



**fiem**

**LIGHT UP THE WORLD**

FY 2019-20

**FINANCIAL STATEMENTS  
OF SUBSIDIARIES  
OF FIEM INDUSTRIES LTD.**





**LIGHT UP THE WORLD**

FY 2019-20

**FINANCIAL STATEMENTS**  
**OF FIEM INDUSTRIES JAPAN CO., LTD.**  
(WHOLLY-OWNED SUBSIDIARY  
**INCORPORATED IN JAPAN)**



# Independent Auditor's Report

To The Members of  
**Fiem Industries Japan Co., Ltd.**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Fiem Industries Japan Co., Limited ("the Company"), which comprise the balance sheet as at 31<sup>st</sup> March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the standalone financial statements")

The financial Statement of FIEM INDUSTRIES JAPAN CO., Ltd. for the year ended 31st March 2020, being a company registered in Japan is certified by Certified Tax Accountant in Japan, M/s Altesta Corporation. We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Since the company is incorporated outside India, reporting under Key Audit matters is not applicable

### Information Other than the Financial Statements and Auditor's Report Thereon. ("Other information")

The Company is incorporated outside India therefore, requirement of having a Board Report under Companies Act, is not applicable to the Company.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance

regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. The company is incorporated in Japan therefore Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable to the company.
2. As required by Section 143(3) of the Act, we report that:
  - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) Since the company is registered in Japan, reporting on the disqualification of directors under section 164(2) of the Act is not applicable,
  - f) Since the company is registered in Japan, reporting on the internal financial control is not applicable, and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

Since the company is incorporated in Japan, the requirement of this clause is not applicable to the company.
  - h) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
  - i) The Company does not have any pending litigations as on 31st March 2020 which would impact financial

position.

ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses, therefore no such provision is required.

iii) The company is incorporated in Japan and has not declared dividend or issued shares to the public so there is no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **V. Sachdeva & Associates**  
**Chartered Accountants**  
Firm Registration Number -004417N

Sd/-  
**(V. Sachdev)**  
Proprietor  
Place: Rai, Sonapat (HR.)      Membership No.: -083435  
Dated: 30/06/2020      UDIN 20083435AAAAEH7086

## Balance Sheet as at 31st March 2020

(Amount In Rs Lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	2	1.52	1.25
(b) Capital work-in-progress			
(c) Intangible assets	2	-	-
(d) Financial Assets			
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Loans		-	-
(iv) Others (to be specified)		-	-
(e) Income tax assets (net)	3	39.31	-
(f) Other non-current assets		-	-
<b>Total Non Current Assets</b>		<b>40.83</b>	<b>1.25</b>
<b>2 CURRENT ASSETS</b>			
(a) Inventories		-	-
(b) Financial Assets			
(i) Investments			
(ii) Trade receivables	4	68.72	71.70
(iii) Cash and cash equivalents	5	128.21	243.13
(iv) Bank balances other than (iii) above		-	-
(v) Loans	6	0.55	1.60
(vi) Other Financial Assets		-	-
(c) Current Tax Assets (Net)		-	-
(d) Other current assets	7	7.26	0.02
<b>Total Current Assets</b>		<b>204.74</b>	<b>316.45</b>
<b>TOTAL ASSETS</b>		<b>245.57</b>	<b>317.70</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity Share capital	8	29.49	29.49
(b) Other Equity	9	185.08	161.10
<b>Total Equity</b>		<b>214.57</b>	<b>190.59</b>
<b>2 LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade payables			-
(iii) Other financial liabilities			-
(b) Provisions			
(c) Deferred tax liabilities (Net)			-
(d) Other non-current liabilities		-	-
<b>Total Non Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade payables	10		
-Total outstanding dues of micro and small enterprises		-	-
-Total outstanding dues of creditors other than micro & small enterprises		16.41	26.69
		16.41	26.69
(iii) Other financial liabilities (other than those specified in item (c))	11	5.67	6.66
(b) Other current liabilities	12	8.68	19.91
(c) Provisions			
(d) Current Tax Liabilities (Net)	13	0.24	73.84
<b>Total Current Liabilities</b>		<b>31.00</b>	<b>127.11</b>
<b>TOTAL LIABILITIES</b>		<b>31.00</b>	<b>127.11</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>245.57</b>	<b>317.70</b>
Significant Accounting Policies and Notes To financial Statements	1 to 25		

For and on behalf of the Board of Directors

Sd/-  
( J. K. Jain )  
Director

Place: Rai, Sonapat (HR.)

Dated: 30/06/2020

As per our report of even date  
for V. Sachdeva & Associates  
Chartered Accountants  
Firm Registration Number -004417N

Sd/-  
( V. Sachdev )  
Proprietor  
Membership No.: -083435

## Statement of Profit and Loss for the year ended 31st March 2020

(Amount In Rs Lakhs)

