & Technology, having Photometry Lab accredited by National Accreditation Board for Testing and Calibration Laboratories ("**NABL**") provide us with the necessary support and infrastructure to continue to technologically evolve our products to suit the requirements of our customers. The design centres of our Subsidiary in Japan and Joint Venture in Italy enables us to understand and adapt to the technological advances of the developed markets like Japan and Europe. For our automotive segment, we believe that we are one of the few companies in India to have developed and successfully tested LED automotive lighting and signalling equipment. Our R&D strengths have also facilitated us to develop certain innovative products in the LED luminaries segment like the plug and play dimmable bulb, smart bulb, which can be operated through mobile app and emergency bulb, which works even in case of power outages. The IPIS for public transport has entirely been designed and developed in-house.

We believe that we have a strong customer base and have, over a period of last five Financial Years supplied products to over 40 domestic and international OEMs. We also export products manufactured in the automotive segment to Austria, Colombia, Indonesia, Sri Lanka, Japan, Italy, Ireland, UK and South Africa.

We have set up our manufacturing facilities in close proximity to the manufacturing units of few of our major customers offering logistics cost savings and just-in-time delivery

We believe that the long-standing relationships that we have with our customers are critical to our success and continued growth. In the recent years, we have won several awards from our customers including, but not limited to:

- Achievement Award for Strong Cost Reduction Efforts for 2015-16 from Honda Motorcycle and Scooter India Private Limited;
- The Grand Award for QCDDM 2013-14 from Honda Motorcycle and Scooter India Private Limited;
- Achievement Award for Vendor Performance in the field of 'Development' in the year 2013-14 from Suzuki Motor Cycle India Private Limited;
- Supplier Recognition Award by Harley Davidson India for their new motorcycle model 'Harley Davidson – Street and support in recognition of our best practices in QCDDM – 2014;
- Bellwether Award 2012-13 in Auto lighting for 40 years from Business Sphere – 2014;
- Manufacturing Today Award "Champion of Indian Manufacturing" for small and medium enterprise – 2013;
- First Prize for Entrepreneurial Excellence Award in Electronics 2012-13 from ELCINA for LED luminaries and Display – 2013;
- ESQR's Quality Achievement Award 2013 in GOLD Category for the extraordinary achievement on quality management – 2013.
- Achievement Award for Honda Global Support for 2012-13 from Honda Motorcycle & Scooter India Limited 2013

In the Financial Years 2014, 2015 and 2016, our consolidated net revenue from operations was ₹7,204.69 million, ₹8,254.67 million and ₹9,881.60 million, respectively. We had a consolidated net profit of ₹372.75 million, ₹424.75 million and ₹573.33 million in Financial Years 2014, 2015 and 2016, respectively. As at March 31, 2016, we had consolidated total assets of ₹6,587.62 million and consolidated total liabilities of ₹3,856.22 million. During the three-month period ended June 30, 2016, our standalone net revenue from operations was ₹2,451.82 million and our standalone net profit was ₹114.57 million.

OUR STRENGTHS

We believe that our business has the following key competitive strengths:

Diversified products portfolio and geographical presence

Historically we have been in the business of manufacturing custom designed automotive lighting and signalling equipment. In addition to our core manufacturing activities for automotive lighting and signalling equipment, we also manufacture other automotive products, which include rear view mirrors, plastic moulded parts and sheet metal parts (which are essentially fabrication items). In our LED luminaries segment, we design and manufacture LED luminaries for indoor and outdoor applications and IPIS with LED display and software, which provides real-time passenger information in public transport systems.

Over the years, we have continuously strived to diversify our product portfolio and segment exposure by way of organic growth. Currently, we sell our products in the OEM, replacement and export markets, which helps us balance our operational income. We also benefit from a diverse geographic spread of our operations, this helps in reducing our dependence on any single customer, product or geography. Our ability to offer diversified product range as an integrated manufacturer, having presence across various levels of automotive and LED component value chain ranging from product conceptualization, designing, development, manufacturing, testing, supplying and assembling makes us the preferred automotive lighting and LED lighting solution provider for some of our major customers. Our strategy of diversification has helped us to be less dependent on a particular segment or product class.

In-house integrated manufacturing model

We undertake our manufacturing business in an integrated manner, as we have the key competencies and in-house resources to deliver a product from its conceptualization to mass production. Our in-house integration includes R&D and design centers with qualified and experienced teams having access to latest and sophisticated technology for conceptualising designs required for the product development; our tool room for developing the moulds; testing facilities for testing the products we develop as per national standards and international regulations to meet customer specific test requirements and our modern manufacturing facilities equipped with latest machineries for enhancing productivity, cost efficiency and product quality.

We believe that our in-house integration model has been one of the important contributing factors to the successful development of a number of products in a timely manner, without compromising on quality. Our integrated structure enables us to develop products with confidence in our ability to complete the development of a product in a viable manner. We have in-house manufacturing capabilities for almost all of the parts we use in our final product, in addition to having all core processes in-house. Our in house manufacturing capabilities not only ensures cost savings but also in assuring quality. We also believe that our in-house integration model provides us with a competitive advantage over other automotive component players where they outsource some or majority of their products and processes to external agencies.

Strong Focus on Design and Development

We believe that our focus on product development significantly contributes to our ability to meet customer needs in an ever-evolving and competitive market. Further, we believe that our product development processes have been a catalyst for the growth of our business. Our focus on design and development has enabled us to develop a large and diversified portfolio of lighting products, new generation LED technology in automotive and home lighting, IPIS for railways consisting of train indication, coach guidance and computer based announcement and most importantly reduction in development time and cost savings to the customers. Further, our R&D capabilities have enabled us develop and successfully test LED automotive lighting and signalling equipment for two wheelers. Further, our other internal departments such as marketing, quality assurance and production seamlessly interact and co-ordinate with the design team to ensure that customers' requirements are met on an ongoing basis.

Our R&D facility at Rai, Sonepat, Haryana is approved by Department of Science & Industrial Research, Ministry of Science & Technology, having Photometry Lab accredited by National Accreditation Board for Testing and Calibration Laboratories ("**NABL**") provide us with the necessary support and infrastructure to continue to technologically evolve our products to suit the requirements of our customers. The design centres of our Subsidiary in Japan and Joint Venture in Italy enables us to understand and adapt to the technological advances of the developed markets like Europe and Japan.

Our design and development facilities are equipped with advanced machinery and software that makes them capable of performance testing, modelling, prototyping as well as value addition & value engineering. We believe that our prototyping abilities enable shorter response time for sample development and give us a competitive edge in the industry within which we operate. Our design and development facilities focus on research relating to alternate materials and designs to improve product performance and reduce costs. We believe that our R&D capabilities will be an important driver in our automotive lighting and LED business.

Modern in-house manufacturing facilities

We have nine manufacturing facilities across India, two of which are located at Sonepat, Haryana, three of which are located at Hosur, Tamil Nadu, one at Mysore, Karnataka, one at Nalagarh, Himachal Pradesh, one at Tapukara, Rajasthan and one at Ahmedabad, Gujarat. We have imported several machines from overseas like plastic injection moulding machine, LED high speed chip shooter, goniometer with mirror arrangement. Some of the machines that we employ in the manufacturing process of our products are custom made to suit our requirements.

We believe our fully integrated manufacturing facilities allow us to benefit from economies of scale and our multiple facilities give us flexibility in case of production disruption at any of our plants. We seek to backward integrate our manufacturing chain whenever possible in order to reduce input costs and increase customer value.

Established Track Record of Delivering Growth

Our Company was incorporated in 1989 and since then we have maintained strong growth credentials over the years through high rates of customer retention, geographical expansion, improved staff productivity, enhancement of our product portfolio, diversification and growth in customer base. We have delivered consistent growth over the preceding five Financial Years both in terms of financial and operational metrics. Our net sales, on a consolidated basis, have grown at a CAGR of 16.47% from ₹5,319.71 million for the Financial Year 2012 to ₹9,790.50 million for the Financial Year 2016 and our profit after tax for the year, on a consolidated basis, has grown at a CAGR of 28.33% from ₹211.37 million for the Financial Year 2012 to ₹573.33 million for the Financial Year 2016.

Further, we have been able to maintain a consistent track record of paying dividends to our Shareholders since our listing on the Stock Exchanges. Our strong balance sheet and positive operating cash flows enable us to fund our strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations. We strive to maintain a robust financial position with emphasis on having a strong balance sheet and increased profitability.

The table below sets forth some of the financial indicators for Financial Years 2014, 2015 and 2016 on consolidated basis and the three months period ended June 30, 2016 on standalone basis:

(in ₹ million)

Particulars	**Financial Year 2014**	**Financial Year 2015**	**Financial Year 2016**	**Three months period ended June 30, 2016**
Net Sales	7,161.60	8,201.22	9,790.50	2,415.27
EBITDA (excluding other income)	883.93	1,027.45	1,273.00	312.72
EBITDA margin	12.34%	12.53%	13.00%	12.95%
PAT	372.75	424.75	573.33	114.57
PAT margin	5.20%	5.18%	5.86%	4.74%
RONW (%)	20.36%	19.90%	22.11%	4.23%
Dividend per share	₹6 per Equity Share	₹7 per Equity Share	₹8 per Equity Share	-

For further details on a comparative analysis of our financial position and income from operations, please refer to "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* on Page 90.

Experienced senior leadership and technically skilled and motivated employees

We believe that our qualified and experienced senior management team, technically skilled employee base and established Promoter background have contributed to the growth of our operations and the development of in-house processes and competencies.

Our Chairman and Managing Director, J.K. Jain has around 40 years of work experience in the industry in which we operate. Our senior management team consists of technically qualified and highly experienced professionals in the industry we operate in. They bring with them, extensive experience in sales and marketing, order management, design and engineering, testing, purchase, operations, human resources, finance and after sales services. We believe that our management framework allows us to maintain the flexibility to address the markets and the geographies we operate in. We believe in high standards of ethical integrity and we ensure that all our business functions are carried out in a transparent manner. For further information on our key managerial personnel, please refer to "*Board of Directors and Senior Management*" on Page 115.

Our human resources policies are aimed towards recruiting talented employees and facilitating their integration into our Company and encouraging development of their skills. We believe the strength and quality of our technically skilled team and the nature of our organizational structure has been instrumental in implementing our business and growth strategies. We believe that our talented and motivated employees have been key to our success so far and will further enable us to capitalize on future growth opportunities.

OUR STRATEGY

We intend to grow our business by implementing the following strategies:

Enhancing and globally expanding our products portfolio and geographies

We propose to continue to expand our product portfolio by upgrading and introducing new products under our business verticals. We believe that our strong technical and execution capabilities and qualified and technically skilled employee pool will enable us to enhance and expand our product portfolio. We believe that diversifying our product offerings will enable us to further grow our business operations, reduce the risk of dependency on existing products and strategically target higher margin opportunities. For our automotive segment, we believe that rising pollution globally would drive governments towards adoption of electronic two wheelers. With the increase in sales of electronic two wheelers, we expect the sales of LED automotive lighting and signaling equipment would also surge primarily due to the efficiency offered by LED products compared to conventional bulbs. In order to leverage these developments in the automotive industry, we have developed and successfully tested our LED automotive lighting and signaling equipment. Also, globally LED lighting is emerging as the best and most efficient and environment friendly source of lighting. The Government of India and EESL are strongly encouraging LED lighting through its various schemes and initiatives. In the recent past, we have been awarded several orders after competitive tendering for supply of LED bulbs and LED streetlights.

We intend to continue the expansion of our installed capacity thereby increasing our manufacturing capacities in order to address emerging demand, leverage economies of scale, widen geographic presence and provide unique and value-added products and services to our customers. We recognize that there is significant growth potential in manufacturing the aforesaid products and we believe we are well positioned to capitalize on the opportunities presented by the markets. We also intend to continue to participate in tenders floated by the GoI / public sector undertakings / State Governments to supply LED bulbs and other energy efficient lighting solutions. In addition, we will continue to look for other new product opportunities in lighting and electrical segment to expand our product range. We will continue to use our design capabilities and manufacturing strength to develop innovative designs for our products which will help lower manufacturing costs and expand our geographical presence and customer base.

In order to expand our product portfolio and to strengthen our tool making capabilities, we have entered into a memorandum of understanding (**MoU**) with one of the leading Japanese company specializing in this area for setting up of facilities for developing moulds and tooling. Further, we have also executed a MoU with one of the leading Japanese manufacturers of emission control system products for development and manufacturing of such products for two wheelers with the technical support of our MoU partner. We also intend to increase our focus towards automotive products for four wheelers, and with respect to the same, we have entered into a MoU with a Japanese lock, mirrors, handle bar switches manufacturer for setting up of manufacturing facilities of the specified items.

In order to increase our market reach in the LED lumi\naries segment, we intend to extend our footprint to the Middle East and the African markets overseas, as we believe that our LED products meet the cost competitiveness and other technical parameters suitable for such markets. We are presently evaluating the most efficient logistics and supply chain to commence catering to such markets.

Expansion of distribution network

The aftermarket segment in India continues to be predominantly serviced primarily by the unorganized sector and by OEMs through their dealer and service networks. As per the industry estimates, the domestic sales of two wheelers is the most growing segment in automotive sector. The total domestic sales of two wheelers is estimated to grow from 16.0 million in 2015 to 55.5 million in 2026. (*Source: ww.ibef.org/download/Auto-Components-January-2016.pdf*). Our automotive segment products i.e. automotive lighting and signalling products and rear view mirrors are glass and plastic based and constitute some of the most fragile parts of a two wheeler, which causes us to expect the replacement market for our automotive lamps to generate a significant recurring demand for our products during the life-cycle of the vehicles.

Presently, we service the aftermarket sales through our 10 depots from where we supply our products to our dealers and retailers, spread across India. In Financial Year 2016, revenue from aftermarket sales in the automotive segment contributed 9.80% of our consolidated net sales. Since our foray into the aftermarket segment, we have also increased our dealers and retailer network over the years and have over 500 dealers and retailers across India as of June 30, 2016. We believe that our replacement market sales would see a steady increase in the foreseeable future as the number of new two wheeler models being introduced by our OEM customers for which we are in the process of developing and manufacturing automotive components are increasing. We plan to open new depots and increase our distribution and retail network for our automotive segment products to enable us to capitalize on future growth opportunities in the replacement markets.

In our LED luminaries segment, we intend to increase the customer base of our LED segment products by diversifying our sales points from B2B to B2C, for which, we have recently executed a MoU with Su-Kam Power Systems Limited for formation of a 50:50 joint venture pursuant to which we will market and sell our LED luminaries segment products under '*Su-Kam Fiem*' brand in the retail market in the Indian territory through the distribution channels of Su-Kam. We believe that pursuant to this joint venture arrangement, our brand 'Fiem' will get significant visibility in the retail market as we will get access to the existing distribution network of our joint venture partner.

Targeting new customer accounts and expanding existing customer business

We intend to increase our sales and customer penetration by targeting new customer accounts and expanding our existing customer accounts in our principal markets by offering our entire range of products. Towards this objective, we seek to continue to leverage our relationships with renowned and established OEMs who presently may be sourcing the products we manufacture from other vendors, as well as our design and engineering innovation competencies so as to be able to enter new and related markets and acquire, evolve and strengthen our customer relationships. While we believe our existing customers provide us with the necessary drivers to generate growth, we intend to continue to focus on new clients. We also intend to leverage our existing relationships with our OEM customers for their overseas businesses as several of our OEM customers are global automotive players and expand the exports of our automotive products. Further, we also perceive that there will be overseas markets for the new products which are under development or for new products for which we have entered into MoUs with our counterparties.

We also believe that we will be able to capitalize on our reputation for quality, consistent performance and customer satisfaction in our existing markets and product verticals to target new customers.

Continue to enhance our brand

We believe that our brand is synonymous with credibility, reliability, efficiency and timely execution capability in the industry in which we operate. We wish to continue to enhance our brand value by continuously delivering quality product and services to our existing and prospective customers so that we become the preferred automotive and lighting solution provider for all our existing and prospective customers thereby increasing our market share. Under our automotive segment, we have entered into MoUs with Japanese companies specializing in areas of setting up of facilities for developing moulds and tooling and emission control system products for two wheelers and lock, mirrors, handle bar switches for four wheelers.

For our LED segment, we have recently executed a MoU with Su-Kam Power Systems Limited for formation of a 50:50 joint venture pursuant to which we intend to market and sell our LED luminaries segment products under '*Su-Kam Fiem*' brand in the retail market in the Indian territory through the distribution channels of Su-Kam. We believe that pursuant to this joint venture arrangement, our brand 'Fiem' will get significant visibility in the retail market as we will get access to the existing distribution network of our joint venture partner.

OUR PRODUCTS

Our product areas comprise of automotive lighting and signaling equipment, rear view mirrors and plastic moulded parts, moulds and dies, LED luminaries and LED IPIS. Our automotive lamps business is our largest product area and comprised 64.56% of our consolidated gross income from operations within the automotive segment in Financial Year 2016. In the last three Financial Years, we have changed our business mix by expanding our LED lighting business.

Our gross sales by product area and as a percentage of consolidated total gross sales for each of the last three Financial Year years is presented in the following table:

	Year ended March 31,					
	2016		**2015**		**2014**	
						(in ₹ million, except percentage of gross sales)
Product Areas	**Gross Sales**	**%**	**Gross Sales**	**%**	**Gross Sales**	**%**
Automotive lamps, signaling equipment and parts	6,191.23	57.12%	5,924.90	65.76%	5,247.20	66.41%
Rear view mirrors and parts	1,345.40	12.41%	1,209.89	13.43%	1,011.32	12.80%
Plastic moulded parts	1,364.56	12.59%	1,090.27	12.10%	1,010.54	12.79%
Moulds and dies	38.58	0.36%	33.16	0.37%	43.59	0.55%
LED luminaries	1,217.32	11.23%	124.09	1.38%	14.96	0.19%
LED IPIS	24.91	0.23%	6.24	0.07%	0.65	0.01%
Others	307.71	2.84%	246.52	2.74%	212.58	2.69%
Traded Goods	349.30	3.22%	374.05	4.15%	360.11	4.56%
Gross Sales	**10,839.01**	**100.00%**	**9,009.12**	**100.00%**	**7,900.95**	**100.00%**

Automotive Lighting and Signaling Equipment

We are one of the leading automotive lighting and signaling equipment manufacturers in India, and this segment contributed 57.12%, 65.76% and 66.41% of our consolidated gross revenues in Financial Year 2016, 2015 and 2014, respectively.

Our automotive lighting and signaling equipment include various types of head lamps, tail lamps, blinker lamps, for two wheelers and head lamps, tail lamps, interior lamps, wheel covers, warning triangles and beacon lights for four wheelers.

Our automotive lighting and signaling equipment are custom made for each two wheeler or four wheeler motor vehicle model.

Rear View Mirrors

Our rear view mirror product sales comprised 12.41%, 13.43% and 12.80% of our consolidated gross revenues in Financial Year 2016, Financial Year 2015 and Financial Year 2014, respectively. The broader steps involved in designing and manufacturing rear view mirrors involve mirror plate making, plastic housing, rod making and final assembly. Our rear view mirrors are custom made for a particular model of a two wheeler or four wheeler motor vehicle.

Plastic moulded parts

Plastic moulding is an integral part of our automotive lamps and rear view mirrors, as these parts are required to make the final assembly of all the products. However, we are manufacturing and supplying to our OEM customers standalone plastic parts like front fender, floor panel, side cover, rear fender, handle bar and seat base. We have installed latest injection moulding machines for manufacturing plastic moulded parts.

Sheet Metal Parts

Sheet metal parts manufactured by us are mainly fabrication items. We have a full-fledged sheet metal fabrication facility along with a mud-guard rolling plant for manufacturing front and rear mudguards for motorcycles and mopeds. Our sheet metal parts are used for manufacturing SS (stainless steel) and MS (mild steel) mudguards, carriers, front pillion, housing brackets among other products.

LED Luminaries

We manufacture and supply LED luminaries products such as LED bulbs and tube light, street lights, recess panels, down lights, spot lights, bay lights, flood lights, and solar based lantern for indoor and outdoor lighting applications to our customers. Our LED luminaries products have the following advantages over conventional lighting: energy saving, long life, low maintenance cost, eco-friendly, minimal carbon foot print. Our LED luminaries are BIS approved.

LED IPIS

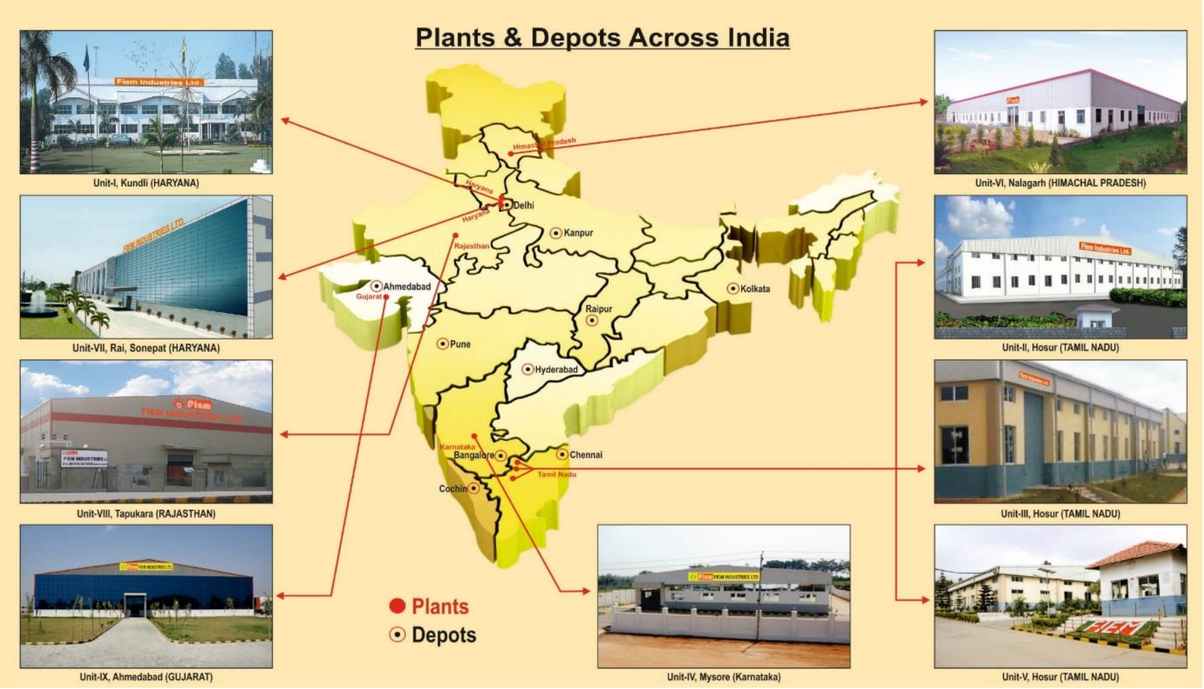
IPIS is a software based electronic information system which provides real-time passenger information to the users of the public transport. The IPIS system developed by our Company for railway stations along with train indication and coach guidance also provides computer based announcement.

Life-cycle of Automotive Product Development

On receiving any inquiry or letter of intent from our customers, we conduct the feasibility study consist of mechanical layout packaging, preliminary optical simulation, thermal simulation, design failure mode and effective analysis, design reviews with APQP activities by defining the APQP timing chart. We set up a cross-functional team for design, development and manufacturing process of the product. The team carries out the feasibility study, prepares the process flow diagrams, process failure mode and effective analysis, develops control plans and identifies special characteristics for products giving due care to product safety, utilizing appropriate mistake proofing methodologies with efforts on defect prevention rather than detection and creating internal awareness on safety considerations. The control plans are developed at the systems, sub-system and component levels for the products to be supplied at different phases i.e. pre-launch and production as appropriate, and if required by the customers, prototypes are also prepared. Once the prototype of the products are cleared by the customers, we develop or outsource the development the customized tooling for that particular product, the cost of which is borne by the OEM. The mass production of a particular automotive segment product can only commence once the tooling is developed.

Manufacturing and development

The following map shows the locations of our manufacturing facilities.



Manufacturing Facilities

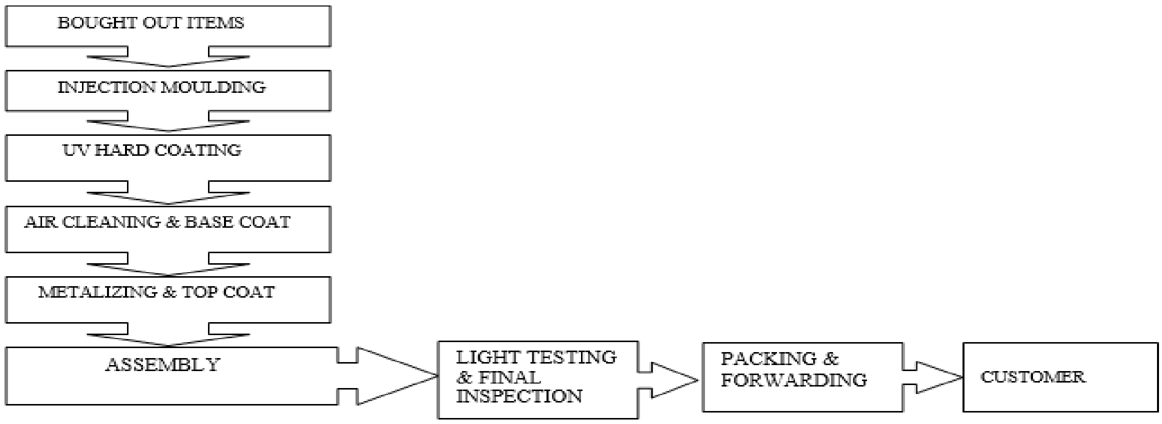
We have nine manufacturing facilities, of which three manufacturing facilities are located at Hosur in Tamil Nadu, one facility at Mysore, Karnataka, two facilities at Sonepat, Haryana and one manufacturing unit each at Nalagarh, Himachal Pradesh, Tapukara, Rajasthan and Ahmedabad, Gujarat. Our manufacturing facilities are certified for its quality management, environmental management and occupational health and safety management. All our manufacturing facilities except the Ahmedabad facility are certified with ISO/TS 16949:2009, some of our manufacturing facilities are certified with ISO 14001:2015, ISO 14000:2004, OHSAS 18001:2007 and ISO 9001:2008. The products manufactured by us conform to UNECE, DOT, CCC and AIS among other global standards, depending on the jurisdiction where our products are being supplied.

Manufacturing production process

Automotive Lights

As the first step towards the manufacturing process, we have all facilities in-house except the bought out parts (**BOP**) like rubber parts, fasteners and bulbs. We do the injection moulding of lens, reflectors and housings and subsequently do hard coating on lens with latest technology robotic dip and spray process and evaporation sputtering with top coat on reflectors. The assembly lines which is fully equipped with the advanced technology equipment for the sub assembly with lens and housings like bulbs, springs, fasteners, rubber caps before passing from the robust leakage and light intensity test for passing and driving beam. It is passing through the mistake proofing stations equipped with high-tech sensors to check the missing parts and sub-assembly parts.

The following diagram shows our automotive lamps manufacturing process at our manufacturing facilities:

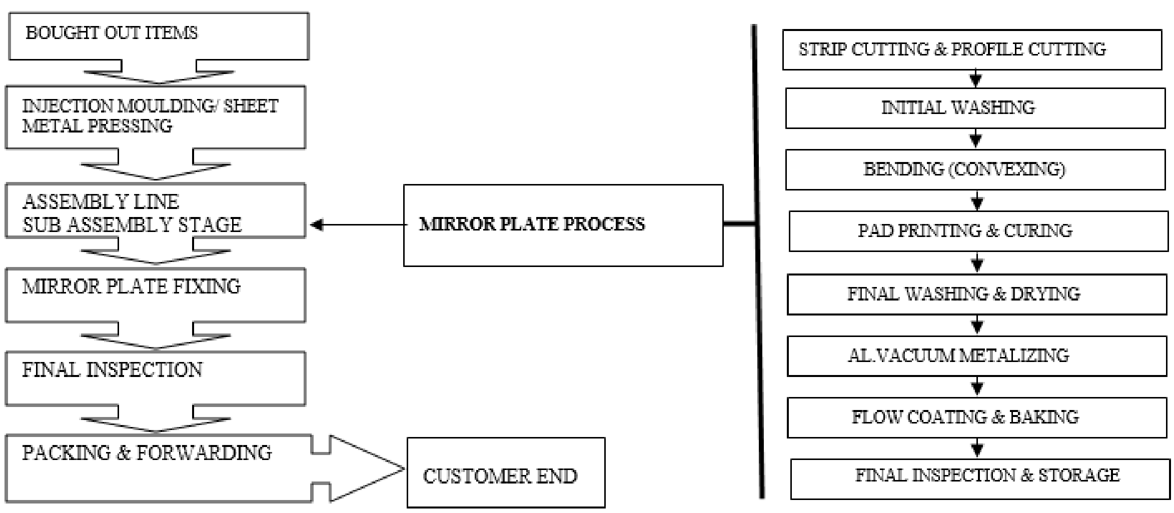


Rear View Mirrors

Under the mirror plate process, we buy the float glass from the approved source and all other process related to mirror plate like, profiling, convexing, aluminium vacuum metallizing / chrome and with the paint flow coating to protect the metallizing surface and baking done to have the paints surface retain its original condition.

The mirror sub assembly with stay rod and housing is done by electrically controlled screwdrivers to attain consistent torque requirements. The sub assembly with plastic mirror housing is heated in a conveyorised oven and the mirror plate is fixed, then allowed to cool. The sheet metal mirror housings are fixed with mirror plates with the help of specially designed polyvinyl / rubber gaskets. The mirror assembly is finally checked for torque and distortion levels in total with computer controlled equipment before packaging and forwarding to the customers.

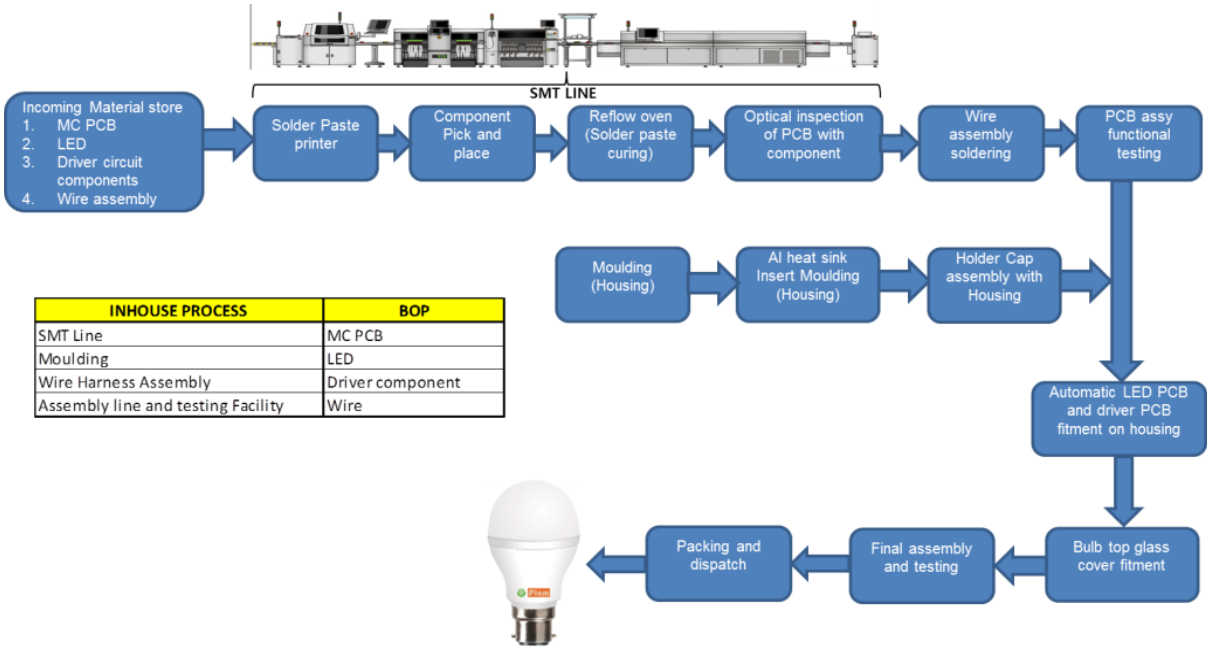
The following diagram shows our rear view mirrors manufacturing process at our manufacturing facilities.



LED Luminaries

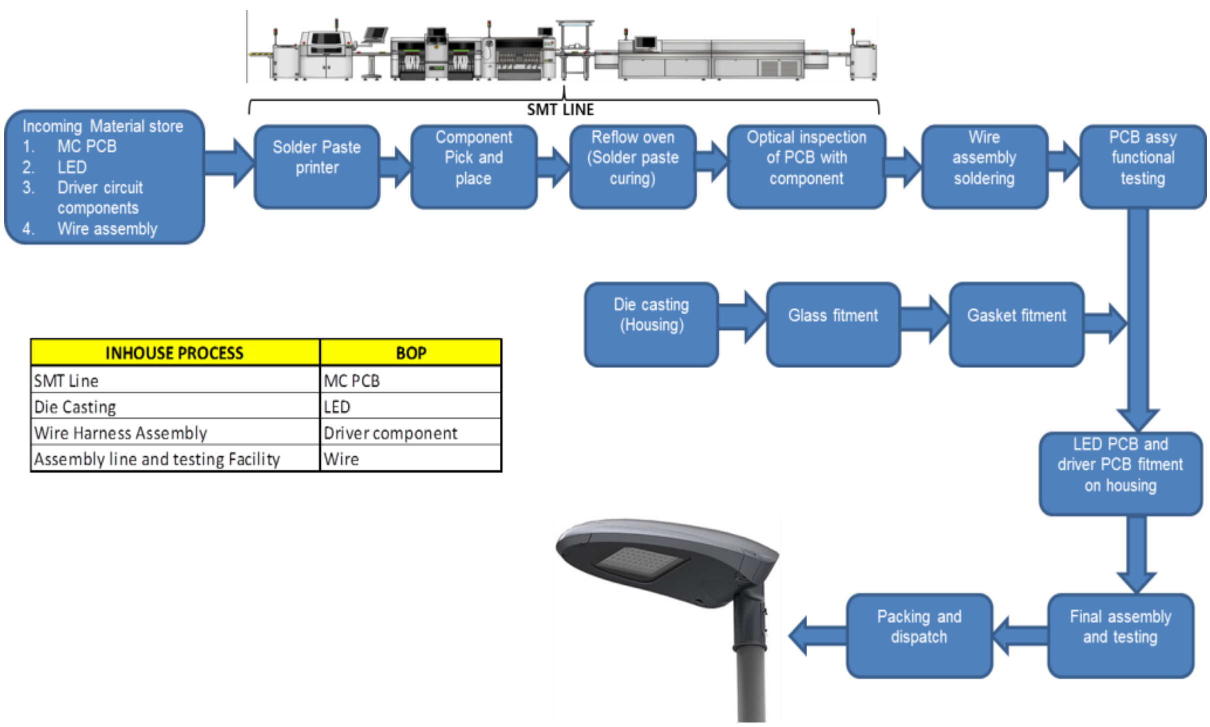
Manufacturing of our LED luminaries is a four stage process starting from product design, prototype development, testing and validation and mass production. In the first stage, the specifications and the parameters are fixed by the R&D team including the PCB layout, electronic, mechanical and optical design of the product and then the product is simulated to check the performance. In the second stage, the prototype and the mould are developed and the products are tested for all the parameters. In the third stage, testing and validation is done in-house and by third parties to ensure that the product passes all the parameters. In the final stage, the LED luminaries products are mass produced and its performance is tested again on the ageing line.

The following diagram shows the manufacturing process for LED bulbs:



INHOUSE PROCESS	BOP
SMT Line	MC PCB
Moulding	LED
Wire Harness Assembly	Driver component
Assembly line and testing Facility	Wire

The following diagram shows the manufacturing process for LED street lamps:

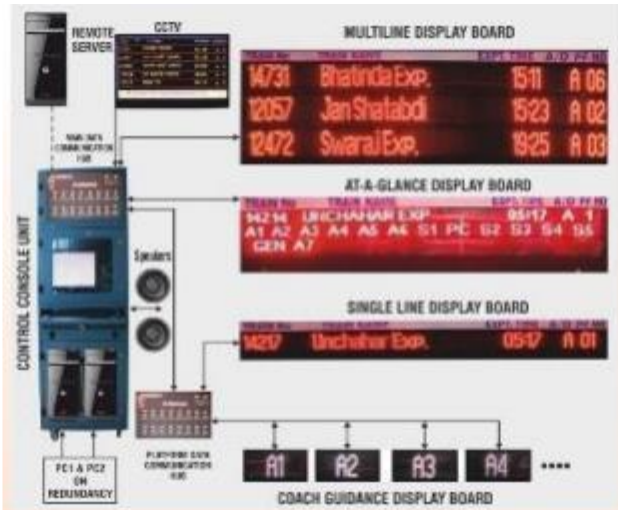


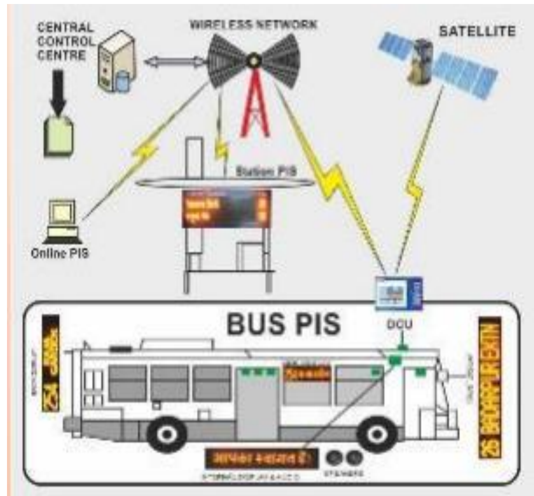
INHOUSE PROCESS	BOP
SMT Line	MC PCB
Die Casting	LED
Wire Harness Assembly	Driver component
Assembly line and testing Facility	Wire

LED Integrated Passenger Information System

IPIS is an electronic information system which provides real-time passenger information to the users of the public transport. The IPIS system developed by our Company for buses and railway stations along with train indication and coach guidance also provides computer based announcement. Our LED based IPIS for railways is also approved by the Ministry of Railways, GoI. The figure below shows the typical working of our LED IPIS in railways and buses.

Railways *Buses*





Research and Development

Our R&D facility at Rai, Sonepat is recognised by Department of Science and Industrial Research, Ministry of Science and Technology, Government of India and Photometry Lab is accredited by NABL. We also have a design centre in Japan & Italy that provide us with the necessary support and infrastructure to continue to technologically evolve our products to suit the requirements of our customers. We believe our R&D capabilities give us the ability to offer our marquee customers design and development capabilities for custom designing and developing their products. Our R&D centre is established with modern infrastructure, latest technology and are equipped with latest software, hardware and qualified and experienced manpower.

At our R&D facility, we have developed various new generation LED automotive innovation lamps like, bi-function LED projector lamp, optical filters, OLED (organic light emitting diode), tail lights, light guides, light pipes among other products. We have also designed and developed LED rear combination lamps and LED direction indicator lamps for four wheelers. Our R&D activities have also allowed us to develop certain innovative products in the LED luminaries segment like the plug and play dimmable bulb, smart bulb, which can be operated through mobile app and emergency bulb, which works even in case of power outages. The IPIS for public transport has entirely been designed and developed in-house.

Tooling

Tooling department is core requirement of automotive industries for development of new tooling and preventive maintenance of new tools and tooling under mass production. We believe, tooling process is the next step of R&D and product design to convert the design and styling of part in actual product by following process through 3D design of the products. CAD / CAM software uses the models and assemblies created in CAD software to generate tool paths that drive the machines to turn the designs into actual physical part by supporting process like wire cut, EDM, with die spotting to mature the tools for mass production.

Testing and Quality Assurance

Over a period of time we have developed a robust testing and quality assurance procedures which are imbibed in our employees from the unit level to senior management through a quality system manual, which is updated from time to time to keep pace with changes in standards, regulations, technological advancements and any particular requirements of the customer. Our quality system manual sets out detailed processes for product audit and quality rating, which are carried out on a periodical basis. The quality check parameters are laid down to ensure adherence to defined process and product specifications. Audits for new products are also launched at each stage of production. We make use of visual aids, alarms, automated computerised online inspection system, ICT-In circuit testing, FCT-Functional circuit testing and annunciators as aids to determine compliance with product specifications.

We have specialized tests to ensure the quality of raw materials used for production of our products attain our standards. We also conduct a number of tests on the final product as part of our quality check exercise. These tests include endurance test on our products. We generally conduct random sample testing for our products. Our focus on quality, cost, delivery, development and management ("**QCDDM**") is evidenced by the fact that all of our plants have received the automotive products-specific ISO/ TS 16949 quality management system certificate. Our testing centre at Rai, Sonepat, Haryana is well equipped with modern tools, technology, advanced software and most importantly, a qualified and experienced talent pool. Our testing facility is capable of carrying out all types of tests including product test, photometry test, environmental test, thermal test, electronic test, vibration test, chemical test and mechanical tests. Our photometry testing labs, both LED general lighting and automotive lighting are accredited with NABL.

Logistics

In addition to providing just in time delivery on assembly line of some of our customers, we supply to most of the OEM customers to their factories. In case of supply to OEM customers, the transporter is either nominated by the OEM customer or we deliver the goods at their factories. Further, with respect to the replacement market as of June 30, 2016, we had 10 depots in India that helped us to supply our products to our network of over 500 dealers and retailers. The depots are responsible for receiving and dispatch of goods to all our dealers and retailers. As of June 30, 2016, we had over 500 dealers and retailers catering to the end-use retail segment. We also have agreements with several logistics providers in India who provide transportation of our products to our distribution network and customers. In order to insure our products from unforeseen circumstances while in transit, we obtain transit insurances against damage of goods while in transit.