Particulars	Note No.	Current Year 2019-20	Previous Year 2018-19
<b>INCOME</b>			
a) Net Sales	14	330.35	562.43
b) Other Operating income	15	(2.78)	(3.15)
Revenue from Operations		<b>327.57</b>	<b>559.28</b>
c) Other Income	16	0.12	0.06
<b>TOTAL REVENUE ( A )</b>		<b>327.68</b>	<b>559.34</b>
<b>EXPENSES</b>			
a) Purchase of Stock-in-Trade	17	276.00	303.30
b) Employees Benefits expenses	18	22.69	41.84
c) Depreciation and Amortization Expense	2	0.59	0.26
d) Other Expenses	19	25.64	25.94
<b>TOTAL EXPENSES ( B )</b>		<b>324.93</b>	<b>371.35</b>
<b>PROFIT BEFORE TAX ( A-B )</b>		<b>2.76</b>	<b>187.99</b>
<b>TAX EXPENSES</b>			
Current tax expense		0.46	73.26
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>2.30</b>	<b>114.73</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
a) Items that will not be reclassified subsequently to the statement of profit and loss		-	-
b) Items that will be reclassified subsequently to the statement of profit and loss		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME ( NET OF TAX) A+B</b>		<b>2.30</b>	<b>114.73</b>
Basic and Diluted Earning per Equity Share (Nominal value JPY 50,000 each per share)	21	2,295.04	114,726.47
Significant Accounting Policies and Notes To financial Statements	1 to 25		

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

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

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

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

**Dated:** 30/06/2020

 As per our report of even date  
 for **V. Sachdeva & Associates**  
**Chartered Accountants**  
 Firm Registration Number -004417N

 Sd/-  
**( V. Sachdev )**  
 Proprietor  
 Membership No.: -083435

## Statement of Changes in Equity for the year ended 31.03.2020

### A. EQUITY SHARE CAPITAL

(Amounts in Rs Lakhs)

Particulars	Note No.		No of shares	Amounts in Rs Lakhs
Balance as at 1st April 2018			100	29.49
Changes in equity share capital during the year			-	-
Balance as at 31st March 2019			100	29.49
Changes in equity share capital during the year			-	-
Balance as at 31st March 2020	8		100	29.49
Note :- All the above equity shares are held by Fiem Industries Limited, the holding company				

### B. OTHER EQUITY

Particulars		Translation Reserve	Retained Earnings	TOTAL
Balance as at 1st April 2018		(2.96)	47.24	44.28
Addition/(Deduction) during the Year 18-19		2.10	-	2.10
Profit for the year 18-19		-	114.73	114.73
Balance as at 31st March 2019		(0.87)	161.97	161.10
Addition/(Deduction) during the Year 19-20		21.69		21.69
Profit for the year 19-20			2.30	2.30
Balance as at 31st March 2020	9	20.82	164.27	185.08

Significant Accounting Policies and Notes to financial Statements. 1 to 25

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

For and on behalf of the Board of Directors

Sd/-  
( J. K. Jain )  
Director

Place: Rai, Sonapat (HR.)  
Dated: 30/06/2020

As per our report of even date  
for V. Sachdeva & Associates  
Chartered Accountants  
Firm Registration Number -004417N

Sd/-  
( V. Sachdev )  
Proprietor  
Membership No.:-083435



## Cash Flow Statement as at 31st March 2020

(Amounts in Rs Lakhs)

Particulars	Year ended	
	31st March, 2020	31st March, 2019
<b>A Cash flow from Operating Activities:</b>		
Profit (Loss) Before Tax	2.76	187.99
Adjustments for:		
Depreciation & amortisation expense	0.59	0.26
Effect of Translation Reserve	21.69	2.09
Operating Profit (Loss) before Working Capital changes	<b>25.04</b>	190.34
Adjustment for changes in Working Capital:		
Decrease/(Increase) in trade receivables	2.98	(10.78)
Decrease/(Increase) in loans (current)	1.05	(1.13)
Decrease/(Increase) in other current assets	(7.24)	3.46
(Decrease)/Increase in trade payables	(10.28)	21.51
(Decrease)/Increase in other financial liabilities (current)	(0.99)	0.24
(Decrease)/Increase in other Current liabilities (current)	(11.23)	14.14
Cash generated from Operating Activities	<b>(0.67)</b>	217.78
Income tax paid (net of refunds)	(113.37)	4.54
Net cash from/(used in) Operating Activities (A)	<b>(114.04)</b>	222.32
<b>B Cash flow from Investing Activities:</b>		
Payments for purchase of property, plant and equipment	(0.88)	(1.00)
Net cash from/(used in) Investing Activities (B)	<b>(0.88)</b>	(1.00)
<b>C Cash flow from Financing Activities:</b>		
Repayment of long term borrowings	-	(24.62)
Net cash from/(used in) Financing Activities ( C )	-	(24.62)
<b>D Net Increase/(Decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>(114.92)</b>	196.73
Add:-Cash and cash equivalents at the beginning of the period	243.13	46.40
Cash and cash equivalents at the end of period	<b>128.21</b>	243.13
<b>i Component of cash and cash equivalents</b>		
Cash on hand	-	0.02
Balance with Banks:		
On current accounts	128.21	243.11
Total cash and cash equivalents	<b>128.21</b>	243.13

Note:1. The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

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

As per our report of even date  
for **V. Sachdeva & Associates**  
**Chartered Accountants**  
Firm Registration Number -004417N

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

Sd/-  
**( V. Sachdev )**  
Proprietor  
Membership No.: -083435

**Place:** Rai, Sonapat (HR.)  
**Dated:** 30/06/2020

## Notes on Financial Statements for the year ended 31st March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY

#### Corporate Information

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

#### Significant Accounting Policies

The Accounting Policies have been consistently applied by the Company and are consistent with those applied in previous year. However the changes as required by a change or revision to an existing Accounting Standard are dealt in the appropriate paras in the notes forming part of the financial statements.

#### A Statement of Compliance

The financial statement has been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provision of the Act.

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

The accounts of the company have been made out as per requirement of Companies Act, 2013 in due adherences of sub section 3 of section 129 of Companies Act, 2013. The balance sheet, statement of profit & loss (including auditor's report thereon) of the subsidiary has been drawn in a manner so as to conform to requirements of Companies Act, 2013, for the purpose of annexing the particulars of the body corporate with its holding company under section 129 (3) of the Companies Act, 2013.

#### B Use of Estimates

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

#### C 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. Property, Plant and Equipments

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

## Notes on Financial Statements for the year ended 31st March 2020

### E. Inventories

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

### F. Depreciation

Depreciation is calculated using the straight-line method on a pro-rata basis from the date in which each asset is put to use to allocate their cost, net of their residual values, over their useful life generally in accordance with that provided in the Schedule II to the Act.

### G. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for any trade discounts, volume rebates & others similar allowances.

#### Sale of Goods

Customers obtain control of goods when the goods are delivered to and have been accepted at their premises. However, few customers accept the goods when goods have been dispatched by the Company.

Invoices are generated at that point in time. No discounts are usually provided for goods, but few customers may avail cash discount on prompt payment of the goods.

#### Rendering of Services

Customers obtain control of design and testing services when the services are completed to the satisfaction of the Customer.

Interest income is accounted on accrual basis.

### H. Foreign Currency Translations

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

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

### I. 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.

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

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

### K. Taxation

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

## Notes on Financial Statements for the year ended 31st March 2020

### L. Cash and Cash Equivalents

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

### M. 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.

### N. Segment Reporting Policies

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

### O. 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.

### P. Earnings Per Share

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

### Q. Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

#### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

#### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes on Financial Statements for the year ended 31st March 2020

### Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of assets and liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

### Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

### Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Company recognises equity instruments at proceeds received net off direct issue cost.

### Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## Notes on Financial Statements for the year ended 31st March 2020

### 2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(Amount In Lakhs)

Particulars	Gross Block			Depreciation & Amortization			Net Block			
	As at 01.04.2019	Additions	Deductions	As at 31.03.2020	01.04.2019	For the Year	Deductions	Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
Tangible Assets										
Office Equipments	0.17	-	-	0.17	0.16	-	-	0.16	0.01	0.01
Furniture & Fixtures	0.40	-	-	0.40	0.32	0.04		0.36	0.04	0.09
Vehicles	0.88	-	-	0.88	0.62	0.08	-	0.70	0.18	0.27
Computer	1.63	0.86	-	2.49	0.75	0.46	-	1.21	1.28	0.88
Total	3.08	0.86	-	3.94	1.84	0.59	-	2.43	1.52	1.25
Previous Year	2.08	1.00	-	3.08	1.57	0.26	-	1.84	1.25	-

## Notes on Financial Statements for the year ended 31st March 2020

(Amount In Rs Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
<b>3 INCOME TAX ASSETS ( NET)</b>				
Advance Income tax		39.31		-
		<b>39.31</b>		<b>-</b>
<b>4 TRADE RECEIVABLES</b>				
(unsecured but considered good)				
a) Considered Good	68.72		71.70	
b) Considered Doubtful	-		-	
		68.72		71.70
Less:- Provision for Doubtful Debts				
<b>TOTAL</b>		<b>68.72</b>		<b>71.70</b>
(Trade receivables includes due from 100% Holding company - Fiem Industries Limited Rs 24.72 lakhs, previous year Rs 22.19 lakhs)				
<b>5 CASH AND CASH EQUIVALENTS</b>				
Cash and Cash Equivalents				
a) Balances with Banks in current account		128.21		243.11
b) Staff imprest account		-		0.02
<b>TOTAL</b>		<b>128.21</b>		<b>243.13</b>
<b>6 LOANS -CURRENT</b>				
i) Security Deposit		0.55		0.96
ii) Rent recoverable from employee		-		0.64
<b>TOTAL</b>		<b>0.55</b>		<b>1.60</b>
<b>7 OTHER CURRENT ASSETS</b>				
(Unsecured but considered good)				
i) Prepaid Expenses-Office Rent		2.15		-
ii) Prepaid Labour Insurance		-		0.02
iii) Balance with tax Authorities		-		-
iv) Tds recoverable from Fiem reseaech		5.11		-
<b>TOTAL</b>		<b>7.26</b>		<b>0.02</b>
<b>8 EQUITY SHARE CAPITAL</b>				
<b>Authorised</b>				
100 (Prv. Year 100 ) Equity shares of 50,000 JPY each		29.49		29.49
<b>Issued, Subscribed and Paid-up</b>				
100 (Prv. Year 100 ) Equity shares of 50,000 JPY each Fully Paid Up		29.49		29.49
<b>TOTAL</b>		<b>29.49</b>		<b>29.49</b>
All the above equity shares are held by Fiem Industries Limited, the holding company				
<b>9 OTHER EQUITY</b>				
<b>TRANSLATION RESERVE</b>				
As per Last Balance Sheet	(0.87)		(2.96)	
Less :- Addition / (deduction) during the year	21.69		2.10	
		20.82		(0.87)
<b>SURPLUS -OPENING BALANCE</b>	161.97		47.24	
Add:- Net profit after tax transferred from Statement of Profit and Loss	2.30		114.73	
<b>SURPLUS -CLOSING BALANCE</b>		164.26		161.97
<b>TOTAL</b>		<b>185.08</b>		<b>161.10</b>