BRANDING AND BUSINESS DEVELOPMENT

Our brand 'FIEM' is around 4 decades old and well known in the automotive lighting industry because of the longevity, OEM customers and focus on QCDDM. Our strong brand and reputation connected with it has supported us to add new OEM customers. We advertise our brand, company and products in different industry magazines and also participate in various industry exhibitions and auto expos to enhance our brand visibility. We conduct 'tech-shows' for the industry players to apprise them of our products, our research and development pedigree or changes in technology. We also closely monitor our existing and prospective customers in relation to their latest or planned offerings for requirements of any new technology.

For the overseas markets, we manage our business development initiatives through our Subsidiary in Japan and Joint Venture in Italy, who from time to time provide us with leads for new opportunities with existing and potential OEM customers and latest developments in technology.

RAW MATERIALS

We source our raw materials from a pool of vendors in India and internationally. We believe that this helps us reduce our dependence on a few large vendors and thereby minimize risks of supply disruption and cost increases.

Our total costs of raw materials consumed were ₹5,533.54 million, ₹4,770.29 million and ₹4,101.03 million in Financial Year 2016, Financial Year 2015 and Financial Year 2014, respectively.

Our largest commodity purchase are industrial plastic polymers like PMMA and PC, which is used in the manufacturing of almost all our products. In Financial Year 2016, the cost of plastic polymers consumed was ₹1,908.64 million and accounted for 34.49% of the raw material expenses in the products manufactured by us.

Other raw materials that we use in the manufacturing of our automotive lighting and signaling equipment are bulbs, wiring harness and bought out parts comprising of screws, clips etc. For our LED luminaries and IPIS product line we source LED chips from overseas vendors.

INFORMATION TECHNOLOGY

We have invested in modern information technology to provide information for seamless communication, business integration, cost reduction and informed decision-making.

We use customized ERP-solution implemented for modules running on inventory, purchase, sales, PPC & production scheduling. Our ERP system enables us to be more process-oriented than people-dependent. Our ERP system allows us to collect data from the market-end and process such data faster, which enables increased efficacy of sales planning and product inventory management. Our ERP system also improves the frequency of information sharing and ensures a more structured information exchange within our organization.

OUR COMPETITION

The industry segments that we operate in are highly competitive and include a number of well-established manufacturers as well as several small players in the unbranded market. However, we believe that our significant presence and market share in direct OEM sales provides us with a strong advantage over competition, especially in the automotive lighting and signalling equipment market. Our principal competitors are Lumax Industries Limited and India Japan Lighting Private Limited.

In international markets, we face a number of international competitors, including manufacturers from China. While in the automotive business, competition emanates from players making similar end-products, dynamics of the LED segment business are slightly different. There are several players in the LED business that are integrated to different levels across the value chain and compete with each other in this space. Our position in relation to our competitors will depend upon our ability to anticipate and respond to various competitive factors facing the industry, including pricing strategies by competitors, our ability to source raw materials cost effectively, make required investments to improve our distribution network, eliminate redundancies and increase production at low-cost, high-quality supply sources, automation and consistent quality. We also believe in investing in our brand equity consistently to build a differentiated value proposition. For further information, see the section titled "*Risk Factors*".

HUMAN RESOURCES

Employees and Contract Labour

We believe that a motivated and empowered employee base is key to our operations and business strategy, and have developed a large pool of skilled and experienced personnel. As of August 31, 2016, we had 1,869 permanent full time employees, including four Directors and eighteen employees at our Depots. Our skilled technicians have significant experience in research, engineering and design field. Our employee policies aim to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate the growth of our operations. The unit wise break-up of our employees are set out in the table below:

Unit	Permanent Employees	Contract Labour
Unit I – Kundli, Sonepat, Haryana	320	970
Unit II – Hosur, Tamil Nadu	140	413
Unit III – Hosur, Tamil Nadu	59	385
Unit IV – Mysore, Karnataka	18	21
Unit V – Hosur, Tamil Nadu	84	712
Unit VI – Nalagarh, Himachal Pradesh	302	192
Unit VII – Rai, Sonepat, Haryana	714	1,027
Unit VIII – Tapukara, Rajasthan	140	723
Unit IX – Ahmedabad, Gujarat	70	624

We also engage a large number of contract labourers in our manufacturing activities. As of August 31, 2016, we have employed around 5,067 contract labourers at our nine manufacturing facilities. The number of contract labourers vary from time to time based on the nature and extent of work involved in our on-going orders. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the State Government.

The workmen of our Hosur manufacturing facilities have formed a trade union under the name and style of '*Fiem Industries Limited Employees' Union*' and the same is registered with Indian National Trade Union Congress.

Training

We determine the necessary competence of the personnel performing tasks affecting the conformity to product requirements, and where applicable provide training or get them trained outside or take other actions to achieve the necessary competence. We evaluate the effectiveness of the actions taken, and ensure that the personnel is aware of the relevance and importance of their activities and they contribute to the achievement of the quality objectives. We maintain appropriate records of education, skills, training, experience and effectiveness periodically. We have an established documented procedure for identifying training needs and achieving competence of all personnel performing activities affecting conformity to product requirements.

Health, Safety and Environment

We are committed to complying with applicable occupational health, safety and environmental regulations and other requirements in relation to the conduct of our operations. Our manufacturing facilities are certified for occupational health and safety management by external agencies. We believe that accidents and occupational health illness cases and hazards can be significantly reduced through the proactive and systematic approach including risks and hazards identification, assessment, analysis and control and by providing appropriate training to employees and contractors. We work proactively towards minimizing or eliminating the impact of hazards to people and the environment. We have formed cross-functional teams to implement fatigue reduction projects to boost productivity and established occupational health centres manned by medical staff. Our Indian manufacturing plants are equipped with occupational health and safety centre with medical facilities where we periodically carry out medical check-ups of all our employees as well as contract labourers engaged by us.

INSURANCE

We have obtained insurance in scope and amounts of coverage that we believe are customarily obtained by companies in businesses similar to ours for manufacturing-related risks and third-party liabilities. We generally maintain insurance covering our assets and operations at levels that we believe to be appropriate and consistent with the practice in our industry.

We typically maintain standard fire and special perils insurance policies for our plants and machineries and buildings at our manufacturing units to cover risks such as fire and other ancillary perils. We also maintain burglary policy for our stocks such as raw materials, stock in process, finished goods, semi–finished goods, furniture, fixtures, computers, consumables etc. and money insurance policy for loss of cash whilst on premises or during transit to bank or post office or vice versa. Under the marine cargo open policy, we are also provided risk cover for damage to capital goods while in transit within India or from anywhere in the world to India. In addition, we maintain various inland transit insurance policies that cover loss or damage to products and machineries purchased within India from suppliers while in transit to our plants. We also maintain public liability (non-industrial) insurance policy. We also maintain workman’s compensation policy for our employees.

Although we believe that the amount of insurance currently maintained by us represents an appropriate level of coverage required to insure our business and operations, and is in accordance with industry standards in India, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage.

OUR PROPERTIES

Our Registered Office is situated at D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi - 110015, India and our Corporate Office is located at Plot No. 1915, Rai Industrial Estate, Phase – V, District Sonepat, Haryana - 131029, India. Both our Registered Office and Corporate Office are owned by us. As of August 31, 2016, we had ten depots, on leasehold basis, spread across Kolkata, Kanpur, Raipur Bengaluru, New Delhi, Ahmedabad, Pune, Chennai, Hyderabad and Ernakulam in India that help us supply our products in the replacement market. We have also taken a property on lease in Ahmedabad to use as a showroom for selling, displaying and stocking our products manufactured under the LED luminaries segment.

The following table sets out the details of our manufacturing facilities. All our manufacturing units are owned by us either on leasehold or freehold basis.

Location	**Unit No.**		**Products Manufactured**
Kundli, Sonepat, Haryana	Unit – I		Rear View Mirrors, Automotive Lamps
Hosur, Tamil Nadu	Unit – II		Automotive Lamps, Reflex Reflectors
Hosur, Tamil Nadu	Unit – III		Sheet metal parts
Mysore, Karnataka	Unit – IV		Rear fender assembly
Hosur, Tamil Nadu	Unit – V		Rear View Mirrors, Automotive Lamps
Nalagarh, Himachal Pradesh	Unit – VI		Rear View Mirrors, Automotive Lamps, Plastic Parts
Rai, Sonepat, Haryana*	Unit – VII		Automotive Lamps, LED IPIS
Tapukara, Rajasthan	Unit – VIII		Plastic injection moulded components, LED

			luminaries
Ahmedabad, Gujarat	Unit – IX		Automotive Lamps, Plastic parts

**Our R&D division is located at Rai, Sonepat, Haryana*.

INTELLECTUAL PROPERTY

We market and sell our products under the brand name 'FIEM' which is a registered trademark under class 11 and 12 and enjoys protection under trademark laws of India. The 'FIEM' trademark is owned by Fiem Auto & Electrical Industries, a proprietorship concern of our Promoter, J.K. Jain. Our Company has entered into an agreement dated March 1, 2005 with Fiem Auto & Electrical Industries, by virtue of which, the 'FIEM' trademark is assigned to our Company. Further, we have made applications for registration of various trademarks and logos under different classes, before the Trademarks Registry, which are currently pending for registration.

We have filed two applications for registration of patents in India, which are pending at various stages. The applications have been made for our product inventions namely 'Emergency Cutting & Breaking Device Cum Torch' and 'LED Multifunction Flash & Warning Light'.

For risk relating to our intellectual property, please refer to "*Risk Factors*" on page 38 of this Placement Document.

ENVIRONMENT

We are committed to complying with applicable environmental regulations and other requirements in our operations. We believe that accidents and occupational health hazards can be significantly reduced through the systematic analysis and control of risks and by providing appropriate training to management, employees and subcontractors. We work proactively towards minimizing or eliminating the impact of hazards to people and the environment.

Our environment management policy identifies environmental protection to be an integral part of all our operations. We monitor compliance with laws and environmental rules and regulations through:

- regular and close monitoring of the operations and maintenance, of our environmental management system;

- pollution reduction at work places and resources conservation through waste reduction in our operations;

- precautions and usage of protective equipment to safe guards our staffs against accidents arising out of our operations;

- education provided to our business partners to implement safe practices and identify environmental aspects related to our operations and materials used by us; and

- structured environmental audits

We believe that we are in material compliance with all local, state and national laws and regulations concerning environmental protection and related matters, in all our locations.

CSR

We undertake CSR activities through our CSR vehicle 'Fiem Foundation' in compliance with Schedule VII Companies Act, 2013 read with Companies (Corporate Social Responsibility) Rules, 2014. The Foundation has collaborated with the Social Welfare unit of All India Institute of Medical Sciences (AIIMS) providing financial assistance to patients suffering from cancer and other critical ailments. Other CSR initiatives include mass marriages for girls and ophthalmic surgeries for members from the underprivileged class.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition, results of operations and cash flows together with our Reformatted Audited Consolidated Financial Statements and Unaudited Interim Financial Results. You should also read "Risk Factors" in this Placement Document, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows and the section titled "Our Business", which presents important information about our business.

The following discussion relates to the Audited Consolidated Financial Statements of the Group as at and for the Financial Year ended March 31, 2016, 2015 and 2014, which have been prepared in accordance with Indian GAAP, the accounting standards referred to in Section 113 of the Companies Act, 1956, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013, as applicable. In addition, this discussion relates to the statement of Unaudited Interim Financial Results of Fiem Industries Limited for the three months period ended June 30, 2016, which have been subjected to a limited review.

The Financial Year of our Company and our Subsidiary is from April 1 to March 31 and that of our Joint Venture is from January 1 to December 31. For the purposes of consolidation, our Company obtains the financial statements from the Joint Venture for the 12 months period from April 1 to March 31 every year and restates and certifies them as per Indian GAAP, prior to presenting the same to our statutory auditors for consolidation. The financial statements of our Subsidiary is certified by a certified tax accountant in Japan, our Company prepares and presents the financial statements of our Subsidiary in Indian rupees to our statutory auditors, who then audits the financial statements of our Subsidiary as per Indian GAAP prior to consolidation.

Except under "Recent Financial Performance", all amounts in this section are stated on a consolidated basis. Except under "Recent Financial Performance", where such references are to Fiem Industries Limited on a standalone basis, references to "we" and "our" in this section are to the Group on a consolidated basis.

Certain industry, technical and financial terms used in this section have the meanings ascribed to them in the section titled "Definitions and Abbreviations" in this Placement Document.

OVERVIEW

We believe that we are one of India's leading manufacturers of automotive lighting and signaling equipment. Our business activities comprise of two segments - automotive segment and LED luminaries segment. The automotive segment constitutes of products like automotive lighting and signaling equipment (head lamps, tail lamps, blinker lamps, fog lamps etc.), rear view mirrors, sheet metal components and plastic moulded parts for motorized vehicles and the LED luminaries segment constitutes LED luminaries for indoor and outdoor lighting and IPIS with LED display panel for buses and railways. The process of diversifying our business into LED luminaries started in the year 2011 with research and development (R&D) for LED products, prior to which, our business activities comprised only of automotive segment.

Our automotive segment has been the significant revenue generating segment with 99.80%, 98.55% and 88.47% of gross sales during Financial Years 2014, 2015 and 2016 respectively. Within the automotive segment, automotive lighting and signaling equipment is our largest product category which comprised 64.56% of our total revenues during Financial Year 2016. Within automotive segment, 94.50% of our revenues come from the two wheeler category. We sell our products in the automotive segment directly to major original equipment manufacturers ("**OEMs**") in India and overseas and also service the replacement market through our distribution network. The sales to domestic OEMs comprised 86.60% of the total revenue from automotive segment during Financial Year 2016.

We market and sell all our products under our brand "FIEM" which are manufactured at our nine modern manufacturing facilities in India. We have three manufacturing facilities located at Hosur (Tamil Nadu), one each at Kundli and Rai in Sonepat (Haryana) and one each at Mysore (Karnataka), Nalagarh (Himachal Pradesh), Tapukara (Rajasthan) and Ahmedabad (Gujarat). Our manufacturing facilities are certified for its quality management, environmental management and occupational health and safety management. All our manufacturing facilities except the Ahmedabad facility (as the same commenced commercial operations in Financial Year 2016) are certified with ISO/TS 16949:2009, some of our manufacturing facilities are certified with ISO 14001:2015, ISO 14000:2004, OHSAS 18001:2007 and ISO 9001:2008. The products manufactured by us conform to UNECE, DOT, CCC and AIS among other global standards, depending on the jurisdiction where our products are being supplied.

Both our business segments are technology and R&D driven which we believe are critical to our success and continued growth. Since the requirements of our customers, who primarily are OEMs, keep changing with the advancement of technology, our ability to provide the new products with latest technology and features is backed by our R&D team and facilities. We believe that our focus on product development, supported by our fully equipped R&D and testing facility significantly contributes to our ability to meet customer needs in an ever-evolving and competitive market. Our R&D facility at Rai, Sonepat, Haryana approved by Department of Science & Industrial Research, Ministry of Science & Technology, having Photometry Lab accredited by National Accreditation Board for Testing and Calibration Laboratories ("**NABL**") provide us with the necessary support and infrastructure to continue to technologically evolve our products to suit the requirements of our customers. The design centres of our Subsidiary in Japan and Joint Venture in Italy enables us to understand and adapt to the technological advances of the developed markets like Japan and Europe. For our automotive segment, we believe that we are one of the few companies in India to have developed and successfully tested LED automotive lighting and signalling equipment. Our R&D strengths have also facilitated us to develop certain innovative products in the LED luminaries segment like the plug and play dimmable bulb, smart bulb, which can be operated through mobile app and emergency bulb, which works even in case of power outages. The IPIS for public transport has entirely been designed and developed in-house.

We believe that we have a strong customer base and have, over a period of last five Financial Years supplied products to over 40 domestic and international OEMs. We also export products manufactured in the automotive segment to Austria, Colombia, Indonesia, Sri Lanka, Japan, Italy, Ireland, UK and South Africa.

We have set up our manufacturing facilities in close proximity to the manufacturing units of few of our major customers offering logistics cost savings and just-in-time delivery

We believe that the long-standing relationships that we have with our customers are critical to our success and continued growth. In the recent years, we have won several awards from our customers including, but not limited to:

- Achievement Award for Strong Cost Reduction Efforts for 2015-16 from Honda Motorcycle and Scooter India Private Limited;
- The Grand Award for QCDDM 2013-14 from Honda Motorcycle and Scooter India Private Limited;
- Achievement Award for Vendor Performance in the field of 'Development' in the year 2013-14 from Suzuki Motor Cycle India Private Limited;
- Supplier Recognition Award by Harley Davidson India for their new motorcycle model 'Harley Davidson – Street and support in recognition of our best practices in QCDDM – 2014;
- Bellwether Award 2012-13 in Auto lighting for 40 years from Business Sphere – 2014;
- Manufacturing Today Award "Champion of Indian Manufacturing" for small and medium enterprise – 2013;
- First Prize for Entrepreneurial Excellence Award in Electronics 2012-13 from ELCINA for LED luminaries and Display – 2013;
- ESQR's Quality Achievement Award 2013 in GOLD Category for the extraordinary achievement on quality management – 2013.
- Achievement Award for Honda Global Support for 2012-13 from Honda Motorcycle & Scooter India Limited 2013

In the Financial Years 2014, 2015 and 2016, our consolidated net revenue from operations was ₹7,204.69 million, ₹8,254.67 million and ₹9,881.60 million, respectively. We had a consolidated net profit of ₹372.75 million, ₹424.75 million and ₹573.33 million in Financial Years 2014, 2015 and 2016, respectively. As at March 31, 2016, we had consolidated total assets of ₹6,587.62 million and consolidated total liabilities of ₹3,856.22 million. During the three-month period ended June 30, 2016, our standalone net revenue from operations was ₹2,451.82 million and our standalone net profit was ₹114.57 million.

Certain Factors Affecting our Results of Operation.

Our results of operations are affected by a variety of factors that have affected our results in the past and may affect our results in the future.

Market Conditions Affecting the Automotive Industry

We derive a significant portion of our revenue from the sale of our products to OEMs. Accordingly, the sale of our products is directly related to the production and sale of vehicles by our customers. Production and sales of vehicles may be affected by changes in the general economic or industry conditions, including disposable income, volatility in fuel prices, evolving regulatory requirements, Government initiatives, trade agreements and other factors.

Price of Raw Materials

The cost of raw materials represents a significant portion of our total expenses. In the event of an increase in the price of raw materials, we may be required to source such materials from other vendors at prices that may be less favourable to us, resulting in an increase in our operating costs. Commodity prices are also influenced by changes in global economic conditions, related industry cycles, demand-supply dynamics, attempts by individual producers to capture market share and by speculation in the market. We also import raw materials internationally and any depreciation in the value of the Rupee increases our total costs of raw materials in Rupee terms.

Capacity Utilization and Operating Efficiencies

Higher capacity utilization results in greater production volumes and higher sales, and allows us to spread our fixed costs over a higher number of units sold, thereby increasing our profit margins. Production in our manufacturing facilities is also affected by factors like the number of lost days due to periodical maintenance closures and unscheduled plant shutdowns. While we continue to focus on improving our operational efficiencies and reducing operating costs, there are a number of factors that are beyond our control and that could impact our ability to effectively utilize our manufacturing facilities. Any inability to optimally utilize our existing manufacturing capacities or maintain operating efficiencies could impact our business and results of operations.

Macroeconomic Conditions

Our business depends substantially on global economic conditions. Macroeconomic factors, both in India and globally, such as economic instability, political uncertainty other force majeure events could influence our performance. In addition, fluctuations in interest rates, exchange rates and inflation rates have a material effect on key aspects of our operations, including the cost of our raw materials and the costs of borrowing required to fund our operations. Our business and results of operations are also affected by evolving regulatory requirements, Government initiatives, trade agreements and other factors that affect the automobile and construction industries. We expect that macroeconomic conditions, particularly changes in consumer confidence, spending on commercial vehicles and interest rates will have a significant impact on our business and results of operations in future periods.

Goods and Services Tax

The GoI has proposed a comprehensive national goods and services tax ("**GST**") regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Although the legislative bill has been passed by both houses of Parliament, we are unable to provide any assurance as to the exact date of when GST is to be introduced or any other aspect of the tax regime following implementation of the GST. Further, any disagreements between certain State Governments may also create further uncertainty towards the implementation of the GST.

New Accounting Standards (Ind AS)

Our financial statements are prepared in conformity with Indian GAAP. GAAP as applied in India differs in certain significant respects from IFRS. As part of the convergence towards IFRS, the Institute of Chartered Accountants of India has notified a list of new Accounting Standards termed as Ind AS. We are likely to begin preparing our financial statements under Ind AS in Financial Year 2018. We are currently evaluating the impact of this change with our accounting and financial advisers.

SIGNIFICANT ACCOUNTING POLICIES

See the section of this Placement Document titled "*Financial Information*" for a description of our significant accounting policies used in the preparation of our Audited Consolidated Financial Statements.

INCOME

We divide our income into revenue from operations and other income. The following table presents a breakdown of our total revenue for the periods indicated:

	Year ended March 31,		
	2016	2015	2014
	(in ₹ million)		
Gross sales	10,839.01	9,009.12	7,900.95
Less: Excise duty	1,048.51	807.90	739.35
Net Sales	9,790.50	8,201.22	7,161.60
Operating Income	91.09	53.45	43.09
Net Revenue from operations	9,881.60	8,254.67	7,204.69
Other Income	9.70	9.03	6.66
TOTAL REVENUE	**9,891.30**	**8,263.70**	**7,211.35**

Revenue from Operations

Our revenue from operations comprises ofnet sales and operating income. Net sales means gross sales less excise duty.

Gross Sales

Our gross sales are divided between Manufactured Goods and Traded Goods. We have six principal manufactured goods categories: (i) Automotive Lamps, Signaling Equipment and Parts; (ii) Rear View Mirrors and Parts; (iii) Plastic Moulded Parts; (iv) Moulds and Dies; (v) LED Luminaries; and (vi) LED Integrated Passenger Information System. Traded goods are our products that are manufactured (outsourced) by our third party vendors. The following table presents a breakdown of our Gross Sales for the periods indicated:

	Year ended March 31,		
	2016	2015	2014
	(in ₹ million)		
Manufactured Goods			
1) Automotive Lamps, Signaling Equipment and Parts	6,191.23	5,924.90	5,247.20
2) Rear View Mirrors and Parts	1,345.40	1,209.89	1,011.32
3) Plastic Moulded Parts	1,364.56	1,090.27	1,010.54
4) Moulds and Dies	38.58	33.16	43.59
5) LED Luminaries	1,217.32	124.09	14.96
6) LED Integrated Passenger Information System	24.91	6.24	0.65
7) Others	307.71	246.52	212.58
Total Sale of Manufactured Goods	**10,489.71**	**8,635.07**	**7,540.84**
Traded Goods			
Moulds and Dies	282.30	315.75	277.63
LED Integrated Passenger Information System	7.15	0.20	-
Others	59.84	58.10	82.48
Total Sale of Traded Goods	349.30	374.05	360.11
GROSS SALE OF PRODUCTS	**10,839.01**	**9,009.12**	**7,900.95**

Operating Income

Our operating income comprises scrap sales; testing charges received; mould, dies and tool design and development charges; Government subsidy received; duty drawback received; rebate and discount received; difference in foreign exchange; segregation/ rework charges received; & packing and forwarding.

Other Income

Other income comprises of profit on sales of fixed assets, interest income, dividend received, sundry creditors written back, sundry balances written back and other non-operating income.

EXPENSES

Our expenses consist primarily of cost of raw materials and components consumed, purchase of stock-in-trade, employee benefits expenses and other expenses. The following table presents a breakdown of our total expenses for the periods indicated:

	Year ended March 31,		
	2016	**2015**	**2014**
	(in ₹ million)		
Cost of Raw Materials and Components Consumed	5,533.54	4,770.29	4,101.03
Purchase of Stock-in-Trade	255.85	238.66	226.77
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(66.91)	(32.56)	63.36
Employee Benefits Expenses	1,273.49	988.56	843.37
Finance Costs	157.80	120.48	144.52
Depreciation and Amortization Expense	331.20	307.23	217.90
Other expenses	1,612.63	1,262.28	1,086.23
Total Expenses	**9,097.60**	**7,654.94**	**6,683.19**

Cost of Raw Materials and Components Consumed

Cost of materials and components consumed is what is directly attributable to the manufacture of the finished products. The following table presents the particulars of our cost of raw materials and components consumed for the periods indicated:

	Year ended March 31,		
	2016	**2015**	**2014**
	(in ₹ million)		
Plastic Powder	1,908.64	1,788.65	1,489.46
Bulb	516.69	513.04	441.29
Wiring Harness	488.00	489.03	452.08
LED	332.43	38.68	-
Others	2,287.78	1,940.89	1,718.20
Total Cost of Raw Materials & Components Consumed	**5,533.54**	**4,770.29**	**4,101.03**

Purchase of Stock-in-Trade

Purchases of stock-in-trade are products that we acquire from our third party vendors (outsourced manufacturing) to sell to customers under our brand names.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Changes in inventories of finished goods, work-in-progress and stock-in-trade is the difference between the inventories at the beginning and end of the accounting period.

Employee benefit expense

Employee benefit expense comprises salaries and wages including superannuation benefits and welfare expenses.

Finance costs

Finance costs includes primarily interest expense on term loans and working capital loans. It also includes bank charges for executing various financial instruments and net loss on foreign currency transactions and translation.

Depreciation and Amortization expense

Depreciation and amortization expense is the apportionment of value of fixed assets – tangible or intangible over its useful life. Intangible assets being computer software is amortized over a period of 3 years and trademark and technical knowhow is amortized over a period of 5 years Decline in our profitability and/or estimated cash flows related to specific intangible assets, as well as potential changes in market valuations for similar assets and market discount rates may result in an impairment charge to our trademarks and other intangible assets.

Other expenses

Other expenses majorly includes power and fuel, packing expenses, consumption of stores &machinery spares, rent, selling & distribution expense, travel and conveyance, freight& shipping expenses .

SUMMARY RESULTS OF OPERATIONS

The following table presents our consolidated statement of profit and loss data for Financial Year 2016, Financial Year 2015 and Financial Year 2014 and as a percentage of total revenue for the corresponding periods.

	Year ended March 31,					
	2016		2015		2014	
	(in ₹ million, except percentage of total revenue)					
I. INCOME						
Gross Sales	10,839.01	109.58%	9,009.12	109.02%	7,900.95	109.56%
Less:- Excise Duty	1,048.51	10.60%	807.90	9.78%	739.35	10.25%
a) Net Sales	9,790.50	98.98%	8,201.22	99.24%	7,161.60	99.31%
b) Operating Income	91.10	0.92%	53.45	0.64%	43.09	0.59%
Revenue from Operations	9,881.60	99.90%	8,254.67	99.89%	7,204.69	99.91%
c) Other Income	9.70	0.09%	9.03	0.11%	6.66	0.09%
Total Revenue (A)	9,891.30	100%	8,263.70	100%	7,211.35	100%
II. EXPENSES						
a) Cost of Raw Materials and Components consumed	5,533.54	55.94%	4,770.29	57.72%	4,101.03	56.87%
b) Purchase of Stock-in-trade	255.85	2.58%	238.66	2.89%	226.77	3.14%
c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock in Trade	(66.91)	(0.67%)	(32.56)	(0.39%)	63.36	0.88%
d) Employee Benefits Expenses	1,273.49	12.87%	988.56	11.96%	843.37	11.70%
e) Finance Costs	157.80	1.60%	120.48	1.46%	144.52	2.00%
f) Depreciation and Amortization Expense	331.20	3.35%	307.23	3.72%	217.90	3.02%
g) Other Expenses	1,612.63	16.30%	1,262.28	15.27%	1,086.23	15.06%
Total Expenses (B)	9,097.60	91.97%	7,654.94	92.63%	6,683.19	92.68%
Profit before Tax	793.70	8.02%	608.76	7.36%	528.15	7.32%
Tax Expenses						
a) Current Tax Expense	199.94	2.02%	173.04	2.10%	122.43	1.70%
b) Deferred Tax Liability/ (Assets)	20.43	0.21%	10.97	0.13%	32.97	0.46%
Net Tax Expense	220.37	2.23%	184.01	2.23%	155.40	2.15%
PROFIT AFTER TAX FOR THE YEAR	573.33	5.80%	424.75	5.14%	372.75	5.17%

RESULTS OF OPERATIONS

Comparison of Financial Year 2016 to Financial Year 2015

Revenue

Our total revenue during the Financial Year 2016 was ₹9,891.30 million, which represented an increase of 19.69% over our total revenue during Financial Year 2015 of ₹8,263.70 million.

Revenue from operations

Our net revenue from operations in Financial Year 2016 was ₹9,881.60 million, which represented an increase of 19.70% over our net revenue from operations in Financial Year 2015 of ₹8,254.67million. The increase was primarily due to increase in our revenue from operations from LED business from ₹122.19 million in Financial Year 2015 to ₹1,180.60 million in Financial Year 2016.

Excise duty

We paid excise duty in Financial Year 2016 of ₹1,048.51 million, which represented an increase of 29.78% from excise duty paid in Financial Year 2015 of ₹807.89 million. This increase was primarily due to increase in sales and increase in excise duty on automotive products.

Other income

Our other income in Financial Year 2016 was ₹9.70 million, which represented an increase of 7.42% from our other income in Financial Year 2015 of ₹9.03 million. The increase was primarily due to increase in interest income on bank deposits and security deposits.

Expenses

Our total expenses in Financial Year 2016 were ₹9,097.60 million, which represented an increase of 18.85% over our total expenses in Financial Year 2015 of ₹7,654.94 million. However, as a percentage of total revenue, our total expenses decreased from 92.63% in Financial Year 2015 to 91.97% in Financial Year 2016.

Cost of materials consumed

Our cost of materials and components consumed was ₹5,533.54 million in Financial Year 2016, which represented an increase of 16% over our cost of materials consumed in Financial Year 2015 of ₹4,770.29 million. However, as a percentage of total revenue, our cost of materials consumed decreased from 57.72% in Financial Year 2015 to 55.94% in Financial Year 2016. Decrease in the cost of materials in Financial Year 2016 as a percentage of total revenue reflected due to decrease in raw material cost.

Purchases of stock-in-trade

Our purchases of stock-in-trade in Financial Year 2016 was ₹255.85 million, which represented an increase of 7.20% over our purchases of stock-in-trade in Financial Year 2015 of ₹238.66 million. As a percentage of total revenue, our purchases of stock-in-trade fell from 2.89% in Financial Year 2015 to 2.58% in Financial Year 2016.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Our changes in inventories of finished goods, work-in-progress and stock-in-trade in Financial Year 2016 was (₹66.91 million), which represented a decrease of 105.49% over our changes in inventories of finished goods, work-in-progress and stock-in-trade in Financial Year 2015 of (₹32.56 million). The decrease was primarily due to increase in finished goods and work in progress stock of LED segment products. As a percentage of total revenue, our expense from changes in inventories of finished goods, work-in-progress and stock-in-trade increased slightly from (0.39%) in Financial Year 2015 to (0.67%) in Financial Year 2016.

Employee benefit expense

Our employee benefit expense in Financial Year 2016 was ₹1,273.49 million, which represented an increase of 28.82% over our employee benefit expense in Financial Year 2015 of ₹988.56 million. The increase was due to increase in minimum wages in the State of Haryana from November 2015 from ₹5,890 per month to ₹7,600 per month and also increase is due to increase in minimum bonus from Financial Year 2016 as per the Payment of Bonus (amendment) Act, 2015. As a percentage of total revenue, our employee benefit expense grew from 11.96% in Financial Year 2015 to 12.87% in Financial Year 2016.

Finance costs

Our finance costs in Financial Year 2016 was ₹157.80 million, which represented an increase of 30.97% from our finance costs in Financial Year 2015 of ₹120.48 million. The increase was primarily due to increase in long term borrowings from banks.

Depreciation and amortization expense

Our depreciation and amortization expense in Financial Year 2016 was ₹331.20 million, which represented an increase of 7.80% over our depreciation and amortization expense in Financial Year 2015 of ₹307.23 million. The increase was due to investments in fixed assets due to expansion of our Tapukara manufacturing facility and setting up of our Ahmedabad manufacturing facility during the year by our Company.

Other expenses

Our other expenses in Financial Year 2016 were ₹1,612.63million, which represented an increase of 27.75% over our other expenses in Financial Year 2015 of ₹1,262.28 million. The increase was primarily due to additional provision for warranty amounting to ₹60.42 million for the supply of LED segment products. As a percentage of total revenue, our other expenses increased from 15.27% in Financial Year 2015 to 16.30% in Financial Year 2016.

Profit before tax

Our profit before tax in Financial Year 2016 was ₹793.70 million, an increase of 30.38% over our profit before tax in Financial Year 2015 of ₹608.76 million.

Net tax expense

Our net tax expense in Financial Year 2016 was ₹220.37 million, as compared to net tax expense in Financial Year 2015 of ₹184.01 million. Our effective tax rate in Financial Year 2016 and Financial Year 2015 remained stagnant at 2.23%.

Profit for the year

As a result of the foregoing, our profit for the year in Financial Year 2016 was ₹573.33 million, an increase of 34.98% over our profit before tax in Financial Year 2015 of ₹424.75 million.

Comparison of Financial Year 2015 to Financial Year 2014

Revenue

Our total revenue in Financial Year 2015 was ₹8,263.70 million, which represented an increase of 14.59% over our total revenue in Financial Year 2014 of ₹7,211.35 million.

Revenue from operations

Our net revenue from operations in Financial Year 2015 was ₹8,254.67 million, which represented an increase of 14.57% over our net revenue from operations of ₹7,204.69 million in Financial Year 2014.

The increase was primarily due to increase in sales in our automotive segment products to OEMs and increase in sales of our LED segment products from ₹14.60 million in Financial Year 2014 to ₹122.19 million in Financial Year 2015.

Excise duty

We paid excise duty in Financial Year 2015 of ₹807.89 million, which represented an increase of 9.27% over excise duty paid in Financial Year 2014 of ₹739.35 million. The increase in excise duty was on account of increase in sales of our automotive segment products and LED segment products.

Other income

Our other income in Financial Year 2015 was ₹9.03 million, which represented an increase of 35.79% over our other income in Financial Year 2014 of ₹6.65 million. The increase was primarily due to writing back of certain miscellaneous sundry creditors during Financial Year 2015.

Expenses

Our total expenses in Financial Year 2015 were ₹7,654.94 million, which represented an increase of 14.54% over our total expenses in Financial Year 2014 of ₹6,683.19 million. However, as a percentage of total revenue, our total expenses decreased slightly from 92.68% in Financial Year 2014 to 92.63% in Financial Year 2015.

Cost of materials consumed

Our cost of materials and components consumed was ₹4,770.29 million in Financial Year 2015, which represented an increase of 16.32% over our cost of materials consumed in Financial Year 2014 of ₹4,101.03 million. Our increased cost of materials in Financial Year 2015 primarily due to increase in raw material cost. As a percentage of total revenue, our cost of materials consumed increased slightly from 56.87% in Financial Year 2014 to 57.72% in Financial Year 2015.

Purchases of stock-in-trade (Traded goods)

Our purchases of stock-in-trade in Financial Year 2015 was ₹238.66 million, which represented an increase of 5.24% over our purchases of stock-in-trade in Financial Year 2014 of ₹226.77 million. As a percentage of total revenue, our purchases of stock-in-trade marginally reduced from 3.14% in Financial Year 2014 to 2.89% in Financial Year 2015.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Our changes in inventories of finished goods, work-in-progress and stock-in-trade decreased from ₹63.36 million in Financial Year 2014 to (₹32.56 million) in Financial Year 2015. The decrease was primarily due to increase in inventory of finished goods and work in progress of our automotive segment products and LED segment products. As a percentage of total revenue, our expense from changes in inventories of finished goods, work-in-progress and stock-in-trade decreased from 0.88% in Financial Year 2014 to (0.39%) in Financial Year 2015.

Employee benefit expense

Our employee benefit expense in Financial Year 2015 was ₹988.56 million, which represented an increase of 17.21% over our employee benefit expense in Financial Year 2014 of ₹843.37 million. The increase was mainly due to yearly increments of the employees of our Company. As a percentage of total revenue, however, our employee benefit expense was flat at 11.70% in Financial Year 2014 compared with 11.96% in Financial Year 2015.

Finance costs

Our finance costs in Financial Year 2015 were ₹120.48 million, which decreased by 16.63% over our finance cost in Financial Year 2014 of ₹144.52 million. This decrease was primarily due to repayment of existing bank loans with a high interest rate) and availed new loans with lower interest rates

Depreciation and amortization expense

Our depreciation and amortization expense in Financial Year 2015 was ₹307.23 million, which represented an increase of 40.99% over our depreciation and amortization expense in Financial Year 2014 of ₹217.90 million. The increase was primarily due to application of Schedule II of The Companies Act, 2013, which required our Company to revise the depreciation rates on certain fixed assets as per the revised useful life specified in Schedule II.

Other expenses

Our other expenses in Financial Year 2015 were ₹1,262.28 million, which represented an increase of 16.21% over our other expenses of ₹1,086.23 million in Financial Year 2014. The increase was primarily due to increase in expenditure on corporate social responsibility, advertisement, rent, travelling and conveyance expenses.

Profit before tax

Our profit before tax in Financial Year 2015 was ₹608.76 million, as compared to a profit before tax in Financial Year 2014 of ₹528.15 million.

Net tax expense

Our net tax expense in Financial Year 2015 was ₹184.01 million, as compared to a net tax expense in Financial Year 2014 of ₹155.40 million.

Profit for the year

As a result of the foregoing, our profit for the year in Financial Year 2015 was ₹424.75 million, an increase of 13.95% over our profit before tax in Financial Year 2014 of ₹372.75 million.

LIQUIDITY AND CAPITAL RESOURCES

We depend on both internal and external sources of liquidity to provide working capital and to fund capital requirements. We have historically funded our capital expenditures with internally generated funds, stock issuances and debt financing. We generally enter into long-term borrowings in the form of term loans from banks. As at March 31, 2016, we had cash and cash equivalents of ₹20.19 million.

CASH FLOWS

Our cash is generated by sales of our products that is used to fund investments and service loans and interest to our lending banks. The following table presents our consolidated net cash flows for the periods indicated.

	Year ended March 31,		
	2016	**2015**	**2014**
	(in ₹ million)		
Net cash flow from operating activities	1,219.14	821.03	767.56
Net cash used in investing activities	(1,081.43)	(586.34)	(406.58)
Net cash used in financing activities	(127.29)	(220.20)	(356.51)
Net increase (decrease) in cash and cash equivalents	10.42	14.50	4.46

Net cash from operating activities

Net cash from operating activities includes funds generated from our operating activities and net cash inflows or outflows from changes in operating assets and liabilities.

Net cash from operating activities for Financial Year 2016 was ₹1,219.14 million, primarily as a result of a net profit before tax of ₹793.70 million, as adjusted by a ₹331.20 million positive adjustment for depreciation and amortization, a ₹7.38 million negative adjustment for interest income and a ₹157.81 million positive adjustment for finance costs. Working capital adjustments increased operating cash flow primarily due to an increase in inventories of ₹147.41 million, an increase in trade and other receivables of ₹322.54 million, an increase in other current assets & loans and advances of ₹195.05 million, an increase in trade payables and other current liabilities of ₹791.41 million. Income tax paid amounted to ₹192.46 million for Financial Year 2016.

Net cash from operating activities for Financial Year 2015 was ₹821.03 million, primarily as a result of a net profit before tax of ₹608.76 million, as adjusted by a ₹307.23 million positive adjustment for depreciation and amortization and a ₹120.48 million positive adjustment for finance costs. Working capital adjustments decreased operating cash flow primarily due to an increase in inventories of ₹90.33 million, an increase in trade receivables of ₹101.89 million, an increase in other current assets & loans and advances of ₹20.58 million and an increase in other current liabilities of ₹135.45 million. Income tax paid amounted to ₹141.62 million for Financial Year 2015.

Net cash from operating activities for Financial Year 2014 was ₹767.56 million, primarily as a result of a net profit before tax of ₹528.15 million, as adjusted by a ₹217.89 million positive adjustment for depreciation and amortization and a ₹144.52 million for finance costs. Working capital adjustments decreased operating cash flow primarily due to a decrease in inventories of ₹63.20 million, an increase in trade receivables of ₹76.60 million, an increase in other current assets & loans and advances of ₹12.25 million and an increase in other current liabilities of ₹22.69 million. Income tax paid amounted to ₹117.39 million for Financial Year 2014.

Net cash used in investing activities

Net cash used in investing activities includes capital expenditure on fixed assets, including capital advances, proceeds from sale of fixed assets, investment in subsidiaries, loans given to and repaid by subsidiaries and others and interest received.

Net cash used in investing activities for Financial Year 2016 was ₹1,081.43 million, primarily on account of the purchase of fixed assets, including capital advances, of ₹1,094.31 million. Net cash used in investing activities for Financial Year 2016 was slightly offset by proceeds from the sale of fixed assets of ₹5.60 million and interest received of ₹7.38 million.

Net cash used in investing activities for Financial Year 2015 was ₹586.34 million, primarily on account of purchase of fixed assets, including capital advances, of ₹589.82million, which was offset in part by proceeds from the sale of fixed assets of ₹1.47 million and interests received on deposits of ₹2.01 million.

Net cash used in investing activities for Financial Year 2014 was ₹406.58 million, primarily on account of capital expenditure on fixed assets, including capital advances, of ₹476.62 million, which was offset in part by proceeds from the sale of fixed assets of ₹68.85 million and interest received of ₹1.19 million.

Net cash used in financing activities

Net cash used in financing activities includes net cash inflows and outflows from long-term, short-term and working capital borrowings, finance costs, dividends paid and taxes on dividends.

Net cash used in financing activities for Financial Year 2016 was ₹127.29 million. This primarily reflected finance costs of ₹181.42 million and payment of ₹143.55 million in dividends, proceeds from long term borrowings ₹705.33 million, repayment of long term borrowings of ₹318.89 million and decrease in short term borrowing of ₹160.42 million.

Net cash used in financing activities for Financial Year 2015 was ₹220.20 million. This reflected - an outflow towards finance costs of ₹128.63 million, proceeds from long term borrowings of ₹256.25 million, repayment of long term borrowings of ₹313.38 million and increase in short term borrowing of ₹50.89 million

Net cash used in financing activities for Financial Year 2014 was ₹356.51 million. This reflected an outflow towards finance costs of ₹143.08 million, proceeds from long term borrowings ₹139.28 million, repayment of long term borrowings ₹278.22 million and decrease in short term borrowing ₹11.03 million.

SELECTED BALANCE SHEET ITEMS

Fixed assets

Our fixed assets consist of our tangible assets, intangible assets and capital work-in-progress. Our total fixed assets after depreciation were ₹4,275.30 million, ₹3,390.88 million and ₹3,130.67 million as at March 31, 2016, 2015 and 2014, respectively.

Our tangible assets consist of land, buildings, plant and equipment, furniture and fixtures, vehicles and office equipment. Tangible assets increased by 7.03% from March 31, 2014 to March 31, 2015 and by 24.45% from March 31, 2015 to March 31, 2016, primarily as a result of investments in fixed assets due to expansion of our Tapukara manufacturing facility and setting up of our Ahmedabad manufacturing facility during the year by our Company.

Our intangible assets consist of our technical know-how, computer software and trademarks. Intangible assets decreased by 39.26% from March 31, 2014 to March 31, 2015 and by 18.34% from March 31, 2015 to March 31, 2016, primarily as a result of amortization of intangible assets as per the depreciation policy of our Company.

Our capital work-in-progress consists of expenditures against approved capital expenditure budgets. Capital work-in-progress increased by 15,848.28% from March 31, 2014 to March 31, 2015 and by 150.59% from March 31, 2015 to March 31, 2016, primarily as a result of investments in fixed assets due to expansion of our Tapukara manufacturing facility and setting up of our Ahmedabad manufacturing facility during the year by our Company.

Current assets and current liabilities

The following table presents our current assets and current liabilities as at the dates indicated.

	As at March 31,		
	2016	2015	2014
	(in ₹ million)		
Current assets			
Inventories	661.30	513.89	423.56
Trade receivables	1,186.04	867.55	767.55
Cash and Bank Balances	45.24	34.38	20.22
Short-term Loans and Advances	208.87	123.80	145.26
Other current Assets	9.60	4.48	7.62
Total current assets	**2,111.05**	**1,544.10**	**1,364.23**
Current liabilities			
Short-term borrowings	182.98	343.40	292.52
Trade payables	1,507.73	882.21	778.44
Other current liabilities	790.31	581.61	546.77
Short-term provisions	83.06	122.32	98.48
Total current liabilities	**2,564.09**	**1,929.54**	**1,716.21**

Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories was ₹661.30 million, ₹513.89 million and ₹423.56 million as at March 31, 2016, 2015 and 2014, respectively. Our inventories consist of raw materials and components, raw materials and components in transit, work-in-progress, finished goods, stock-in-trade (mould, tools and dies), stock-in-trade (others), stores and spares (including packaging material) and stores and spares (including packaging material) in transit. The following table presents our inventories as at the dates indicated.

	As at March 31,		
	2016	2015	2014
	(in ₹ million)		
Raw Materials and Components	354.03	284.07	232.28
Raw Materials and Components in Transit	16.29	9.94	7.37
Work-in-progress	82.12	89.68	50.48
Finished goods	153.78	98.55	109.16
Stock-in-Trade (Mould, Tools and Dies)	29.33	6.08	2.35
Stock-in-Trade (Others)	3.43	7.43	7.18
Stores and Spares (including packaging material)	21.89	17.41	14.53
Stores and Spares (including packaging material) in Transit	0.42	0.73	0.19
Total inventories	**661.30**	**513.89**	**423.56**

Trade receivables

Trade receivables consist primarily of outstanding amounts from customers. Our trade receivables amounted to ₹1,186.04 million, ₹867.55 million and ₹767.55 million as at March 31, 2016, 2015 and 2014, respectively.

Cash and Bank Balances

We hold our cash and bank balances. Our cash and bank balances amounted to ₹45.22 million, ₹34.38 million and ₹20.22 million as at March 31, 2016, 2015 and 2014, respectively.

Short-term loans and advances

Our short-term loans and advances amounted to ₹208.87 million, ₹123.80 million and ₹145.26 million as at March 31, 2016, 2015 and 2014, respectively. Our short-term loans and advances consist primarily of MAT credit entitlement, advances for goods other than capital goods and balance with sales tax department. The increase in our short-term loans and advances from March 31, 2014 to March 31, 2016 was primarily on account of increase in advances for goods other than capital goods and increase in balance with customs and excise departments.

Other current assets

Our other current assets consist of primarily interest accrued on deposits and subsidy and export incentive receivables and dues from debtors other than goods and services. Other current assets amounted to ₹9.60 million, ₹4.48 million and ₹7.62 million as at March 31, 2016, 2015 and 2014, respectively. The increase in our other current assets from March 31, 2015 to March 31, 2016 was primarily on account of increase in sales tax subsidy receivables for our Tapukara manufacturing facility, whereas our other current assets decreased from March 31, 2014 to March 31, 2015 primarily on account of decrease in dues from debtors other than goods and services and decrease in sales tax subsidy receivables for our Tapukara manufacturing facility.

Short-term borrowings

We utilize short-term borrowings from a working capital facility. Short-term borrowings amounted to ₹182.98 million, ₹343.40 million and ₹292.52 million as at March 31, 2016, 2015 and 2014, respectively.

Trade payables

Our trade payables consist of amounts due to our suppliers. Trade payables amounted to ₹1,507.73 million, ₹882.21 million and ₹778.44 million as at March 31, 2016, 2015 and 2014, respectively. The increase in trade payables was mainly due to increase in purchase of raw materials and increase in the credit period from some of our suppliers.

Other current liabilities

Other current liabilities amounted to ₹790.31 million, ₹581.61 million and ₹546.77 million as at March 31, 2016, 2015 and 2014, respectively. The increase in other current liabilities from March 31, 2014 to March 31, 2016 was primarily on account of increase in creditor for capital expenditure from ₹29.04 million in Financial Year 2014 to ₹168.44 million in Financial Year 2016 and increase in advance from customers from ₹65.88 million in Financial Year 2014 to ₹120.65 million in Financial Year 2016.

Short-term provisions

Our short-term provisions comprise mainly amounts provided for various contractual obligations, provision for proposed dividend and provision for taxation. Short-term provisions amounted to ₹83.06 million, ₹122.32 million and ₹98.48 million as at March 31, 2016, 2015 and 2014, respectively.

Long-term borrowings

Our total long-term borrowings were ₹908.52 million, ₹514.67 million and ₹579.56 million as at March 31, 2016, 2015 and 2014, respectively. Our long-term borrowings consist of secured loans from commercial banks.

Most of our financing arrangements are secured by fixed charges on our movable and immovable assets. Some of our financing agreements and debt arrangements set limits on or require us to obtain consents from lenders before, among other things, undertaking certain projects, issuing new securities, changing our business, merging, consolidating, selling significant assets or making certain acquisitions or investments. These restrictive covenants may also affect some of the rights of our shareholders and our ability to pay dividends if we are in breach of our obligations under the applicable financing agreement. In addition, one of our lenders also has the right to nominate a director on our Board during the term of the credit facility. Further, certain of our financing arrangements include financial covenants. In the event that we breach any of these covenants, the outstanding amounts due under such financing agreements could become due and payable immediately. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately.

INTEREST COVERAGE

The following tables presents our interest coverage ratio, which is the total of profit before tax and interest costs divided by interest and other borrowing costs as at the dates indicated.

	As at March 31,		
	2016	**2015**	**2014**
Interest coverage ratio	6.03	6.05	4.65

CONTINGENT LIABILITIES

The following table presents our contingent liabilities on a consolidated basis as at the dates indicated.

	As at March 31,		
	2016	2015	2014
	(in ₹ million)		
Claims against our Company/ disputed liabilities not acknowledged as debts			
Income Tax	82.73	61.75	62.87
Custom Duty	4.34	9.95	4.98
Excise Duty & Service Tax	13.23	4.61	2.46
Sales Tax	21.43	2.79	0.69
Liability in respect of bills of exchange discounted from banks	307.14	275.86	218.79
Total Contingent Liabilities	**428.87**	**354.96**	**289.79**

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our business activities subject us to risks associated with changes in foreign exchange rates and fluctuations in interest rates. To minimize our exposure to these risks, we enter into financial derivative transactions from time to time for periods and in amounts consistent with our underlying exposure to risk. We do not enter into derivative transactions for arbitrage or speculative purposes.

Foreign Exchange Risk

We are exposed to fluctuations in the exchange rates of certain currencies against the Rupee, our functional and reporting currency. Our sales are primarily denominated in Rupees and our operating costs and capital expenditures are denominated in Rupees. Our largest foreign currency denominated expenses are for the import of raw materials, finished goods and capital goods, which are primarily denominated in U.S. Dollars and Euros.

Interest Rate Risk

We are exposed to interest rate risk primarily as a result of term loans from banks that are subject to floating rates of interest, which exposes us to market risk as a result of changes in interest rates. Upward fluctuations in interest rates would increase the cost of new debt and interest cost of outstanding variable rate borrowings. In addition, any increase in interest rates could adversely affect our ability to service long-term debt, which would in turn adversely affect our results of operations.

From time to time we may manage our interest rate exposure through the use of treasury locks, interest rate swaps and cross-currency swaps to reduce volatility of cash flows, impact on earnings, and to lower our cost of capital. See the section titled "*Risk Factors*" of this Placement Document.

Commodity Price Risk

We are subject to market risks related to the volatility in the price of raw materials. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including demand for these raw materials, changes in the economy, worldwide production levels, worldwide inventory levels and disruptions in the supply chain. If commodity prices were to increase, we would have to choose between passing on such increases to customers through our prices, which may reduce our competitiveness, and bearing such increased costs ourselves, which could reduce our net income. If any of these events were to occur, our results of operations and financial condition may be adversely affected.

Inflation

According to the Department of Economic Affairs of the Ministry of Finance, India's average headline inflation as measured in terms of wholesale price index has generally decreased from 7.4% in Financial Year 2013, 6% in Financial Year 2014 to 2% in Financial Year 2015. In periods of high rates of inflation, our costs, such as operating expenses, may increase, which could have an adverse effect on our results of operations. Inflation may also have a bearing on overall interest rates, which may adversely affect our finance costs.

Credit Risk

Financial instruments that potentially subject us to concentrations of credit risk consist principally of cash equivalents, accounts receivables from others and bank deposits. By their nature, all such financial instruments involve risk, including the credit risk of non-performance by counterparties.

Our cash equivalents, bank deposits and restricted cash are invested with banks with high investment grade credit ratings. Accounts receivable are typically unsecured and are derived from revenue earned from our customers.

We believe there is not a significant risk of loss beyond the amounts provided for in our financial statements in the event of non-performance by the counter parties to these consolidated financial instruments.

Changes in accounting policies during the last three years and their effect on the profits and reserves of our Company

There were no changes in the accounting policies of our Company during the last three years other than as required under applicable laws.

RECENT FINANCIAL PERFORMANCE

The following discussion of our Company's results of operations is based on the Unaudited Interim Financial Results of our Company for the three months ended June 30, 2016. The Unaudited Interim Financial Results for the three months ended June 30, 2015 are not necessarily indicative of results of operations that may be expected for the full year and do not reflect the financial results of the Group for the same periods. References to "we" and "our" in this section are to Fiem Industries Limited.

Summary Results of Operations

The following table presents our standalone statement of profit and loss data for the periods indicated.

	Three months ended June 30,			
	2016		**2015**	
	(in ₹million, except percent of Total Income from Operations (Net))			
INCOME FROM OPERATIONS				
a) Net Sales/ Income from operations (Net of Excise Duty)	2415.27	98.51%	2018.91	99.25%
b) Other operating income	36.55	1.49%	15.28	0.75%
Total Income from operations (Net)	2451.82	100%	2034.19	100%
EXPENSES				
a) Cost of materials consumed	1475.21	60.17%	1214.15	59.69%
b) Purchase of Stock-in-trade	29.01	1.18%	30.92	1.52%
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(146.78)	(5.99%)	(55.86)	(2.75%)
d) Employee benefit expenses	360.13	14.69%	271.86	13.36%
e) Depreciation and amortization expenses	93.89	3.83%	78.23	3.84%
f) Other Expenses	421.53	17.19%	326.93	16.07%
Total Expenses	2233.01	91.07%	1866.23	91.74%
Profit from Operations before Other Income, Finance Costs and Exceptional Items	218.82	8.92%	167.96	8.25%
Other Income	1.41	0.06%	3.48	0.17%
Profit from Ordinary Activities before Finance Costs and Exceptional Items	220.23	8.98%	171.44	8.43%
Finance Costs	54.72	2.23%	31.12	1.53%
Profit from Ordinary Activities after Finance Costs but before Exceptional Items	165.51	6.75%	140.32	6.89%
Exceptional Items	-	-	-	-
Profit from Ordinary Activities before Tax	165.51	6.75%	140.32	6.89%
Tax Expense	50.94	2.08%	45.08	2.21%
Net Profit from Ordinary Activities after Tax	114.57	4.67%	95.24	4.68%
Extraordinary Items (net of tax expenses)	-	-	-	-
NET PROFIT FOR THE PERIOD	**114.57**	**4.67%**	**95.24**	**4.68%**

Comparison of the three months ended June 30, 2016 to June 30, 2015

Total Income from Operations (Net)

Our total income from operations (net) in the three months ended June 30, 2016 was ₹2451.82 million, which represented an increase of 20.53% over our total income from operations (net) in the three months ended June 30, 2015 of ₹2034.19 million.

Net Sales from Operations

Our net sales from operations in the three months ended June 30, 2016 was ₹2415.27 million, which represented an increase of 19.63% over our net sales in the three months ended June 30, 2015 of ₹2018.91 million. The increase in net sales from operations was primarily due to increase in sales of our automotive segment products to OEM customers.

Other operating income

Our other operating income in the three months ended June 30, 2016 was ₹36.55 million, which represented an increase of 139.20% from our other operating income in the three months ended June 30, 2015 of ₹15.28 million.

Expenses

Our total expenses in the three months ended June 30, 2016 was ₹2,233.01 million, which represented an increase of 19.65% from our total expenses in the three months ended June 30, 2015 of ₹1,866.23 million. As a percentage of total revenue, our total expenses were relatively flat at 91.74% in the three months ended June 30, 2015 and 91.07% in the three months ended June 30, 2016.

Cost of materials consumed

Our cost of materials consumed was ₹1,475.21 million in the three months ended June 30, 2016, which represented an increase of 21.50% from our cost of materials consumed in the three months ended June 30, 2015 of ₹1,214.15 million. As a percentage of total revenue, our cost of materials consumed increased from 59.69% in the three months ended June 30, 2015 to 60.17% in the three months ended June 30, 2016. The increase in cost of materials consumed was primarily due to a marginal increase in the raw material cost.

Purchases of stock-in-trade

Our purchases of stock-in-trade in the three months ended June 30, 2016 was ₹29.01 million, which represented a decrease of 6.17% from our purchases of stock-in-trade in the three months ended June 30, 2015 of ₹30.92 million. As a percentage of total revenue, our purchases of stock-in-trade decreased from 1.52% in the three months ended June 30, 2015 to 1.18% in the three months ended June 30, 2016.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Our expense from changes in inventories of finished goods, work-in-progress and stock-in-trade in the three months ended June 30, 2016 was (₹146.78 million), which represented a decrease of 162.76% from our expense from changes in inventories of finished goods, work-in-progress and stock-in-trade in the three months ended June 30, 2015 of (₹55.86 million). As a percentage of total revenue, changes in inventories of finished goods, work-in-progress and stock-in-trade increased from (2.75%) in the three months ended June 30, 2015 to (5.99%) in three months ended June 30, 2016.

Employee benefit expense

Our employee benefit expense in the three months ended June 30, 2016 was ₹360.13 million, which represented an increase of 32.47% from our employee benefit expense in the three months ended June 30, 2015 of ₹271.86 million. The increase in employee benefit expense was primarily due yearly increments of our employees. As a percentage of total revenue, our employee benefit expense increased from 13.36% in the three months ended June 30, 2015 to 14.69% in the three months ended June 30, 2016.

Depreciation and amortization expense

Our depreciation and amortization expense in the three months ended June 30, 2016 was ₹93.89 million, which represented an increase of 20.01% from our depreciation expense in the three months ended June 30, 2015 of ₹78.23 million. The increase in depreciation expense was primarily due to investments in fixed assets due to expansion of our Tapukara manufacturing facility and our Ahmedabad manufacturing facility during the said quarter by our Company.

Other expenses

Our other expenses in the three months ended June 30, 2016 was ₹421.53 million, which represented an increase of 28.93% from our other expenses in the three months ended June 30, 2015 of ₹326.93 million. The increase in other expenses was primarily due to a marginal increase in selling and distribution expense related to LED segment.

Other income

Our other income in the three months ended June 30, 2016 was ₹1.41 million, which represented a decrease of 59.48% from our other income in the three months ended June 30, 2015 of ₹3.48 million. The decrease in other income was primarily decrease in interest income.

Finance cost

Our finance cost in the three months ended June 30, 2016 was ₹54.72 million, which represented increase of 75.84% from our finance cost in three months ended June 30, 2015 of ₹31.12 million. The increase in finance cost was primarily a result of increase in term loans from banks and stoppage of interest capitalization for our Ahmedabad manufacturing facility due to commencement of commercial production in January 2016.

Tax expense

Our tax expense in the three months ended June 30, 2016 was ₹50.94 million, which represented an increase of 12.99% from our tax expense in the three months ended June 30, 2015 of ₹45.08 million. The increase in tax expense is proportional to the increase in profit before tax which was ₹140.32 million in the three months ended June 30, 2015 to ₹165.51 million in the three months ended June 30, 2016 i.e increase of 17.95%.

Net Profit

As a result of the foregoing, our net profit for the three months ended June 30, 2016 was ₹114.57 million, which represented an increase of 20.29% from our profit before tax in the three months ended June 30, 2015 of ₹95.24 million.

MATERIAL DEVELOPMENTS

In the opinion of our board of directors, other than as described in this Placement Document, there has not arisen, since the date of the last financial statements included in this Placement Document, any circumstances that materially and adversely affect our profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government and other regulatory bodies that are applicable to our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. The statements below are based on the current provisions of Indian law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Regulations Pertaining to Auto Component Manufacturing

The National Auto Policy

The National Auto Policy, 2002, as amended ("**National Auto Policy**") was introduced by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, GoI in March 2002. It recognizes the need to provide direction to the growth and development of the automotive industry with the aim, among others, to promote a globally competitive automotive industry, emerge as a global source for auto components, ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry, to encourage modernization of the industry and facilitate indigenous design, research and development and to develop domestic safety and environmental standards at par with international standards. This policy seeks to set out the direction of growth for the industry and promote research and development therein so as to ensure continuous technology upgradation as well as building up of better designing capacities.

The Automotive Mission Plan, 2006-2016

The Ministry of Heavy Industries and Public Enterprises, GoI released the Automotive Mission Plan ("**AMP**"), 2006-2016 in December 2006. This plan contained recommendations of the Task Force of the Development Council on automobile and allied industries constituted by the GoI. For the promotion of exports in the auto component sector, among other things, it recommends the creation of special automotive component parks and virtual special economic zones, which would enjoy certain exemptions on sales tax, excise and customs duty, as well as certain tax exemptions and concessions in relation to promotion of research and development in the automotive sector. The Automotive Mission Plan recommends a detailed intervention in order to promote export, expand domestic demand, favourable tariff policy, increase in investment in the automobile sector and provision of inspection and certification systems among other things. In all these, the role of the Government is of facilitating infrastructure creation, promoting the country's capabilities, creating a favourable and predictable business environment, attracting investments and promoting research and development. The role of industry is primarily of designing and manufacturing products of world- class quality standards, establishing cost competitiveness, improving productivity of both labour and capital, achieving scale and research and development enhancing capabilities as well as showcasing India's products in potential markets.

The GoI aims to make automobiles manufacturing the main driver of 'Make in India' initiative, as it expects passenger vehicles market to triple to 9.4 million units by 2026, as highlighted in the AMP 2016-2026, which as of this date, is expected to be launched shortly. The vision of AMP 2016-2026 is that the Indian automotive industry will be among the top three in the world in engineering, manufacture and export of vehicles and components and will encompass safe, efficient and environment friendly conditions for affordable mobility of people and transportation of goods comparable with global standards. AMP 2016-2026 envisages growth in the auto sector in value exceeding 12% of India's GDP and generating an additional 65 million jobs.

Research and Development Cess Act, 1986

The Research and Development Cess Act, 1986, as amended ("**R&D Act**") is a statute to provide for the levy and collection of a cess on all payments made for the import of technology for the purpose of encouraging the commercial application if indigenously developed technology and for adapting imported technology to wider domestic application. The R&D Act mandates payment of cess, at a rate not exceeding 5% on all payments made towards the import of technology, as the Central Government may notify for the purpose. In the event such cess is not paid on or before making payments towards import of technology, the Technology Development Board, may impose on our company or entity a penalty not exceeding ten times the amount of cess unpaid

Labour Laws

We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, Industries (Development and Regulation) Act, 1951, Industrial Disputes Act, 1947, the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Minimum Wages Act, 1948, the Payment of Wages Act, 1948, the Payment of Bonus Act, 1965, Employees Compensation Act, 1923, Contract Labour (Regulation and Abolition) Act, 1970 and the Maternity Benefit Act, 1961, as amended.

Employees' Provident Funds and Miscellaneous Provisions Act, 1952 ("the EPFMP Act")

The EPFMP Act is applicable to the establishment employing more than 20 employees and as notified by the Government from time to time. All the establishments under the EPFMP Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPFMP Act, the employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund.

The Ministry of Labour and Employment ("**MLE**"), GoI has, with effect from September 1, 2014, brought into force several important amendments to the schemes framed under the EPFMP Act, i.e. (i) the Employee Provident Fund Scheme, 1952 ("**EPF**"), Employees' Pension Scheme, 1995 ("**EPS**") and the Employees' Deposit Linked Insurance Scheme, 1976 ("**EDLI**"). The key amendments are as below:

a. the statutory wage ceiling under the EPF, EPS and EDLI has been increased from ₹6,500 to ₹15,000 per month.
b. for the financial year 2014-15, the minimum pension is fixed at ₹1,000 per month for the members of the EPS or their nominee / widow, etc.
c. effective September 1, 2014, all new EPF members shall not become a member of EPS, if their pay is more than ₹15,000 per month at the time of joining. In other words, no allocation towards pension fund will be made for such new members and the entire employee and employer contribution will go to the provident fund account.
d. the insurance benefit under the EDLI has been increased by 20% in addition to the existing admissible benefits.

Employees' State Insurance Act, 1948 (the "ESI Act")

All the establishments to which the ESI Act applies are required to be registered under the ESI Act with the Employees State Insurance Corporation. This Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

As per the Employees State Insurance (Amendment) Act, 2010 wherein the following provisions were inserted:

a. the scope the definition of "dependent" was widened to include legitimate or adopted son who has not attained the age of twenty five years.
b. the definition of employee now includes apprentices appointed under standing orders but excludes only the apprentices appointed under the Apprentices Act 1961.
c. the distinction of segregating factories into 2 categories has been removed and all those factories are covered if they employ ten or more persons irrespective whether run with power or without power.
d. the limit of funeral expenses has been revised to ₹10,000.

Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947, as amended provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the conciliation officer may settle such dispute or the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen. The basic objectives of the Industrial Disputes Act, 1947 are:

a. to provide a suitable machinery for the just, equitable and peaceful settlement of industrial disputes.
b. to promote measures for securing and preserving amity and good relations between employers and employees.
c. to prevent illegal strikes and lockouts.
d. to provide relief to workers against layoffs, retrenchment, wrongful dismissal and victimization.
e. to promote collective bargaining.
f. to ameliorate the conditions of workers.
g. to avoid unfair labour practices.

The above act provides for the statutory machinery for conciliation and adjudication of industrial disputes such as conciliation officers, a board of conciliation, courts of inquiry, labour courts, industrial tribunals, etc.

The MLE, GoI, promulgated a Notification on September 15, 2010, known as the Industrial Disputes (Amendment) Act, 2010, which has brought into force several amendments, considered as key to the functioning of this legislation. In brief, some of the key amendments are as below:

a. the wage ceiling of a workman under the legislation has been increased from ₹1,600 per month to ₹10,000 pet month.
b. new provisions have been added which enable the individual workman, who has been retrenched or dismissed and who raises the dispute before the conciliation officer, to now directly make an application to the labour court / industrial tribunal for adjudication of his dispute after a lapse of 45 days from the date of making an application to the conciliation officer.
c. after section 9B of the principal act, for chapter IIB, a new chapter IIB has been substituted which clearly provides for every industrial establishment employing more than 20 workmen, to constitute a Grievance Redressal Committee, fixing a thirty day time limit for the redressal of the grievance.

The Factories Act, 1948

The Factories Act, 1948, as amended ("**Factories Act**") seeks to regulate the employment of workers in factories and makes provisions for the health, safety and welfare of the workers while at work in the factory including requiring adequate maintenance of plant, systems and other places of work, and provision of adequate training and supervision. The Factories Act defines a 'factory' to be any premises which employs 10 or more workers on any day of the preceding 12 months and in which a manufacturing process is carried on with the aid of power, or a premises where there are at least 20 workers who are engaged in a manufacturing process without the aid of power. Each State Government has set out rules in respect of the prior submission of plans, their approval for the registration of the establishment, and licensing of factories.

Workmen's Compensation Act, 1923

Workmen's Compensation Act, 1923, as amended, provides for payment of compensation to workmen in case of injury by accident (including certain occupational disease) arising out of and in the course of his employment and resulting in disablement or death. The Workmen's Compensation Act is applicable to persons employed in any capacity as is specified therein and includes persons employed in the construction, maintenance or repair of any road, bridge, dam etc.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended provides a framework for State Governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance, or a basic rate of wages and the cash value of concessions in respect of supplies of essential commodities, or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate Government.

The Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961, as amended provides that a woman who has worked for at least 80 days in the 12 months preceding her expected date of delivery, is eligible for maternity benefits. Under the Maternity Benefit Act, a woman working in a factory may take leave for six weeks immediately preceding her scheduled date of delivery and for this period of absence she must be paid maternity benefit at the rate of the average daily wage. The maximum period during which a woman shall be paid maternity benefit is 12 weeks.

Women entitled to maternity benefit are also entitled to a medical bonus ₹2,500, if no prenatal and post-natal care has been provided free of charge by the employer.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, ("**CLRA**") requires establishments that employ or have employed on any day in the preceding 12 months, 20 or more workmen as contract labour to be registered. The CLRA places an obligation on the principal employer of an establishment to which the CLRA applies to make an application for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities, provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. A person in contravention of the provisions of the CLRA may be punished with a fine or imprisonment, or both.

The Payment of Wages Act, 1936

The Payment of Wages Act, 1936, as amended, is aimed at regulating the payment of wages to certain classes of persons employed in certain specified industries and to ensure a speedy and effective remedy for them against illegal deductions or unjustified delay caused in paying wages to them. It contains provisions in relation to, *inter alia*, the responsibility for payment of wages, fixing of wage periods, time of payment of wages, and maintenance of registers and records. It applies to the persons employed in a factory, industrial or other establishment or in a railway, either directly or indirectly, through a sub-contractor. Further, the Payment of Wages Act is applicable to employees drawing wages up to ₹18,000 per month. The GoI is responsible for enforcement of the Act in railways, mines, oilfields and air transport services, while the State Governments are responsible for it in factories and other industrial establishments.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965, as amended provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due. The minimum bonus to be paid to each employee is the higher of 8.33% of the annual salary or wage or ₹100, whichever is higher.

On December 31, 2015, the President of India gave his assent to the Payment of Bonus (Amendment) Act, 2015, which is to have retrospective effect from April 1, 2014. Apart from the arrears payable to workmen post the amendment, the key amendments are as below:

a. more workers shall be eligible for a bonus by raising the eligibility limit of employees to those drawing ₹21,000 per month from ₹10,000.
b. the limit for monthly bonus calculation has been doubled from ₹3,500 to ₹7,000.

The Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended ("**Gratuity Act**"), an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹3,50,000.

An employee in a factory is said to be 'in continuous service' for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning.

Environmental Laws

The Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 ("**EPA**") is an umbrella legislation designed to provide, a framework for the Government to co-ordinate the activities of various central and state authorities established under other laws, such as Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") and the Air (Prevention and Control of Pollution) Act, 1981 ("**Air Act**"). The EPA vests the Government with various powers including the power to formulate rules prescribing standards for emission of discharge of environment pollutants from various sources, as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery, and examination of processes and materials likely to cause pollution.

The EPA provides for the protection and improvement of the environment and for matters connected therewith, including without limitation the standards of quality of air, water or soil for various areas and purposes, the maximum allowable units of concentration of various environmental pollutants, procedure for handling of hazardous substances, the prohibition and restrictions on the location of industries and the carrying on of processes and operations in different areas. Among other things, these laws regulate the environmental impact of construction and development activities, emission of air pollutants and discharge of chemicals into surrounding water bodies. These various environmental laws give primary environmental oversight authority to the Ministry of Environment and Forest ("**MoEF**"), the Central Pollution Control Board and the State Pollution Control Board **(**"**SPCB**"). Penalties for violation of the EPA include fines up to ₹1,00,000 or imprisonment of up to 5 years, or both.

The Water Act

The Water Act mandates that the previous consent of the SPCB be taken before establishing any industry, operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewages or trade effluents into a stream or well or sewer or on land; or bring into use any new or altered outlet for the discharge of sewage; or begin to make any new discharge of sewage. In addition, a cess is payable under the Water (Prevention and Control of Pollution) Cess Act, 1977 by a person carrying on any specified industry. The person in charge is to affix meters of prescribed standards to measure and record the quantity of water consumed. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

The Air Act

The Air Act was enacted for the prevention, control and abatement of air pollution. The State Government may declare any area as air pollution control area and the previous consent of the SPCB is required for establishing or operating any industrial plant in such an. Further, no person operating any industrial plant, in any air pollution control area is permitted to discharge any air pollutant in excess of the standard laid down by the SPCB. The persons managing industry are to be penalized if they produce emissions of air pollutants in excess of the standards laid down by the SBCB. The SPCB also makes applications to the court for restraining persons causing air pollution. Whoever contravenes any of the provisions of the Air Act or any order or direction issued is punishable with imprisonment for a term which may extend to 3 months or with a fine of ₹10,000 or with both, and in case of continuing offence with an additional fine which may extend to ₹5,000 for every day during which such contravention continues after conviction for the first contravention.

Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) ("**HWM**") Rules, 1989, as amended up to 2008 allocate the responsibility of the occupier and operator of the facility that treats hazardous wastes to collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. Moreover, the occupier and the operator must take steps to ensure that persons working on the site are given adequate training and equipment for performing their work. Hazardous wastes can be collected, treated, stored and disposed of only in such facilities as may be authorised for this purpose. The occupier is liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste and any fine that may be levied by the respective SPCB.

On April 4, 2016, the MoEF published, in the Official Gazette, the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, which, has included along with hazardous waste, the category of 'other waste' to be regulated under the HWM Rules as well. In exercise of powers confirmed by sections 6, 8 and 25 of the EPA, the GoI, on July 6, 2016, made amendments to the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016, that allows companies located in SEZs to import solid plastic waste.

Intellectual Property Laws

The Patents Act, 1970

The Patents Act, 1970, as amended ("**Patents Act**") provides for the grant of patents to protect the legal rights tied to the intellectual property in inventions. A patent gives the holder of the patent the right to prevent others from exploiting the patented invention commercially in the country where the patent has been granted. In order for a patent to be granted to an invention, it must be novel, have an inventive step and should be capable of industrial application. Under the Patents Act, it is possible to obtain patents for both products and processes and also to obtain patents of addition in respect of any improvements or modifications to an invention already patented. Chapter II of the Patents Act sets out inventions that are not patentable. The form and manner of application for patents is set out under Chapter III and Chapter VIII deals with the grant of patents. Patents obtained in India are valid for a period of 20 years from the date of filing the application.

Indian Copyright Act, 1957

The Indian Copyright Act, 1957, as amended ("**Copyright Act**") provides for registration of copyrights, transfer of ownership and licensing of copyrights, and infringement of copyrights and remedies available in that respect. The Copyright Act affords copyright protection to original literary, dramatic, musical, or artistic works, cinematograph films, and sounds records. Once registered, copyright protection lasts for 60 years from the death of the author, subsequent to which the work falls in the public domain and any act of reproduction of the work by any person other than the author would not amount to infringement. The remedies available in the event of infringement of copyright include civil proceedings for damages, account of profits, injunction and the delivery of infringing copies to the copyright owner, as well as criminal remedies, including imprisonment of the accused and imposition of fines and seizure of infringing copies. While copyright registration is not a prerequisite for acquiring or enforcing a copyright, registration creates a presumption favouring ownership of the copyright by the registered owner.

The Trade Marks Act, 1999

The Trade Marks Act, 1999, as amended ("**Trademarks Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registerable under the Trademarks Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trademarks are absolutely prohibited, including trademarks that are not distinctive and which consist exclusively of marks or indications which may serve in trade to designate / indicate the kind, quality, quantity, intended purpose, values, geographic origin, or the theme of production of the goods.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for 10 years unless cancelled. If not renewed after 10 years, the mark lapses and the registration for such mark has to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is *prima facie* regarded as the owner of the mark by virtue of the registration obtained.

Anti-Trust Laws

Competition Act, 2002

The Competition Act, 2002, as amended ("**Competition Act**") aims to prevent anti-competitive practices that cause or are likely to cause and appreciable adverse effect on competition in the relevant market in India. The Act prohibits anti-competitive agreements, abuse of dominant position and regulates combinations (mergers and acquisitions) with a view to ensure that there is no adverse effect on competition in India. The Competition Act, although enacted in 2002, is being brought into force in a phased manner. Provisions relating to anti-competitive agreements and abuse of dominant position were brought into force with effect from May 20, 2009 and thereafter the Competition Commission of India ("**CCI**") became operational from May 20, 2009. The provisions of the Competition Act relating to regulation of combinations have been enforced with effect from June 1, 2011.

Under the Competition Act, the CCI has powers to pass directions / impose penalties in cases of anti-competitive agreements, abuse of dominant position and combinations, provided the penalty is not more than 10% of the average turnover for the last three preceding Financial Years. In the event of failure to comply with the orders or directions of the CCI, without reasonable cause, such person is punishable with a fine extending to ₹1,00,000 for each day of such non-compliance, subject to a maximum of ₹10,00,00,000.

Where the contravention committed by the company took place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such person is liable to be punished. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

Under the Competiton Act, the GoI is required to enhance or reduce the financial thresholds triggering a pre-merger notification before the Competition Commission, every two years on the basis of the wholesale price index or fluctuations in the exchange rate of rupee of foreign currencies. The thresholds provided in section 5 of the Competition Act, for a combination triggering the requirement of filing the notice with the CCI, were increased vide notification on March 4, 2011, with a view to providing relief to certain entities from filing notifications with the CCI. With a view to continue these relaxations, the MCA had issued a notification dated March 4, 2016 to increase the thresholds provided under section 5 of the Competition Act by 100%. Thus effectively, only those mergers where combined Indian assets are worth over ₹2000 crore or total Indian turnover is more than ₹6000 crore, would require prior approval of the CCI.

Indirect Tax Laws

Central Excise Act, 1944

Excise duty is levied on production of goods but the liability of excise duty arise only on removal of goods from the place of storage, i.e., factory or warehouse. Unless specifically exempted, excise duty is levied even if the duty was paid on the raw material used in production. The GoI has the power to exempt certain goods from excise duty by notification. Rule 9 of the Central Excise Rules, 2002 provides for registration by every producer or manufacturer of excisable goods before the Central Board of Excise and Customs. Rule 12 further provides for filing of a monthly return by every assesse to the Superintendent of Central Excise.

Central Sales Tax Act, 1956

The Central Sale Tax Act, 1956 governs the levy of sales tax for the whole of India on the sale or purchase of goods generally or on any specified goods expressly mentioned in that behalf.

Every dealer, who in the course of inter-state trade or commerce –

a. sells to the GoI any goods; or
b. sells to the registered dealer other than the GoI

shall be liable to pay tax under this Act, which shall be two percent of the turnover or at the rate applicable to the sale or purchase of such goods inside the appropriate State under the sales tax law of that State, or, as the case may be, under any enactment of that State imposing value added tax, whichever is lower.

Value Added Tax ("VAT") Act and Rules, 2008

The levy of Sales Tax within the state is governed by the Value Added Tax Act and Rules 2008 ("the VAT Act") of the respective states. The VAT Act has addressed the problem of Cascading effect (double taxation) that were being levied under the hitherto system of sales tax. Under the current regime of VAT the trader of goods has to pay the tax (VAT) only on the Value added on the goods sold. Hence VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax- that is the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. Periodical returns are required to be filed with the VAT Department of the respective States by the company.

Income Tax Act, 1961

Income Tax Act, 1961 is applicable to every Domestic / Foreign Company whose income is taxable under the provisions of this Act or Rules made under it depending upon its "Residential Status" and "Type of Income" involved. U/s 139(1) every Company is required to file its Income tax return for every Previous Year by 31st October of the Assessment Year. Other compliances like those relating to Tax Deduction at Source, Fringe Benefit Tax, Advance Tax, and Minimum Alternative Tax and the like are also required to be complied by every Company.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Directors

The composition of our Board of Directors is governed by the provisions of the Companies Act, 2013 and the SEBI Listing Regulations. The Companies Act, 2013 provides that the number of directors of a public company shall not be less than three or more than fifteen unless otherwise increased after approval in a general meeting. Our Chairman and Managing Director is an executive Director. At present, our Company has twelve Directors including six executive Directors and six non-executive independent Directors.

As per the provisions of the Companies Act, 2013, at least two-thirds of the total number of Directors (excluding independent Directors) are liable to retire by rotation, with one-third of such number of Directors retiring at each annual general meeting. A retiring Director is eligible for re-election.

The following table provides information about our Directors as of the date of this Placement Document:

S. No.	Name, Nationality & Occupation	Age (in years)	Designation	DIN	Address	Term
1.	J. K. Jain Indian Businessman	64	Chairman & Managing Director	00013356	H. No.-16 (Old No. 170-A), Western Avenue, Sainik Farms, New Delhi 110062	Re-appointed w.e.f August 7, 2015 for a term of 5 years
2.	Seema Jain Indian Businessman	62	Whole-time Director	00013523	H. No.-16 (Old No. 170-A), Western Avenue, Sainik Farms, New Delhi 110062	Re-appointed w.e.f. April 1, 2014 for a term of 3 years
3.	Rahul Jain Indian Businessman	29	Whole-time Director	00013566	H. No.-16 (Old No. 170-A), Western Avenue, Sainik Farms, New Delhi 110062	Re-appointed w.e.f. October 1, 2015 for a term of 5 years
4.	Aanchal Jain Indian Businessman	34	Whole-time Director	00013350	H. No.-16 (Old No. 170-A), Western Avenue, Sainik Farms, New Delhi 110062	Re-appointed w.e.f. April 1, 2014 for a term of 3 years
5.	J. S. S. Rao Indian Service	59	Whole-time Director	00014320	Villa No. 27, Liberty Acres Golden Homes, Attibele Anekal Tq Bangalore 562107	Re-appointed w.e.f. December 1, 2014 for a term of 3 years
6.	Kashi Ram Yadav Indian Service	60	Whole-time Director	02379958	RZ-2/218, J-Block West Sagarpur, New Delhi 110046	Re-appointed w.e.f. October 25, 2014 for a term of 3 years
7.	Iqbal Singh Indian Businessman	63	Independent Director	00014256	59/7 New Rohtak Road, New Delhi 110005	Appointed for a term of 5 years on September 29, 2014
8.	Charoen Sachamuneewongse Thai Businessman	69	Independent Director	02575804	687 Mahachak Road, Samphanthawong, Bangkok 10100 Thailand	Appointed for a term of 5 years on September 29, 2014
9.	V. K. Malhotra Indian Businessman	59	Independent Director	03544095	C-29, Kiran Garden, Uttam Nagar, New Delhi 110059	Appointed for a term of 5 years on September 29, 2014
10.	S. K. Jain Indian Chartered Accountant	71	Independent Director	00165755	170 Western Avenue, Sainik Farms New Delhi 110062	Appointed for a term of 5 years on September 29, 2014
11.	Mohan Bir Sahni Indian Businessman	64	Independent Director	00906251	B 22, Ashoka Avenue, Sainik Farm, New Delhi-110062	Appointed on February 12, 2015 to fill the casual vacancy for a term upto August 8, 2019
12.	Ashok Kumar Sharma	63	Independent Director	07610447	256/H-17, Sector 7, Rohini, New Delhi - 110085	Appointed on September 10,

S. No.	Name, Nationality & Occupation	Age (in years)	Designation	DIN	Address	Term
	Indian Ex-Government Employee					2016 to fill the casual vacancy for a term upto 30th AGM

Biographies of the Directors

J. K. Jain, aged 64 years is the Chairman and Managing Director of our Company**.** As the chairman and managing director of our Company, he is involved in mentoring the leadership team, advising on strategy and in various aspects of our Company's expansion and diversification plans. He has more than four decades of experience in manufacturing of automotive lighting and signalling equipment and has played a significant role in growth and diversification of our Company. He has won many accolades and awards in India and overseas including 'Outstanding Entrepreneurship Award' by Asia-Pacific Entrepreneurship Award, 'National Achievement Award for Business Excellence' by Indian Society for Industry & Intellectual Development and 'Lifetime Achievement Award' by India International Council for Industries & Trade.