## Notes on Financial Statements for the year ended 31st March 2020

(Amount In Rs Lakhs)

Particulars	As at 31.03.2020	As at 31.03.2019
<b>10 TRADE PAYABLES- CURRENT</b>		
Payable to 100% Holding Company - Fiem Industries Limited	16.41	6.80
Payable to Others	-	19.89
<b>TOTAL</b>	<b>16.41</b>	<b>26.69</b>
<b>11 OTHER FINANCIAL LIABILITIES</b>		
Liabilities for Expenses	5.67	6.66
	<b>5.67</b>	<b>6.66</b>
<b>12 OTHER CURRENT LIABILITIES</b>		
Withholding tax payable	-	1.88
Statutory Dues Payable	8.68	18.03
<b>TOTAL</b>	<b>8.68</b>	<b>19.91</b>
<b>13 CURRENT TAX LIABILITIES (NET)</b>		
Provision for Taxation	0.24	73.84
<b>TOTAL</b>	<b>0.24</b>	<b>73.84</b>



## Notes on Financial Statements for the year ended 31st March 2020

(Amount In Rs Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
<b>14. NET SALES</b>		
Sale of Goods- Mock up Sample	330.35	562.43
<b>TOTAL</b>	<b>330.35</b>	<b>562.43</b>
<b>15. OTHER OPERATING INCOME</b>		
Difference in foreign exchange	(2.78)	(3.15)
	(2.78)	(3.15)
<b>16. OTHER INCOME</b>		
a) Miscellaneous Income	0.12	0.06
b) Interest Income on banking deposits	0.00	0.00
<b>TOTAL</b>	<b>0.12</b>	<b>0.06</b>
<b>17. PURCHASE OF STOCK IN TRADE</b>		
Purchase of Traded Goods - Mock Up Samples	276.00	303.30
<b>TOTAL</b>	<b>276.00</b>	<b>303.30</b>
<b>18. EMPLOYEES BENEFITS EXPENSES</b>		
1) Salaries, Wages and Bonus	22.49	41.47
2) Contribution to Provident and Other funds	0.20	0.37
<b>TOTAL</b>	<b>22.69</b>	<b>41.84</b>
<b>19. OTHER EXPENSES</b>		
1) Advertisement membership and subscription	-	-
2) Rate taxes and fee	0.13	0.04
3) Insurance	-	0.16
4) Rent	10.21	9.03
5) Repair and maintenance -Others	1.47	1.43
6) Selling & Distribution Expenses	0.43	0.30
7) Travelling and Conveyance Expenses	1.41	2.59
8) Other Office Expenses	12.00	12.39
<b>TOTAL</b>	<b>25.64</b>	<b>25.94</b>

## Notes on Financial Statements for the year ended 31st March 2020

### 20 LEASE TRANSACTION

(Amounts in Rs Lakhs)

The Company has taken a premises on cancellable operating lease. The Rent expense amounting to Rs. 10.21 Lakhs (Previous Year Rs. 9.03 Lakhs) has been charged to statement of profit & loss.

### 21 EARNING PER SHARE

Particulars	2019-20	2018-19
Profit available for equity shareholders (Amount in Lakhs)	2.30	114.73
Weighted average number of shares	100	100
Earning Per share basic and diluted (In Rs.)	2,295.04	114,726.47
Face value per equity share JPY 50,000 (In Rs.)	29,485	29,485

### 22 RELATED PARTY DISCLOSURES

Name of Related Parties, Transactions and Balances at Reporting date are as follows		
<b>Name of Related Party</b>		
<b>(i) Holding Company</b>		
Fiem Industries Limited	100% Holding Company Incorporated in India	
<b>Particulars</b>	<b>Transaction Value</b>	
	<b>2019-20</b>	<b>2018-19</b>
<b>(i) Holding Company</b>		
<b>Fiem Industries Limited</b>		
Purchases of Goods	84.88	56.82
Sale of Goods	2.39	-
Unsecured Loan Paid	-	25.29
<b>Outstanding Amount Carried at Balance Sheet</b>		
Payables	16.41	6.80
Receivables	24.72	22.19
Share Capital	29.49	29.49

23 Figures have been rounded off to the lakhs

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

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

For and on behalf of the Board of Directors

As per our report of even date  
for **V. Sachdeva & Associates**  
**Chartered Accountants**  
Firm Registration Number -004417N

Sd/-  
( J. K. Jain )  
Director

Sd/-  
( V. Sachdev )  
Proprietor  
Membership No.: -083435

Place: Rai, Sonapat (HR.)

Dated: 30/06/2020

18 | Fiem Industries Japan Co., Ltd.



**fiem**

**LIGHT UP THE WORLD**

FY 2019-20

**FINANCIAL STATEMENTS**  
**OF FIEM RESEARCH & TECHNOLOGY S.R.L.**  
(WHOLLY-OWNED SUBSIDIARY  
**INCORPORATED IN ITALY)**



# Independent Auditor's Report

To The Members of

**Fiem Research and Technology S.r.l.**

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of FIEM RESEARCH AND TECHNOLOGY S.R.L. ("the Company"), which comprise the balance sheet as at 31st March 2020, the Statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the standalone financial statements")

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the Net loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Since the company is incorporated outside India, reporting under Key Audit matters is not applicable

### Information Other than the Financial Statements and Auditor's Report Thereon. ("Other information")

The Company is incorporated outside India therefore, requirement of having a Board Report under Companies Act, is not applicable to the Company.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

1. The company is incorporated outside India in Italy, therefore Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable to the company.
2. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge

- and belief were necessary for the purposes of our audit.
- b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act
- d. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. Since the company is registered in Italy, reporting on the disqualification of directors under section 164(2) of the Act is not applicable,
- f. Since the company is registered in Italy, reporting on the internal financial control is not applicable, and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended: Since the company is incorporated in Italy, the requirement of this clause is not applicable to the company.
- h. With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
  - i. The Company does not have any pending litigations as on 31st March 2020 which would impact financial position.
  - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses, therefore no such provision is required.
  - iii. The company is incorporated in Italy and has not declared dividend or issued shares to the public so there is no amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **V. Sachdeva & Associates**  
**Chartered Accountants**  
Firm Registration Number -004417N

Sd/-  
**(V. Sachdev)**  
Proprietor

Place: Rai, Sonapat (HR.)  
Dated: 30/06/2020

Membership No.: -083435  
UDIN 20083435AAAAEI5134

## Balance Sheet as at 31st March 2020

(Amount Rs in Lakhs)

Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	2	26.08	17.87
(b) Intangible assets	2	78.28	3.05
(c) Financial Assets			
(i) Loans	3	5.81	5.44
(d) Income tax assets	4	51.86	
(e) Other non-current assets		-	-
Total Non Current Assets		162.03	26.36
<b>2 CURRENT ASSETS</b>			
(a) Financial Assets			
(i) Trade receivables	5	-	55.95
(ii) Cash and cash equivalents	6	45.30	38.23
(iii) Bank balances other than (iii) above		-	-
(iv) Loans and Deposits		-	-
(b) Current Tax Assets (Net)		-	-
(c) Other current assets	7	98.43	15.20
Total Current Assets		143.73	109.38
<b>TOTAL ASSETS</b>		<b>305.75</b>	<b>135.74</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity Share capital	8	238.45	81.38
(b) Other Equity	9	(30.11)	(2.35)
Total Equity		208.34	79.02
<b>2 LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings			
(ii) Other financial liabilities			-
(b) Provisions	10	14.07	1.26
(c) Deferred tax liabilities (Net)		-	-
(d) Other non-current liabilities		-	-
Total Non Current Liabilities		14.07	1.26
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	11	-	38.85
(ii) Trade payables			
-Total outstanding dues of micro and small enterprises		-	-
-Total outstanding dues of creditors other than micro and small enterprises	12	34.80	5.22
		34.80	5.22
(iii) Other financial liabilities	13	19.13	3.44
(b) Other current liabilities	14	29.41	7.63
(c) Provisions		-	-
(d) Current Tax Liabilities (Net)	15	-	0.32
Total Current Liabilities		83.34	55.46
<b>TOTAL LIABILITIES</b>		<b>97.42</b>	<b>56.72</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>305.75</b>	<b>135.74</b>

Significant Accounting Policies & Notes to financial Statements 1 to 22  
The accompanying notes are an integral part of the financial statements.

For and on behalf of the Board of Directors

Sd/-  
( J. K. Jain )  
Director

Sd/-  
( Rahul Jain )  
Director

As per our report of even date  
for V. Sachdeva & Associates  
Chartered Accountants  
Firm Registration Number -004417N

Sd/-  
( V. Sachdev )  
Proprietor  
Membership No.: -083435

Place: Rai, Sonapat (HR.)  
Dated: 30/06/2020

## Statement of Profit and Loss for year ended 31.03.2020

(Amount Rs in Lakhs)

Particulars	Note No.	Current Year 2019-20	Previous Year 2018-19
<b>I. INCOME</b>			
a) Net Sales ( Service income)	16	415.95	55.95
b) Other Operating revenue		-	-
<b>Net Revenue from Operations</b>		<b>415.95</b>	<b>55.95</b>
c) Other Income		0.00	-
<b>TOTAL REVENUE ( A )</b>		<b>415.95</b>	<b>55.95</b>
<b>II. EXPENSES</b>			
a) Employees Benefits Expenses	17	274.46	35.14
b) Finance Costs	18	1.63	0.13
c) Depreciation and Amortization Expense	2	47.55	0.80
d) Other Expenses	19	121.71	18.63
<b>TOTAL EXPENSES ( B )</b>		<b>445.35</b>	<b>54.70</b>
<b>PROFIT BEFORE TAX ( A-B )</b>		<b>(29.40)</b>	<b>1.24</b>
<b>TAX EXPENSES</b>			
Provision for taxes		(2.81)	0.32
<b>PROFIT/ (LOSS) FOR THE YEAR</b>		<b>(26.60)</b>	<b>0.92</b>
<b>OTHER COMPREHENSIVE (LOSS)/INCOME</b>			
a) Items that will not be reclassified subsequently to the statement of profit and loss		-	-
b) Items that will be reclassified subsequently to the statement of profit and loss		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		-	-
<b>TOTAL COMPREHENSIVE INCOME ( NET OF TAX) A+B</b>		<b>(26.60)</b>	<b>0.92</b>
Significant Accounting Policies and Notes To financial Statements	1 to 22		
The accompanying notes are an integral part of the financial statements.			