Seema Jain, aged 62 years, is the whole-time Director of our Company. She is the wife of J.K. Jain. She belongs to a business family and was involved in her family business from an early age. She holds a bachelors' degree in Science from the University of Delhi. She is actively involved in decision making in our Company besides overseeing the finance functions.

Rahul Jain, aged 29 years, is a whole-time Director of our Company. He is the son of J.K. Jain and Seema Jain. He holds a Bachelor of Science degree from the University of Bradford, U.K. He is involved in strategic affairs and corporate planning besides close interaction with our customers for customer satisfaction and initiatives for new projects. He also oversees the manufacturing operations of various units periodically.

Aanchal Jain, aged 34 years, is the whole-time Director of our Company. She is the daughter of J.K. Jain and Seema Jain. She holds a Bachelor of Science degree from the University of Bradford, U.K. and has competed her Master of Business Administration from the Indiana Institute of Technology, USA. She takes care of the human resource management functions of our Company and is also actively involved in skill development and labour welfare programme in our Company.

J.S.S. Rao, aged 59 years, is the whole-time Director of our Company. He is experienced in the field of automotive lighting and components industry involving manufacturing, operational and business strategic functions. He is presently responsible for the overseas and south India operations of our Company.

Kashi Ram Yadav, aged 60 years, is the whole-time Director of our Company. He has been associated with our Company since its inception and has more than 30 years' experience in production and manufacturing operations of automotive lightings, signaling equipment and rear view mirrors. He was appointed on the Board of our Company in October, 2008. He is presently responsible for production and manufacturing operations in north India facilities of our Company.

Iqbal Singh, aged 63 years, is an independent Director on the Board of our Company. He is a businessman by occupation. He has experience in the field of exports of automotive parts and engineering goods. He was appointed as a non-executive Director on the Board of our Company in October, 2005.

Charoen Sachamuneewongse, aged 69 years, is an independent Director on the Board of our Company. He is a person of Indian origin holding Thai citizenship and is a businessman by occupation. He was appointed as an independent Director on the Board of our Company in April, 2009.

Vinod Kumar Malhotra, aged 59 years, is an independent Director on the Board of our Company. He is a businessman by occupation. He was appointed as an independent Director on the Board of our Company in August, 2011.

S.K. Jain, aged 71 years, is an independent Director on the Board of our Company. He is a Fellow Chartered Accountant having around 40 years' experience in auditing, taxation, finance and consulting. He was appointed as an independent Director on the Board of our Company in November, 2012.

Mohan Bir Sahni, aged 64 years, is an independent Director on the Board of our Company. He is a whole time director of Elofic Industries Limited, which is engaged in the business of manufacturing auto components including filters, sheet metal parts and lubricants. He has more than 40 years' experience in automotive components industry. He was appointed as an independent Director on the Board of our Company in February, 2015.

Ashok Kumar Sharma, aged 63 years, is an independent Director on the Board of our Company. He is a retired gazetted officer of the Ministry of Finance, Department of Financial Services. Prior to his retirement, he had been associated with the Planning Commission; Ministry of Science & Technology; and Ministry of Finance in various capacities. He was appointed as an independent Director on the Board of our Company in September 2016.

Relationship with other Directors

J. K. Jain is the husband of Seema Jain. Aanchal Jain is their daughter and Rahul Jain is their son. None of the other directors are related to each other.

Borrowing powers of the Board of Directors

Our Company has vide special resolution dated July 21, 2014, passed under section 180(1)(c) of Companies Act, 2013, authorised the Board of Directors to borrow money upon such terms and conditions as the Board may think fit up to an aggregate amount not exceeding ₹4,000 million over and above the aggregate of paid up share capital and free reserves of our Company.

Interest of the Directors

All of our Directors may be deemed to be interested to the extent of fees payable, if any, to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or Allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. Our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Other than the related party transactions entered into by our Company during the last three Financial Years and specified under "*Financial Information*" on page F-23 of this Placement Document, our Company has not entered into any contract, agreement or arrangement in which any of the Directors are interested, directly or indirectly, during the two years preceding the date of this Placement Document and no payments have been made to them in respect of any such contracts, agreements or arrangements.

Shareholding of Directors

As on the date of this Placement Document, following Directors hold Equity Shares of our Company:

Name of Director	No. of Equity Shares	Percentage of total number of outstanding Equity Shares (%)
J. K. Jain	29,60,000	24.74
Seema Jain	29,60,000	24.74
Rahul Jain	15,52,340	12.98
Aanchal Jain	8,00,000	6.69
Kashi Ram Yadav	338	Negligible
J. S. S. Rao	12	Negligible
Iqbal Singh	20,014	0.17
Charoen Sachamuneewongse	0	0.00
V. K. Malhotra	0	0.00
S. K. Jain	0	0.00
Mohan Bir Sahni	0	0.00
Ashok Kumar Sharma	0	0.00

Compensation of the Directors

The appointments of J. K. Jain, Seema Jain, J. S. S. Rao, Kashi Ram Yadav, Aanchal Jain and Rahul Jain are governed by the respective resolutions passed by our Board and Shareholders, which cover the terms of such appointment and are implemented in conjunction with the service rules of our Company. Remuneration paid to them, which is recommended by the nomination and remuneration committee and approved by the Board, is within the limits set by the Shareholders in their general meetings.

The following table sets forth the remuneration paid by our Company to the Directors of our Company for the last three years and for the period from April 1, 2016 to August 31, 2016.

For the period from April 1, 2016 to August 31, 2016

(in ₹ million)

Name of the Director	Salary	Perquisites/ Allowance/ Others	Sitting Fees	Total
J. K. Jain	5.12	0.08	Nil	5.20
Seema Jain	1.75	Nil	Nil	1.75
Rahul Jain	1.75	Nil	Nil	1.75
J. S. S. Rao	3.50	Nil	Nil	3.50
Kashi Ram Yadav	3.50	0.06	Nil	3.56
Aanchal Jain	1.50	Nil	Nil	1.50
Iqbal Singh	Nil	Nil	0.19	0.19
Charoen Sachamuneewongse	Nil	Nil	0.05	0.05
V. K. Malhotra	Nil	Nil	0.22	0.22
S. K. Jain	Nil	Nil	0.20	0.20
Abhishek Jain	Nil	Nil	0.15	0.15
Mohan Bir Sahni	Nil	Nil	0.15	0.15

Financial Year 2016

(in ₹ million)

Name of the Director	Salary	Perquisites/ Allowance/ Others	Sitting Fees	Total
J. K. Jain	12.30	0.18	Nil	12.48
Seema Jain	4.20	Nil	Nil	4.20
Rahul Jain	3.90	Nil	Nil	3.90
J. S. S. Rao	8.40	Nil	Nil	8.40
Kashi Ram Yadav	8.40	0.14	Nil	8.54
Aanchal Jain	3.60	Nil	Nil	3.60
Iqbal Singh	Nil	Nil	0.39	0.39
Charoen Sachamuneewongse	Nil	Nil	0.07	0.07
Amitabh Prakash Agarwal (upto November 4, 2015)	Nil	Nil	Nil	Nil
V. K. Malhotra	Nil	Nil	0.44	0.44
S. K. Jain	Nil	Nil	0.39	0.39
Abhishek Jain (w.e.f. November 6, 2015)	Nil	Nil	0.25	0.25
Mohan Bir Sahni	Nil	Nil	0.30	0.30

Financial Year 2015

(in ₹ million)

Name of the Director	Salary	Perquisites/ Allowance/ Others	Sitting Fees	Total
J. K. Jain	12.30	0.18	Nil	12.48
Seema Jain	3.60	Nil	Nil	3.60
Rahul Jain	3.60	Nil	Nil	3.60
J. S. S. Rao	7.20	Nil	Nil	7.20
Kashi Ram Yadav	7.20	0.14	Nil	7.34
Aanchal Jain	3.00	Nil	Nil	3.00

Iqbal Singh	Nil	Nil	0.21	0.21
Charoen Sachamuneewongse	Nil	Nil	0.07	0.07
Amitabh Prakash Agarwal	Nil	Nil	0.05	0.05
V. K. Malhotra	Nil	Nil	0.26	0.26
S. K. Jain	Nil	Nil	0.21	0.21
P. N. Vishwanathan (w.e.f. August 9, 2014 to December 3, 2014)	Nil	Nil	0.05	0.05
Mohan Bir Sahni (from February 12, 2015)	Nil	Nil	Nil	Nil

Financial Year 2014

(in ₹ million)

Name of the Directors	Salary & Allowance	Perquisites/ Allowance/ Others	Sitting Fees	Total
J. K. Jain	12.30	0.18	Nil	12.48
Seema Jain	2.40	Nil	Nil	2.40
Rahul Jain	3.60	Nil	Nil	3.60
J. S. S. Rao	6.60	Nil	Nil	6.60
Kashi Ram Yadav	6.60	0.14	Nil	6.74
Aanchal Jain	1.20	Nil	Nil	1.20
Iqbal Singh	Nil	Nil	Nil	Nil
Charoen Sachamuneewongse	Nil	Nil	Nil	Nil
Amitabh Prakash Agarwal	Nil	Nil	Nil	Nil
V. K. Malhotra	Nil	Nil	Nil	Nil
S. K. Jain	Nil	Nil	Nil	Nil
C. S. Kothari (up to February 12, 2014)	Nil	Nil	Nil	Nil

During the year, our Company has not paid any sitting fees to the non-executive directors for Board or Committee Meetings.

Terms of Employment of Executive Directors

J. K. Jain

J. K. Jain was appointed as the Chairman and Managing Director of our Company for a period of five years w.e.f. August 7, 2015. The principal terms and conditions of his appointment are mentioned below:

Category	Details
Salary	₹10,25,000/- per month
Other Benefits, Perquisites & Allowances	Leave Travel assistance, medical facility/ reimbursement, medical insurance, club fees, house servants and other perquisites/ allowances not exceeding ₹15,000/- per month in aggregate;
	Company provided car with driver facility;
	Leave Encashment and Gratuity in accordance with the rules of our Company and as per the Payment of Gratuity Act, 1972; and
	Telephone/ Mobile phone facility.

Seema Jain

Seema Jain was appointed as the whole-time Director of our Company for a period of three years, w.e.f. April 1, 2014. The principal terms and conditions of her appointment are mentioned below:

Category	Details
Salary	₹3,50,000/- per month*
Other Benefits, Perquisites & Allowances	Health Insurance, Personal Accident Insurance and such other perquisites/ allowances in accordance with the rules of our Company or as decided by the Board or any committee thereof;

	Company provided car with driver facility;
	Leave Encashment and Gratuity in accordance with the rules of our Company and as per the Payment of Gratuity Act, 1972; and
	Telephone/ Mobile phone facility.

**vide board resolution dated May 30, 2016 the salary has been increased by ₹50,000 per month subject to shareholders' approval.*

Rahul Jain

Rahul Jain was appointed as a whole-time director of our Company for a period of five years w.e.f October 1, 2015. The principal terms and conditions of his appointment are mentioned below:

Category	Details
Salary	₹3,50,000/- per month*
Other Benefits, Perquisites & Allowances	Health Insurance, Personal Accident Insurance and such other perquisites/ allowances in accordance with the rules of our Company or as decided by the Nomination & Remuneration committee thereof;
	Company provided car with driver facility;
	Leave Encashment and Gratuity in accordance with the rules of our Company and as per the Payment of Gratuity Act, 1972; and
	Telephone/ Mobile phone facility.

**vide board resolution dated May 30, 2016 the salary has been increased by ₹50,000 per month subject to shareholders' approval.*

Aanchal Jain

Aanchal Jain was appointed as a whole-time director of our Company for a period of three years w.e.f April 1, 2014. The principal terms and conditions of her appointment are mentioned below:

Category	Details
Salary	₹3,00,000/- per month*
Other Benefits, Perquisites & Allowances	Health Insurance, Personal Accident Insurance and such other perquisites/ allowances in accordance with the rules of our Company or as decided by the Board or any committee thereof;
	Company provided car with driver facility;
	Leave Encashment and Gratuity in accordance with the rules of our Company and as per the Payment of Gratuity Act, 1972; and
	Telephone/ Mobile phone facility.

**vide board resolution dated May 30, 2016, the salary has been increased by ₹50,000 per month subject to shareholders' approval.*

J. S. S. Rao

J. S. S. Rao was appointed as a whole-time Director of our Company for a period of three years w.e.f. December 1, 2014. The principal terms & conditions of his appointment are mentioned below:

Category	Details
Salary	₹7,00,000/- per month*
Other Benefits, Perquisites & Allowances	Medical Insurance, Personal Accident Policy and such other perquisites/ allowances in accordance with the rules of our Company or as decided by the Board or any committee thereof;
	Company provided car with driver facility;

	Leave Encashment and Gratuity in accordance with the rules of our Company and as per the Payment of Gratuity Act, 1972; and
	Telephone/ Mobile phone facility.

**vide board resolution dated May 30, 2016 the salary has been increased by ₹1,00,000 per month subject to shareholders' approval.*

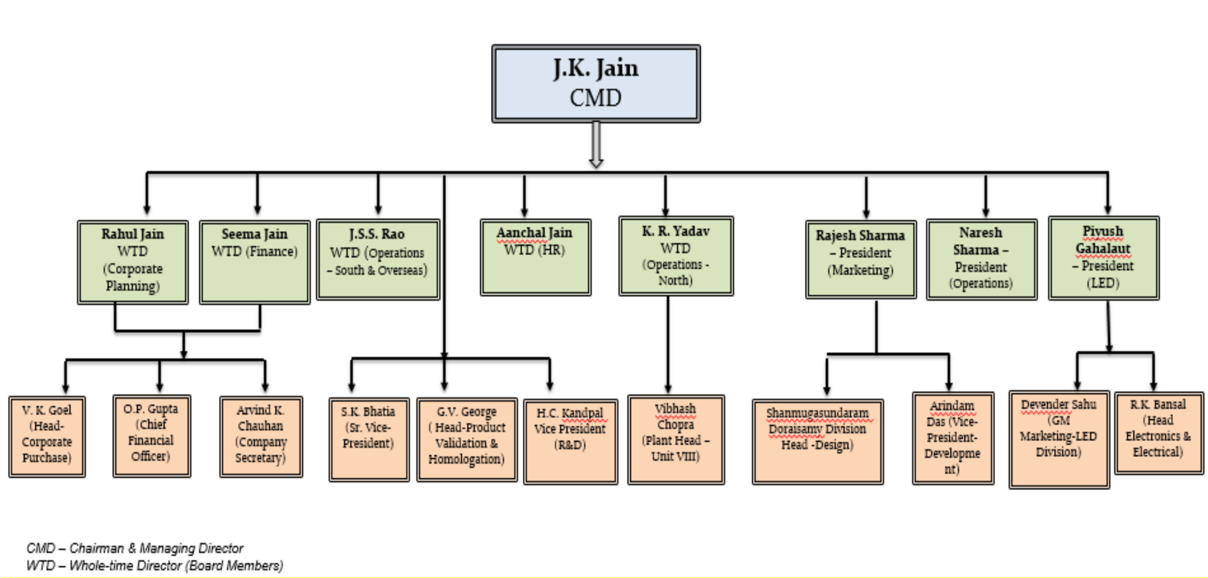
Kashi Ram Yadav

Kashi Ram Yadav was appointed as the whole-time Director of our Company for a period of three years, w.e.f. October 25, 2014. The principal terms and conditions of his appointment are mentioned below:

Category	Details
Salary	₹7,00,000/- per month*
Other Benefits, Perquisites & Allowances	Contribution to Provident Fund, Bonus, Health Insurance, Personal Accident Insurance and other perquisites/ allowances in accordance with the rules of our Company or as decided by the Board or any committee thereof;
	Company provided car with driver facility;
	Leave Encashment and Gratuity in accordance with the rules of our Company and as per the Payment of Gratuity Act, 1972; and
	Telephone/ Mobile phone facility.

**vide board resolution dated May 30, 2016 the salary has been increased by ₹50,000 per month subject to shareholders' approval.*

Management Organisation Structure



Key Managerial Personnel

Our operations are overseen by a professional management team. Our key managerial personnel have the requisite experience and the qualification for their respective responsibilities. Other than J. K. Jain, Chairman and Managing Director, our Company's key managerial personnel are as follows:

O. P. Gupta
Chief Financial Officer

O. P. Gupta is the Chief Financial Officer of our Company and has over 30 years' experience in the fields of accounts, finance, secretarial and taxation. He holds a Masters in Commerce degree from the Himachal Pradesh University and is a Fellow member of the ICAI, ICSI and ICWAI. In our Company, he is responsible for financial planning, budgeting, taxation, fund management and financial reporting functions. He joined our Company in May, 2006.

Arvind K. Chauhan
Company Secretary and Compliance Officer

Arvind K. Chauhan is the Company Secretary and Compliance Officer of our Company. He is a Fellow Memberof Institute of Company Secretaries of India and LLB from Delhi University. With more than 10 years' experience in secretarial and legal field, he is responsible for secretarial, legal and corporate compliance matters of our Company. He joined our Company in March, 2006.

Senior Management

Rajesh Sharma
President (Marketing)

Rajesh Sharma is a Science Graduate. He has experience in the fields of marketing, sales and new product developments in automotive components industry, majorly in automotive lighting and rear view mirrors. Presently, he is heading the Marketing Department and New Business Development (OEMs) in our Company. He joined Company in September, 2003.

Piyush Gahalaut
President (LED)

Piyush Gahalaut holds a Bachelor in Engineering degree and Post Graduate Diploma in Management. He is a known professional in the field of Lighting Technology and has a vast experience & knowledge in the field of R&D in lighting electronics, Product Development, Manufacturing, Product Management & Product Sales & Marketing especially in Solid State Lighting/LED & LED Lighting Systems in optics, electronics design, Thermal Design & Mechanical Design. He is having expertise and skills of Complete Product Life Cycle Management for LED Lighting. He has been associated with our Company since May 2014.

Naresh Sharma
President (Operations)

Naresh Sharma has an experience in the fields of production, quality control & project set up. He holds a Bachelor degree in Metallurgy Engineering. Presently, he is responsible for Production & Operations functions of the Karsan Pura, Ahmedabad unit of our Company. He joined our Company in May 2013.

G. V. George
Head (Product Validation & Homologation)

G. V. George is experienced in the field of R&D in Automotive Components, with major focus in testing evaluation and homologation. Presently he is looking after testing, products validation and homologation etc. He has completed courses in Advanced Environmental Management Systems Auditing and Laboratory QMS and Internal Audit. He is with our Company since November, 2001.

R. K. Bansal
Head (Electronics & Electricals)

R. K. Bansal is BSc. (Engineering) in Electronics & Communication and has vast experience of new product development and having an experience in Electronics & Electrical industry. He is heading the product development for LED Luminaires and Integrated Passenger Information Systems. He joined our Company in July 2012.

S. K. Bhatia
Senior Vice-President

S. K. Bhatia holds a Diploma in Mechanical Engineering and has a long experience in the fields of Materials, Marketing and Manufacturing in the Automotive Component Industry. He is presently heading the Production, Planning and Control (PPC) department of our Company and has been associated with us since November 2015

H. C. Kandpal
Vice- President (R&D)

H. C. Kandpal is BSc, MSc and Ph.D. He was formerly the Chief Scientist, National Physical Laboratory, New Delhi. He is having R&D experience in Lighting and is reputed scientist in the field of Lighting and basic research. He is recipient of CSIR Young Scientist -Award in Lighting and Fellow National Academy of Sciences (FNASc) in Optics. He has guided several students in the capacity as a Professor for their Doctoral Degree. He joined our Company in February 2015.

Vibhash Chopra
Plant Head

Vibhash Chopra holds a Bachelor of Engineering degree in Mechanical Engineering from GEC, Raipur and a Master in Business Administration degree from IMT Ghaziabad. He has an experience in automotive parts industry and is presently the plant head for Unit-VIII of our Company since May 2016.

V. K. Goel
Head (Corporate Purchase)

V. K. Goel possesses an experience in engineering, steel and automotive industry in the field of material procurement and management functions. He did his MBA from Kurukshetra University in 1978. He is responsible for procurement function of our Company. He joined our Company in February 2003

Arindam Das
Vice-President (Development)

Arindam Das has experience in the field of design, new technology and product development. He is a Post Diploma in Mold design technology and MBA in operations management. Presently, he is heading the Development department of our Company for OEM business. He joined our company in June 2010.

Shanmugasundaram Doraisamy
Divisional Head – Design

Shanmugasundaram Doraisamy has experience in automotive research and development domain. He is MS in Manufacturing Management from Birla Institute of Technology and Science (BITS) Pilani, Rajasthan, BE-Industrial engineering from Indian Institute of Industrial Engineering (IIIE), Navi Mumbai and Diploma in Mechanical Engineering from Sri Ramakrishna Mission Vidyalaya Polytechnic – Coimbatore. He joined our Company in April 2012 and is presently heading the R&D Design section.

Devendra Sahu
General Manager (Sales & Marketing - LED)

Devendra Sahu has experience in the field of lighting industry in sales and marketing and experience in institutional and retail segment of lighting. He is a PGDBA - Marketing from Symbiosis Pune. He is responsible for institutional sales and retail set-up for the LED Lighting products. He joined our Company in June, 2014.

Shareholding of Key Managerial Personnel

The shareholding of the Key Managerial Personnel as on the date of this Placement Document is as follows:

Name of key managerial personnel	No. of Equity Shares	Percentage of total number of outstanding Equity Shares (%)
J. K. Jain	29,60,000	24.74%
O. P. Gupta, CFO	Nil	Nil
Arvind K. Chauhan, CS	Nil	Nil

Interest of key managerial personnel

The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them and to the extent of the Equity Shares held by them or their dependents in our Company, if any.

Corporate Governance

Except as disclosed in this Placement Document, our Company has been complying with the requirements of all applicable corporate governance norms as per the SEBI Listing Regulations and the Companies Act.

As per the Companies Act, 2013, the independent Directors may be appointed for a term of up to five consecutive years and shall be appointed for a maximum of two consecutive terms, after which such independent directors shall be eligible for appointment only after the expiration of three years of ceasing to become an independent director. Any re-appointment of independent directors shall, inter alia, be on the basis of the performance evaluation report and approved by the Shareholders by way of special resolution. Further, as per Regulation 17 of the SEBI Listing Regulations, in case the company does not have a regular non - executive chairman, at least half of the Board should comprise independent directors.

The Board of Directors presently consists of twelve Directors. In compliance with the requirements of the SEBI Listing Regulations, the Board of Directors consists of six independent Directors.

Committees of the Board

In terms of the SEBI Listing Regulations and Companies Act, 2013, our Company has constituted the following committees of Directors namely:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders’ Relationship Committee;
4. Corporate Social Responsibility Committee; and
5. Fund Raising Committee

The following table sets forth the details of the members of the aforesaid committees as of the date of this Placement Document:

Committees	Members
Audit Committee	(i) S. K. Jain (ii) V. K. Malhotra (iii) Iqbal Singh
Nomination and Remuneration Committee	(i) S. K. Jain (ii) Iqbal Singh (iii) V. K. Malhotra
Stakeholders’ Relationship Committee	(i) V. K. Malhotra (ii) Rahul Jain (iii) Kashi Ram Yadav
Corporate Social Responsibility Committee	(i) Rahul Jain (ii) Kashi Ram Yadav (iii) V. K. Malhotra
Fund Raising Committee	(i) J. K. Jain (ii) Rahul Jain

Committees	Members
	(iii) S. K. Jain

Other confirmations

None of the Directors, Promoters or key managerial personnel of our Company have any financial or other material interest in this Issue.

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Financial Years, as per the requirements under AS 18 issued by the Institute of Chartered Accountants in India, refer to the section "*Financial Information*" on page F-23 of this Placement Document.

Policy on Disclosures and Internal Procedure for prevention of Insider Trading

Regulation 9 (1) of the Insider Trading Regulations applies to us and our employees and requires us to implement a code of internal procedures and conduct for the prevention of insider trading. Our Company is in compliance with the same and has implemented an insider trading policy for employees. Arvind K. Chauhan, acts as the compliance officer of our Company. In terms of the Companies Act, 2013, the directors and the key managerial personnel are prohibited from (a) acquiring an option over, or entering into forward dealings in, securities of our Company, its Subsidiaries or its Associates; and (b) engaging in insider trading.

PRINCIPAL SHAREHOLDERS

The following table sets forth the details regarding the shareholding pattern of our Company, as on June 30, 2016

(i) Summary statement holding of specified securities

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
(A) Promoter & Promoter Group	6	83,68,278	83,68,278	69.96	83,68,278
(B) Public	7,904	35,93,948	35,93,948	30.04	34,89,396
(C1) Shares underlying DRs				0.00	
(C2) Shares held by Employee Trust				0.00	
(C) = (C1) + (C2) Non Promoter-Non Public				0.00	
Grand Total = (A) + (B) + (C)	7,910	1,19,62,226	1,19,62,226	100.00	1,18,57,674

(ii) Statement showing shareholding pattern of the Promoter and Promoter Group

Category of shareholder	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	Number of equity shares held in dematerialized form
A1) Indian				0.00	
Individuals/Hindu undivided Family	5	82,83,878	82,83,878	69.25	82,83,878
Jagjeevan Kumar Jain (HUF)	1	11,538	11,538	0.10	11,538
Aanchal Jain	1	8,00,000	8,00,000	6.69	8,00,000
Rahul Jain	1	15,52,340	15,52,340	12.98	15,52,340
Seema Jain	1	29,60,000	29,60,000	24.74	29,60,000
J. K. Jain	1	29,60,000	29,60,000	24.74	29,60,000

Any Other (specify)	1	84,400	84,400	0.71	84,400
Fiem Auto Private Limited	1	84,400	84,400	0.71	84,400
Sub Total A1	6	83,68,278	83,68,278	69.96	83,68,278
A2) Foreign				0.00	
A=A1+A2	6	83,68,278	83,68,278	69.96	83,68,278

(iii) Statement showing shareholding pattern of the Public shareholder

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No of Voting Rights	Total as a % of Total Voting right	Number of equity shares held in dematerialized form(Not Applicable)
B1) Institutions	0	0		0.00		0.00	
Mutual Funds/	2	406745	4,06,745	3.40	4,06,745	3.40	4,06,745
DSP Blackrock Cap Fund	1	383537	3,83,537	3.21	3,83,537	3.21	3,83,537
Foreign Portfolio Investors	22	1016105	10,16,105	8.49	10,16,105	8.49	10,16,105
Kotak Mahindra (International) Limited	1	199258	1,99,258	1.67	1,99,258	1.67	1,99,258
Saif India V Fii Holdings Limited	1	292617	2,92,617	2.45	2,92,617	2.45	2,92,617
Financial Institutions/ Banks	1	769	769	0.01	769	0.01	769
Sub Total B1	25	1423619	14,23,619	11.90	14,23,619	11.90	14,23,619
B2) Central Government/ State Government(s)/ President of India	0	0		0.00		0.00	
B3) Non-Institutions	0	0		0.00		0.00	
Individual share capital upto Rs. 2 Lacs	6994	973349	9,73,349	8.14	9,73,349	8.14	9,72,848

Individual share capital in excess of Rs. 2 Lacs	6	163306	1,63,306	1.37	1,63,306	1.37	1,63,306
Any Other (specify)	879	1033674	10,33,674	8.64	10,33,674	8.64	9,29,623
HUF	259	128383	1,28,383	1.07	1,28,383	1.07	1,28,383
Foreign Companies	1	104051	1,04,051	0.87	1,04,051	0.87	
Foreign Individuals or NRI	191	108301	1,08,301	0.91	1,08,301	0.91	1,08,301
Clearing Members	236	66015	66,015	0.55	66,015	0.55	66,015
Bodies Corporate	192	626924	6,26,924	5.24	6,26,924	5.24	6,26,924
Bajaj Allianz Life Insurance Company Ltd.	1	403159	4,03,159	3.37	4,03,159	3.37	4,03,159
Sub Total B3	7879	2170329	21,70,329	18.14	21,70,329	18.14	20,65,777
B=B1+B2+B3	7904	3593948	35,93,948	30.04	35,93,948	30.04	34,89,396

Details of the shareholders acting as persons in concert including their Shareholding (No. and %):

Details of Shares which remain unclaimed may be given here along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Note
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares
(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available,.

(iv) Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category & Name of the Shareholders(I)	No. of shareholder(III)	No. of fully paid up equity shares held(IV)	Total no. shares held(VII = IV+V+VI)	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)(VIII)	Number of equity shares held in dematerialized form(XIV)(Not Applicable)
C1) Custodian/DR Holder	0	0		0.00	
C2) Employee Benefit Trust	0	0		0.00	

Note
(1) PAN would not be displayed on website of Stock Exchange(s).
(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares

(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available,.

(v) Details of disclosure made by the Trading Members holding 1% or more of the Total No. of shares of our company

Sl. No.	Name of the Trading Member	Name of the Beneficial Owner	No. of shares held	% of total no. of shares	Date of reporting by the Trading Member
-	NIL	NIL	NIL	NIL	NIL

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the application, payment, Allocation and Allotment of the Equity Shares to be issued pursuant to this Issue. The procedure followed in this Issue may differ from the one mentioned below, and investors are presumed to have apprised themselves of any such changes from our Company or the Book Running Lead Manager. Prospective Investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Investors that apply in this Issue will be required to confirm and will be deemed to have represented to our Company, the Book Running Lead Manager and their affiliates including their respective directors, officers, agents and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and the Book Running Lead Manager and its respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares. Refer to "Selling-Transfer Restrictions" on page 142 of this Placement Document.

Qualified Institutions Placement

This Issue is being made to Eligible QIBs in reliance upon Chapter VIII of the SEBI ICDR Regulations and Section 42 and 62(1)(c) of the Companies Act, 2013, read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, through the mechanism of a QIP. Under Chapter VIII of the SEBI ICDR Regulations and Section 42 and 62(1)(c) of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a listed company may issue equity shares to Eligible QIBs provided that certain conditions are met by the company. Certain of these conditions are set out below:

- the Shareholders of the Issuer have passed a special resolution approving such QIP. Such special resolution must specify (a) that the allotment of securities is proposed to be made pursuant to the QIP; and (b) the relevant date, as defined in the SEBI ICDR Regulations;

- equity shares of the same class of such Issuer, which are proposed to be allotted through the QIP are listed on a recognised stock exchange in India having nation-wide trading terminals for a period of at least one year prior to the date of issuance of notice to its shareholders for convening the meeting to pass the above-mentioned special resolution;

- the aggregate of the proposed issue and all previous QIPs made by the Issuer in the same Financial Year does not exceed five times the net worth (as defined in the SEBI ICDR Regulations) of the Issuer as per the audited balance sheet of the previous Financial Year;

- the Issuer shall be in compliance with the minimum public shareholding requirements set out in the SCRR;

- the Issuer shall have completed allotments with respect to any offer or invitation made by the Issuer or shall have withdrawn or abandoned such invitation or offer previously made by the Issuer;

- the Issuer shall offer to each Allottee such number of securities in this Issue which would aggregate to at least ₹20,000 calculated at the face value of the securities;

- prior to circulating the private placement offer letter, the Issuer must prepare and record a list of Eligible QIBs to whom the offer will be made. The offer must be made only to such persons whose names are recorded by the Issuer prior to the invitation to subscribe;

- the explanatory statement to the notice/ postal ballot for convening the general meeting must disclose the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- the offer must be made through a private placement offer letter and an application form serially numbered and addressed specifically to the Eligible QIB to whom the offer is made and is sent within 30 days of recording the names of such Eligible QIBs;

- the offering of securities by issue of public advertisements or utilization of any media, marketing or distribution channels or agents to inform the public about this Issue is prohibited.

- at least 10% of the Equity Shares issued to Eligible QIBs must be allotted to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

- bidders are not allowed to withdraw their Bids after the Bid/Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations for pricing of the equity shares to be offered in a QIP. The floor price shall not be less than the average of the weekly high and low of the closing prices of the equity shares quoted on the stock exchange during the two weeks preceding the relevant date. However, a discount of up to 5.00% of the floor price is permitted in accordance with the provisions of the SEBI ICDR Regulations.

For this Issue, the "Relevant Date" referred above, for Allotment, will be the date of the meeting in which the Board or committee of Directors duly authorised by the Board decides to open this Issue and "stock exchange" means any of the recognised stock exchanges in India on which the equity shares of the issuer of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the Relevant Date.

Our Company has received the in-principle approval of the Stock Exchanges under Regulation 28(1) of the SEBI Listing Regulations vide letters dated September 12, 2016 for the listing of the Equity Shares on the Stock Exchanges. Our Company has also delivered a copy of the Preliminary Placement Document to the Stock Exchanges.

Our Company shall also make the requisite filings with the RoC and SEBI within the stipulated period as required under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

This Issue has been authorized by (i) the Board pursuant to a resolution passed on May 30, 2016 and (ii) the shareholders' resolution dated September 1, 2016.

The Equity Shares will be Allotted within 12 months from the date of the shareholders' resolution approving the QIP and within 60 days from the date of receipt of subscription money from the successful Bidders. For details of refund of application money, refer to the section "*Issue Procedure – Pricing and Allocation – Designated Date and Allotment of Equity Shares*".

The Equity Shares issued pursuant to the QIP must be issued on the basis of the Preliminary Placement Document and the Placement Document that shall contain all material information including the information specified in Schedule XVIII of the SEBI ICDR Regulations and the requirements prescribed under Form PAS-4. The Preliminary Placement Document and the Placement Document are private documents provided to only select investors through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors.

The minimum number of allottees for each QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500 million ; and

- five, where the issue size is greater than ₹2,500 million.

No single allottee shall be allotted more than 50% of the issue size or less than ₹20,000 of face value of the Equity Shares.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single allottee. For details of what constitutes "same group" or "common control", refer to the section "*Issue Procedure— Application Process—Application Form*" on page 135 of this Placement Document.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Securities allotted to Eligible QIBs pursuant to this Issue shall not be sold for a period of one year from the date of Allotment except on the floor of a recognised stock exchange in India. Allotments made to FVCIs, VCFs and AIFs in this Issue are subject to the rules and regulations that are applicable to them, including in relation to lock-in requirements.

Issue Procedure

1. Our Company and the Book Running Lead Manager shall circulate serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form, either in electronic or physical form, to the Eligible QIBs and the Application Form will be specifically addressed to such Eligible QIBs. In terms of Section 42(7) of the Companies Act, 2013 our Company shall maintain complete records of the Eligible QIBs to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched. Our Company will make the requisite filings with the RoC and SEBI within the time period as stipulated under the Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

2. The list of Eligible QIBs to whom the Application Form is delivered shall be determined by the Book Running Lead Manager, in consultation with the Company, at its sole discretion. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form is addressed to a particular Eligible QIB, no invitation to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs may submit the duly filled Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Manager.

4. Our Company shall intimate the Bid/ Issue Opening Date to the Stock Exchanges.

5. Bidders shall submit Bids for, and our Company shall issue and Allot to each Allottee, at least such number of Equity Shares in this Issue which would aggregate to ₹20,000 calculated at the face value of the Equity Shares.

6. Bidders will be required to indicate the following in the Application Form:

   - full official name of the Eligible QIB to whom Equity Shares are to be Allotted;

   - number of Equity Shares Bid for;

   - price at which they are agreeable to subscribe for the Equity Shares, provided that Eligible QIBs may also indicate that they are agreeable to submit a Bid at "Cut-off Price" which shall be any price as may be determined by our Company in consultation with the Book Running Lead Manager at a price with not more than 5% discount on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations; and

   - details of the depository participant account to which the Equity Shares should be credited.

   Note: Each sub-account of an FII will be considered as an individual Eligible QIB and separate Application Forms would be required from each such sub-account for submitting Bids. FIIs or sub-accounts of FIIs are required to indicate SEBI FII/ sub-account registration number in the Application Form.

5. Once a duly filled Application Form is submitted by an Eligible QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid/Issue Closing Date. The Bid/Issue Closing Date shall be notified to the Stock Exchanges and the Eligible QIBs shall be deemed to have been given notice of such date after receipt of the Application Form.

6. The Bids made by asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid

can be made in respect of each scheme of the Mutual Fund registered with SEBI. All such bids/applications by or on behalf of various schemes of a mutual fund shall be treated as a single application.

7. Upon receipt of the duly filled Application Forms, after the Bid/Issue Closing Date, our Company shall determine the final terms, including the Issue Price of the Equity Shares to be issued pursuant to this Issue in consultation with the Book Running Lead Manager. Upon determination of the final terms of the Equity Shares, the Book Running Lead Manager will send the serially numbered CAN along with the serially numbered Placement Document to the Eligible QIBs who have been Allocated the Equity Shares. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the Eligible QIB and payment instructions including the details of the amounts payable by the Eligible QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective Eligible QIB. Please note that the Allocation will be at the absolute discretion of our Company and will be based on the recommendation of the Book Running Lead Manager.

8. Pursuant to receiving a CAN, each Eligible QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, only through electronic transfer to our Company's Escrow Account by the Pay-In Date as specified in the CAN sent to the respective Eligible QIBs. No payment shall be made by Eligible QIBs in cash. Please note that any payment of application money for the Equity Shares shall be made from the bank accounts of the relevant Eligible QIBs applying for the Equity Shares. Monies payable on Equity Shares to be held by joint holders shall be paid from the bank account of the person whose name appears first in the application. Pending Allotment, all monies received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013.

9. Upon receipt of the application monies from the Eligible QIBs, our Company shall Allot Equity Shares as per the details in the CANs sent to the Eligible QIBs.

10. After passing the Board or committee (as the case maybe) resolution for Allotment and prior to crediting the Equity Shares into the depository participant accounts of the successful Bidders, our Company shall apply to the Stock Exchanges for listing approvals. Our Company will intimate to the Stock Exchanges the details of the Allotment and apply for approvals for listing of the Equity Shares on the Stock Exchanges prior to crediting the Equity Shares into the beneficiary account maintained with the Depository Participant by the Eligible QIBs.

11. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the Depository Participant accounts of the respective Allottees.

12. Our Company will then apply for the final listing and trading approvals from the Stock Exchanges.

13. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Eligible QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

14. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, our Company shall inform the Allottees of the receipt of such approval. Our Company and the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non- receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. Eligible QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible Qualified Institutional Buyers

Only qualified institutional buyers as defined in Regulation 2(1)(zd) of the SEBI ICDR Regulations and not otherwise excluded pursuant to Regulation 86(1)(b) of Chapter VIII of the SEBI ICDR Regulations are eligible to invest. Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made, either directly or indirectly, to any qualified institutional buyer who is a Promoter or any person related to the Promoters. Currently qualified institutional buyers include:

- alternate investment funds registered with SEBI;
- Eligible FPIs including FIIs and eligible sub-accounts;
- Foreign venture capital investors registered with SEBI;
- insurance companies registered with Insurance Regulatory and Development Authority;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- Mutual Funds registered with SEBI;
- Multilateral and bilateral development financial institutions;
- pension funds with minimum corpus of ₹250 million;
- provident funds with minimum corpus of ₹250 million;
- public financial institutions as defined in Section 4A of the Companies Act, 1956 (Section 2(72) of the Companies Act, 2013);
- scheduled commercial banks;
- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India; and
- foreign venture capital investors registered with SEBI;

In terms of the SEBI FPI Regulations, an FII who holds a valid certificate of registration from SEBI shall be deemed to be a registered FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by our Shareholders and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Eligible non-resident QIBs can participate in the Issue under Schedule 1 of the FEMA Regulations.

Eligible FPIs are permitted to participate through the foreign portfolio investment scheme under Schedule 2 and Schedule 2A of FEMA Regulations respectively. In the Issue, Eligible FPIs are permitted to participate in the Issue subject to compliance with all applicable laws, conditions and restrictions which may be specified by the Government from time to time and such that the shareholding of the FPIs does not exceed specified limits as prescribed under applicable laws in this regard.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier.

If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Restriction on Allotment

Under Regulation 86(1)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being, or any person related to, the Promoters. Eligible QIBs which have all or any of the following rights shall be deemed to be persons related to the Promoters:

- rights under a shareholders' agreement or voting agreement entered into with the Promoters or persons related to the Promoters;
- veto rights; or
- a right to appoint any nominee director on the Board.

Provided, however, that an Eligible QIB which does not hold any shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the Promoters.

Our Company, the Book Running Lead Manager and any of its affiliates, including their respective shareholders directors, officers, counsel, advisors, representatives or agents are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Eligible QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not eventually result in triggering a tender offer under the Takeover Code.

Note*: Affiliates or associates of the Book Running Lead Manager who are Eligible QIBs may participate in this Issue in compliance with applicable laws.*

Application Process

Application Form

Eligible QIBs shall only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of the Preliminary Placement Document, the Eligible QIB will be deemed to have made the following representations and warranties:

1. The Bidder confirms that it is a qualified institutional buyer in terms of Regulation 2(1)(zd) of the SEBI ICDR Regulations and is not excluded under Regulation 86 of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. The Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoters or Promoter Group or persons related to the Promoters;

3. The Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director

on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;

4. The Eligible QIB acknowledges that it has no right to withdraw its Bid after the Issue Closing Date;

5. The Eligible QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The Eligible QIB confirms that it is eligible to Bid and hold Equity Shares so Allotted. The Eligible QIB further confirms that its holding, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

7. The Eligible QIB confirms that its Bids would not eventually result in triggering a tender offer under the Takeover Code;

8. The Eligible QIB confirms that to the best of its knowledge and belief, the number of Equity Shares Allotted to it pursuant to this Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50.00% of this Issue. For the purposes of this representation:

    a. The expression "belong to the same group" shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act, 1956; and

    b. "Control" shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the Takeover Code;

9. The Eligible QIBs shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

ELIGIBLE QIBS MUST PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, PAN, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, EMAIL ID AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. FOR THIS PURPOSE, ELIGIBLE SUB ACCOUNTS OF AN FII WOULD BE CONSIDERED AS AN INDEPENDENT ELIGIBLE QIB.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, THE ELIGIBLE QIB SUBMITTING A BID, ALONG WITH THE BID CUM APPLICATION FORM, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGER TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, ESCROW BANK(S) OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIB SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THIS ISSUE, WILL ALSO HAVE TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE KNOW YOUR CUSTOMER (KYC) NORMS.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by an Eligible QIB shall be deemed a valid, binding and irrevocable offer for the Eligible QIB to pay the entire Issue Price for the Equity Shares (as indicated by the CAN) and becomes a binding contract on the Eligible QIB upon issuance of the CAN by our Company in favour of the Eligible QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the number of Equity Shares applied for. All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Manager as per the details provided in the respective CAN.

The Application Forms may also be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Name of the Book Running Lead Manager	Address	Contact Person	Email	Phone
Centrum Capital Limited	Centrum House, C.S.T. Road, Vidyanagari Marg, Kalina, Santa Cruz (East), Mumbai – 400098, India	Sugandha Kaushik, Pavan Naik	light.project@centrum.co.in	+91 22 4215 9000

The Book Running Lead Manager shall not be required to provide any written acknowledgement of the receipt of the Application Form.

Permanent Account Number or PAN

Each Eligible QIB should mention its PAN allotted under the IT Act in the Application Form. Applications without this information will be considered incomplete and are liable to be rejected. Eligible QIBs should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Pricing and Allocation

Build up of the Book

The QIBs shall submit their Bids (including the revision of bids) within the Bidding Period to the Book Running Lead Manager. Such Bids cannot be withdrawn after the Bid/Issue Closing Date. The book shall be maintained by the Book Running Lead Manager.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company may offer a discount of not more than 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and filed the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company shall determine the Allocation, in consultation with the Book Running Lead Manager, on a discretionary basis and in compliance with Chapter VIII of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such Eligible QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10.00% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION SHALL BE FINAL AND BINDING ON ALL ELIGIBLE QIBS. ELIGIBLE QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on the Application Forms received, our Company, in consultation with the Book Running Lead Manager, in their sole and absolute discretion, shall decide the Eligible QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to each of them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such Eligible QIBs. Additionally, a CAN will include details of the relevant Escrow Account into which such payments would need to be made, Pay-In Date as well as the probable designated date, being the date of credit of the Equity Shares to the respective Eligible QIB's account. The Eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the serially numbered CAN to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIB to furnish all details that may be required by the Book Running Lead Manager and the Company and to pay the entire Issue Price for all the Equity Shares Allocated to such Eligible QIB.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to this Issue.

Bank Account for Payment of Application Money

Our Company has opened the '*Fiem Industries Limited – QIP Escrow Account*' with the Escrow Bank in terms of the arrangement among our Company, the Book Running Lead Manager and HDFC Bank Limited as Escrow Bank. The Eligible QIB will be required to deposit the entire amount payable for the Equity Shares Allocated to it by the Pay-In Date as mentioned in, and in accordance with, the respective CAN. Payments are to be made only through electronic fund transfer.

If the payment is not made favouring the "Fiem Industries Limited – QIP Escrow Account" within the time stipulated in the CAN, the Application Form and the CAN of the Eligible QIB are liable to be cancelled.

Our Company undertakes to utilise the amount deposited in "Fiem Industries Limited – QIP Escrow Account" only for the purposes of (i) adjustment against Allotment of Equity Shares in this Issue; or (ii) repayment of application money if our Company is not able to Allot Equity Shares in this Issue.

In case of cancellations or default by the Eligible QIBs, our Company and the Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Eligible QIBs at their sole and absolute discretion subject to the compliance with the requirements of the Companies Act, 2013 and the SEBI ICDR Regulations.

Note: Payments other than electronic transfer of funds including through cheques are liable to be rejected at the sole discretion of the Book Running Lead Manager.

Designated Date and Allotment of Equity Shares

The Equity Shares will not be Allotted unless the Eligible QIBs pay the Issue Price to the "Fiem Industries Limited – QIP Escrow Account".

Subject to the satisfaction of the terms and conditions of the Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN for the QIBs who have paid the aggregate subscription amounts as stipulated in the CAN.

The Equity Shares in this Issue will be issued and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act.

Our Company, at its sole discretion, reserves the right to cancel this Issue at any time up to Allotment without assigning any reason whatsoever.

Post receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares into the Depository Participant account of the QIBs.

Following the Allotment and credit of Equity Shares into the Eligible QIBs' Depository Participant accounts, our Company will apply for final trading and listing approvals from the Stock Exchanges.

The Escrow Bank shall release the monies lying to the credit of the Escrow Bank Account to our Company after allotment of Equity Shares to the QIBs.

In the case of Eligible QIBs who have been Allotted more than 5.00% of the Equity Shares in this Issue, our Company shall disclose the name and the number of Equity Shares Allotted to such Eligible QIB to the Stock Exchanges and the Stock Exchanges will make the same available on their website.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company after receipt of necessary trading and listing approvals from the Stock Exchanges.

In the event that our Company is unable to issue and Allot the Equity Shares offered in this Issue or on cancellation of this Issue, within 60 days from the date of receipt of application money, our Company shall repay the application money within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at the rate of 12% per annum from expiry of the sixtieth day. The application money to be refunded by our Company shall be refunded to the same bank account from which application money was remitted by the Eligible QIBs.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Manager, may reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company and the Book Running Lead Manager in relation to the rejection of Bids shall be final and binding.

Equity Shares in Dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to this Issue must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Allotment to a successful Eligible QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Eligible QIB.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to this Issue would be in dematerialised form only for all Eligible QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to this Issue due to errors in the Application Form or otherwise on part of the Eligible QIBs.

Release of funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the Escrow Account till such time, that it receives an instruction in pursuance to the Escrow Agreement, along with the listing and trading approval of the Stock Exchanges for the Equity Shares offered in this Issue.

PLACEMENT AND LOCK-UP

Placement Agreement

The Book Running Lead Manager has entered into a Placement Agreement dated September 12, 2016 with our Company, pursuant to which the Book Running Lead Manager has agreed, subject to certain conditions, to manage this Issue and to act as placement agents in connection with the proposed Issue and procure subscription for Equity Shares to be placed with the QIBs, on reasonable effort basis, pursuant to Chapter VIII of the SEBI ICDR Regulations.

The Placement Agreement contains customary representations and warranties, as well as indemnities from our Company and this issue is subject to satisfaction of certain conditions and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to this Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares issued pursuant to this Issue will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

In connection with this Issue, the Book Running Lead Manager (or its affiliates) may, for their own accounts, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be issued pursuant to this Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Manager may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of this Issue and no specific disclosure will be made of such positions.

Affiliates of the Book Running Lead Manager may purchase the Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. Refer to sections "*Representations by Investors" and "Off-shore Derivative Instruments (P-notes)*" on page 5 and 10 of this Placement Document.

From time to time, the Book Running Lead Manager and its affiliates may engage in transactions with and perform services of our Company in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company or its affiliates, for which they have received compensation and may in the future receive compensation.

Lock-up

Our Company has agreed that it will not, without the prior written consent of the Book Running Lead Manager, from the date of the Placement Agreement and for a period of up to 180 days from the Closing Date, directly or indirectly: (a) offer, issue, lend, sell, pledge, contract to sell or issue, issue or offer any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares or any securities convertible into or exercisable for Equity Shares (including, without limitation, securities convertible into or exercisable or exchangeable for Equity Shares), with respect to any of the foregoing; or (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of Equity Shares or such other securities, in cash or otherwise); or (c) deposit Equity Shares with any other depositary in connection with a depositary receipt facility; or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above to be settled by delivery of Equity Shares, or such other securities, in cash or otherwise; or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale, issue or offer or deposit of Equity Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above, provided however that the foregoing restrictions will (i) not be applicable to any pledge or mortgage of the Equity Share already existing on the date of this Agreement or transfer of such existing pledge or mortgage; (ii) not be applicable on issuance of Equity Shares pursuant to the

ESOP Scheme; and (iii) not restrict the existing shareholders of the Company from acquiring or purchasing any Equity Shares in the Company, directly or indirectly, in accordance with and subject to applicable laws.

Our Promoters have undertaken that they will not for a period of 180 days from the date of Allotment under the Issue, without the prior written consent of the Book Running Lead Manager, (a) directly or indirectly, offer, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any Equity Shares held by the Promoters (as defined herein below) or any securities convertible into or exercisable for any Equity Shares held by the Promoters (regardless of whether any of the transactions described in this clause (a) is to be settled by the delivery of the Equity Shares held by the Promoters or such other securities, in cash or otherwise); or; (b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares held by the Promoters or any securities convertible into or exercisable or exchangeable for any of the Equity Shares held by the Promoters (regardless of whether any of the transactions described in this clause (b) is to be settled by the delivery of the Equity Shares held by the Promoters or such other securities, in cash or otherwise); or (c) deposit any of the Equity Shares held by the Promoters with any depositary in connection with a depositary receipt facility; or (d) publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Equity Shares held by the Promoters in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above, provided, however, that the foregoing restrictions shall not apply to any sale, transfer or disposition of any of the Equity Shares held by the Promoters by the Promoters with prior notice to the Book Running Lead Manager to the extent such sale, transfer or disposition is required by Indian law.

SELLING – TRANSFER RESTRICTIONS

Resale of Equity Shares, except on the floor of the Stock Exchanges, are not permitted for a period of one year from the date of Allotment, pursuant to Chapter VIII of the SEBI ICDR Regulations. Further additional restrictions may apply, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Equity Shares.

Selling Restrictions

The distribution of this Placement Document and the offer, sale or delivery of the Equity Shares in this Issue is restricted by law in certain jurisdictions. Persons who come into possession of this Placement Document or any other offering material relating to the Equity Shares are advised to seek legal advice with regard to any restrictions that may be applicable to them and to observe such restrictions. This Placement Document may not be used for the purpose of an offer or sale in any circumstances in which such offer or sale is not authorized or permitted.

General

No action has been or will be taken in any jurisdiction by our Company or the Book Running Lead Manager that would permit a public offering of the Equity Shares or the possession, circulation or distribution of this Placement Document or any other material relating to our Company or the Equity Shares in this Issue in any jurisdiction where action for such purpose is required. Accordingly, the Equity Shares in this Issue may not be offered or sold, directly or indirectly and neither this Placement Document nor any other offering material or advertisements in connection with the Equity Shares issued pursuant to this Issue may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on our Company or the Book Running Lead Manager. This Issue will be made in compliance with the SEBI ICDR Regulations. Each subscriber of the Equity Shares in this Issue will be required to make, or will be deemed to have made, as applicable, the acknowledgments and agreements as described under the sections titled "*Notice to Investors*" and "*Selling - Transfer Restrictions*".

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Manager or any of their respective affiliates or advisors.

The Indian securities market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalization and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the Securities Contracts (Regulation) Act, 1956 (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957 (the "**SCRR**"), the SEBI Act, 1992, as amended from time to time (the "**SEBI Act**"), the Depositories Act, 1996, the Companies Act and various other rules and regulations framed thereunder. On June 20, 2012, SEBI, in exercise of its powers under the SCRA and the **SEBI Act**, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2012 (the "**SCR (SECC) Rules**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Rules along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets to protect the interests of investors, to promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices and insider trading and to regulate the substantial acquisition of shares and takeovers of companies. Regulations and guidelines concerning minimum disclosure requirements by public companies, investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, FIIs, FPIs, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing of Securities

The listing of securities on a recognized Indian stock exchange is regulated by the applicable Indian laws including the SEBI ICDR Regulations, Companies Act, 2013, the SCRA, the SCRR, the SEBI Act, the SEBI Listing Regulations and various guidelines and regulations issued by SEBI. The SCRA empowers the governing body of each recognized stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach by a listed company of any of the conditions of admission to dealings or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to vary or veto the decision of the stock exchange and bye-laws of the stock exchanges in India.

Disclosures under the Companies Act, 2013 and the SEBI Listing Regulations

Public listed companies are required under the Companies Act, 2013 and the SEBI Listing Regulations to prepare, file with the registrar of companies and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance under the Companies Act, 2013, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the Listing Regulations.

Delisting

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, as amended, in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges which were significantly modified in 2015. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

SEBI Listing Regulations

SEBI has notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 on September 2, 2015 which replace the erstwhile Listing Agreements entered into with the stock exchanges. Other than the regulations 23(4) and 31A pertaining to (i) approval of all material related party transactions by the shareholders and abstinence by the related parties from voting in such resolutions, and (ii) disclosure of class of shareholders and conditions for reclassification, which were notified on September 2, 2015, a time period of 90 days had been provided for implementation of the SEBI Listing Regulations, i.e. from December 2, 2015. The SEBI Listing Regulations have been structured to provide ease of reference by consolidating the listing obligations and disclosure requirements into one single document across various types of securities listed on the stock exchanges.

Minimum Level of Public Shareholding

Pursuant to an amendment of the SCRR in June 2010, all listed companies (except public sector undertakings) are required to ensure a minimum public shareholding at 25%. Further, where the public shareholding in a listed company falls below 25% at any time, such company is required to bring the public shareholding to 25% within a maximum period of 12 months from the date of such fall in the manner specified by the SEBI. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of up to 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, the BSE is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. The NSE was recognized as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. The NSE launched the NSE 50 Index on April 22, 1996 and the Mid-cap Index on January 1, 1996. The securities in the NSE 50 Index are highly liquid.

Internet-based Securities Trading and Services

The SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. The NSE became the first exchange to grant approval to its members for providing internet based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" and the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognized stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading (or "**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

The NSE has introduced a fully automated trading system called National Exchange for Automated Trading (or "**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

Takeover Code

Disclosure and mandatory open offer obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended ("**Takeover Code**"), which provides specific regulations in relation to substantial acquisition of shares and takeover. The Takeover Code came into effect on October 22, 2011 and replaced the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("**Takeover Regulations 1997**"). Once the equity shares of a company are listed on a stock exchange in India, the provisions of the Takeover Code will apply to any acquisition of the company's shares/voting rights/control. The Takeover Code prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the Takeover Code mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The Takeover Code also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

The key changes from the Takeover Code 1997 under the Takeover Code include:

- the trigger for making a public offer upon acquisition of shares or voting rights has been increased from 15% to 25%;
- every public offer has to be made for at least 26% of all the shares held by other shareholders;
- creeping acquisition of up to 5% is permitted up to a limit of 75% of the shares or voting rights of a company;
- acquisition of control in a target company triggers the requirement to make a public offer regardless of the level of shareholding and the acquisition of shares; and
- if the indirect acquisition of a target company is a predominant part of the business or entity being acquired, it would be treated as a direct acquisition.

Insider Trading Regulations

The Insider Trading Regulations, 2015 have been notified by SEBI to prohibit and penalize insider trading in India.

Under the Insider Trading Regulations an "insider" is defined to include any person who is a connected person or is in possession of or having access to unpublished price sensitive information ("**UPSI**") or a "Connected Person". A "Connected Person" includes, inter alia, any person who is or has directly or indirectly, been associated with the company in any capacity whether contractual, fiduciary or employment or has any professional or business relationship with the company whether permanent or temporary, during the six months prior to the concerned act which would allow or reasonably expect to allow access, directly or indirectly, to UPSI. Under the Insider Trading Regulations any person who is a Connected Person or is in possession of or having access to unpublished price sensitive information is not permitted to (i) communicate, provide, or allow access to any UPSI, relating to a company or securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligations; (ii) trade in securities that are listed or proposed to be listed on a stock exchange when in possession of UPSI subject to certain exceptions.

The Insider Trading Regulations has also mandated disclosures, both initial and continual disclosures, with regard to the holdings in securities and trades carried out by the Promoter, employee, director and their immediate relatives. Our Company at its discretion may also require any other connected person or class of connected persons to make similar disclosures.

Further, the Insider Trading Regulations has envisaged a mechanism of trading window to monitor the trades carried out by employees of the Company, who pursuant to their role and function have access to UPSI (designated person). The trading window shall remain closed when the compliance officer of the company determines that a designated person can reasonably be expected to have possession of unpublished price sensitive information and no trading can be carried out during this period. The Insider Trading Regulations 2015, has also mandated preclearance of trades executed by designated persons and the immediate Relatives exceeding a certain value as prescribed by the Company in its code of conduct to regulate, monitor and report trading. The board of directors of all listed companies is required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the Insider Trading Regulations. Further, under Section 195 of the Companies Act, 2013, no person, including any director or key managerial personnel of a company shall enter into insider trading.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. Further, SEBI framed regulations in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF EQUITY SHARES

The following is information relating to the Equity Shares including a brief summary of the Memorandum of Association and Articles of Association, and the Companies Act, 2013. Prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share Capital

As of the date of this Placement Document, our Company's authorized share capital is ₹300 million divided into 3,00,00,000 equity shares of ₹10 each and the issued, subscribed and paid up share capital is ₹119.62 million divided into 1,19,62,226 equity shares of ₹10 each. For further details on our Company's share capital, refer to "*Capital Structure*" on page 61 of this Placement Document.

Dividends

Under Indian law, a company pays final dividend upon a recommendation by its board of directors and approval by a majority of the shareholders at the AGM of shareholders held each Financial Year. Under the Companies Act, 2013 unless the board of directors of a company recommends the payment of final dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions specified under Section 123 of the Companies Act, 2013 and the rules made thereunder no dividend can be declared or paid by a company for any Financial Year except (a) out of the profits of the company for that year, calculated in accordance with the provisions of the Companies Act, 2013; or (b) out of the profits of the company for any previous Financial Year(s) arrived at in accordance with the Companies Act, 2013 and remaining undistributed; or (c) out of both; or (d) out of money provided by the Central Government or a State Government for payment of dividend by the Company in pursuance of a guarantee given by that Government.

The dividends shall be paid only out of the profits of our Company, arrived at after setting aside such sums as the Board thinks fit as reserve or reserves. The profits of our Company, subject to provisions of the Articles of Association, shall be divisible among the members in proportion of the amount of capital paid up or credited as paid up on the shares held by them respectively. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion of the period for which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. The Board may retain dividends payable upon shares in respect of which any person is by way of a transmission entitled to become a member, until such person shall become a member in respect of such shares.

Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made.

Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

It is provided under the Articles of Association that no dividend shall bear interest against the Company. The waiver in whole or in part of any dividend on any share by any document (whether or not under seal) shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board.

The Memorandum and Articles of Association provide that our Company may declare dividends in its general meeting, such as not exceeding the amount recommended by the Board. The Board shall, at its discretion, also pay to the members such interim dividends of such amount on such class of shares and at such times as it may deem fit.

Capitalization of Reserves

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act, 2013 permits the board of directors, if so approved by the shareholders in a general meeting, to capitalize the company's profits or reserves for the purpose of issuing fully paid-up bonus shares, which are similar to stock dividend. The Companies Act, 2013 permits the issue of fully paid up bonus shares from its free reserves, securities premium account or capital redemption reserve account, provided that bonus shares shall not be issued by capitalizing reserves created by revaluation of assets. These bonus Equity Shares must be distributed to shareholders in proportion to the number of Equity Shares owned by them as recommended by the board of directors.

As per the Articles of Association of our Company, our Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve to capitalise any amount standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and to set free such sum for distribution amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

The sum aforesaid shall not be paid in cash but shall be applied, either in or towards:

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;
(b) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;
(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b).

A securities premium account and a capital redemption reserve account or any other permissible reserve account including profits, may be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares. The Board shall give effect to the resolution passed by our Company in this regard.

Whenever such a resolution shall have been passed, the Board shall make all appropriations and applications of the amounts resolved to be capitalised thereby, and all allotments and issues of fully paid shares or other securities, if any; and to generally do all acts and things required to give effect thereto. The Board shall have power to issue fractional certificates/ coupons; and to authorise any person to enter into an agreement with our Company providing for the allotment to them respectively, for the payment by our Company on their behalf by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

The Articles of Association of our Company provide that any agreement made under such authority as prescribed above shall be effective and binding on such members.

Alteration of Share Capital

Subject to the provisions of the Companies Act, 2013, our Company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. According to Section 62(1)(a) of the Companies Act, 2013 such new shares shall be offered to existing shareholders in proportion to the paid up share capital on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer) within which the offer, if not accepted, will be deemed to have been declined. After such date or on receipt of earlier intimation from the persons to whom such notice is given that they decline to accept the shares offered, the Board may dispose of the shares offered in respect of which no acceptance has been received in a manner which shall not be disadvantageous to the shareholders of our Company. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person. Private placement and public issues shall be undertaken pursuant to Chapter III the Companies Act, 2013.

Under the provisions of Section 62(1)(c) of the Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014, new shares may be offered to any persons whether or not those persons include existing shareholders or employees to whom shares are allotted under a scheme of employees stock options, either for cash or for consideration other than cash, if a special resolution to that effect is passed by our Company's shareholders in a general meeting. Our Company may, by a resolution passed in a general meeting, from time to time, increase the share capital by the creation of new Equity Shares of such amount as may be deemed expedient and specified in the resolution. Such increase in the share capital shall be subject to compliance with the provision of the Companies Act, 2013 and of any other laws that may be in force. New Equity Shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto as are consistent with provisions of the Companies Act, 2013 and which the general meeting, resolving upon the creation thereof shall direct and if no direction be given, as our Board shall determine, and in particular such Equity Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of our Company, subject to the conditions prescribed under the Companies Act, 2013.

As per the Articles of Association, our Company may, by ordinary resolution, alter its memorandum and /or share capital as under:

(a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;
(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares: Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;
(c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;
(d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
(e) cancel any shares which, at the date of the passing of the resolution I that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled.

Wherever shares have been converted into stock, the holders of the stock may freely transfer the same in accordance with the Articles; and enjoy the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

The Articles of Association provide that our Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules,
(a) its share capital; and/or
(b) any capital redemption reserve account; and/or
(c) any securities premium account; and/or
(d) any other reserve in the nature of share capital.

General Meetings of Shareholders

Every year our Company is required to hold an annual general meeting in addition to any other meetings. Further, our Board may, whenever it thinks fit, call an extraordinary general meeting. Not less than 21 days' clear notice in writing of the general meeting is to be given, but shorter notice may be given if consent in writing is accorded by all the shareholders entitled to vote and in case of any other meetings, with the consent of shareholders holding not less than 95% of such part of the paid-up Share capital of our Company which gives a right to vote at the meeting. An explanatory statement shall be annexed to every notice of a general meeting and notice of every meeting of the Company shall be given to every member of the Company, to the auditors of the Company, to the persons entitled to a share of any deceased member or any insolvent member, and every director of the Company in accordance with Section 101 of the Companies Act, 2013. The accidental omission to give any such notice to or its non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting. The quorum requirements for a general meeting are as prescribed under Section 103 of the Companies Act, 2013, and no business is to be transacted at the general meeting unless the requisite quorum is present at the commencement of the same. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned to the same day in the next week at the same time and place, or such other day and at such time and place as the Board may by notice appoint. The Articles of Association further provide that no business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

A resolution put to vote at a meeting of the shareholders shall be decided by a show of hands unless the voting is carried out electronically or a poll has been demanded under Section 109 of the Companies Act, 2013.

As per the Articles of Association of our Company, no business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. No business shall be discussed or transacted when the chair is vacant, except at a general meeting for election of chairperson. The chairperson of the Board / Company shall preside as the chairperson at every general meeting of our Company.

The Articles of Association of our Company provide that at any general meeting, in case of equality of votes in ordinary resolutions, the chairperson shall have a casting vote and that the Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared, signed and kept in such manner as may be prescribed under the provisions of the Act from time to time.

Voting Rights

Subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association, votes may be given either personally or by proxy, or in the case of a body corporate, by a duly authorized representative under Section 113 of the Companies Act, 2013. Ordinary resolutions may be passed by simple majority of those present and voting. Special resolutions require that the votes cast in favour of the resolution must be at least three times the votes cast against the resolution.

Every member present in person shall have one vote on a show of hands, and on poll, the member present in person or by proxy shall have one vote for each Equity Share of our Company held by him, subject to any rights or restrictions for the time being attached to any class or classes of Equity Shares. Further, in terms of Companies (Management and Administration) Rules, 2014, a member shall have the right to exercise its vote at any general meeting by electronic means. In case of joint holders, the vote of the senior who tenders his vote shall be accepted to the exclusion of the votes of the other joint holders.

As per the Articles of Association of our Company, a member of unsound mind may, on a poll, vote by proxy and in case of a minor, the vote in respect of his share or shares shall be by his guardian. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid in regard to which the Company has exercised any right of lien.

The instrument appointing a proxy is required to be lodged at the registered office at least 48 hours before the time of the meeting. No proxy shall be entitled to vote on a show of hands unless such proxy is present on behalf of a company or corporation.

The Articles of Association of our Company provide that all member of our Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class.

Directors

The Articles of Association provide that the number of Directors shall be not less than three and not more than fifteen. The Directors shall be appointed by our Company subject to the provisions of the Companies Act, 2013 and the Articles of Association. A same individual may, at the same time, be appointed as the chairperson of the Company as well as the Managing Director or Chief Executive Officer of our Company.

The remunerations paid to the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day and shall be determined, in accordance with and subject to the provisions of the Act, by any ordinary resolution passed by our Company in a general meeting. The Directors may be paid all travelling, hotel and other expenses incurred by them in attending and returning from meetings of the Board or any committee thereof or general meetings of our Company; or in connection with the business of our Company.

The Board shall have the power to appoint a person as an additional Director on our Board but any Director so appointed shall hold office only up to the date of the next following annual general meeting of our Company and the total number of Directors shall not at any time exceed the maximum strength prescribed under the Articles of Association. The Board shall have power to appoint a nominee Director with such tenure as it deems fit or as mutually agreed with the nominating institution. Our Board shall also have the power to appoint any person to act as an alternate Director for a Director during the latter's absence for a period of not less than three months.

In terms of the Companies Act, 2013, our Board is required to meet at least four times in a year not exceeding more than 120 days between two meetings, for the dispatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit. The quorum for a meeting of our Board is one-third of the total number of Directors (any fraction contained in that one-third being rounded off as one) or two Directors, whichever is higher.

Transfer of Equity Shares

Our Company is required to comply with the rules, regulations and requirements of the BSE Limited or the rules made under the Companies Act, 2013 or the rules made under the Securities Contracts (Regulation) Act, 1956, as amended ("**SCRA**"), or any other law or rules applicable, relating to the transfer or transmission of Equity Shares.

As per the Articles of Association of our Company, the instrument of transfer of any share in the Company shall be duly executed by or on behalf of both the transferor and transferee; and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members.

The Board may decline to register the transfer of a share, not being a fully paid share or any transfer of shares on which our Company has a lien. The Board may also decline to recognize any instrument of transfer in case of shares held in physical form, unless the instrument is duly executed and is in the form as prescribed in the Rules made under the Act; the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and the instrument of transfer is in respect of only one class of shares.

Buy-back

Our Company may buy back its own Equity Shares or other specified securities subject to the provisions of the Companies Act, 2013 and any related SEBI guidelines issued in connection therewith.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Fiem Industries Limited
D-34, DSIDC Packaging Complex,
Kirti Nagar, New Delhi – 110015
India

Re: Proposed qualified institutions placement of equity shares of face value Rs. 10 each (the "Equity Shares") of Fiem Industries Limited (the "Company") under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and the Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Issue").

Dear Sirs,

Please find enclosed as Annexure A the special tax benefits available to the Company and its shareholders by virtue of currently applicable statutory and/or regulatory provisions, including, inter alia, applicable provisions of the Income Tax Act, 1961 and the Wealth Tax Act, 1957, as amended.

Several of the said possible special tax benefits are dependent on the Company and its shareholders fulfilling certain conditions as prescribed under relevant statutory and/or regulatory provisions. Hence, the ability of the Company and its shareholders to avail of such special tax benefit/s is dependent upon the Company fulfilling such conditions, which the Company may or may not, at its sole discretion, choose to fulfil from time to time.

This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and changing tax laws, each shareholder is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

The enclosed annexure is for your information and for inclusion in the Preliminary Placement Document and the Placement Document, as amended or supplemented thereto, which the Company intends to submit to the Securities and Exchange Board of India, the Registrar of Companies and the Stock Exchange(s) or any other written material in connection with the proposed Issue. We do not express any opinion or provide any assurance as to whether the Company or any of its shareholders will currently, or in the future, be able to avail of any or all of the said tax benefits.

This certificate has been issued at the request of the Company for use in connection with the Issue and may accordingly be furnished to the Stock Exchanges or any other regulatory authorities, as required. This certificate may be relied on by the Company's advisors and intermediaries duly appointed in relation to the Issue.

For **Anil S. Gupta and Associates**
(Chartered Accountants)
Firm Registration no.-004061N

Anil Kumar Gupta
(Prop.)
Membership No.: 083159
Date: 12/09/2016
Place:- Delhi

ANNEXURE A: SPECIAL AND GENERAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

The information provided below sets out the possible tax benefits available and implications to the Company and the shareholders in a summary manner only and is not a complete analysis or listing of all potential tax consequences of purchase, ownership and disposal of equity shares, under the Act presently in force in India. It is not exhaustive or comprehensive analysis and is not intended to be a substitute for professional advice.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION

UNDER THE INCOME TAX ACT, 1961 ('the Act')

FIEM INDUSTRIES LIMITED ("**the Company**") is an Indian Company, subject to tax in India. The Company is taxed on its profits. Profits are computed after allowing all permissible business expenditure, including depreciation.

The following is based on the provisions of the current Act, which is generally amended every fiscal year.

Levy of Income Tax

Tax implications under the Act are dependent on the residential status of the tax payer. We summarize herein below the provisions relevant for determination of residential status of a tax payer.

1. **Residential status of an Individual**

As per the provisions of the Act, an individual is considered to be a resident in India during any financial year (FY) if he or she is present in India for:

a. a period or periods aggregating to 182 days or more in that FY; or

b. a period or periods aggregating to 60 days or more in that FY and for a period or periods aggregating to 365 days or more within the four preceding years; or

In the case of a citizen of India or a person of Indian origin living outside India who comes on a visit to India in any previous year, the limit of 60 days under point (b) above shall be read as 182 days. In the case of a citizen of India who leaves India as member of the crew of an Indian ship or for the purposes of employment outside India in any previous year, the limit of 60 days under point (b) above, shall be read as 182 days.

Further if an individual fulfills the conditions prescribed under section 6(6) of the Act, he/she shall be treated as 'not ordinarily resident' and shall be taxed as per the provisions of section 5(1) of the Act.

2. **Residential status of a company**

A company is resident in India if it is formed and incorporated under the Companies Act, 1956/2013 or the place of effective management (POEM) is situated in India.

For this purpose, the place of effective management means a place where key management and commercial decisions that are necessary for the conduct of the business of an entity as a whole are, in substance made. The Central Board of Direct Taxes has issued draft guiding principles for determination of POEM of a company.

3. Residential status of a Hindu undivided family (HUF), firm or AOP:

A HUF, firm or other association of persons or every other person is resident in India except when the control and management of its affairs is situated wholly outside India. Further if a HUF fulfills the conditions prescribed under section 6(6) of the Act, it shall be treated as 'not ordinarily resident' and shall be taxed as per the provisions of section 5(1) of the Act.

4. **Residential status of every other person**

Every other person is resident in India in a Financial Year (FY) in every case except when the control and management of his affairs is situated wholly outside India. A person who is not a resident in India would be regarded as 'Non-Resident'.

5. Scope of taxation

In general, a person who is "resident" in India in a FY is subject to tax in India on its global income. In the case of a person who is "non-resident" in India, only the income that is received or deemed to be received or that accrues or arises in or is deemed to accrue or arise to such person in India is subject to tax in India.

As per explanation 5 to sub section (1) to section 9 of the Act, an asset or a capital asset being any share or interest in a company or entity registered or incorporated outside India shall be deemed to be and shall always be deemed to have been situated in India, if the share or interest derives, directly or indirectly, its value substantially from the assets located in India. Attention is also invited to explanations 6 and 7 to sub section (1) to section 9 of the Act on this matter.

In the instant case, the income from the equity shares of the Company would be considered to accrue or arise in India, and would be taxable in the hands of all categories of tax payers irrespective of their residential status unless specifically exempt, as detailed later. However, a relief may be available under applicable Double Taxation Avoidance Agreement (DTAA) to certain non-residents/investors.

6. Tax Considerations

As per the taxation laws in force, the tax benefits / consequences as applicable, to the Company and its shareholders are stated as under. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions.

A. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

1. Key benefits / deductions available to the Company under the IT Act

A) Business income:

a) Depreciation:

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business under Section 32 of the IT Act. In case of new machinery or plant that is acquired by the Company (other than the specified exclusions), the Company is entitled to a further sum equal to 20% of the actual cost of such machinery or plant subject to conditions specified in Section 32 of the IT Act.

b) Investment in new Plant & Machinery:

As per Section 32AC(1A) of the Act, the Company is entitled to a deduction of 15% of actual cost of 'new assets' acquired and installed in a FY subject to fulfilment of prescribed conditions. The aggregate amount of actual cost of new assets acquired in a previous year should exceed Rs. 25 crores and installation of the same should be completed before March 31, 2017. No deduction under Section 32AC(1A) of the Act would be available from FY 2017-18 onwards.

Further in case the new asset acquired or and installed is transferred by the Company within 5 years from the date of its installation, the amount of deduction allowed under Section 32AC(1A) of the Act except in connection with amalgamation/demerger would be deemed to be income under the head 'profits and gains from business and profession' of the year in which such new asset is sold or otherwise transferred. This taxability is in addition to the taxability of gains arising on transfer of new asset.

The term 'new asset' means any new plant and machinery but does not include:

- Ships and Aircraft;
- Any machinery or plant which, before its installation by the company, was used either within or outside India by any other person;

- Any machinery or plant installed in any office premises or any residential accommodation, including accommodation in the nature of a guest-house;
- Any office appliances including computers or computer software
- Any vehicle; or
- Any machinery or plant, the whole of the actual cost of which is allowed as a deduction (whether as depreciation or otherwise) in computing the income under the head 'Profits and gains from business and profession' of any one FY.

c) Deductions under Section 80-IC of the Act

As per Section 80-IC of the IT Act, the Company, for its Nalagarh unit, had been in past from AY 2007-08 to AY 2016-17 eligible for deduction of an amount equal to specified per cent. of the profits and gains derived by specified undertaking for 10 assessment years subject to the fulfilment of the conditions specified in that section. However w.e.f FY 16-17 (AY 17-18) deduction under section 80-IC of the Act is not available to the company.

d) Deduction for in-house R&D facility under section 35(2AB)

The company is eligible for weighted deduction of 200% under Section 35(2AB) of the Act in respect of expenditure on scientific research (not being expenditure in the nature of cost of any land and building) incurred on in house research and development facility as approved by the prescribed authority during the AY 2017-18. Weighted deduction is restricted to 150% of the expenditure incurred aforesaid for the AY 2018-19 to 2020-21 and 100% of sum paid as aforesaid from AY 2021-22.

B. SPECIAL TAX BENEFITS AVAILABLE TO THE INVESTORS

- There are no special tax benefits available to the shareholders.

C. GENERAL TAX BENEFITS AVAILABLE AND IMPLICATIONS TO RESIDENT INVESTORS

- As per section 10(34) of the Act, any income by way of dividends referred to in section 115O received on shares of any Indian company is exempt from tax. As per the Finance Act 2016, income by way of dividends from domestic companies in aggregate exceeds Rs.10 lakh shall be chargeable to tax in the case of an individual, Hindu undivided family (HUF) or a firm, resident in India, at the rate of 10% plus applicable surcharge and cess, in terms of section 115BBDA. This is subject to the provisions of section 94(7) of the Act- avoidance of tax by certain transactions in securities to be treated as impermissible

- However, in view of the provisions of section 14A of the Act, no deduction will be allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- In terms of section 94(7) of the Act provides that where any person buys or acquires any shares of a company within a period of three months prior to the record date (as defined in explanation (aa) to section 94) and such person sells or transfer such shares within a period of three months after such date, the losses arising from the purchase and sale of such shares, to the extent such loss does not exceed the amount of dividend received or receivable on such shares, shall be ignored for the purposes of computing its income chargeable to tax.

- As per the provisions of section 10(38) of the Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where such transaction has suffered securities transaction tax.

- Second proviso to section 48 of the Act provides that the long term capital gains (in cases not covered under section 10(38) of the Act) of the shareholder arising on transfer of shares in the Company will be computed after applying the relevant indexation on the cost of acquisition. The resulting long term capital gains would be charged to tax @ 20% as per section 112 of the Act plus applicable cess.

- In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than unit) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -

a. 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
b. 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a longterm capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" (as defined below) within a period of 6 months from the date of such transfer. If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assesse transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

  "Long term specified asset" for the purpose of making investment under section 54EC of the Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

  a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or;

  b. by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

  The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lacs, whether invested during the financial year in which the asset is transferred or subsequent year.

  The cost of the long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction under section 80C of the Act for any assessment year beginning on or after 1 April, 2006.

- The Finance Act, 2016 has inserted a new section 54EE, where capital gain arises from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹50 lacs.

  For the purpose of section 54EE, “long term specified assets” means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- As per the provisions of section 54F of the Act and subject to the conditions specified therein particularly in the proviso to the sub section (1), long term capital gains (which are not exempt under section 10(38) of the Act) arising to an individual or a Hindu Undivided Family (“HUF”) on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from transfer of such shares are used for purchase of one residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of one residential house property within a period of 3 years after the date of such transfer. The benefits granted may be withdrawn in the circumstances specified in sub sections (2) to (4) to the said section.

- As per section 74 of the Act, short term capital loss suffered during the year is allowed to be set-off against short term as well as long term capital gain of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years’ short term as well as long-term capital gains.

- Long term capital loss suffered during the year (other than those to which section 10(38) of the Act is applicable) is allowed to be set-off against long term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long term capital gains.

- Losses arising on the purchase and sale of such shares which are speculative in nature shall be allowed to be set off only against the profits arising on speculative transactions alone. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the speculative transactions in those years.

- In terms of section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business by a shareholder is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. This is subject to the provisions of section 43B of the Act.

- Section 111A of the Act provides that short term capital gains arising to the shareholder from the sale of a short term capital asset being an equity share will be taxable at the rate of 15% (plus applicable surcharge and education cess) where such transaction is chargeable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in a Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

D. SPECIAL TAX BENEFITS AVAILABLE AND IMPLICATIONS TO NON-RESIDENTS INVESTORS (OTHER THAN NON-RESIDENT INDIANS, MUTUAL FUNDS, FIIs AND FOREIGN VENTURE CAPITAL INVESTORS)

- As per the provisions of section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received from domestic company is exempt from income tax in the hands of shareholder. This is subject to the provisions of section 94(7) of the Act- avoidance of tax by certain transactions in securities to be treated as impermissible.

- However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend / exempt income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- Further, section 94(7) of the Act provides that where any person buys or acquires any shares of a company within a period of three months prior to the record date (as defined in explanation to section 94) and such person sells or transfer such shares within a period of three months after such date, the losses arising from the purchase and sale of such shares, to the extent such loss does not exceed the amount of dividend received or receivable on such shares, shall be ignored for the purposes of computing its income chargeable to tax.

- As per the provisions of section 10(38) of the Act, long term capital gains arising on sale of equity shares in the Company would be exempt from tax where such transaction has suffered securities transaction tax.

- Section 111A of the Act provides that short-term capital gains arising from the sale of an equity share, being a short term capital asset in the Company, would be taxable at a concessional rate of 15 percent (plus applicable surcharge and education cess) where such transaction is liable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in the Company, other than those covered by Section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

- As per Finance Act, 2015, as per clauses (iid) and (fb) of explanation 1 to section 115JB of the Act, the amount of income accruing or arising to an assessee, being a foreign company, from capital gains arising on transactions in securities shall be excluded from the chargeability of MAT (excluding a scenario where the non-resident investor has a permanent establishment in India), if such income is credited to the profit and loss account and the income-tax payable thereon in accordance with the provisions of the Act, other than the provisions of chapter XII-B, is at a rate less than the rate specified in sub-section (1) to section 115JB.

- In terms of the first proviso to section 48 of the Act, in case of a non-resident, while computing the capital gains (in cases not covered under section 10(38) of the Act and not subject to section 111A of the Act) arising from transfer of shares in the Company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains / loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:

  a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;
  b. Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956;

  If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the long term specified asset made by the Shareholder on or after April 1, 2007 during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹50 lacs.

  The cost of long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction under section 80C of the Act for any assessment year beginning on or after 1 April, 2006.

- Finance Act, 2016 has inserted a new section 54EE, where capital gain arising from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹50 lacs.

  For the purpose of section 54EE, "long term specified assets" means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- Losses arising on the purchase and sale of such shares which are speculative in nature shall be allowed to be set off only against the profits arising on speculative transactions alone. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the sale of such shares.