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

Sd/-  
( J. K. Jain )  
Director

Sd/-  
( Rahul Jain )  
Director

As per our report of even date  
for **V. Sachdeva & Associates**  
**Chartered Accountants**  
Firm Registration Number -004417N  
Sd/-  
( V. Sachdev )  
Proprietor  
Membership No.:-083435

**Place:** Rai, Sonapat (HR.)  
**Dated:** 30/06/2020

## Statement of Changes in Equity for the year ended 31.03.2020

(Amount Rs in Lakhs)

Particulars	Note No.			
<b>A EQUITY SHARE CAPITAL</b>				Amount
Balance as at 1.04.18				-
Changes in equity share capital during the year				81.38
Balance as at 31st March 2019				81.38
Changes in equity share capital during the year				157.08
Balance as at 31st March 2020	8			<b>238.45</b>
Note :- All the above equity shares are held by Fiem Industries Limited, the holding company				
<b>B OTHER EQUITY</b>				
		<b>Translation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance as at 01.04.18		-	-	-
Addition/(Deduction) during the year		(3.27)	-	(3.27)
Profit for the year			0.92	0.92
Balance as at 31st March 2019		(3.27)	0.92	(2.35)
Addition/(Deduction) during the year				
Profit for the year		(1.16)	(26.60)	(27.76)
Balance as at 31st March 2020	9	<b>(4.43)</b>	<b>(25.68)</b>	<b>(30.11)</b>
Significant Accounting Policies and Notes to financial Statements.	1 to 22			
The accompanying notes are an integral part of the financial statements.				

For and on behalf of the Board of Directors

Sd/-  
( J. K. Jain )  
Director

Sd/-  
( Rahul Jain )  
Director

Place: Rai, Sonapat (HR.)  
Dated: 30/06/2020

As per our report of even date  
for **V. Sachdeva & Associates**  
**Chartered Accountants**  
Firm Registration Number -004417N  
Sd/-  
( V. Sachdev )  
Proprietor  
Membership No.:-083435



## Cash Flow Statement as at 31st March 2020

(Amount Rs in Lakhs)

Particulars	31st March, 2020	31st March, 2019
<b>A Cash flow from Operating Activities:</b>		
Profit (Loss) Before Tax	(29.40)	1.24
Adjustments for:		
Depreciation & amortisation expense	47.55	0.80
Finance Cost	1.63	0.13
Effect of Translation Reserve	(1.16)	(3.27)
Operating Profit (Loss) before Working Capital changes	18.62	(1.10)
Adjustment for changes in Working Capital:		
Decrease/(Increase) in trade receivables	55.95	(55.95)
Decrease/(Increase) in loans (non-current)	(0.37)	(5.44)
Decrease/(Increase) in other current assets	(83.23)	(15.20)
(Decrease)/Increase in trade payables	29.58	5.22
(Decrease)/Increase in other financial liabilities (current)	15.69	3.44
(Decrease)/Increase in other Current liabilities (current)	21.78	7.63
(Decrease)/Increase in provision (non-current)	12.81	1.26
Cash generated from Operating Activities	70.83	(60.14)
Income tax paid (net of refunds)	(49.37)	-
Net cash from/(used in) Operating Activities (A)	21.46	(60.14)
<b>B Cash flow from Investing Activities:</b>		
Payments for purchase of property, plant and equipment and Intangible Assets	(130.98)	(21.73)
Net cash from/(used in) Investing Activities (B)	(130.98)	(21.73)
<b>C Cash flow from Financing Activities:</b>		
Increase in Share Capital	157.07	81.38
Finance Cost	(1.63)	(0.13)
Increase (Decrease) in Unsecured Loan	(38.85)	38.85
Net cash from/(used in) Financing Activities ( C )	116.59	120.10
<b>D Net Increase/(Decrease) in cash &amp; cash equivalents (A+B+C)</b>	7.07	38.23
Add:-Cash and cash equivalents at the beginning of the period	38.23	-
Cash and cash equivalents at the end of period	45.30	38.23
i Component of cash and cash equivalents		
Cash on hand	-	-
Balance with Banks:		
On current accounts	45.30	38.23
Total cash and cash equivalents	45.30	38.23

Note:1. The above Statement of Cash Flows has been prepared under the 'Indirect Method' as set out in Ind AS 7, 'Statement of Cash Flows'.

For and on behalf of the Board of Directors

Sd/-  
( J. K. Jain )  
Director

Sd/-  
( Rahul Jain )  
Director

As per our report of even date  
for **V. Sachdeva & Associates**  
**Chartered Accountants**  
Firm Registration Number -004417N  
Sd/-  
( V. Sachdev )  
Proprietor  
Membership No.: -083435

Place: Rai, Sonapat (HR.)  
Dated: 30/06/2020

## Notes on Financial Statements for the year ended 31st March 2020

### 1. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY

#### Corporate Information

The Company is mainly in the business of designing and engineering of automotive lighting of all types of equipment for two-wheeler and four wheeler applications. The company's registered office is situated at Italy.