- In terms of section 36(1) (xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business by a shareholder is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession', subject to section 43B of the Act.

- As per clauses (iid) and (fb) of explanation 1 to section 115JB of the Act, capital gains arising on transactions in securities arising to a foreign company, shall be excluded from the computation of book profits liable to MAT, if the income tax payable thereon in accordance with the provisions of the Act other than the provisions of chapter XII-B of the Act is at a rate less than the rate specified in section 115JB(1) and the book profits shall be increased by the amount of expenditure corresponding to such capital gains.

E. GENERAL TAX BENEFITS AVAILABLE AND IMPLICATIONS TO NON-RESIDENT INDIAN INVESTORS

- NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.

- Provisions of section 10(34) of the Act provides that any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on investment in the shares of the Company is exempt from tax and are not subject to any deduction of tax at source. This is subject to the provisions of section 94(7) of the Act- avoidance of tax by certain transactions in securities to be treated as impermissible.

- However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- Further, section 94(7) of the Act provides that where any person buys or acquires any shares of a company within a period of three months prior to the record date (as defined in explanation (aa) to section 94) and such person sells or transfers such shares within a period of three months after such date, the losses arising from the purchase and sale of such shares, to the extent such loss does not exceed the amount of dividend received or receivable on such shares, shall be ignored for the purposes of computing its income chargeable to tax.

- Provisions of section 10(38) of the Act provides that long-term capital gains arising on transfer of equity shares in the Company would be exempt from tax, provided such transaction is chargeable to securities transaction tax.

- As per section 111A of the Act, short-term capital gains arising from the sale of an equity share, being a short term capital asset in the Company, would be taxable at a concessional rate of 15 percent (plus applicable surcharge and education cess) where such transaction is liable to securities transaction tax. Short Term Capital Gains arising from transfer of shares in the Company, other than those covered by section 111A of the Act, would be subject to tax as calculated under the normal provisions of the Act.

- In terms of the first proviso to section 48 of the Act, in case of a non-resident, while computing the capital gains (in cases not covered under section 10(38) of the Act and not subject to section 111A of the Act) arising from transfer of shares in the Company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into same foreign currency which was utilized in the purchase of shares.

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(38) of the Act) arising on the transfer of a longterm capital asset will be exempt from capital gains tax if the capital gains are invested in a "long term specified asset" (as defined below) within a period of 6 months from the date of such transfer. If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, if the assesse transfers or converts the long term specified asset into money within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the long term specified asset is transferred or converted into money.

"Long term specified asset" for the purpose of making investment under section 54EC of the Act, means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

a. by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 or;

b. by the Rural Electrification Corporation Limited, a Company formed and registered under the Companies Act, 1956.

The total deduction with respect to investment in the long term specified assets is restricted to ₹50 lacs whether invested during the financial year in which the asset is transferred or subsequent year.

Cost of long term specified assets, which has been considered under this section for calculating capital gain, shall not be allowed as a deduction under section 80C of the Act for any assessment year beginning on or after 1 April, 2006.

- The Finance Act, 2016 has inserted a new section 54EE, where capital gains arising from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed ₹50 lacs.

  For the purpose of section 54EE, "long term specified assets" means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- As per the provisions of section 54F of the Act and subject to the conditions specified therein, long term capital gains (which are not exempt under section 10(38) of the Act) arising to an individual on transfer of shares of the Company will be exempt from capital gains tax if the sale proceeds from such shares are used for purchase of one residential house property within a period of 1 year before or 2 years after the date on which the transfer took place or for construction of one residential house property within a period of 3 years after the date of such transfer.

- Losses arising on the purchase and sale of such shares which are speculative in nature shall be allowed to be set off only against the profits arising on speculative transactions alone. The unabsorbed losses, if any, shall be allowed to be carried forward for a period not exceeding four assessment years immediately succeeding the assessment year in which the loss is first computed and set off against the profits arising from the sale of such shares.

- Special provisions relating to taxation of Income from Investment and long term capital gains (other than those exempt under section 10(38) of the Act):

  a. A non-resident Indian, has an option to be governed by the special provisions contained in Chapter XIIA of the Act, i.e. "Special provisions relating to certain incomes of non-residents".

  b. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, LTCG on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

  c. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company (in cases not covered under section 10(38) of the Act) which were acquired, or purchased with or subscribed to in, convertible foreign exchange, will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months from the date of such transfer, in any specified asset (as defined in section 115C(f)) or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

d. Section 115G of the Act provides that non-resident Indians are not obliged to file a return of income, if their only source of income is income from specified investments or long term capital gains or both arising out of specified investments acquired, purchased or subscribed in convertible foreign exchange, provided tax has been deducted there from as per the provisions of Chapter XVII-B of the Act.

e. As per section 115H of the Act, where a non-resident becomes assessable as resident in India, he may furnish to the Assessing Officer a declaration in writing along with his return of income under section 139 for that assessment year, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any specified investments for that year and any subsequent assessment years until such investments are transferred or converted into money.

f. Section 115I of the Act provides that a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A of the Act for any assessment year by furnishing his return of income under section 139 of the Act declaring therein that the provisions of this Chapter shall not apply to him for that assessment year. In such a case, the tax on Investment income and long term capital gains shall be computed in accordance with the normal provisions of the Act.

- In terms of section 36(1) (xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business by a shareholder is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession' subject to the provisions of section 43B of the Act.

F. GENERAL TAX BENEFITS AVAILABLE TO MUTUAL FUNDS

As per section 10(23D) of the Act, subject to the provisions of chapter XII-E of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

G. GENERAL TAX BENEFITS AVAILABLE TO PROVIDENT FUND TO WHICH THE PROVIDENT FUND ACT, 1925 APPLIES

As per section 10(25) of the Act, any income by way of any capital gains arising from the sale, exchange or transfer of any shares which are held by, or are property of any provident fund to which the Provident Fund Act, 1925 applies

H. GENERAL TAX BENEFITS AVAILABLE AND IMPLICATIONS TO FOREIGN INSTITUTIONAL INVESTORS ('FIIs')

- As per the provisions of section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act (i.e. dividends declared, distributed or paid on or after April 01, 2003) received from a domestic Company is exempt from income-tax. This is subject to the provisions of section 94(7) of the Act- avoidance of tax by certain transactions in securities to be treated as impermissible.

- However, in view of the provisions of section 14A of the Act, no deduction is allowed in respect of any expenditure incurred in relation to earning such dividend income. The quantum of such expenditure liable for disallowance is to be computed in accordance with the provisions contained therein and rule 8D of the Income Tax Rules.

- Further, section 94(7) of the Act provides that where any person buys or acquires any shares of a company within a period of three months prior to the record date (as defined in explanation (aa) to section 94) and such person sells or transfer such shares within a period of three months after such date, the losses arising from the purchase and sale of such shares, to the extent such loss does not exceed the amount of dividend received or receivable on such shares, shall be ignored for the purposes of computing its income chargeable to tax.

- Provisions of section 10(38) of the Act provides that long term capital gains arising on transfer of equity shares of the Company would be exempt from tax, where the sale transaction is liable to securities transaction tax.

- As per the provisions of section 54EC of the Act and subject to the conditions and to the extent specified therein, long-term capital gains (which are not exempt under section 10(38) of the Act) would not be chargeable to tax to the extent such capital gains are invested in long term specified assets within 6 months from the date of transfer and held for a period of 3 years, from the date of acquisition, in bonds issued by:

  a. National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988;

  b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

  If only part of the capital gain is so reinvested, exemption available shall be in the same proportion as the cost of long term specified assets bears to the whole of the capital gain. However, in case the long term specified asset is transferred or converted into money within three years from the date of its acquisition, the amount so exempted shall be chargeable to tax during the year such transfer or conversion into money takes place. The investment in the Long Term Specified Asset made by the shareholder on or after April 1, 2007 during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed 50 lakhs rupees.

- The Finance Act, 2016 has inserted a new section 54EE, where capital gain arising from the transfer of a long term capital asset and the assessee at any time within a period of 6 months invests the whole or any part of capital gains in the long term specified assets, shall be exempt in the hands of the assessee to the extent of the capital gains invested. The investment in the long term specified asset during the financial year in which the original asset or assets are transferred and the subsequent financial year should not exceed 50 lakhs rupees.

  For the purpose of section 54EE, "long term specified assets" means a unit or units issued before the 1st day of April, 2019 of such fund as may be notified by the Central Government in this behalf.

- Under section 115 AD (1) (ii) of the Act, income by way of STCG arising to a foreign institutional investor (FII) (as defined in the explanation to section 115AD) on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to STT, and at the rate of 15% if such transaction of sale is entered on a recognized stock exchange in India and is chargeable to STT. The above rates are to be increased by applicable surcharge and education cess.

- Under section 115 AD (1) (iii) of the Act, income by way of LTCG arising to a FII (as defined in the explanation to section 115AD) from the transfer of shares (in cases not covered under section 10(38) of the IT Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FIIs. As per provisions of section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Act, payable to a FII.

- As per clauses (iid) and (fb) of explanation 1 to section 115JB of the Act, capital gains arising on transactions in securities arising to a foreign company, shall be excluded from the computation of book profits liable to MAT, if the income tax payable thereon in accordance with the provisions of the Act other than the provisions of chapter XII-B of the Act is at a rate less than the rate specified in section 115JB(1) and the book profits shall be increased by the amount of expenditure corresponding to such capital gains.

- As per section 2(14) of the Act, any securities held by a FII (as defined in explanation 2(a) to section 2(14) read with clause (a) of the explanation to section 115AD) which has invested in such securities in accordance with the regulations made under Securities & Exchange Board of India Act, 1992 would be treated as a capital asset only so that any income arising from transfer of such security by a FII would be treated in the nature of capital gains.

I. GENERAL ANTI AVOIDANCE RULES – Chapter X A (across all categories of tax payers)

- Notwithstanding anything contained in the Act, an arrangement entered into by an assessee may be declared to be an impermissible avoidance arrangement (as defined in section 96(1) read with section 97) and the consequence in relation to tax arising therefrom may be determined subject to the provisions of Chapter XA, which shall apply in respect of any assessment year beginning on or after the 1st day of April, 2018. Further the provisions of chapter XA may be applied to any step in, or a part of, the arrangement as they are applicable to the arrangement. The consequences of an impermissible avoidance arrangement has been spelt out in section 98

- In terms of section of section 98, if an arrangement is declared to be an impermissible avoidance arrangement, then, the consequences, in relation to tax, of the arrangement, including denial of tax benefit or a benefit under a tax treaty, shall be determined, in such manner as is deemed appropriate, in the circumstances of the case, including by way of but not limited to the following, namely:—

  a. Disregarding, combining or re-characterizing any step in, or a part or whole of, the impermissible avoidance arrangement;

  b. Treating the impermissible avoidance arrangement as if it had not been entered into or carried out;

  c. Disregarding any accommodating party or treating any accommodating party and any other party as one and the same person;

  d. Deeming persons who are connected persons in relation to each other to be one and the same person for the purposes of determining tax treatment of any amount;

  e. Reallocating amongst the parties to the arrangement—

     (i) Any accrual, or receipt, of a capital nature or revenue nature; or
     (ii) Any expenditure, deduction, relief or rebate;

  f. Treating—

     (i) The place of residence of any party to the arrangement; or

     (ii) The situs of an asset or of a transaction, at a place other than the place of residence, location of the asset or location of the transaction as provided under the arrangement; or

  g. Considering or looking through any arrangement by disregarding any corporate structure. Further,

     (i) Any equity may be treated as debt or vice versa;
     (ii) Any accrual, or receipt, of a capital nature may be treated as of revenue nature or vice versa; or
     (iii) Any expenditure, deduction, relief or rebate may be re-characterized.

J. THE WEALTH TAX ACT, 1957

Wealth Tax Act, 1957 has been abolished with effect from assessment year 2016-17.

NOTES:

1. The statement of tax benefits and implications enumerated above is as per the Act including amendments as set out in the Finance Act, 2016.

2. As per the Finance Act, 2016, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society and local authorities at the rate of 12% if the total income

exceeds ₹1 crore. As per the Finance Act, 2016, surcharge on income tax has been increased from 12% to 15% on tax if income exceeds ₹1 crore on persons other than companies, firms and co-operative societies.

3. Surcharge is levied on domestic companies at the rate of 7% where the income exceeds ₹1 crore but does not exceed ₹10 crores and at the rate of 12% where the income exceeds ₹10 crores.

4. Surcharge is levied on every company other than domestic company at the rate of 2% where the income exceeds ₹1 crore but does not exceed ₹10 crores and at the rate of 5% where the income exceeds ₹10 crores.

5. A 2% education cess and 1% secondary and higher education cess on the total income is payable by all categories of taxpayers.

6. There are obligations to file a return of income under section 139 of the Act (a) by every company /firm or (b) any other person if his total income exceeds the maximum amount which is not chargeable to tax.

7. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

   As per section 90(4) of the Act, an assessee being a non-resident, shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of his resident in any country outside India, is obtained by him from the Government of that country or any specified territory.

   As per section 90(5) of the Act, the nonresident shall be required to provide such other information, as has been notified. Notwithstanding anything contained in section 90(2) above, the provisions of chapter X-A of the Act, shall apply to the non-resident investors, even if such provisions are not beneficial to him.

   Availability of tax credit for the appropriate share of dividend distribution tax paid by the domestic company on dividends declared in the hands of the non-resident investor in his country of residence will depend on the laws of his/its country.

8. There is an obligation to deduct tax at source on every person responsible for paying to a non-resident any sums chargeable under the provisions of the Act, in terms of section 195 of the Act, either at the time of credit of such income to the credit of the non-resident or at the time of payment, whichever is earlier, at the rates in force. Such tax shall be paid to the Central Government within the time prescribed. There are also obligations to file returns of tax deducted at source on the payer.

9. The Organization for Economic Cooperation and Development (OECD) have released final reports on the Base Erosion and Profit Shifting (BEPS) Action Plan. This OECD initiative is endorsed by the G20 countries to usher in standardization in global tax rules. As a member of the G20 and an active participant of the BEPS project, Indian legislature has been keen on effective implementation of BEPS Action Plan. It is likely that various recommendations in the BEPS Action Plans may be implemented through amendments to the Indian domestic tax law or India tax treaties. Introduction of equalization levy is one such measure. The BEPS Action Plan, being at the initial stages of implementation, it is difficult to fathom or outline the impact of BEPS Action Plans on Indian taxation.

10. The above statement of possible direct tax benefits and implications sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

11. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.

12. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

Above are the possible tax benefits available and implications to the Company and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company and its shareholders to derive the tax benefits is dependent upon fulfilling such conditions. The benefits and obligations discussed above are not exhaustive. This statement is only intended to provide general information to the shareholders and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor/shareholder/the Company is advised to consult his, her or its own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that our interpretation of the provisions will not have a direct binding legal precedent or may have a different interpretation on the benefits and implications.

LEGAL PROCEEDINGS

Our Group is, from time to time, involved in various legal proceedings in the ordinary course of business, which involve matters pertaining to, amongst others, civil proceedings and tax proceedings. Presently, our Subsidiary and our Joint Venture is not involved in any outstanding litigation. Our Company believes that the number of proceedings and disputes in which the Group is involved is not unusual for a Group of its size in the context of doing business in India and in international markets. Except as stated below, our Group is not involved in any legal proceedings and to the best of its knowledge after making due inquiries, our Company has not omitted to disclose any legal proceedings which may have a material adverse effect on our Company on a consolidated basis or may have a significant effect on the performance of our Company. All terms defined in a particular litigation are for that particular litigation only.

Litigations against our Company

1. M/s Peenya Industries Gases Private Limited ("Peenya") had, on October 21, 2013 filed an appeal before the Hon'ble High Court of Karnataka at Bangaluru against the judgement dated July 5, 2013 of the Additional City Civil Judge dismissing the suit for recovery of an amount of ₹2,63,424 with interest at the rate of 18% per annum and rental charges for 19 returnable industrial gas cylinders against our Company. The matter is pending before the Hon'ble High Court.

2. A petition has been filed before the Employees' Compensation Commissioner, U. P. under Section 22 of the Employees' Compensation Act, 1923 as amended, over the death of a security guard due to heavy work strain seeking a compensation amounting to ₹6,17,850 along with the funeral expenses, penalty upon the compensation and interest thereon. The deceased was employed under a contract with M/s The Marshal (previously known as Marshal Security Enterprises). The matter is currently pending.

3. A suit for recovery of an amount of ₹17,400 as unpaid salary along with interest at 12% p.a. has been filed by an ex-employee Bhupender Kumar claiming wrongful termination against our Company. The suit is pending before the Civil Judge, Senior Division, Nalagarh, District Solan, Himachal Pradesh.

Litigations by our Company

1. Our Company has filed a writ petition at the Hon'ble High Court of Madras against the Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) against their final assessment order dated September 26, 2012 through which they had collected ₹7,75,661 from our Company as charges for having used excess amount of energy in the production process. The petition is currently pending before the Hon'ble High Court.

2. A petition for recovery of amount upon a dishonoured cheque of ₹17,25,196 has been filed by our Company before the Additional Chief Metropolitan Magistrate, Kolkata against Manas Ranjan Acharya, proprietor of Royal Automobiles, Cuttack. The matter is currently pending.

3. A suit for recovery of dues on material purchased from our Company was filed on November 23, 2012 against M/s Rajsriya Automotive Industrial Private Limited for an amount of ₹13,65,702. The suit was decided in favour of our Company by the Hon'ble Additional District Judge, Krishnagiri. The appeal preferred against the said order is yet to be listed with the High Court.

4. Our Company has filed a writ petition at the Hon'ble High Court of Madras against TANGEDCO and others for setting aside TANGEDCO notices dated January 12, 2016 and June 15, 2016, wherein TANGEDCO has demanded a sum of ₹44,86,798 towards harmonics compensation charges for the period from December 30, 2014 to September 1, 2015. By an interim order dated July 1, 2016, the Hon'ble High Court of Madras has put an interim stay on the aforesaid TANGEDCO's demand notice. The matter is presently pending.

Litigations against our Directors/ Promoters

None of our Directors are involved in any material outstanding litigation as on the date of this Placement Document.

Other than stated, as on the date of this Placement Document, there are no litigation or legal action pending or taken by any ministry or government department or statutory authority against our Promoters during the last three years and any direction issued by any such ministry or department or statutory authority upon conclusion of such litigation or legal action.

Our Promoters received a letter from SEBI dated January 3, 2014 alleging contravention of Regulation 3(1) of the Takeover Code, related to inter-se transfers undertaken by our Promoters, which was duly replied on January 17, 2014. Further, our Promoters received a show cause notice dated January 28, 2014 for contravention of Regulations 13 (1), 13 (3), 13 (4), 13 (4A) and 13 (5) of the Insider Trading Regulations and Regulations 29 (1), 29 (2) and 29 (3) of the Takeover Code and vide its final order dated February 3, 2015, SEBI imposed a penalty of ₹1,00,000 each on our Promoters, J. K. Jain, Seema Jain, Aanchal Jain and Rahul Jain for contravention of the Takeover Code for off-market inter se transfer of shares amongst themselves for more than 25% of the equity share capital of our Company and non-compliance of disclosure related requirements under the Takeover Code and Insider Trading Regulations.

Taxation Matters

(in ₹ million)

Name of statute	Nature of Dues	Amount	Period to which amount pertains	Forum where dispute is pending
The Central Excise Act, 1944	MODVAT credit of Excise Duty	2.51	FY 1995-96 and FY 1196-97	CESTAT, New Delhi
Rajasthan Tax on Entry of Goods into Local Areas Act, 1999*	Demand levied by the Sales Tax Authority	0.59	FY 2010-11 to FY 2014-15	Supreme Court of India
Tamil Nadu VAT Act, 2006	Sales tax demand on reversal of input tax credit pertaining to CST Sales	3.82	FY 2013-14	High Court of Madras
Tamil Nadu VAT Act, 2006	Sales tax demand on reversal of input tax credit pertaining to CST Sales	15.01	FY 2014-15	High Court of Madras
The Central Excise Act, 1944	Customs Duty on sale of Moulds	5.78	FY 2007-08	CESTAT, Chennai
The Central Excise Act, 1944	Show Cause Notice (SCN) for Excise Duty on sales tax subsidy received from Rajasthan Sales Tax, Rajasthan.	2.57	November 2012 to September 2015	Additional Commissioner, Alwar
The Central Excise Act, 1944	Disallowance of CENVAT credit of Service Tax prior to registration under Excise and Service Tax law in respect of Service Tax on building construction related services and penalty thereon	8.77	March 2011 to August 2012	Company is in the process of filing appeal with Commissioner (Appeal), Alwar
Haryana Value Added Tax, 2003	Sales tax Assessment Dues	2.38	FY 2010-11	Sales Tax Tribunal, Haryana
Income Tax Act, 1961	Disallowance of loss on account of foreign exchange derivative contracts	68.01	Assessment year 2011-12 and 2012-13	ITAT, New Delhi
Income Tax Act, 1961	Disallowance of loss on account of foreign exchange derivative contracts	14.71	Assessment Year 2009-10, 2010-11, 2013-14	CIT (Appeal), New Delhi
	TOTAL	**124.15**		

* *this matter has been clubbed with other existing matters arising out of the same cause of action pending before the Hon'ble Supreme Court of India.*

Acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

There have been no material frauds committed against our Company in the last three years.

Details of default, if any, including therein the amount involved, duration of default and present status, in repayment:

As of date of this Placement Document, there are no outstanding default in payment of statutory dues, repayment of debentures and interest thereon, repayment of deposits and interest thereon and repayment of loan from any bank or financial institution and interest thereon.

Summary of reservations, emphasis of matters, qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of this offer letter and their impact on the

financial statements and financial position of our Company and the corrective steps taken and proposed to be taken by our Company for each of the said reservations or emphasis of matters or qualifications or adverse remark.

There are no reservations, emphasis of matters, qualifications or adverse remarks of auditors in the last five financial years immediately preceding the year of circulation of this offer letter.

Other Confirmations

Other than as stated below, there are no inquiries, inspections or investigations initiated or conducted against our Company or our Subsidiary under the Companies Act in the last three years immediately preceding the year of circulation of this Placement Document. Further, there are no prosecutions filed, fines imposed or compounding of offences against our Company and our Subsidiary in the last three years immediately preceding the year of circulation of this Placement Document.

1. The District Inspector, Legal Metrology, Vishakhapatnam (City) on December 27, 2014 had seized two packages of side-view mirrors manufactured by our Company for contravention of Section 18(1) of the Legal Metrology Act, 2009 and Rule 4 read with Rule 6(2) of the Legal Metrology (Packaged Commodities) Rules, 2011. Notice served by the Office of the District Inspector, Legal Metrology, Visakhapatnam dated May 15, 2015 held our Company liable on grounds that the name and address of the person/ office who/ which can be contacted in case of consumer complaints were not declared on the packages and that our Company had committed an offence punishable under Section 36(1) of the Legal Metrology (Packaged Commodities) Rules, 2011. The matter was compounded by our Company by paying a compounding fee of ₹15,000 as directed by the District Inspector.

2. The RoC in its report dated July 24, 2013 submitted that our Company in its balance sheet and profit and loss statements did not comply with Accounting Standards 15 in respect of Financial Years 1995-96 to 2004-05 and also Accounting Standards 2, 10, 19 and 21 for financial year 2005-06 and therefore there was a violation of Section 211(3A) of the Companies Act, 1956. The RoC further submitted that the default was rectified by the Company 2006-07 onwards. On the basis of the report, our Company filed compounding applications under Section 621A of the Companies Act, 1956. The Company Law Board, New Delhi vide its compounding order dated October 30, 2013 compounded the offence after ordering the officers-in-default to pay an aggregate compounding fee amounting to ₹35,500. The same was duly paid by the officers-in-default.

3. The RoC in its report dated July 24, 2013 submitted that for the Financial Year ended March 31, 2006, our Company failed to give information on conservation of energy, technology absorption, foreign exchange earnings and outgo, along with the balance sheet and therefore a violation of the section 217(1)(e) of the Companies Act, 1956. The RoC further submitted that our Company disclosed the above information in the Financial Year ending March 31, 2007. On the basis of the report, our Company filed compounding applications under Section 621A(4)(a) of the Companies Act, 1956. The Company Law Board, New Delhi vide its compounding order dated September 10, 2013 compounded the offence after ordering the officer-in-default to pay a compounding fee amounting to ₹5,000. The same was duly paid by the officer-in-default.

INDEPENDENT AUDITORS

M/s Anil S. Gupta & Associates, Chartered Accountants, are the current statutory auditors of our Company as required by the Companies Act and in accordance with the guidelines issued by the ICAI. M/s Anil S. Gupta & Associates have audited our financial statements as of and for the years ended March 31, 2016, March 31, 2015 and March 31, 2014.

Our Company has received consent from the Auditors to include their name as an expert under Section 26(1)(a)(v) of the Companies Act, 2013 in this Placement Document in relation to the report of the Auditor dated September 12, 2016 and statement of tax benefits dated September 12, 2016 included in this Placement Document.

GENERAL INFORMATION

1. Our Company was originally incorporated as "Rahul Auto Private Limited" on February 6, 1989 under the Companies Act, 1956, with the Registrar of Companies, Delhi and Haryana. The name of our Company was changed to Fiem Industries Private Limited and a fresh certificate of incorporation consequent to the change of name was issued on May 7, 1992. Subsequently, our Company, was converted into a public limited company w.e.f. November 30, 1993. The CIN of our Company is L36999DL1989PLC034928.

2. The authorized share capital of our Company as of June 30, 2016 is ₹300 million divided into 3,00,00,000 shares of ₹10 each. Our issued, subscribed and paid up equity share capital as at June 30, 2016 is ₹119.62 million divided into 1,19,62,226 Equity Shares of ₹10 each.

3. The Equity Shares were listed on the BSE and on the NSE on October 19, 2006.

4. This Issue was approved by the Board on May 30, 2016. The Shareholders of our Company have authorized this Issue pursuant to a special resolution passed by postal ballot and e-voting, results of which were declared on September 1, 2016.

5. Our Company has received in-principle approvals as required under Regulation 28(1) of the SEBI Listing Regulations to list the Equity Shares to be issued pursuant to this Issue, both on the BSE and the NSE on September 12, 2016. We will apply for final listing and trading approvals of such Equity Shares on Stock Exchanges.

6. Copies of Memorandum and Articles of Association will be available for inspection between 11:00 am to 1:00 pm on all Working Days during the Issue Period at the Registered Office.

7. Except as disclosed in this Placement Document, our Company has obtained necessary consents, approvals and authorizations required in connection with this Issue.

8. There has been no material change in the financial or trading position of our Company since June 30, 2016, the date of the latest limited reviewed financial statements prepared in accordance with Indian GAAP included in this Placement Document.

9. Except as disclosed in this Placement Document, there are no legal or arbitration proceedings against or affecting our Company or its assets or revenues, nor is our Company aware of any pending or threatened legal or arbitration proceedings, which are, or might be, material in the context of this Issue. For further details, refer to "*Legal Proceedings*" on page 166 of this Placement Document.

10. M/s Anil S. Gupta & Associates, Chartered Accountants, Firm registration no. 004061N, have audited the Reformatted Audited Consolidated Financial Statements as of and for the Financial Years ended 2016, 2015 and 2014 and have conducted a limited review of the Unaudited Interim Financial Results for the quarter ended June, 2016 which have been included in this Placement Document.

11. Our Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the SEBI Listing Regulations, Securities Contracts (Regulation) Act, 1956 and the Securities Contracts (Regulation) Rules, 1957.

12. Except as disclosed in this Placement Document, our Company has obtained all necessary consents, approvals and authorizations required in connection with this Issue.

13. The Floor Price for the Equity Shares under this Issue is ₹1,054.70 per Equity Share which has been calculated in accordance with Chapter VIII of the SEBI ICDR Regulations.

14. Our Company has offered a discount of 5% on the Floor Price in terms of Regulation 85 of the SEBI ICDR Regulations.

15. Details of Compliance Officer:

Arvind K. Chauhan
Plot No. 1915, Rai Industrial Estate, Phase-V
Distt. Sonepat, Haryana - 131029
Tel: +91 130-2367 905 - 910; **Fax**: +91-130-2367903
Email: arvind.chauhan@fiemindustries.com

FINANCIAL INFORMATION

REPORT OF THE INDEPENDENT AUDITOR ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

To
The Board of Directors of

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

The accompanying Reformatted Consolidated Balance Sheet of FIEM INDUSTRIES LIMITED (the "Parent Company" or the "Issuer") and its subsidiaries and joint venture (hereinafter collectively referred to as the "Group") as at 31st March 2016, 31st March 2015 and 31st March 2014, related Reformatted Consolidated Statement of Profit and Loss and Reformatted Consolidated Statement of Cash Flows for the years ended 31st March 2016, 31st March 2015 and 31st March 2014 and the related Statement of Notes to Reformatted Consolidated Financial Statements of the Group and Annexures (collectively, the "Reformatted Consolidated Financial Statements"), have been derived by the management of the Parent Company from the Audited Consolidated Financial Statements for the years ended 31st March 2016, 31st March 2015 and 31st March 2014 (the "Audited Consolidated Financial Statements") respectively. The Audited Consolidated Financial Statements for respective years were adopted by the Board of Directors on 30th May 2016, 29th May 2015 and 28th May 2014 respectively.

The figures included in the Reformatted Consolidated Financial Statements do not reflect the effects of the events that occurred subsequent to the date of our audit reports on the Audited Consolidated Financial Statements for the financial years referred to above.

The Reformatted Consolidated Financial Statements have been prepared by the management of the Parent Company for the purposes of inclusion in the Preliminary Placement Document and the Placement Document for Proposed qualified institutions placement of equity shares of the company under Chapter VIII of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("SEBI ICDR Regulations") and the Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 (the "Issue").

Management's Responsibility for the Reformatted Consolidated Financial Statements
The management of the Parent Company is responsible for the preparation of the Reformatted Consolidated Financial Statements from the Audited Consolidated Financial Statements for the respective periods referred above on the basis described in Note 1 to the Reformatted Consolidated Financial Statements.

Auditors' Responsibility
Our responsibility is to express an opinion on these Reformatted Consolidated Financial Statements based on our procedures, which were conducted in accordance with Standard on Auditing (SA) 810, "Engagements to Report on Summary Financial Statements" issued by the Institute of Chartered Accountants of India.

Opinion
In our opinion, and to best of our information and according to the explanation given to us the Reformatted Consolidated Financial Statements, which have been derived from the Audited Consolidated Financial Statements of the Group for the years ended 31st March 2016, 31st March 2015 and 31st March 2014 are a fair summary of those Audited Consolidated Financial Statements on the basis described in Note 1 to the Reformatted Consolidated Financial Statements.

This report is intended solely for your information and for inclusion in the placement documents prepared in connection with the Issue and is not to be used, referred to or distributed for any other purpose, without our prior written consent.

For **Anil S. Gupta and Associates**
(Chartered Accountants)
Firm Registration no.-004061N

Sd/-
Anil Kumar Gupta
(Prop.)
Membership No.: 083159
Date: 12/09/2016
Place:- Delhi

FIEM INDUSTRIES LIMITED
REFORMATTED CONSOLIDATED BALANCE SHEETS

(Rs in Millions)

	Note no.	AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014	
EQUITY AND LIABILITIES							
1 SHAREHOLDERS' FUNDS							
a) Share Capital	2	119.62		119.62		119.62	
b) Reserves & Surplus	3	2,611.78		2,153.20		1,848.93	
			2,731.40		2,272.82		1,968.55
2 NON CURRENT LIABILITIES							
a) Long term borrowings	4	908.52		514.67		579.56	
b) Deferred Tax Liabilities (net)	32	296.54		276.11		275.11	
c) Other Long Term Liabilities	5	2.29		-		-	
d) Long Term Provisions	6	84.78		20.07		11.42	
			1,292.13		810.85		866.09
3 CURRENT LIABILITIES							
a) Short term borrowings	7	182.98		343.40		292.52	
b) Trade Payables	8	1,507.73		882.21		778.44	
c) Other Current Liabilities	9	790.31		581.61		546.77	
d) Short Term Provisions	10	83.07		122.32		98.48	
			2,564.09		1,929.54		1,716.21
T O T A L			**6,587.62**		**5,013.21**		**4,550.85**
ASSETS							
1 NON CURRENT ASSETS							
a) Fixed Assets							
i) Tangible assets	11	4,153.21		3,337.05		3,117.90	
ii) Intangible assets	11	6.19		7.59		12.48	
iii) Capital work-in-progress	11	115.90		46.25		0.29	
iv) Intangible assets under development		-		-		-	
b) Non-current investments	12	0.30		0.20		0.20	
c) Long term Loans and Advances	13	113.91		76.53		54.71	
d) Other non current assets	14	87.06		1.49		1.04	
			4,476.57		3,469.11		3,186.62
2 CURRENT ASSETS							
a) Current Investments		-		-		-	
b) Inventories	15	661.30		513.89		423.56	
c) Trade receivables	16	1,186.04		867.55		767.55	
d) Cash and Bank Balances	17	45.22		34.38		20.22	
e) Short term Loans and Advances	18	208.88		123.80		145.27	
f) Other current assets	19	9.61		4.48		7.62	
			2,111.05		1,544.10		1,364.23
T O T A L			**6,587.62**		**5,013.21**		**4,550.85**

Significant Accounting Policies and Notes to reformatted consolidated financial Statements. 1 to 49

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

For FIEM INDUSTRIES LIMITED

This is the Reformatted Consolidated Statement of Balance Sheet referred to in our report of even date
For Anil S. Gupta & Associates
Firm Registration Number: 004061N
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(J. K. Jain)	**(Rahul Jain)**	**(O.P. Gupta)**	**(Arvind K. Chauhan)**	**Anil Kumar Gupta**
Managing Director	**Director**	**Chief Financial Officer**	**Company Secretary**	**Prop.**
				(Membership No. 83159)

Place : Rai, Sonepat (HR.)
Date : 12/09/2016

FIEM INDUSTRIES LIMITED

REFORMATTED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

(Rs in Millions)

	Note No.	FY 2015-16		FY 2014-15		FY 2013-14	
I. INCOME							
Gross Sales	20	10,839.01		9,009.12		7,900.95	
Less :- Excise Duty		1,048.51		807.90		739.35	
a) Net Sales			9,790.50		8,201.22		7,161.60
b) Operating Income	21		91.10		53.45		43.09
Revenue from Operations			9,881.60		8,254.67		7,204.69
c) Other Income	22		9.70		9.03		6.66
TOTAL REVENUE (A)			**9,891.30**		**8,263.71**		**7,211.35**
II. EXPENSES							
a) Cost of Raw Materials and Components Consumed	23		5,533.54		4,770.29		4,101.03
b) Purchase of Stock-in-Trade	24		255.85		238.67		226.77
c) Changes in Inventories of Finished Goods, Work in progress and Stock in trade	25		(66.91)		(32.57)		63.36
d) Employees benefits Expenses	26		1,273.49		988.56		843.37
e) Finance Costs	27		157.81		120.49		144.53
f) Depreciation and amortization Expense	11		331.20		307.23		217.90
g) Other Expenses	28		1,612.63		1,262.28		1,086.23
TOTAL EXPENSES (B)			**9,097.60**		**7,654.94**		**6,683.19**
PROFIT BEFORE TAX (A-B)			**793.70**		**608.76**		**528.16**
TAX EXPENSES							
a) Current Tax Expense		199.94		173.04		122.43	
b) Deferred Tax Liability/ (Assets)		20.43		10.97		32.97	
			220.37		184.01		155.40
PROFIT AFTER TAX FOR THE YEAR			**573.33**		**424.75**		**372.75**
Basic and Diluted Earning per Equity Share (Nominal value Rs 10 per share)	36		**47.93**		**35.51**		**31.16**
Significant Accounting Policies and Notes to financial Statements.	1 to 49						

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

For FIEM INDUSTRIES LIMITED

This is the Reformatted Consolidated Statement of Profit and Loss referred to in our report of even date
For Anil S. Gupta & Associates
Firm Registration Number: 004061N
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
(J. K. Jain)	**(Rahul Jain)**	**(O.P. Gupta)**	**(Arvind K. Chauhan)**	**Anil Kumar Gupta**
Managing Director	**Director**	**Chief Financial Officer**	**Company Secretary**	**Prop.**
				(Membership No. 83159)

Place : Rai, Sonepat (HR.)
Date : 12/09/2016

REFORMATTED CONSOLIDATED CASH FLOW STATEMENT

(Rs in Million)

Particulars	**2015-16**		**2014-15**		**2013-14**	
A: CASH FLOW FROM OPERATING ACTIVITIES:						
Net Profit Before Tax As Per Statement of Profit and Loss		**793.70**		**608.76**		**528.16**
Adjustments for						
Depreciation & Amortization	331.20		307.23		217.90	
Loss (Profit) on sale/discarded of Fixed Assets	(0.67)		1.24		(4.89)	
Adjustment of Income Tax for Earlier Year	0.50		0.12		(0.02)	
Unrealised Foreign Exchange (Gain)/Loss	(0.58)		(0.19)		0.36	
Provision for Bad & Doubtful Debts	1.97		0.36		0.89	
Variation in Excise Duty of FG	6.61		2.36		0.92	
Bad Debt written-off	2.04		1.65		1.26	
Interest Income	(7.38)		(2.01)		(1.19)	
Finance Costs	157.81	491.51	120.49	431.24	144.53	359.75
Operating Profit before Working Capital Changes		**1,285.21**		**1,040.00**		**887.91**
Adjustment for (Increase)/decrease in Operating Assets						
Inventories	(147.42)		(90.33)		63.20	
Trade and Other Receivables	(322.54)		(101.89)		(76.60)	
Other Current Assets & Loan and Advances	(195.06)	(665.01)	(20.58)	(212.80)	(12.25)	(25.65)
Adjustment for Increase/(decrease) in Operating Liabilities						
Trade Payable & Other Current Liabilities and Provisions	791.41	791.41	135.46	135.46	22.69	22.69
Cash Generated from Operating Activities		**1,411.61**	**-**	**962.66**		**884.95**
Income Tax Paid (Including Tax Deducted at Source)	(192.46)	(192.46)	(141.62)	(141.62)	(117.39)	(117.39)
Net Cash From Operating Activities		**1,219.14**		**821.03**		**767.56**
B: CASH FLOW FROM INVESTING ACTIVITIES:						
Purchase of Fixed Assets (Including Capital Advances)	(1,094.31)		(589.82)		(476.62)	
Investment	(0.10)		-		-	
Sale of Fixed Assets	5.61		1.47		68.85	
Interest Received on Deposits	7.38		2.01		1.19	
Net Cash (Used) in Investing Activities		**(1,081.43)**		**(586.34)**		**(406.58)**
C: CASH FLOW FROM FINANCING ACTIVITIES:						
Dividend Paid	(143.55)		(71.77)		(47.85)	
Corporate Dividend Distribution Tax Paid	(29.22)		(12.20)		(8.13)	
Finance Costs Paid	(181.42)		(128.63)		(143.08)	
Exchange Loss on Repayment of Foreign Currency Loan	0.89		(1.35)		(7.49)	
Proceeds from Long-Term Borrowings	705.33		256.25		139.28	
Repayment of Long-Term Borrowings	(318.89)		(313.38)		(278.22)	
Increase/(Decrease) in Short-Term Borrowing	(160.42)		50.89		(11.03)	
Net Cash (used)/from Financing Activities		**(127.29)**		**(220.20)**		**(356.51)**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)		**10.42**		**14.50**		**4.46**
Opening Balance of Cash & Cash Equivalents		34.38		20.22		15.95
Effect of Exchange Rate Change		(0.01)		(0.00)		(0.23)
Effect of Foreign Currency Translation Reserve		0.43		(0.34)		0.04
Closing Balance of Cash & Cash Equivalents		45.22		34.38		20.22
Components of Cash and Bank Balance						
Cash in Hand		3.74		2.15		2.17
Balances with Banks on Current Account		12.65		2.24		10.89
Deposit with Banks having maturity less than three months		2.94		11.93		4.53
Deposit with original maturity more than 3 month but less than 12 month		25.04		17.67		2.26
Unpaid Dividend Accounts		0.86		0.39		0.38
Cash and Bank Balances (Refer Note No.-17)		45.22		34.38		20.22
Less:-Deposit with original maturity more than 3 month but less than 12 month		25.04		17.67		2.26
Cash and Cash Equivalent in Cash Flow Statement		20.19		16.71		17.96

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

This is the Reformatted Consolidated Statement of Cash Flows, referred to in our report of even date

For **Anil S. Gupta & Associates**
Firm registration number: 004061N
Chartered Accountants

Sd/-

Anil Kumar Gupta
Proprietor
Membership No.83159

Place: Rai, Sonepat (HR.)
Date: 12/09/2016

For FIEM INDUSTRIES LIMITED

Sd/-	Sd/-	Sd/-	Sd/-
J.K Jain (Managing Director)	Rahul Jain (Director)	O.P.Gupta (C.F.O.)	Arvind K. Chauhan (Company Secretary)

1.Significant Accounting Policies Followed by The Company

Company Background

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

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 reformatted financial statements.

A. Basis of Preparation

The "Summary Reformatted Consolidated Balance Sheet" of the Group as at 31 March 2016, 31 March 2015 and 31 March 2014, the "Summary Reformatted Consolidated Statement of Profit and Loss" and the "Summary Reformatted Consolidated Statement of Cash Flows" for the years ended 31 March 2016, 31 March 2015 and 31 March 2014 (collectively referred to as "Reformatted Consolidated Financial Statements") have been prepared specifically for the purpose of inclusion in the preliminary placement document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Qualified Institutional Placement (hereinafter referred to as "QIP"). The reformatted consolidated financial statements of the company have been extracted from the audited consolidated financial statements of the Company as at and for the years ended 31 March 2016, 31 March 2015 and 31 March 2014 which are available with the management of the Company. The figures for the year"s ended March 31, 2015 and 2014 included in the Reformatted Consolidated Financial Statements have been reclassified to correspond with the classification criteria followed for the year ended 31 March 2015.

The Financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP) to comply with the Accounting Standards specified under Section 133 of Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013, as applicable, other pronouncements of the Institute of Chartered Accountants of India, and guidelines issued by the Securities and Exchange Board of India. The reformatted financial statements have been prepared as a going concern on accrual basis under the historical cost convention except for certain revalued fixed assets which has been stated at revalued amount.

Aa. Principle of Consolidation

(i) The reformatted financial statements of the Parent Company, its Subsidiary have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, as in accordance with Accounting Standard (AS) -21 "Consolidated Financial Statements".

(ii) In accordance with Accounting Standard 27 " Financial Reporting on Interest in Joint Venture" issued under Companies (Accounting Standards) Rules 2006, the reformatted financial statement of the joint venture are consolidated using proportionate consolidation method by adding book value like items of assets, liabilities, incomes and expenditure of jointly controlled entity after eliminating intra-group balances/transactions and unrealised profits to the extent of the company's proportionate share.

(iii) As far as possible, the reformatted consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

(iv) In case of foreign subsidiaries and foreign joint venture, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Translation reserve.

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

B. Use of Estimates

The preparation of reformatted 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 receivables, employee benefits, provision for warranty expenses, provision for income taxes, the useful life of depreciable fixed assets etc. The estimates are based upon management knowledge of current events and economic circumstances.

C. Current-Non Current Classification

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

Assets

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

(a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is expected to be realised within 12 months after the reporting date; or;

(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for a least 12 months after the reporting date

Liabilities

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

(a) it is expected to be settled in the Company's normal operating cycle;

(b) it is held primarily for the purpose of being traded;

(c) it is due to be settled within 12 months after the reporting date; or;

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

Operating Cycle

Based on the nature of products/activities of the Company and the normal time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of current and non current classification of assets and liabilities

D.Tangible and Intangible Fixed Assets

(i) Tangible fixed assets except for certain fixed assets, which have been stated at revalued amounts are valued at the historical cost of acquisition, construction or manufacturing cost, as the case may be, less accumulated depreciation and/or impairment loss, if any . Cost of an item of tangible fixed asset comprises its purchase price, import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Borrowing cost during the period of construction or installation of fixed assets which take substantial period of time to get ready for its intended use up to the date of commencement of commercial production is added to the cost of respective tangible assets. Profit or loss on disposal on tangible assets is recognised in the Statement of Profit & Loss Account.

(ii) Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

(iii) Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.

(iv) Own manufactured tangible assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.

(v) Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the balance sheet date & expenditure during construction period pending allocation and fixed assets in transit that are not yet received for their intended use at the balance sheet date.

(vi) Advances given towards acqusition of fixed assets outstanding at each balance sheet date are disclosed as Long Term Loans & Advances

(vii) In respect of accounting periods commencing on or after 7th December, 2006, exchange differences (favourable as well as unfavourable) arising in respect of translation/settlement of the long-term foreign currency borrowings attributable to the acquisition of a depreciable fixed assets are added to or deducted from the cost of the asset and are depreciated over the balance life of the fixed asset.

E. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in the value of Investment is made only if such a decline is other than temporary in the opinion of management.

F. Inventory

(i) Raw materials, components, stores and spares are valued at lower of cost or net realizable value. However, raw materials and other supplies held for use in the production of finished products are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. In determining the cost, First in First Out method (FIFO) is used.

(ii) Semi-finished goods and finished goods are valued lower of cost or net realizable value. Cost includes direct materials and direct labour and a proportion of manufacturing overheads based on normal operating capacity. Finished stocks lying in the factory premises, branches, Depots are valued inclusive of excise duty.

(iii) Manufactured and bought out moulds, block & dies for sale are valued at lower of cost or net realizable value. Manufactured moulds, block & dies include direct material, direct labour and a proportion of manufacturing overhead based on normal operating capacity. Cost is determined on a First in First Out basis (FIFO).

(iv) Inventories of non-reusable waste say scrap for which facilities for reprocessing do not exist have been valued at net realizable value.

(v) Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

(vi) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(vii) Goods in transit are stated as a component of inventories if the significant risk and rewards of ownership have passed to the company and valued at actual cost incurred up to the date of Balance Sheet.

G. Depreciation and Amortisation

(i) Depreciation on tangible fixed assets acquired on or after April 1, 2014 is charged to the Statement of Profit & Loss as per 'Straight Line Method' in accordance with the useful life specified in Part "C" of Schedule II of the Companies Act 2013.

(ii) Depreciation on tangible fixed assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014 is charged to the Statement of Profit & Loss over the remaining useful life as specified in Part "C" of Schedule II of the Companies Act, 2013.

(iii) Leasehold land is amortised over the primary period of lease

(iv) Depreciation on assets purchased during the year has been charged from the date of purchase.

(v) 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.

(vi) Intangible assets are amortised over their estimated useful life as follows.

(a) Computer software is amortised over a period of 3 years

(b) Trademark & Technical knowhow over a period of 5 years.

(vii) Depreciation is not charged on capital work in progress until construction and installation are complete and asset ready for its intended use.

(viii) From April 1, 2014, On the revalued assets, the difference between the depreciation calculated on the revalued amount & on the original cost is charged to the Statement of Profit & Loss Account as specified in Schedule II of the Companies Act 2013.

H. Revenue Recognition

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

(ii) The sale of goods in the course of ordinary activities is recognised when all significant risk & rewards of ownership have transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods and regarding its collection. The amount recognized as sale is exclusive of sales tax/value added taxes (VAT) and is net of returns and discounts. Sales is shown net of excise duty. The excise duty on sales is disclosed separately. The excise duty related to difference between the closing stock and opening stock of finished goods is recognized seperetarly as part of 'variation in excise duty on finished goods' under the head "Other Expenses".

(iii) Service income is recognised (net of service tax, as applicable) as per the terms of contracts/arrangements when related services are performed.

(iv) Inter-unit/warehouse transfer has not been considered as part of "Turnover".

(v) Insurance claims lodged with insurance companies are accounted for on the basis of claim admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

(vi) Dividend income is recognized when the right to receive the dividend is established at the Balance Sheet date.
(vii) Interest income is accounted on the time proportion basis.

I. Government Grants, Subsidies and Export Incentives

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

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

J. Foreign Currency Transactions

Initial Recognition

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

Measurement of Foreign Currency Monetary Items at the Balance Sheet date

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

(ii) Foreign currency non monetary items are carried at cost.

Treatment of Exchange Differences

(i) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.

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

K.Research and Development

Research expenses are charged to Statement of Profit & Loss as and when incurred. Development expenses are capitalized when the Company is certain to recover the development cost from future economic benefits in accordance with AS-26. Fixed Assets utilized for research and development are capitalized and amortised in accordance with the policies stated for tangible and intangible fixed assets.

L. Employee Benefits

Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. These benefits include salaries and wages, bonus and ex-gratia. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

Post Employment 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 Exide Life Insurance Company as at the end of the year.

(iv) Actuarial gains/losses are immediately taken to the statement of profit and loss.

M. Pre-operative Expenditure Pending Allocation

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

N. Provisions, Contingent Liabilities and Contingent Assets

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

O. Provision for Taxation

(i) Provision for Current 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 charge or credit are recognized on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent period. Deferred Tax assets are recognized subject to the consideration of prudence. Deferred Tax Assets and Liabilities are measured using the tax rates as per tax Laws that have been enacted or substantially enacted as on the Balance Sheet date.

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

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

P. Borrowing Cost

(i) Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. The Company is applying Para 46-A of AS-11, and also following the clarification issued by the Ministry of Corporate Affairs, Government of India through circular no. 25/2012 dated 09.08.12. Pursuant to this, exchange differences arising on reporting of Long Term Foreign Currency Monetary Items at rates different from those at which they were initially recorded during the period or reported in previous financial statements, insofar as they relate to the acquisition of depreciable capital assets are added to or deducted from the cost of asset and are depreciated over the balance life of the asset. In other cases it is accumulated in a " Foreign Currency Monetary Item Translation Difference Account" and amortized over the balance period of the such long term asset/liability but not beyond 31st March 2020.

(ii) Borrowing costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss.

(iii) Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalisation of such asset is added to the cost of the assets.

(iv) Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

Q. Excise Duty

The Excise duty has been accounted on finished goods 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 lying in factory or warehouse. The estimate of such liability has been made at the rates in force on the balance sheet date. On stock meant for exports, no excise duty provision has been made since excise duty is not leviable on goods meant for exports.

R. Impairment

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

S. Cash and Cash Equivalents

Cash and cash equivalents for the purpose of Cash Flow Statement comprises cash in hand, bank balances and demand deposits with banks and other short term highly liquid investments where the original maturity is three months or less.

T. Cash Flow Statement

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

U. Derivatives Instruments and Hedge Accounting

The Company enters into derivatives contracts in the nature of foreign currency swaps, currency options, forward contracts etc. to hedge its exposure to movements in foreign exchange rates. The use of these contracts reduces the risk or cost to the Company and the Company does not use those for trading or speculative purposes.

Effective April 1, 2008 the Company adopted AS 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncement of the Company Law and other regulatory requirements.

V. Segment Reporting

Identification of Segments

The Company's operating businesses are organised and managed separately according to the nature of products and service provided, with each segment representing a strategic business unit that offers different products and serve different markets. The analysis of geographical segment is based on the areas in which major operating division of the Company operates.

Unallocated Cost

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment Accounting Policies

The Company prepares its segment information in conformity with the accounting policies adopted for prepairing and presenting the reformatted financial statements of the Company as a whole.

W. Operating Lease

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

X. Proposed Dividend

Dividend recommended by the Board of Directors is provided for in the accounts, pending approval at the annual General Meeting.

Y. Earnings Per Share

The Basic and Diulated Earnings Per Share ("EPS") is computed by dividing the profit after tax for the year by weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earning per share, the net profit for the year attributable to equity shareholder and the weighted average number of share outstanding during the year are adjusted for the effect of all dilutive potential equity shares. The weighted average number of shares outstanding during the year are adjusted for events of bonus issue and share split, if any.

NOTES ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

(Rs in Millions)

2 SHARE CAPITAL

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014
Authorised			
3,00,00,000 (Prv. Year 3,00,00,000) Equity shares of Rs 10 each	300.00	300.00	300.00
Issued, Subscribed and Paid-up			
1,19,62,226 (Prv. Year 1,19,62,226) Equity Shares of Rs. 10/- each fully paid up	119.62	119.62	119.62
T O T A L	**119.62**	**119.62**	**119.62**

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

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

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

Name of the Shareholder	AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014	
	No of shares	% held	No of shares	% held	No of shares	% held
1) J.K. Jain	2,960,000	24.74%	2,960,000	24.74%	2,960,000	24.74%
2) Seema Jain	2,960,000	24.74%	2,960,000	24.74%	2,960,000	24.74%
3) Rahul Jain	1,552,340	12.98%	1,552,340	12.98%	1,552,340	12.98%
4) Aanchal Jain	800,000	6.69%	800,000	6.69%	800,000	6.69%

c) **There is no change in share capital of the company, therefore no reconciliation for share capital is reported.**

3 RESERVES & SURPLUS

PARTICULARS		AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014
CAPITAL RESERVE						
a) Land Revaluation Reserve	117.48		117.48		117.48	
b) Building Revaluation Reserve	20.77		20.77		20.77	
Total (a+b)		138.25		138.25		138.25
SECURITIES PREMIUM RESERVE		509.97		509.97		509.97
GENERAL RESERVE						
As Per Last Balance Sheet	183.50		141.00		103.50	
Add :- Transferred from Surplus in the statement of Profit and Loss	57.50		42.50		37.50	
Closing balance		241.00		183.50		141.00
TRANSLATION RESERVE		0.37		(0.06)		0.28
SURPLUS -OPENING BALANCE	1,321.54		1,059.43		808.15	
Add:- Net profit after tax transferred from Statement of Profit and Loss	573.33		424.75		372.75	
Amount Available for Appropriation	1,894.87		1,484.18		1,180.90	
Less :- Appropriations						
i) Interim Dividend paid	59.81		-		-	
ii) Corporate Dividend Tax Paid on Interim Dividend	12.18		-		-	
iii) Proposed Final Dividend	35.89		83.74		71.77	
iv) Corporate Dividend Tax on Final Dividend	7.31		17.05		12.20	
v) Transitional adjustments related to Fixed Assets as per schedule II of the Act.	-		19.36		-	
vi) Transfer to General Reserve	57.50		42.50		37.50	
	172.68		162.64		121.47	
SURPLUS -CLOSING BALANCE		1,722.19		1,321.54		1,059.43
T O T A L		**2,611.78**		**2,153.20**		**1,848.93**

(Rs in Millions)

4 LONG TERM BORROWINGS

PARTICULARS	NON CURRENT PORTION			CURRENT MATURITIES		
	AS AT 31.03.16	AS AT 31.03.15	AS AT 31.03.14	AS AT 31.03.16	AS AT 31.03.15	AS AT 31.03.14
(A) SECURED LOANS						
1) TERM LOANS FROM BANKS						
a) Indian Rupee Loan	262.05	207.58	356.02	145.53	154.72	154.46
b) Foreign Currency Loan	614.19	265.12	206.77	143.68	133.97	141.44
	876.24	472.70	562.80	289.21	288.68	295.90
2) VEHICLE LOANS						
a) from Banks	15.20	17.87	10.09	12.56	11.41	10.55
b) from Others	17.08	24.10	1.23	7.02	7.57	1.22
	32.28	41.97	11.31	19.57	18.98	11.77
(B) UNSECURED LOANS						
from HSIIDC	-	-	5.45	-	5.45	10.91
T O T A L	**908.52**	**514.67**	**579.56**	**308.79**	**313.12**	**318.57**

INDIAN RUPEE TERM LOANS FROM BANKS INCLUDE

a) From Citibank :- Loan outstanding as at 31.03.16 Rs 9.73 Million (as at 31.03.15 Rs 25.48 Million, as at 31.03.14 Rs 41.23 Million) 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.

b) From State bank of Patiala :- Loan outstanding as on 31.03.16 Rs 40.00 Million (as at 31.03.15 Rs 90.66 Million, as at 31.03.14 Rs 137.31 Million). 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 current interest rate is 10.30%. The Loan is Secured against First Pari Passu charge alongwith Axis Bank and HSBC over movable and Immovable fixed assets of Rai Unit (Present and future) including equitable mortgage of Factory Land and Building at Rai, Sonepat and First charge on movable fixed assets of Hosur unit- III (tamilnadu) and First Charge on movable fixed assets of Mysore unit -IV Karnataka and First charge on entire fixed assets of Unit- VI Nalagarh Unit.

c) From Axis Bank :- Loan outstanding as on 31.03.16 Rs 101.60 Million (as at 31.03.15 Rs 164.90 Million, as at 31.03.14 Rs 231.94 million) :- The loan is for 7 years and has quarterly repayment beginning after moratorium period of 12 months from the drawdown. Interest is monthly payable. The current interest rate is 10.25%. The Loan is secured against First Pari Passu charge with State Bank of Patiala and HSBC bank on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit -2 at Hosur with Citibank FCNR-II term loan.

d) HSBC Bank:- Loan -1 Outstanding as on 31.03.16 Rs 56.25 Million (as at 31.03.15 Rs 81.26 Million, as at 31.03.14 Rs 100.00 Million) The Loan is for 5 year and has quarterly equal repayment beginning after moratorium period of 1 year. Interest is monthly payable. The loan carries fixed interest rate of 10%. The Loan is Secured against First Pari Passu charge with State Bank of Patiala and Axis Bank on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit.

e) HSBC Bank:- Loan -2 Outstanding as on 31.03.16 Rs 200.00 Million (as at 31.03.15 - Nil, as at 31.03.14- Nil) The Loan is for 6 year and has 20 quarterly equal repayment beginning after moratorium period of 15 months . Interest is monthly payable. The loan carries fixed interest rate of 9.50%. The Loan is Secured against First Pari-Passu charge with HSBC -Mauritius by way of equitable mortgage on land and building and hypothecation of Plant and machinery at project in Gujarat(Survey no 151-153, village karsanpur, Taluka mandal, Distt Ahmedabad) and secured against first pari passu charge by way of equitable mortgage on Land and Building and hypothecation of Plant and Machinery at Tapukara Rajasthan along with Standard Chartered bank and HSBC Mauritius.

FOREIGN CURRENCY TERM LOAN FROM BANKS INCLUDE

a) From Citibank :- FCNR Term Loan -1 outstanding as on 31.03.16 Rs 50.00 Million (as at 31.03.15 -Rs 75.00 Million, as at 31.03.14 - Rs 100.00 Million) 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 Citibank :- FCNR Term Loan -2 outstanding as on 31.03.16 Rs 187.50 Million (as at 31.03.15 -Rs 200.00 Million, as at 31.03.14 - Nil) has tenor of 5 years with 16 equal quarterly repayments beginning from the end of 12 months from drawdown. Interest is payable on monthly basis. The loan carries fully hedged interest cost of 10.25% p.a. The Loan is secured against exclusive charge on fixed assets financed out of the term loan and is secured against First pari-passu charge on the fixed assets of Kundli Unit-1 and Hosur Unit-2 with working capital Lenders viz. Citibank, Standard Chartered Bank, HDFC bank and Indusind Bank Guarantee limit and term lender Axis Bank. The Loan is also 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.

c) From Standard Chartered Bank - ECB -1 :- Loan outstanding as on 31.03.16 is Nil (as at 31.03.15 Rs 59.64 Million, as at 31.03.14 -Rs 146.94 million). The loan was for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest rate was 3 month LIBOR PLUS 225 BSP p.a. payable quarterly. The loan was 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. The loan has been fully repaid during the year.

d) From Standard Chartered Bank ECB -2 :- Loan outstanding as on 31.03.16 Rs 27.62 Million (as at 31.03.15 -Rs 64.45 Million, as at 31.03.14- 101.27 million). 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 and Pant and machinery at Tapukara, Rajasthan Unit with HSBC India and HSBC Maurities.

e) From HSBC Mauritius ECB :- Loan outstanding as on 31.03.16 Rs 492.75 Million (as at 31.03.15- Nil, as at 31.03.14- Nil). The loan is for 6 years with 20 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 8.99% p.a. The Loan is secured against Equitable Mortgage (1st Pari Passu with HSBC, India) on Land and Building and Hypothecation of Plant and Machinery (1st pari- Passu with HSBC, India) located at Ahmedabad, Gujarat and secured against equitable mortgage on Land and Building (1st pari- Passu with HSBC, India) and hypothecation of Plant and Machinery (1st pari- Passu with HSBC, India) along with Standard Chartered bank at Tapukara Rajasthan.

VEHICLE LOANS FROM BANKS AND OTHERS

Vehicle loan from banks and others outstanding as on 31.03.16 are Rs 51.85 Million (as at 31.03.15- Rs 60.95 Million, as at 31.03.14- Rs 23.08 million) secured against hypothecation of the respective vehicles acquired out of proceeds thereof. The Loans carries interest rate between 9.50% to 11.50%.

UNSECURED LOAN

Unsecured Loan from HSIIDC was for enhanced compensation of land situated at Rai Unit-7 outstanding as on 31.03.16 -Rs Nil (as at 31.03.15 -Rs 5.45 Million, as at 31.03.14- Rs 16.36 million) . The Loan was at fixed interest rate of 12% had tenor of two and Half years, The loan was repayable on half yearly equally installment basis. Interest was payable Half yearly. The loan has been fully repaid during the year 15-16.

(Amount in Rs Million)

	1-2 years	2-3 years	3-4 years	4 Years and Above
Maturity Profile of Term Loans and Vehicle Loans are as	307.43	206.61	178.45	216.03

(Rs in Millions)

5 OTHER LONG TERM LIABILITIES

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014
Retention Moneys	1.83	-	-
Joint Venture share of Long term liabilities	0.45	-	-
	2.29	**-**	**-**

6 LONG TERM PROVISIONS

PARTICULARS		AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014
Provision for Retirement Benefits						
a) Leave Encashment	23.12		20.07		11.37	
b) Gratuity	1.10		-		-	
		24.21		20.07		11.37
Provision for Warranties (Note -10)		60.42		-		
Share of other long term provisions of Joint venture company		0.15		(0.00)		0.05
T O T A L		**84.78**		**20.07**		**11.42**

7 SHORT TERM BORROWINGS

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014
SECURED LOANS			
Cash Credit/Working Capital Loans repayable on demand from Banks			
Indian Rupee Loan	182.98	343.40	292.52
T O T A L	**182.98**	**343.40**	**292.52**

Indian Rupee Loan includes

a) From Citibank NA :- Loan outstanding as at 31st March 2016 Rs 10.44 Million (as at 31.03.15- Rs 343.40 Million, as at 31.03.14- 299.02 million) 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 10%. The loan is secured against First Pari Passu Charge on all present and future receivables, stocks/Inventories with Standard Chartered Bank Cash Credit Loan, HDFC Bank Cash Credit Loan , Indusind Bank Bank Guarantee Limit and secured against First Pari Passu charge on all the fixed assets of the company (excluding assets specifically purchased out of the term loans from Citibank and other term loan lenders) including equitable mortgage charge on first pari passu basis on Land and Building situated at 32nd Milestone, GT Road, Kundli,Haryana and 219/2B,Thally Road Hosur,Tamilnadu with Standard Chartered Bank, HDFC Bank, Indusind Bank and Citibank FCNR-2 Loan.

b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2016 is Rs 72.80 Million (as at 31.03.15- 0 , as at 31.03.14- receivable Rs 6.50 million) 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 10.54%. The loan is secured against First Pari Passu Charge on all present and future receivables, stocks/Inventories with Citibank Cash Credit Loan, HDFC Bank Cash Credit Loan , Indusind bank Bank Guarantee Limit and secured against First Pari Passu Charge on present and future moveable fixed assets of the company with Citibank , HDFC Bank, Indusind Bank (excluding assets specifically purchased out of term loan from term loan lenders) including equitable mortgage charge on first pari passu basis on Land and Building situated at 32nd Milestone, GT Road, Kundli,Haryana and 219/2B,Thally Road Hosur,Tamilnadu with Citibank , HDFC Bank, Indusind bank and Citibank FCNR-2 Loan.

c) From HDFC BANK :- Loan outstanding as at 31st March 2016 is Rs 99.74 Million - (as at 31.03.15- Nil, as at 31.03.14- Nil) 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 9.55%. The loan is secured against First Pari Passu charge on all present and future receivables, stocks/Inventories with Citibank Cash Credit Loan, Standard Chartered Bank Cash Credit Loan, Indusind bank Bank Guarantee Limit and secured against First Pari Passu Charge on all fixed assets of the company (excluding assets specifically purchased out of term loan from term loan lenders) with Citibank, Standard Chartered Bank, Indusind Bank including equitable mortgage charge on first pari passu basis on Land and Building situated at 32nd Milestone, GT Road, Kundli,Haryana and 219/2B,Thally Road Hosur,Tamilnadu with Citibank, Standard Chartered Bank, Indusind Bank and Citibank FCNR-2 Loan.

d) Indusind Bank Bank Guarantee Limit:- The loan is secured against First Pari Passu Charge on all present and future receivables, stocks/Inventories with Citibank Cash Credit Loan, Standard Chartered Bank Cash Credit Loan, HDFC bank Cash Credit Loan Limit and secured against First Pari Passu Charge on present and future moveable fixed assets of the company with Citibank, Standard Chartered Bank, HDFC bank (excluding assets specifically purchased out of term loan from term loan lenders) including equitable mortgage charge on first pari passu basis on Land and Building situated at 32nd Milestone, GT Road, Kundli,Haryana and 219/2B,Thally Road Hosur,Tamilnadu with Citibank, Standard Chartered Bank, HDFC bank and Citibank FCNR-2 Loan. Bank Guarantee charges is 0.60% p.a. plus applicable service tax.

8 TRADE PAYABLES

PARTICULARS		AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014
a) Micro, Small and Medium Enterprises	8.97		9.15		6.95	
b) Others	1,498.76		873.06		771.50	
		1,507.73		882.21		778.44
T O T A L		**1,507.73**		**882.21**		**778.44**

Considering the company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under "The Micro, Small and Medium Enterprises Development Act 2006" during the year. There is also no amount of outstanding interest in this regard, brought forward from previous years. The above information is on basis of intimations received, from the vendors who have communicated their status with regards to vendors registration under the said Act on requests made by the company.

NOTES ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

(Rs in Millions)

9 OTHER CURRENT LIABILITIES

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014
a) Current Maturity of Long- term debt (See Note 4)	308.79	313.12	318.57
b) Interest accrued but not due on borrowings	6.05	1.81	2.67
c) Interest accrued and due on borrowings	4.26	4.83	6.50
d) Unpaid Dividend - (Investor Education and Protection Fund will be credited by this amount (as and when due))	0.86	0.39	0.38
e) Advances from Customers	120.65	81.77	65.88
f) Security Deposits Received	19.45	17.54	14.26
g) Creditors for Capital Expenditure	168.44	53.44	29.04
h) Liabilities for Expenses	100.10	72.04	68.34
i) Statutory Dues payable	61.73	36.68	41.14
TOTAL	**790.31**	**581.61**	**546.77**

10 SHORT TERM PROVISIONS

PARTICULARS		AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014
1) Provision for Retirement Benefits						
a) Leave Encashment	6.40		3.45		2.87	
b) For Gratuity	4.94		2.53		-	
		11.33		5.99		2.87
2) Other Provisions						
a) Provision for Taxation						
I. Income tax (net of advance tax)	10.35		2.81		2.75	
II. Wealth Tax	-		0.40		0.27	
III. Corporate Dividend Tax	7.31		17.05		12.20	
		17.66		20.26		15.21
b) Proposed Final Dividend		35.89		83.74		71.77
c) Provision for Warranties		4.17		4.93		3.57
d) Excise Duty		14.02		7.41		5.05
TOTAL		**83.07**		**122.32**		**98.48**

Proposed Final Dividend

During the year, the company company has declared interim dividend on 12.03.16 @ Rs 5 per share (Previous Year Nil). As on 31.03.16, the company further recognize proposed final dividend of Rs 3.00 per share (Previous Year Rs 7.00 per share) for distribution to equity shareholders.

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 31.03.16 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	31.03.16	31.03.15	31.03.14
Opening Balance	4.93	3.57	1.50
Addition	64.59	4.93	3.57
Utilization	2.35	2.10	2.54
Reversal	2.58	1.47	(1.04)
Closing Balance	**64.59**	**4.93**	**3.57**
Current Portion	4.17	4.93	3.57
Non Current Portion	60.42	-	-

11. FIXED ASSETS

(All Amounts in million)

PARTICULARS	GROSS BLOCK										DEPRECIATION & AMORTIZATION										NET BLOCK			
Nature of Assets	As at 01.04.13	Additions 13-14	Deductions 13-14	As at 31.03.14	Additions-14-15	Deductions/ Adjustment* - 14-15	As at 31.03.15	Additions-15-16	Deductions -15-16	As at 31.03.16	As at 01.04.13	For the Year	Deductions	Upto 31.03.14	For the Year 14-15	Deductions-14-15	Upto 31.03.15	For the Year 15-16	Deductions-15-16	Upto 31.03.16	As at 31.03.16	As at 31.03.15	As at 31.03.14	As at 31.03.13
1.Tangible Assets																								
Land Free hold	293.55	52.30	40.83	305.02	7.84	-	312.87	3.04	-	315.91	-	-	-	-	-	-	-	-	-	-	315.91	312.87	305.02	293.55
Land Lease hold	185.60	2.13	-	187.73	-	4.16	183.57	0.77	-	184.34	6.06	2.58	-	8.64	2.49	-	11.13	2.50	-	13.63	170.71	172.44	179.09	179.54
Buildings	843.74	84.26	2.76	925.23	66.42	-	991.65	372.98	-	1,364.64	108.12	28.42	0.23	136.31	30.85	-	167.17	37.08	-	204.24	1,160.40	824.49	788.92	735.61
Plant & Equipment	1,766.45	231.91	3.19	1,995.18	268.05	-	2,263.23	584.92	2.00	2,846.15	459.04	114.11	0.52	572.63	168.46	-	741.09	167.57	1.25	907.42	1,938.73	1,522.14	1,422.55	1,307.41
Furniture & Fixtures	81.95	11.27	-	93.22	15.45	-	108.67	44.91	-	153.58	24.49	5.86	-	30.35	11.32	-	41.67	12.87	-	54.55	99.03	67.00	62.87	57.46
Vehicles	89.63	16.21	7.37	98.48	73.84	4.66	167.65	17.28	8.56	176.37	36.35	7.68	4.14	39.89	16.96	1.95	54.90	18.53	6.51	66.92	109.45	112.75	58.59	53.28
Office Equipment	26.13	4.51	-	30.65	5.27	0.02	35.90	8.21	-	44.11	8.06	1.88	-	9.94	12.68	0.02	22.60	5.71	-	28.30	15.81	13.30	20.71	18.08
Mould, Block & Dies	355.59	58.09	26.02	387.66	91.49	-	479.15	59.60	1.17	537.58	193.80	41.55	11.33	224.03	46.92	-	270.95	56.22	0.33	326.84	210.75	208.20	163.63	161.79
Tools & Equipments	44.52	8.28	-	52.80	5.76	-	58.56	20.91	-	79.47	29.30	5.86	-	35.16	5.71	-	40.87	6.61	-	47.48	31.99	17.69	17.63	15.22
Electrical Installations	110.34	10.04	-	120.38	13.72	-	134.10	28.27	0.57	161.81	26.89	5.81	-	32.70	22.63	-	55.32	16.02	-	71.34	90.47	78.78	87.69	83.45
Computers	34.26	3.33	-	37.59	4.57	-	42.17	7.17	-	49.34	23.96	2.43	-	26.39	8.43	-	34.82	4.60	-	39.42	9.92	7.35	11.20	10.30
Total	**3,831.77**	**482.34**	**80.17**	**4,233.94**	**552.42**	**8.83**	**4,777.53**	**1,148.07**	**12.29**	**5,913.30**	**916.08**	**216.18**	**16.21**	**1,116.04**	**326.45**	**1.97**	**1,440.53**	**327.70**	**8.09**	**1,760.14**	**4,153.16**	**3,337.00**	**3,117.90**	**2,915.69**
Previous Year	**3,544.90**	**297.50**	**10.63**	**3,831.77**	**482.34**	**80.17**	**4,233.94**	**552.42**	**8.83**	**4,777.53**	**739.30**	**182.74**	**5.96**	**916.08**	**216.18**	**16.21**	**1,116.04**	**326.45**	**1.97**	**1,440.53**	**3,337.00**	**3,117.90**	**2,915.69**	**-**
Share of Joint Venture	-	-	-	-	0.06	-	0.06	-	-	0.06	-	-	-	-	0.01	-	0.01	-	-	0.01	0.05	0.05	-	-
Previous Year	-	-	-	-	-	-	-	0.06	-	0.06	-	-	-	-	-	-	-	0.01	-	0.01	0.05	-	-	-
Total (1)	**3,831.77**	**482.34**	**80.17**	**4,233.94**	**552.48**	**8.83**	**4,777.59**	**1,148.07**	**12.29**	**5,913.37**	**916.08**	**216.18**	**16.21**	**1,116.04**	**326.46**	**1.97**	**1,440.54**	**327.70**	**8.09**	**1,760.15**	**4,153.21**	**3,337.05**	**3,117.90**	**2,915.69**
Previous Year (1)	3,544.90	297.50	10.63	3,831.77	482.34	80.17	4,233.94	552.48	8.83	4,777.59	739.30	182.74	5.96	916.08	216.18	16.21	1,116.04	326.46	1.97	1,440.54	3,337.05	3,117.90	2,915.69	-
2.Intangible Assets																								
Computer Software	12.90	0.69	-	13.59	2.00	-	15.59	2.83	0.73	17.69	2.03	2.06	-	4.09	8.63	-	12.71	2.87	-	15.58	2.11	2.87	9.50	10.87
Technical Know-how	-	3.11	-	3.11	-	-	3.11	-	-	3.11	-	0.62	-	0.62	0.62	-	1.24	0.62	-	1.87	1.24	1.87	2.49	-
Trademarks	-	0.03	-	0.03	-	-	0.03	-	-	0.03	-	0.01	-	0.01	0.01	-	0.01	0.01	-	0.02	0.01	0.02	0.03	-
Total	**12.90**	**3.84**	**-**	**16.73**	**2.00**	**-**	**18.73**	**2.83**	**0.73**	**20.83**	**2.03**	**2.69**	**-**	**4.72**	**9.25**	**-**	**13.97**	**3.50**	**-**	**17.47**	**3.36**	**4.76**	**12.02**	**10.87**
Previous Year	**32.05**	**2.97**	**22.12**	**12.90**	3.84	-	16.73	2.00	-	18.73	-	-	-	-	2.69	-	4.72	9.25	-	13.97	4.76	12.02	10.87	-
Share of Joint Venture	-	0.49	-	0.49	3.20	-	3.69	-	-	3.69	-	0.02	-	0.02	0.84	-	0.86	-	-	0.86	2.83	2.83	0.46	-
Previous Year	-	-	-	-	0.49	-	0.49	3.20	-	3.69	-	-	-	-	0.02	-	0.02	0.84	-	0.86	2.83	0.46	-	-
Total (2)	**12.90**	**4.32**	**-**	**17.22**	**5.20**	**-**	**22.42**	**2.83**	**0.73**	**24.52**	**2.03**	**2.71**	**-**	**4.74**	**10.09**	**-**	**14.83**	**3.50**	**-**	**18.33**	**6.19**	**7.59**	**12.48**	**10.87**
Previous Year	32.05	2.97	22.12	12.90	4.33	-	17.22	5.20	-	22.42	-	-	-	-	2.71	-	4.74	10.09	-	14.83	7.59	12.48	10.87	-
3.Capital Work-in-Progress																					115.90	46.25	0.29	14.79
Grand Total (1+2)	**3,844.67**	**486.66**	**80.17**	**4,251.16**	**557.68**	**8.83**	**4,800.01**	**1,150.90**	**13.03**	**5,937.88**	**918.11**	**218.89**	**16.21**	**1,120.78**	**336.56**	**1.97**	**1,455.37**	**331.20**	**8.09**	**1,778.48**	**4,159.40**	**3,344.64**	**3,130.38**	**2,926.56**
Previous Year	3,576.95	300.47	32.75	3,844.67	486.66	80.17	4,251.16	557.68	8.83	4,800.01	761.71	184.49	28.09	918.11	218.89	16.21	1,120.78	336.56	1.97	1,455.37	3,344.64	3,130.38	2,926.56	-

NOTES:

	FY 15-16	FY 14-15	FY 13-14
1. Depreciation & Amortization for the year	331.20	336.56	218.89
Less: Depreciation withdrawn from Retained Earning	-	29.32	-
Less :- Depreciation on revalued assets withdrawn from Building revaluation reserve	-	-	0.99
Depreciation & amortization charged to Statement of Profit & Loss	**331.20**	**307.23**	**217.90**

2. Gross Block of Land free hold includes Rs. 117.48 Million and gross block of Buildings includes Rs. 29.70 Million on account of revaluation carried out in the past years based on reports issued by Government approved valuers.
3. Additions to land free hold includes an amount of Rs. 1.82 Million for purchase of factory land, the registration of which is still pending in the name of Company as on 31.03.16
4. Additions of fixed assets includes Rs. 2.19 Million for FY 15-16 (for FY 14-15-Rs 11.86 Million) on account of Foreign Exchange Adjustment on ECB Loan as per option exercised under para 46-A of AS-11.
5. Capital Work in progress includes:

Particulars	FY 15-16	FY 14-15	FY 13-14
i. Civil-work in progress	64.45	28.29	-
ii. Pre-operative expenses (Refer Note-44 of Notes)	-	7.85	-
iii. Fixed assets under installation	51.45	8.67	0.29
iv. Fixed assets in transit	-	1.44	-
Total	**115.90**	**46.25**	**0.29**

6 During the Fy 2014-15, pursuant Pursuant to the Companies Act 2013 ("The Act"), the Company has revised depreciation rates on certain fixed assets as per the revised useful life specified in Schedule II of the Act. Due to this based on transitional provision as per note 7(b) of the Schedule II, an amount of Rs. 19.36 Million (net of deferred tax of Rs. 9.97 Mllion) have been adjusted with the retained earnings. Further, depreciation charge for the year ended 31st March, 2015 is higher by Rs. 78.60 Million)

NOTES ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

(Rs in Millions)

12 NON-CURRENT INVESTMENTS

PARTICULARS		AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014
A) TRADE INVESMENTS (At cost)in Equity (unquoted)						
1 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	0.20		0.20		0.20	
b) Elcina Electronic Manufacturing (p) Ltd.						
10,000 (P. Y. Nil) equity shares of Rs 10 each fully paid up	0.10		-		-	
		0.30		0.20		0.20
T O T A L		**0.30**		**0.20**		**0.20**

13 LONG TERM LOANS AND ADVANCES

(unsecured but considered good)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014
a) Capital Advances	52.95	34.71	26.22
b) Security Deposits	54.28	36.18	20.24
c) Prepaid Expenses	2.91	2.89	4.04
d) Loan to Employees	3.77	2.76	4.20
T O T A L	**113.91**	**76.53**	**54.71**

14 OTHER NON CURRENT ASSETS

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014
a) Margin Money deposit with original maturity for more than 12 months	0.05	1.49	0.59
b) Retention money with Customers (Unsecured but considered good)	86.94	-	-
c) Joint Venture share in balance with Government departments	0.08	-	0.46
T O T A L	**87.06**	**1.49**	**1.04**

15 INVENTORIES

(As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)

PARTICULARS		AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014
a) Raw Materials and Components	354.03		284.07		232.28	
b) Raw Materials and Components in transit	16.30		9.94		7.37	
c) Work in Progress	82.12		89.68		50.48	
d) Finished Goods	153.78		98.55		109.16	
e) Stock in trade (Mould, Tools and Dies)	29.33		6.08		2.35	
f) Stock in trade (Others)	3.43		7.43		7.19	
g) Stores and Spares (including Packing Material)	21.89		17.41		14.53	
h) Stores and Spares (including Packing Material) in transit	0.42		0.73		0.20	
		661.30		513.89		423.56
T O T A L		**661.30**		**513.89**		**423.56**

NOTES ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

(Rs in Millions)

16 TRADE RECEIVABLES

(unsecured but considered good)

PARTICULARS		AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014
Debt Outstanding for a period exceeding Six Months						
a) Considered Good	12.36		8.95		7.36	
b) Considered Doubtful	4.13		2.16		1.80	
Other Debts :- Considered Good	1,173.67		858.61		760.20	
		1,190.16		869.71		769.36
Less:- Provision for Doubtful Debts		4.13		2.16		1.80
T O T A L		**1,186.04**		**867.55**		**767.55**

17 CASH AND BANK BALANCES

PARTICULARS		AS AT 31.03.2016		AS AT 31.03.2015		AS AT 31.03.2014
1) Cash and Cash Equivalents						
a) Balances with Banks in current account	12.65		2.24		10.89	
b) Deposits with original maturity of less than three months	2.94		11.93		4.53	
		15.59		14.16		15.41
2) Cash on Hand		3.74		2.15		2.17
3) Other bank balances						
a) Unpaid Dividend Account	0.86		0.39		0.38	
b) Margin money deposit with original maturity for more than 3 months but less than 12 months	25.04		17.67		2.26	
		25.90		18.06		2.64
T O T A L		**45.22**		**34.38**		**20.22**

18 SHORT TERM LOANS AND ADVANCES

(unsecured but considered good)

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014
a) Prepaid Expenses	12.25	9.35	9.54
b) MAT credit entitlement	-	-	31.46
c) Loan to Employees	2.59	3.48	2.87
d) Advances for Goods other than Capital Goods	69.80	33.39	31.77
e) Balance with Customs, Excise Department	113.63	65.74	61.65
f) Balance with Income tax department	-	0.08	-
g) Balance with Sales Tax Department	5.62	3.29	2.52
h) Security deposits	0.99	3.93	1.64
i) Other Advances recoverable	4.00	4.54	3.81
T O T A L	**208.88**	**123.80**	**145.27**

19 OTHER CURRENT ASSETS

PARTICULARS	AS AT 31.03.2016	AS AT 31.03.2015	AS AT 31.03.2014
a) Interest accrued on deposits	3.47	1.28	0.90
b) Subsidy Receivables	5.81	1.46	3.03
c) Export Incentive Receivables	0.32	1.73	1.56
d) Dues from Debtors other than Goods and Services	-	-	2.13
T O T A L	**9.61**	**4.48**	**7.62**

FIEM INDUSTRIES LIMITED

NOTES ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

(Rs in Millions)

20 GROSS SALES

PARTICULARS	FY 2015-16		FY 2014-15		FY 2013-14	
Manufactured Goods						
1) Automotive Lamps, Signalling Equipment and Parts	6,191.23		5,924.90		5,247.20	
2) Rear View Mirrors and Parts	1,345.40		1,209.89		1,011.32	
3) Plastic Moulded Parts	1,364.56		1,090.28		1,010.54	
4) Moulds and Dies	38.58		33.16		43.59	
5) LED Luminaries	1,217.32		124.09		14.96	
6) LED Integrated Passenger information system	24.91		6.24		0.65	
7) Others	307.71		246.52		212.58	
		10,489.71		8,635.07		7,540.84
Traded Goods						
1) Mould and Dies	282.31		315.75		277.63	
2) LED Integrated Passenger information system	7.15		0.20		-	
3) Others	59.85		58.10		82.48	
		349.30		374.05		360.11
		10,839.01		**9,009.12**		**7,900.95**