#### Significant Accounting Policies

The Accounting Policies have been consistently applied by the Company and are consistent with those applied in previous year. However the changes as required by a change or revision to an existing Accounting Standard are dealt in the appropriate paras in the notes forming part of the financial statements.

#### (A) Statement of Compliance

The financial statement has been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provision of the Act.

The accounts of the company are duly certified by management of the company

The accounts of the company have been made out as per requirement of Companies Act, 2013 in due adherences of sub section 3 of section 129 of Companies Act, 2013. The balance sheet, statement of profit & loss (including auditor's report thereon) of the subsidiary has been drawn in a manner so as to conform to requirements of Companies Act, 2013, for the purpose of annexing the particulars of the body corporate with its holding company under section 129 (3) of the Companies Act, 2013.

#### B. Use of Estimates

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

#### C. 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. Property, Plant and Equipments

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

#### E. Inventories

Inventories are valued at lower of cost or net realizable value, if any.

#### F. Depreciation

Depreciation is calculated using the straight-line method on a pro-rata basis from the date in which each asset is put to use to allocate their cost, net of their residual values, over their useful life generally in accordance with that provided in the Schedule II to the Act.

## Notes on Financial Statements for the year ended 31st March 2020

### G. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for any trade discounts, volume rebates & others similar allowances.

#### Sale of Goods

Customers obtain control of goods when the goods are delivered to and have been accepted at their premises. However, few customers accept the goods when goods have been dispatched by the Company.

Invoices are generated at that point in time. No discounts are usually provided for goods, but few customers may avail cash discount on prompt payment of the goods.

#### Rendering of Services

Customers obtain control of design and testing services when the services are completed to the satisfaction of the Customer. Interest income is accounted on accrual basis.

### H. Foreign Currency Translations

The reporting currency of the company is Euro. The accounts translated in Indian Rupees are as follows

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

### I. 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.

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

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

### K. Taxation

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

### L. Cash and Cash Equivalents

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

### M. 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.

### N. Segment Reporting Policies

The Company is engaged in the business of designing and engineering of automotive lighting of all types of equipment for two-wheeler and four wheeler applications. The entire operations are governed by the same set of risk and return hence the entire operations represent a single primary segment.

### O. 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.

## Notes on Financial Statements for the year ended 31st March 2020

### (P) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

### Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents includes balances with banks which are unrestricted for withdrawal and usage.

### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of assets and liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

### Financial liabilities

Financial liabilities are measured at amortised cost using the effective interest method.

### Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the company after deducting all of its liabilities. Company recognises equity instruments at proceeds received net off direct issue cost.

### Reclassification of Financial Assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the company's operations. Such changes are evident to external parties. A change in the business model occurs when a company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains and losses) or interest.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

## Notes on Financial Statements for the year ended 31st March 2020

### 2. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Particulars Nature of Assets	Gross Block			Depreciation & Amortization			Net Block	
	As at 01.04.2019	Additions	Deductions	As at 01.04.2019	For the Year	Deductions Upto 31.03.2020	As at 31.03.2020	As at 31.03.2019
Tangible Assets								
Computer	11.54	12.31	-	0.04	7.73	-	16.19	11.50
Telephone System	-	1.40	-	-	0.27	-	1.13	-
Equipment & Hardware	0.52	2.05		0.03	0.49		2.05	0.49
Furniture & Fixtures	5.57	1.57		0.02	0.68		6.45	5.55
Other Property & Equipment	0.35	-		0.02	0.07		0.26	0.33
Total	17.98	17.33	-	0.11	9.23	-	26.08	17.87
Previous Year	-	17.98		-	0.11		17.87	-
Intangible Assets								
Software	-	111.27	-	-	37.09	-	74.07	-
Corporate Expenses	3.74	2.38		0.69	1.22		4.21	3.05
Total	3.74	113.65	-	0.69	38.31	-	78.28	3.05
Previous Year	-	3.74	-	-	0.69	-	3.05	-

(Amount Rs. In Lakhs)

## Notes on Financial Statements for the year ended 31st March 2020

(Amount Rs in Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
<b>3 LOANS</b>				
Sundry Security Deposits	5.81		5.44	
<b>TOTAL</b>		<b>5.81</b>		<b>5.44</b>
<b>4 INCOME TAX ASSETS ( NET)</b>				
Other withholding taxes paid	48.96		-	
IRES credit	2.90		-	
		<b>51.86</b>		<b>-</b>
<b>5 TRADE RECEIVABLE</b>				
Fiem Industries Limited -Parent Company	-		55.95	
		-		55.95
<b>6 CASH AND CASH EQUIVALENT</b>				
1) Cash and Cash Equivalents				
a) Balances with Banks		45.30		38.23
<b>TOTAL</b>		<b>45.30</b>		<b>38.23</b>
<b>7 OTHER CURRENT ASSETS</b>				
(unsecured but considered good)				
a) Advances for Goods other than Capital Goods		0.04		7.93
b) Balance with Government department		65.90		7.28
c) Prepaid expenses		32.49		-
<b>TOTAL</b>		<b>98.43</b>		<b>15.20</b>
<b>8 EQUITY SHARE CAPITAL</b>				
Equity- 300,000 Euro paid by Parent company ( Last year 1 lakh Euro) - Fiem Industries limited		238.45		81.38
		<b>238.45</b>		<b>81.38</b>
<b>9 OTHER EQUITY</b>				
Translation Reserve				
Opening	(3.27)		-	
Addition / ( deduction) during the year	(1.16)		(3.27)	
Closing		(4.43)		(3.27)
SURPLUS -OPENING BALANCE	0.92		-	
Add:- Net profit after tax transferred from Statement of Profit and Loss	(26.60)		0.92	
SURPLUS -CLOSING BALANCE		(25.68)		0.92
		<b>(30.11)</b>		<b>(2.35)</b>
<b>10 LONG TERM PROVISIONS</b>				
Total reserve for severance indemnities (TRF)		14.07		1.26
<b>TOTAL</b>		<b>14.07</b>		<b>1.26</b>
<b>11 CURRENT BORROWINGS</b>				
Euro 50,000 loan received from Parent company in Last Year -Current Year NIL	-			38.85
		-		<b>38.85</b>