21 OPERATING INCOME

PARTICULARS	FY 2015-16	FY 2014-15	FY 2013-14
1) Scrap sales	41.12	28.71	23.31
2) Testing charges Received	14.04	10.46	5.66
3) Mould, Dies and Tool Design and development charges	11.56	1.35	3.26
4) Government subsidy received	17.51	5.37	6.16
5) Duty Drawback Received	3.05	3.03	2.45
6) Rebate and Discount Received	2.90	2.04	2.43
7) Difference in foreign exchange	0.35	1.29	(0.92)
8) Segregation/Rework Charges Received	0.48	0.36	0.46
9) Packing and Forwarding	0.07	0.84	0.27
T O T A L	**91.10**	**53.45**	**43.09**

22 OTHER INCOME

PARTICULARS	FY 2015-16	FY 2014-15	FY 2013-14
1) Profit on sale of fixed assets	-	-	4.89
2) Interest Income	7.38	1.97	1.19
3) Dividend Received	0.02	0.02	0.01
4) Sundry Creditors written back	2.22	6.77	0.56
5) Sundry balances written back	0.06	0.23	-
6) Other Non Operating Income	0.03	0.04	0.00
T O T A L	**9.70**	**9.03**	**6.66**

FIEM INDUSTRIES LIMITED

NOTES ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

(Rs in Millions)

23 COST OF RAW MATERIALS AND COMPONENTS CONSUMED

PARTICULARS	FY 2015-16		FY 2014-15		FY 2013-14	
Opening Stock		284.07		232.28		227.14
Add : Purchases		5,603.51		4,822.08		4,106.17
Less :- Inventories at the end of the year		354.03		284.07		232.28
T O T A L		**5,533.54**		**4,770.29**		**4,101.03**
Particulars of Raw material and components consumed						
Plastic Powder	1,908.64		1,788.65		1,489.47	
Bulb	516.69		513.04		441.29	
Wiring harness	488.00		489.03		452.08	
LED	332.43		38.68		-	
Others	2,287.79		1,940.89		1,718.20	
		5,533.54		**4,770.29**		**4,101.03**

24 PURCHASE OF STOCK IN TRADE

PARTICULARS	FY 2015-16	FY 2014-15	FY 2013-14
a) Purchase of Traded Goods	51.19	45.46	60.27
b) Purchase of Traded Moulds, Dies and Tools	204.66	193.21	166.50
T O T A L	**255.85**	**238.67**	**226.77**
Detail of Purchase of Traded Goods			
Bulb	17.50	13.47	14.48
Mould Dies and Tools	204.66	193.21	166.50
Others	33.69	31.99	45.79
	255.85	**238.67**	**226.77**

25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

PARTICULARS	FY 2015-16		FY 2014-15		FY 2013-14	
Inventories at the end of the year						
a) Finished Goods	153.78		98.55		109.16	
b) Work -in- Progress	82.12		89.68		50.48	
c) Traded Goods - (Mould, Tools and Dies)	29.33		6.08		2.35	
d) Traded Goods - (Others)	3.43		7.43		7.19	
		268.66		201.75		169.18
Inventories at the beginning of the year						
a) Finished Goods	98.55		109.16		100.12	
b) Work -in- Progress	89.68		50.48		120.20	
c) Traded Goods - (Mould, Tools and Dies)	6.08		2.35		0.80	
d) Traded Goods - (Others)	7.43		7.19		11.43	
		201.75		169.18		232.54
		(66.91)		**(32.57)**		**63.36**
Finished Goods						
Automotive Goods	114.53		97.51		109.16	
LED Luminaries and Integrated Passenger information system	39.25		1.04		-	
		153.78		98.55		109.16
Work in Progress						
Automotive Goods	67.63		88.13		50.48	
LED Luminaries and Integrated Passenger information system	14.49		1.55		-	
		82.12		89.68		50.48

FIEM INDUSTRIES LIMITED

NOTES ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

(Rs in Millions)

26 EMPLOYEES BENEFITS EXPENSES

PARTICULARS	FY 2015-16	FY 2014-15	FY 2013-14
Salaries,Wages and Bonus to employees	1,173.04	897.50	773.87
Contribution to Provident and other Funds	24.21	18.21	14.05
Staff Welfare Expenses	54.58	51.30	44.24
Gratuity Expenses	14.72	10.93	6.29
Earned Leave to staff	6.94	10.62	4.92
T O T A L	**1,273.49**	**988.56**	**843.37**

27 FINANCE COSTS

PARTICULARS	FY 2015-16	FY 2014-15	FY 2013-14
Interest Expenses	148.12	116.49	140.56
Other Borrowing Costs	9.68	3.99	3.97
T O T A L	**157.81**	**120.49**	**144.53**

28 OTHER EXPENSES

PARTICULARS	FY 2015-16		FY 2014-15		FY 2013-14	
Manufacturing Expenses						
1) Job Charges	6.13		4.88		4.21	
2) Machinery running and Maintenance						
a) Machinery Repair and service charges	6.81		6.14		4.81	
b) Machinery Spares	70.09		60.90		53.92	
3) Consumption of Stores and Spare parts	177.65		113.45		102.02	
4) Packing Expenses	247.58		199.91		169.25	
5) Power & Fuel	378.76		333.31		316.05	
6) Variation in Excise duty of FG	6.61		2.36		0.92	
7) Repair - Dies	18.17		14.70		12.58	
8) Factory / Godown Rent	5.03		5.21		4.99	
9) Installation expenses for LED Streetlights	19.34		-		-	
10) Freight, Cartage & Octroi	77.91		65.32		58.22	
11) Testing and Design Fees	12.24		11.25		5.50	
12) Segregation Charges Paid	0.57		1.73		0.70	
		1,026.89		819.16		733.17
Administrative and Selling Expenses						
1) Advertisement, Sub & Membership Exp.	16.50		15.19		8.11	
2) Payment to Auditors	5.40		5.08		4.55	
3) Donation	2.66		1.46		1.76	
4) Rates and taxes	14.54		8.59		5.62	
5) Insurance	4.85		3.72		4.15	
6) Bad debt written off	2.04		1.65		1.26	
7) Provision for Bad and Doubtful Debt	1.97		0.36		0.89	
8) Rent	21.69		11.72		4.27	
9) Repair & Maintenance- Building	4.57		3.78		3.02	
10) Repair & Maintenance- Other	20.29		16.33		11.87	
11) Royalty	5.03		5.05		5.07	
12) Loss on sale of Fixed Assets	(0.67)		1.24		-	
13) Selling & Distribution Expenses	234.87		150.33		132.97	
14) Cash Discount on sales	16.26		14.71		14.78	
15) Travelling and Conveyance Expenses	51.12		42.13		23.94	
16) Contribution toward CSR (Note-45)	10.12		8.13		-	
17) Prior Period Expenses	2.51		0.72		0.69	
18) Other Office Expenses	171.99		152.95		130.10	
		585.74		443.12		353.07
T O T A L		**1,612.63**		**1,262.28**		**1,086.23**

(All Amounts in million, unless otherwise stated)

29 Contingent Liabilities

		31.03.2016	31.03.2015	31.03.2014
(A)	**Claims against the Company/disputed liabilities not acknowledged as debts (See Note-1)**			
(i)	**Income Tax**			
	(a) Case decided in the Company's favour by Appellate Authorities and for which the department has filed further appeals	68.01	61.75	62.87
	(b) Case pending before Appellate Authorities in respect of which the Company has filed appeals	14.72	-	-
(ii)	**Custom Duty**			
	(a) Import Duty Demand towards imported capital goods which were sold to the customer in relation to nil import duty being paid at the time of import of said capital goods as a 100% EOU unit for which the company has filed an appeal with Commissioner of Central Excise, Chennai (Net of deposit)	4.34	4.34	4.34
	(b) Liability of Import Duty towards Export obligation undertaken by the Company under EPCG Licenses	-	5.61	0.64
(iii)	**Excise Duty & Service Tax**			
	(a) Excise Duty Demand on Modvat Credit taken on raw material for which the Company has filed an appeal with CESTAT, New Delhi (Net of deposit)	2.46	2.46	2.46
	(b) Excise Duty Demand on Cenvat Credit taken on input and Capital goods for which the Company has filed an appeal with CESTAT, Chennai (Net of deposit)	-	1.95	-
	(c) Service Tax Demand on Cenvat Credit taken on input services for which the Company has filed an appeal with CESTAT, Chennai (net of deposit)	-	0.20	-
	(d) Show Cause notice on Excise Duty on Sales Tax Subsidy received from Sales tax Department Rajasthan for the period 01.09.2013 to 31.01.2015, for which the Company has represented before the Additional Commissioner (Alwar)	2.00	-	-
	(e) Excise Duty Demand on disallowance of CENVAT Credit of Excise Duty and Service Tax prior to registration under excise & service tax law, for which the Company is in the process for filling appeal with Commissioner (Appeal)	8.77	-	-
(iv)	**Sales Tax**			
	(a) Entry Tax for certain inter-state purchase in Rajasthan for which matter is sub-judice in Supreme Court.	0.60	0.80	0.69
	(b) Sales Tax Demand for F.Y. 2013-14 & F.Y. 2014-15 on Central Sales Tax Reversal under Section 19(2)(v) of the TNVAT Act, 2006 for which company has filed appeal with High Court, Chennai	18.83	-	-
	(c) Sales Tax Demand for A.Y. 2010-11 for which company has filed appeal with First Appellate Authority (net of deposit)	2.00	2.00	-
(B)	**Other Money for which the Company is contingently liable**			
	(a) Liability in respect of bill of exchange discounted from bank	307.14	275.86	218.80

Note:-1- Based on the advice taken by the company, the company believes that it has good case in respect of all the items under (i) to (iv) above and hence no provision is considered necessary against the same.

30 Capital & Other Commitments

		31.03.2016	31.03.2015	31.03.2014
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided, (net of advances)	170.43	189.48	62.33
(ii)	Estimated amount of contracts remaining to be executed on traded moulds & others not provided,(net of advances)	53.15	63.28	76.56
(iii)	Bank Guarantee Charges payable to Indusind Bank	14.40	-	-
(iv)	Lease Commitments (non-cancellable in nature) (See Note-33)	5.03	19.56	3.68

31 (a). Auditor's Remuneration

	2015-16	2014-15	2013-14
For Statutory Audit	3.30	3.20	3.00
For Tax Audit	0.40	0.30	0.30
For Limited Review	0.70	0.70	0.70
For Other Services	1.00	0.70	0.40
Total (a)	**5.40**	**4.90**	**4.40**
(b). Cost Auditor's Remuneration			
For Cost Audit Fees	-	0.18	0.15
For Other Services	0.12	-	0.00
For Reimbursement of Travelling and Out-of-Pocket Expenses	0.01	0.00	-
Total (b)	**0.13**	**0.18**	**0.15**
Total (a+b)	**5.53**	**5.08**	**4.55**

(All Amounts in million, unless otherwise stated)

32 **Deferred Tax Liabilities (Net)**

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

	31.03.2016	31.03.2015	31.03.2014
Deferred Tax Liability			
Depreciation & Amortization and other timing differences in block of assets	338.25	290.35	284.22
Total (a)	**338.25**	**290.35**	**284.22**
Deferred Tax Assets			
Provision for Bad & Doubtful	1.43	0.75	0.61
Provision for Leave Encashment	10.21	8.14	4.73
Provision for Gratuity	2.09	0.86	(0.00)
Provision for Bonus	5.60	2.76	2.53
Provision for Warranty	22.35	1.70	1.21
Welfare Fund	0.03	0.03	0.02
Total (b)	**41.71**	**14.24**	**9.11**
Net Deferred Tax Liability Shown in Balance Sheet (a-b)	**296.54**	**276.11**	**275.11**

Deferred Tax (Credit) Charged to Statement of Profit & Loss			
Deferred Tax Liabilities	2015-16	2014-15	2013-14
Depreciation & Amortization and other timing differences in block of assets	47.90	16.10	34.85
Total (a)	**47.90**	**16.10**	**34.85**
Deferred Tax Assets	-	-	-
Provision for Bad & Doubtful	0.68	0.13	0.30
Provision for Leave Encashment	2.07	3.42	1.47
Provision for Gratuity	1.23	0.86	(0.46)
Provision for Bonus	2.84	0.22	(0.15)
Provision for Warranty	20.65	0.49	0.70
Welfare Fund	0.01	0.00	0.00
Total (b)	**27.48**	**5.13**	**1.87**
Net Deferred Tax Charged (a-b)	**20.43**	**10.97**	**32.97**

Note : The one time tax effect of Rs 9.97 miilion was adjusted agianst the retained earnings in the fy 14-15

33 **Lease Transaction**

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

	2015-16	2014-15	2013-14
Total of future minimum lease payments under non-cancellable operating lease for following periods:			
Not later than one year	5.03	8.91	2.76
Later than one year and not later than five years	-	10.65	0.92
Total	**5.03**	**19.56**	**3.68**
Lease Rental recognized in Statement of Profit & Loss in respect of cancellable and non-cancellable leases	26.72	16.92	9.26
Lease Rental recognized in Pre-operative Expenditure	0.43	0.05	-
Total	**27.14**	**16.97**	**9.26**

34 **Borrowing Cost Capitalized**

	2015-16	2014-15	2013-14
Borrowing Cost Capitalized to Qualifying Assets	27.29	5.61	-

35 **Exchange Differences on account of Fluctuation in Foreign Currency Rates**

	2015-16	2014-15	2013-14
Exchange Differences recognized in the Statement of Profit & Loss			
(i) Exchange Gain /(Loss) Relating to Export during the year as a part of "Sales"	1.96	1.01	2.72
(ii) Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase"	(1.16)	1.16	0.25
(iii) Exchange Gain/(Loss) Relating to Import during the year as a part of "Purchase of Stock-in-Trade"	3.57	3.37	6.80
(iv) Exchange Gain/(Loss) on Settlement and Revaluation of other transactions as a part of "Other Operating income"	0.35	1.29	(0.92)
Exchange Differences recognized in the Fixed Assets			
(i) Exchange Gain/(Loss) Gain Relating to Liabilities against Capital Assets settled during the year	1.76	0.71	0.81
(ii) Foreign Exchange Adjustment Gain/(Loss) on Long Term Foreign Currency Loan taken for acquisition of fixed assets (Consequent to notification, issued by Ministry of Corporate Affairs, amending the AS-11)	(2.20)	11.87	(6.08)

36 **Earning Per Share**

	2015-16	2014-15	2013-14
Net Profit available for equity shareholders (In million)	573.33	424.75	372.75
Weighted average number of equity shares outstanding during the year (Nos)	11,962,226	11,962,226	11,962,226
Earning Per share basic and diluted (In Rs.)	47.93	35.51	31.16
Face value per equity share (In Rs.)	10.00	10.00	10.00

(All Amounts in million, unless otherwise stated)

37 Government Grant

	2015-16	2014-15	2013-14
Duty Drawback on Export	3.05	3.03	2.45
Investment Subsidy Under Investment Promotion Scheme	17.51	5.37	6.16
Total	20.57	8.40	8.62

38 Segment Reporting

The segment reporting of the Company has been prepared in accordance with Accounting Standard-17 "Segment Reporting" (specified under section 133 of Companies Act, 2013, read with Rule 7 of Companies (Accounts) Rules 2014).

Segments Reporting Policies

(a) Identification of Segments:

Primary-Business Segments

The Company has identified two reportable business segments viz. Automotive and LED Luminaries Segment on the basis of the nature of products, the risk and return profile of individual business and the internal business reporting systems with effect from the current financial year. During the previous year, the company had only one business segment. Hence comparative figures for the previous period are not reported. The products included in each of the reported business segments are as follows:-

(i) Automotive comprising of automotive lighting & signilling equipment, rear view mirror, prismatic mirror, plastic moulded parts, and sheet metal components for motorised vehicles and others parts for automotive.

(ii) LED Luminaries Segment comprising of led luminaries viz. indoor and outdoor lighting, display panel, LED integrated passenger information system etc.

(b) Revenue and expenses have been identified to a segment on the basis of relationship to operating activities of the segment. Revenue and expenses which relates to enterprise as a whole and not allocable to a segment on reasonable basis have been disclosed as "unallocated"

(c) Segment assets and segment liabilities represent assets and liabilities in respective segments. income tax related assets/liabilities, borrowings, and other assets and liabilities that can not be allocated to a segment on reasonable basis have been disclosed as "Unallocated".

(i) Primary-Business Segments

A. Revenue	**2015-16**		
Segment Revenue	**Automotive**	**LED Luminaries**	**Total**
External Sales	8,610.46	1,180.04	9,790.50
Operating Income	79.41	11.68	91.10
Inter-Segment Sales	-	-	-
Total	**8,689.87**	**1,191.72**	**9,881.60**
Results			
Segment Results (Earning Before Interest & Tax)	**895.15**	**179.96**	**1,075.11**
Unallocated corporate expenses			133.31
Other Income			9.70
Operating Profit			951.51
Cost of Finance			157.81
Profit before tax			793.70
Tax expense			220.37
Profit after tax			**573.33**
B. Other Information			
Segment Assets	5,114.39	1,473.23	6,587.62
Unallocated Corporate Assets	-	-	-
Total Assets	**5,114.39**	**1,473.23**	**6,587.62**
B. Other Information			
Segment Liabilities	1,830.80	263.87	2,094.68
Unallocated Corporate Liabilities	-	-	1,761.54
Total Liabilities	**1,830.80**	**263.87**	**3,856.22**
Capital Expenditure (Including Capital-work-in progress)	740.34	480.21	1,220.55
Depreciation & Amortization	314.55	16.65	331.20
Non-cash expenses other than depreciation	**16.37**	**64.21**	**80.58**

(All Amounts in million, unless otherwise stated)

(ii) Secondary-Geographical Segments:-

The analysis of geographical segments is based on geographical location of the customers

Segment Revenue

The following is the distribution of Company's revenue by geographical market, regardless of where the goods were produced

	2015-16	2014-15	2013-14
India	9,462.72	7,863.62	6,790.04
Outside India	327.78	337.60	371.56
Total	**9,790.50**	**8,201.22**	**7,161.60**

Segment Receivables	**31.03.2016**	**31.03.2015**	**31.03.2014**
India	1,139.27	832.41	750.57
Outside India	46.77	35.14	16.98
Total	**1,186.04**	**867.55**	**767.55**

1. Sales Revenue by geographical market Outside India includes indirect export.
2.The segment trade receivables outside India includes receivables on account of indirect exports.
3. The Company has common assets for producing goods for domestic market and overseas market. Hence, separate figures for fixed assets can not be furnished.

39 Related Party Disclosures

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

Name of Related Party

(i) Key Management Personnel

Jagjeevan Kumar Jain	Chairman and Managing Director
Seema Jain	Whole Time Director
Aanchal Jain	Whole Time Director
Rahul Jain	Whole Time Director
JSS Rao	Whole Time Director
Kashi Ram Yadav	Whole Time Director
Takanabu Kamoshita	Director (up to 31.03.2015)
OP Gupta	Chief Financial Officer
Arvind Kumar Chauhan	Company Secretary

(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
Fiem Foundation	Entity Controlled by Key Management Personnel

(iii) Relative of Key Management personnel

M. Kamoshita	Wife of Key Management Personnel

	Transaction During The Year			**Outstanding Amount Carried at Balance Sheet**		
Particulars	**2015-16**	**2014-15**	**2013-14**	**31.03.2016**	**31.03.2015**	**31.03.2014**
(i) Key Management Personnel						
Remuneration						
Jagjeevan Kumar Jain	12.48	12.48	12.48	0.55	0.90	0.36
Seema Jain	4.20	3.60	2.40	0.45	0.54	0.16
Rahul Jain	3.90	3.60	3.60	0.76	0.38	0.22
Aanchal Jain	3.60	3.00	1.20	0.42	0.44	0.09
JSS Rao	8.40	7.20	6.60	0.48	-	0.40
Kashi Ram Yadav	8.54	7.34	6.74	0.52	0.44	0.42
Takanabu Kamoshita	-	2.66	2.80	-	0.20	-
OP Gupta	4.38	3.96	N.A.	0.30	0.27	N.A.
Arvind Kumar Chauhan	4.29	3.69	N.A.	0.28	0.25	N.A.
Dividend						
Jagjeevan Kumar Jain	35.52	17.76	11.84	-	-	-
Seema Jain	35.52	17.76	11.84	-	-	-
Aanchal Jain	9.60	4.80	3.20	-	-	-
Rahul Jain	18.63	9.31	6.21	-	-	-
JSS Rao	0.00	0.00	0.00	-	-	-
Kashi Ram Yadav	0.00	0.00	0.00	-	-	-
Loan Received						
Jagjeevan Kumar Jain	-	-	1.25	-	-	-
Sale of Property						
Rahul Jain	-	-	50.00	-	-	-
Rent Paid						
Aanchal Jain	9.78	5.33	-	-	-	-
Rahul Jain	4.39	-	-	-	-	-

(All Amounts in million, unless otherwise stated)

Security Deposit Receivables Angst Rent						
Aanchal Jain	1.47	3.99	-	5.47	3.99	-
Rahul Jain	2.63	-	-	2.63	-	-
(ii) Related Parties Controlled by Key Management personnel						
Corporate Social Responsibility Activities						
Contribution to Fiem Foundation	8.87	7.53	-	-	-	-
Brand Royalty						
Fiem Auto & Electrical Industries	5.00	5.00	5.00	1.31	1.28	0.63
Dividend						
Jagjeevan Kumar Jain (HUF)	0.14	0.07	0.05	-	-	-
Fiem Auto Private Limited	1.01	0.51	0.34	-	-	-
(iii) Relative of Key Management personnel						
M. Kamoshita	-	0.89	-	-	-	-

40 Post Employment Benefits Plan

Defined Contribution Plans

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

	2015-16	2014-15	2013-14
Employer's Contribution to Provident Fund	19.17	14.20	10.51
Employer's Contribution to ESI Fund	4.78	3.81	3.36
Employer's Contribution to Wages Welfare Fund	0.25	0.19	0.18
Total	**24.21**	**18.21**	**14.05**
Add:-Employer's Contribution to Provident Fund recognized in Pre-operative expenses	0.04	-	-
Total	**24.25**	**18.21**	**14.05**

Defined Benefit Plans

(a) Gratuity

The Company operates a defined benefit plan of Gratuity for its employees under the Gratuity plan, every employee who has completed five years of services gets a gratuity on departure @ 15 days of last drawn basic salary including dearness allowance if any, of each completed year of service subject to maximum amount of Rs. 1 Million. Gratuity is payable in accordance with payment of Gratuity Act, 1972. The scheme is funded with Exide Life Insurance Company Limited in the form of qualifying insurance policy.

(b) Leave Encashment

The Present value obligation of Leave Encashment is determined based on actuarial valuation using projected unit credit method.

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

(i) Net Employees Benefits Expenses Recognized in the Employee Cost

Particulars	**Gratuity**			**Leave Encashment**		
	2015-16	**2014-15**	**2013-14**	**2015-16**	**2014-15**	**2013-14**
1. Current Service Cost	13.69	13.05	6.53	9.52	8.97	4.03
2. Interest cost on benefit obligation	3.45	2.34	2.09	1.84	1.07	0.85
3. Expected return on plan assets	(3.69)	(2.76)	(2.10)	-	-	-
4. Actuarial gain/(loss)	1.06	(1.94)	(0.24)	(4.42)	0.58	(0.05)
5. Net Benefit Expenses	14.51	10.70	6.29	6.94	10.62	4.83
Add:- Share of Joint Venture	0.21	0.24	-	-	-	0.09
6. Net Benefit Expenses	**14.72**	**10.93**	**6.29**	**6.94**	**10.62**	**4.92**

(ii) Net Liability/(Assets) As Shown in Balance Sheet Date Under "Short Term/Long Term Provisions/other advance recoverable

Particulars	**Gratuity**			**Leave Encashment**		
	31.03.2016	31.03.2015	31.03.2014	31.03.2016	31.03.2015	31.03.2014
1. Present value of Defined benefit obligation	56.94	44.40	30.47	29.51	23.53	13.90
2. Fair value of plan assets	50.91	41.92	30.48	-	-	-
3. Net Liability/(Assets) recognized in the Balance Sheet	6.03	2.48	(0.01)	29.51	23.53	13.90
Share of Joint Venture	0.00	0.05	-	-	-	0.33

NOTES ON REFORMATTED CONSOLIDATED FINANCIAL STATEMENTS

(All Amounts in million, unless otherwise stated)

(iii) Change in Present Value of the Defined Benefits Obligation

Particulars	**Gratuity**			**Leave Encashment**		
	31.03.2016	31.03.2015	31.03.2014	31.03.2016	31.03.2015	31.03.2014
1. Opening present value of defined benefit plan						
Current	3.87	2.78	2.11	3.45	2.54	1.63
Non-Current	40.54	27.69	21.80	20.07	11.37	7.94
2. Interest cost	3.45	2.34	2.09	1.84	1.07	0.85
3. Current service cost	13.69	13.05	6.53	9.52	8.97	4.03
4. Actuarial (gains)/losses on obligation	(2.15)	0.88	(0.12)	(4.42)	0.58	(0.05)
5. Benefits Paid	(2.46)	(2.33)	(1.94)	(0.96)	(1.00)	(0.49)
6. Closing defined benefit plan	56.94	44.40	30.47	29.51	23.53	13.90
Current	4.94	3.87	2.78	6.40	3.45	2.54
Non-Current	52.00	40.54	27.69	23.12	20.07	11.37
Add:- Share of Joint Venture	0.00	-	-	-	-	-

(iv) Change in Fair value of Plan Assets

Particulars	**Gratuity**			**Leave Encashment**		
	31.03.2016	31.03.2015	31.03.2014	31.03.2016	31.03.2015	31.03.2014
1. Opening fair value of plan assets	41.92	30.48	22.58	-	-	-
2. Expected return	3.69	2.76	2.10	-	-	-
3. Contribution made by employer	10.96	8.20	7.63	-	-	-
4. Actuarial gains/(losses) on obligation	(3.20)	2.81	0.11	-	-	-
5. Benefits Paid	(2.46)	(2.33)	(1.94)	-	-	-
6. Closing fair value of plan assets	50.91	41.92	30.48	-	-	-

(v) Actuarial Assumptions

Particulars	**Gratuity**			**Leave Encashment**		
	31.03.2016	31.03.2015	31.03.2014	31.03.2016	31.03.2015	31.03.2014
1. Interest & Discount Rate	8.00%	8.00%	9.12%	8.00%	8.00%	9.12%
2. Estimated Rate of Return on Plan Assets	8.00%	8.25%	8.25%	0.00%	0.00%	8.25%
3. Attrition Rate	2.00%	2.00%	1.00%	2.00%	2.00%	1.00%
4. Retirement Age	58	58	58	58	58	58
5. Salary cost increase rate	8.00%	8.00%	6.00%	8.00%	8.00%	6.00%

(vi) Categories of Plan Assets

	Gratuity		
	2015-16	2014-15	2013-14
1. Investment with insurer	100%	100%	100%

(vii) Experience Adjustment

Particulars	**Gratuity**					
	31.03.2016	**31.03.2015**	**31.03.2014**	**31.03.2013**	**31.03.2012**	**31.03.2011**
1. Defined Benefit Obligation	56.94	44.40	30.47	23.91	20.89	18.48
2. Plan Assets	50.91	41.92	30.48	22.58	20.04	17.89
3. Surplus/(deficit)	6.03	(2.48)	0.01	(1.33)	(0.85)	(0.59)
4. Exp. Adj. On Plan Liabilities	(2.15)	0.88	(0.12)	(0.08)	(1.27)	N.A.
5. Exp. Adj. On Plan Assets	3.20	2.81	0.11	(0.05)	(1.04)	N.A.

1.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.

2. 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.

(All Amounts in million, unless otherwise stated)

41 Hedged Foreign Currency Exposure

Particulars	31.03.2016 Foreign Currency	31.03.2016 Rupees	31.03.2015 Foreign Currency	31.03.2015 Rupees	31.03.2014 Foreign Currency	31.03.2014 Rupees
(a) 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	0.94	50.00	1.41	75.00	1.88	100.00
(b) 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 @ 10.25% p.a	3.03	187.50	3.24	200.00	-	-
(c) 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)	0.56	27.62	1.31	64.44	2.06	101.27
(d) 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 @ 8.99% p.a	7.50	492.75	-	-	-	-
Total (a+b+c+d)	**12.04**	**757.87**	**5.96**	**339.44**	**3.94**	**201.27**

42 Unhedged Foreign Currency Exposure

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

Particulars	**31.03.2016 Foreign Currency**	**31.03.2016 Rupees**	**31.03.2015 Foreign Currency**	**31.03.2015 Rupees**	**31.03.2014 Foreign Currency**	**31.03.2014 Rupees**
For Import of Raw Materials, Services & Capital Goods						
USD	0.24	16.55	0.18	11.31	0.04	2.54
JPY	-	-	0.64	0.33	1.73	1.07
EURO	0.01	0.65	-	-	-	-
For Foreign Currency Loan Taken						
JPY	-	-	114.45	62.72	249.78	136.81
For Export of Goods & Services						
USD	0.19	12.92	0.19	11.53	0.22	13.28
EURO	0.01	0.42	0.00	0.05	-	-
GBP	-	-	0.02	1.70	-	-
Bank Balance						
JPY	1.65	0.98	0.02	0.01	4.35	2.59
USD	0.00	0.07	-	-	0.07	4.61

(All Amounts in million, unless otherwise stated)

43 Research and Development Expenses

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

	2015-16	2014-15	2013-14
Capital Expenditure			
Capital Expenditure	11.12	3.20	1.93
Total (A)	**11.12**	**3.20**	**1.93**
Revenue Expenditure			
Raw Material Consumed	0.67	0.06	0.48
Employee Benefits	52.86	46.93	38.65
Other Expenses	6.16	5.16	3.82
Finance Cost	0.00	0.17	0.99
Depreciation & Amortization	2.78	8.47	2.46
Total (B)	**62.48**	**60.79**	**46.40**
Grand Total (A+B)	**73.60**	**63.99**	**48.33**

44 Expenditure During Construction Period

Expenditure During Construction Period pending capitalization in Gujarat Unit (Included in capital work in progress)

	2015-16	2014-15	2013-14
Opening Balance	7.85	-	-
Pre-operative Expenses	-	-	-
Employee Benefits	11.38	2.83	-
Other Expenses	10.94	1.31	-
Finance Cost	20.14	3.72	-
Total	42.46	7.85	-
Less:- Transferred to Fixed Assets Account	50.31	-	-
Closing Balance	-	7.85	-

45 Corporate Social Responsibility Activities

As required by section 135 of the Companies Act, 2013, CSR committee has been formed by the company. The company has also formed Fiem Foundation Trust as on dated 2nd March, 2015 with an object to undertake CSR projects, programs and activities in India as listed under Schedule VII of the Act. The company has no outstanding commitment as on balance sheet date towards corporate social responsibility projects. The break-up of expenditure/contribution towards under corporate social responsibility as under:-

Particulars	**2015-16**	**2014-15**	**2013-14**
Gross amount required to be spent during the year	10.12	8.13	N.A
Amount spent during the year :-			
Contribution to the Fiem Foundation	8.87	7.53	N.A
Amount spent by the company	1.25	0.60	N.A
	10.12	8.13	N.A

46 Joint Venture Company

The Company has entered into a joint venture agreement with 'Horustech Lighting SRL Italy' on 2nd December 2013 for forming a joint venture company to set-up a design center at Italy. Accordingly, a company 'Centro Ricerche Fiem Horustech SRL.' a jointly controlled Entity has been formed on 12th December 2013. The company has invested a sum of Rs. 3.31 Million/-(Euro 40,000) towards capital contribution in said Joint Venture Company as on 31.03.16.

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

Name of joint Venture	Centro Ricerche Fiem Horustech SRL
Description of Interest	Jointly Controlled Entity
Country of Incorporation	Italy
Proportion of Ownership Interest as at Balance Sheet Date	50%

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

Particulars	**31.03.2016**	**31.03.2015**	**31.03.2014**
Non Current Assets	1.92	2.88	0.46
Current Assets	3.34	2.47	3.61
Non Current Liabilities	0.60	(0.00)	0.05
Current Liabilities	1.97	2.16	3.75
Revenue	9.21	7.92	1.29
Expenses	9.76	5.33	3.91
Contingent Liabilities	-	-	-
Capital Commitments	-	-	-

(All Amounts in million, unless otherwise stated)

47 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures.

	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit & Loss	
	As on 31.03.2016		2015-16	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit and Loss	Amount
(i) Parent				
Fiem Industries Ltd	99.73%	2,724.00	99.73%	571.79
(ii) Foreign Subsidiary				
Fiem Industries Japan Co., Ltd	0.17%	4.71	0.37%	2.10
(iii) Foreign Joint Venture (As per Proportionate Consoldiation method)				
Centro Ricerche Fiem Horustech SRL	0.10%	2.69	-0.10%	(0.56)
	Total	**2,731.40**	**Total**	**573.33**

	Net Assets i.e. Total Assets minus Total Liabilities		Share in Profit & Loss	
	As on 31.03.2015		2014-15	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Profit and Loss	Amount
(i) Parent				
Fiem Industries Ltd	99.87%	2,269.76	99.51%	422.68
(ii) Foreign Subsidiary				-
Fiem Industries Japan Co., Ltd	-0.01%	(0.14)	-0.12%	(0.51)
(iii) Foreign Joint Venture (As per Proportionate Consolidation method)				-
Centro Ricerche Fiem Horustech SRL	0.14%	3.20	0.61%	2.59
	Total	**2,272.82**	**Total**	**424.75**

48 During the financial year 2015-16, the Company declared and paid an interim dividend of Rs. 5/-per equity share (previous year nil) of the face value of Rs. 10 each in the month of March, 2016. In addition, the board of directors recommend payment of Rs. 3/-per equity share of the face value of Rs. 10/- each as final dividend for the financial year 2015-16, for the approval of the shareholders at the ensuing AGM. If approved, the total dividend (interim and final dividend) for the financial year 2015-16 will be Rs. 8/- (previous year Rs. 7/-) per equity share of the face value of Rs. 10 each.

49 Previous years's figures (FY 14-15 and FY 13-14) have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For FIEM INDUSTRIES LIMITED

For **Anil S. Gupta & Associates**
Firm Registration No.: 004061N
Chartered Accountants

Sd/-	Sd/-	Sd/-	Sd/-	Sd/-
J.K.Jain	Rahul Jain	O.P Gupta	Arvind K. Chauhan	Anil Kumar Gupta
(Managing Director)	(Director)	(CFO)	(Company Secretary)	Proprietor
				(Membership No. 83159)

Place: Rai, Sonepat (HR.)
Date: 12/09/2016

FIEM INDUSTRIES LTD.

REGISTERED OFFICE: D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi-110015 (INDIA)
Tel.: +91 11 2592 7919 / 7820 Fax: +91 11 2592 7740 E-mail: investor@fiemindustres.com
Website: www.fiemindustries.com CIN : L36999DL1989PLC034928

STATEMENT OF STANDALONE UNAUDITED INTERIM FINANCIAL RESULTS FOR THE QUARTER ENDED 30.06.16

(Rs in Million)

		QUARTER ENDED			Year Ended
SL. No.	**PARTICULARS**	**30.06.16 (Unaudited)**	**31.03.16 (Audited)**	**30.06.15 (Unaudited)**	**31.03.16 (Audited)**
1.	**Income from operations**				
	a) Net Sales/Income from operations (Net of excise duty)	2415.27	2845.52	2018.91	9774.58
	b) Other Operating Income	36.55	43.05	15.28	95.21
	Total Income from operations (Net)	**2451.82**	**2888.57**	**2034.19**	**9869.79**
2.	**Expenses**				
	a) Cost of materials consumed	1475.21	1407.34	1214.15	5533.54
	b) Purchase of stock-in-trade	29.01	84.11	30.92	254.92
	c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	(146.79)	159.37	(55.86)	(66.91)
	d) Employee benefit expenses	360.13	354.50	271.86	1268.72
	e) Depreciation and amortization expenses	93.90	87.90	78.23	330.35
	f) Other Expenses	421.54	486.74	326.93	1609.58
	Total Expenses	**2233.00**	**2579.96**	**1866.23**	**8930.20**
3.	**Profit from operations before other income, finance costs and exceptional items (1-2)**	**218.82**	**308.61**	**167.96**	**939.59**
4.	Other Income	1.41	(3.49)	3.48	9.67
5.	**Profit from ordinary activities before finance costs and exceptional items (3+4)**	**220.23**	**305.12**	**171.44**	**949.26**
6.	Finance costs	54.72	51.24	31.12	157.68
7.	**Profit from ordinary activities after finance costs but before exceptional items (5-6)**	**165.51**	**253.88**	**140.32**	**791.58**
8.	Exceptional Items	-	-	-	-
9.	**Profit from Ordinary Activities before tax (7+8)**	**165.51**	**253.88**	**140.32**	**791.58**
10.	Tax expenses	50.94	59.38	45.08	219.73
11.	**Net Profit from Ordinary Activities after tax (9-10)**	**114.57**	**194.50**	**95.24**	**571.85**
12.	Extraordinary Item (Net of tax Expense)	-	-	-	-
13.	**Net Profit for the period (11-12)**	**114.57**	**194.50**	**95.24**	**571.85**
14.	**Paid-up equity share capital (Face Value of Rs 10/- Each)**	**119.62**	**119.62**	**119.62**	**119.62**
15.	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year.	-	-	-	**2472.39**
16.	**Earnings Per Share (EPS) (Face value of Rs 10/- each)**				
	a) Basic	9.58	16.25	7.96	47.80
	b) Diluted	9.58	16.25	7.96	47.80

Notes:

1. The above results were been reviewed by the Audit Committee and approved by the Board of Directors in their respective meetings held on 13th August 2016. The statutory auditors of the company have carried out Limited Review on the above results. For the purpose of disclosure under PPD the entire results has been reformatted.

2. In terms of Regulation 33(3) of the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted the option of submitting un-audited quarterly interim financial results only on standalone basis

3. Provision for Taxation includes current tax, deferred tax and is net of MAT Entitlement credit available to the company, if any.

4. Previous period's figures have been regrouped/ rearranged wherever necessary, to make them comparable.

5. These results for the Quarter ended June 30, 2016 are available on the website of the Company (www.fiemindustries.com) and website of the Stock Exchanges viz. BSE Limited (www.bseindia.com) and National Stock Exchange of India Limited (www.nseindia.com).

6. The Company is engaged in the business of manufacturing and supply of auto components comprising of automotive lighting and signaling equipments, rear view mirrors, plastic molded parts and sheet metal components for motorized vehicles, and LED luminaries for indoor and outdoor applications and integrated passenger information systems with LED Display. The company has made a turnover of Rs 105.07 Million in LED Luminaries segment comprising of LED Luminaries i.e indoor and outdoor lighting, display panels and LED Integrated Passenger Information Systems etc. during the quarter ended June 30, 2016.

- As per AS-17 on Segment reporting, The Company has identified two reportable segments, as described below :
  a. Automotive segment comprising of automotive lights and signaling equipment, rear view mirrors, plastic moulded and other automotive parts.
  b. LED Luminaries Segment comprising of LED Luminaries i.e indoor and outdoor lighting, display panels and LED integrated Passenger Information Systems.

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED FOR THE QUARTER ENDED 30TH JUNE 2016

(Rs In Milion)

S.NO.	PARTICULARS	STANDALONE	
		QURTER ENDED 30.06.16	**YEAR ENDED 31.03.16**
		UNAUDITED	**AUDITED**
1	**SEGMENT REVENUE**		
	(a) Automotive Segment	2334.23	8678.07
	(b) LED Luminaries Segment	117.59	1191.72
	Total	2451.82	9869.79
	Less: Inter Segment Revenue	-	-
	NET SALES/INCOME FROM OPERATIONS	**2451.82**	**9869.79**
2	**SEGMENT RESULTS (Profit/(Loss) before tax and interest from each segment)**		
	(a) Automotive Segment	248.22	892.94
	(b) LED Luminaries Segment	7.82	179.96
	Total Segment Profit before Interest and tax	**256.04**	**1072.90**
	Less: (i) Interest	54.72	157.69
	(ii) Other Un-allocable Expenditure net off Un-allocable Income	35.81	123.64
	TOTAL PROFIT BEFORE TAX	**165.51**	**791.57**
3	**CAPITAL EMPLOYED (Segment Assets – Segment Liabilities)**		
	(a) Automotive Segment	3934.32	3281.76
	(b) LED Luminaries Segment	1433.40	1209.36
	TOTAL	5367.72	4491.12
	Un-allocable Corporate Assets less Liabilities	(2522.89)	(1760.86)
	TOTAL CAPITAL EMPLOYED	**2844.83**	**2730.26**

For Fiem Industries Limited

Sd/-
J.K. Jain
Chairman & Managing Director
DIN :- 00013356

Place: Rai, Sonepat (HR.)
Date: 12.09.16

DECLARATION

Our Company certifies that all relevant provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII and Schedule XVIII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

J. K. Jain
Chairman and Managing Director

Date: September 16, 2016
Place: Rai, Haryana

DECLARATION

We, the Directors of the Company certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the offer shall be used only for the purposes and objects indicated in the Placement Document (which includes disclosures prescribed under Form PAS-4).

Signed by:

J. K. Jain
Chairman and Managing Director

I am authorized by the Fund Raising Committee, vide resolution dated September 16, 2016 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

J. K. Jain
Chairman and Managing Director

Date: September 16, 2016
Place: Rai, Haryana