## Notes on Financial Statements for the year ended 31st March 2020

(Amount Rs in Lakhs)

Particulars	As at 31.03.2020		As at 31.03.2019	
<b>12 TRADE PAYABLES</b>				
Payable to Suppliers		34.80		5.22
<b>TOTAL</b>		<b>34.80</b>		<b>5.22</b>
<b>13 OTHER FINANCIAL LIABILITIES</b>				
Liabilities for expenses	19.13		3.30	
Interest accrued and Due	-		0.13	
		<b>19.13</b>		<b>3.44</b>
<b>14 OTHER CURRENT LIABILITIES</b>				
Statutory dues payable	11.74		4.14	
advance received from Customers	5.07			
INPS employees	12.61		3.48	
		29.41		7.63
<b>TOTAL</b>		<b>29.41</b>		<b>7.63</b>
<b>15 CURRENT TAX LIABILITY</b>				
Current tax liability	-		0.32	
		-		<b>0.32</b>

## Notes on Financial Statements for the year ended 31st March 2020

### 16 NET SALES ( SERVICE INCOME)

(Amount Rs in Lakhs)

Particulars	Current Year 2019-20	Previous Year 2018-19
Supply of services		
Euro 306500 to Fiem Industries Limited	246.35	55.95
Euro 211000 to Fiem Japan co Ltd	169.59	-
	415.95	55.95

### 17 EMPLOYEES BENEFITS EXPENSES

Particulars	Current Year 2019-20	Previous Year 2018-19
a) Salaries, Wages and bonus to employees	204.76	25.64
b) Contribution to Provident and Other funds	60.60	8.24
c) Severance Pay Provisions	9.10	1.26
<b>TOTAL</b>	<b>274.46</b>	<b>35.14</b>

### 18 FINANCE COSTS

Particulars	Current Year 2019-20	Previous Year 2018-19
a) Interest @ 7% payable to Parent company on Loan received	1.43	0.13
b) other borrowing cost	0.20	-
<b>TOTAL</b>	<b>1.63</b>	<b>0.13</b>

### 19 OTHER EXPENSES

Particulars	Current Year 2019-20	Previous Year 2018-19
Consumable store and spares	0.29	0.11
Administrative and Selling Expenses		
a) Advertisement	-	0.36
b) Rates and taxes	4.57	0.55
c) Rent	52.41	2.72
d) Travelling and Conveyance Expenses	-	0.52
e) Other Office Expenses	64.45	14.38
<b>TOTAL</b>	<b>121.71</b>	<b>18.63</b>



## Notes on Financial Statements for the year ended 31st March 2020

### 18 LEASE TRANSACTION

(Amount Rs in Lakhs)

The Company has taken a premises on cancellable operating lease. The Rent expense amounting to Rs. 52.41 Lakhs (Previous Year Rs. 2.72 Lakhs) has been charged to statement of profit & loss.

### 19 RELATED PARTY DISCLOSURES

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

#### Name of Related Party

#### (i) Holding Company

Fiem Industries Limited	100% Holding Company Incorporated in India
	Transaction Value

Particulars	2019-20	2018-19
<b>(i) Holding Company</b>		
<b>Fiem Industries Limited</b>		
Services Rendered	246.35	55.95
Interest paid on Unsecured Loan	1.43	0.13
Contribution of Share Capital	-	81.38
Unsecured Loan Received	117.71	39.37
Unsecured Loan Converted in to Share Capital	157.08	-
<b>Outstanding Amount Carried at Balance Sheet</b>		
Trade Receivables	-	55.95
Long Term Loan Payables	-	38.85
Share Capital	238.45	81.38
Interest Payable	-	0.14

20 Figures have been rounded off to the nearest lakhs.

21 Since the company is incorporated in Italy, there is no income tax liability under Income Tax Act, 1961.

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

For and on behalf of the Board of Directors

Sd/-  
( J. K. Jain )  
Director

Sd/-  
( Rahul Jain )  
Director

As per our report of even date  
for **V. Sachdeva & Associates**  
**Chartered Accountants**  
Firm Registration Number -004417N

Sd/-  
( V. Sachdev )  
Proprietor  
Membership No.:-083435

Place: Rai, Sonapat (HR.)

Dated: 30/06/2020