



**FY 2018-19**  
**Financial Statements**  
**of Subsidiaries**  
**of Fiem Industries Ltd.**



Financial Statements

of

**Fiem Industries**

**Japan Co., Ltd.**

(Wholly-owned Subsidiary  
incorporated in Japan)

## Independent Auditors' 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 2019, 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 31<sup>st</sup> March 2019, 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 March 31, 2019, 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.

#### 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 31<sup>st</sup> March 2019 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 AND ASSOCIATES**  
Firm Registration Number 004417N  
Chartered Accountants

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

Membership No.:- 083435

Place: Rai, Sonapat (HR.)

Dated: 14/05/2019

## Balance Sheet AS AT 31ST MARCH 2019

(Amount ₹ in Lakh)

	Note No.	AS AT 31.03.2019		AS AT 31.03.2018	
<b>ASSETS</b>					
<b>1 NON CURRENT ASSETS</b>					
(a) Property, Plant and Equipment	2	1.25		0.51	
(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)		–		4.18	
(f) Other non-current assets		–		–	
<b>Total Non Current Assets</b>			<b>1.25</b>		<b>4.69</b>
<b>2 CURRENT ASSETS</b>					
(a) Inventories					
(b) Financial Assets					
(i) Investments					
(ii) Trade receivables	3	71.70		60.92	
(iii) Cash and cash equivalents	4	243.13		46.40	
(iv) Bank balances other than (iii) above		–		–	
(v) Loans	5	1.60		0.48	
(vi) Other Financial Assets		–		–	
(c) Current Tax Assets (Net)		–		–	
(d) Other current assets	6	0.02		3.47	
<b>Total Current Assets</b>			<b>316.45</b>		<b>111.28</b>
<b>TOTAL ASSETS</b>			<b>317.70</b>		<b>115.97</b>
<b>EQUITY AND LIABILITIES</b>					
<b>1 EQUITY</b>					
(a) Equity Share capital	7	29.49		29.49	
(b) Other Equity	8	161.10		44.28	
<b>Total Equity</b>			<b>190.59</b>		<b>73.76</b>
<b>2 LIABILITIES</b>					
<b>NON CURRENT LIABILITIES</b>					
(a) Financial Liabilities					
(i) Borrowings	9	–		24.62	
(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>24.62</b>
<b>CURRENT LIABILITIES</b>					
(a) Financial Liabilities					
(i) Borrowings		–		–	
(ii) Trade payables	10				
– Micro and Small Enterprises		–		–	
– Other than Micro and Small enterprises		26.69		5.18	
		26.69		5.18	
(iii) Other financial liabilities (other than those specified in item (c))	11	6.66		6.42	
(b) Other current liabilities	12	19.91		5.77	
(c) Provisions		–		–	
(d) Current Tax Liabilities (Net)	13	73.84		0.22	
<b>Total Current Liabilities</b>			<b>127.11</b>		<b>17.59</b>
<b>TOTAL LIABILITIES</b>			<b>127.11</b>		<b>42.20</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>317.70</b>		<b>115.97</b>
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

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

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

 Sd/  
**V. Sachdev**  
 Prop.  
 (Membership No. 083435)

 Place : Rai, Sonapat (HR.)  
 Date : 14/05/2019

## Statement of Profit and Loss FOR THE YEAR ENDED 31ST MARCH 2019

(Amount ₹ in Lakh)

	Note No.	CURRENT YEAR 2018-19	PREVIOUS YEAR 2017-18
<b>INCOME</b>			
a) Net Sales	14	562.43	199.78
b) Other Operating income	15	(3.15)	–
Revenue from Operations		559.28	199.78
c) Other Income	16	0.06	0.00
<b>TOTAL REVENUE (A)</b>		<b>559.34</b>	<b>199.78</b>
<b>EXPENSES</b>			
a) Purchase of Stock-in-Trade	17	303.30	135.15
b) Employees Benefits expenses	18	41.84	38.85
c) Depreciation and Amortization Expense	2	0.26	0.13
d) Other Expenses	19	25.94	21.91
<b>TOTAL EXPENSES (B)</b>		<b>371.35</b>	<b>196.04</b>
<b>PROFIT BEFORE TAX (A–B)</b>		<b>187.99</b>	<b>3.74</b>
<b>TAX EXPENSES</b>			
Current Tax		73.26	1.17
<b>PROFIT AFTER TAX FOR THE YEAR</b>		<b>114.73</b>	<b>2.57</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=1+2)</b>		<b>–</b>	<b>–</b>
<b>TOTAL COMPREHENSIVE INCOME (NET OF TAX) A+B</b>		<b>114.73</b>	<b>2.57</b>
Basic and Diluted Earning per Equity Share (Nominal value JPY 50,000 each per share)	21	114,726.47	2,572.92
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

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 14/05/2019

## Statement of Changes in Equity FOR THE YEAR ENDED 31.03.2019

(Amount ₹ in Lakh)

	Note No.	No. of Shares	(Amount ₹ in Lakh)	
<b>A. Equity Share Capital</b>				
Balance as at 1st April 2017		100	29.49	
Changes in equity share capital during the year		–	–	
Balance as at 31st March 2018		100	29.49	
Changes in equity share capital during the year		–	–	
Balance as at 31st March 2019	7	100	29.49	
Note : All the above equity shares are held by Fiem Industries Limited, the holding company				
<b>B. Other Equity</b>				
Particulars		Translation Reserve	Retained Earnings	Total
<b>Balance as at 01.04.17</b>		<b>(7.15)</b>	<b>44.67</b>	<b>37.53</b>
Addition/(Deduction) during the Year 17-18		4.18	–	4.18
Profit for the year 17-18		–	2.58	2.58
<b>Balance as at 01.04.18</b>		<b>(2.96)</b>	<b>47.25</b>	<b>44.28</b>
Addition/(Deduction) during the Year 18-19		2.10	–	2.10
Profit for the year 18-19		–	114.73	114.73
<b>Balance as at 31st March 2019</b>	8	<b>(0.87)</b>	<b>161.97</b>	<b>161.10</b>
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

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 14/05/2019

## Cash Flow Statement FOR THE YEAR ENDED 2019

(Amount ₹ in Lakh)

	2018-19		2017-18	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit Before Tax As Per Statement of Profit and Loss		187.99		3.74
<b>Adjustments for</b>				
Depreciation & Amortization	0.26		0.13	
Loss/(Gain) on Effect of Translation Reserve	2.09		5.61	
Interest/Income on Fixed Deposit & Current Investment	(0.06)		(0.00)	
Finance Costs	–	2.29	–	5.74
<b>Operating Profit before Working Capital Changes</b>		190.28		9.48
Adjustment for (Increase)/decrease in Operating Assets				
Trade Receivables	(10.78)		51.80	
Other Current Financial and non-current assets	2.33	(8.45)	10.46	62.27
Adjustment for Increase/(decrease) in Operating Liabilities				
Trade Payable, Financial liabilities and provisions	35.89	35.89	(38.46)	(38.46)
<b>Cash Generated from Operating Activities</b>		217.72		33.29
Income Tax Refund (Income Tax Paid)	4.54	4.54	(8.84)	(8.84)
<b>Net Cash From Operating Activities</b>		<b>222.26</b>		<b>24.45</b>
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets (Net of Sales)	(1.00)		–	
Interest Received on Deposits	0.06		0.00	
<b>Net Cash (Used) in Investing Activities</b>		<b>(0.94)</b>		<b>0.00</b>
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Finance Costs Paid	–		–	
Increase/(Decrease) in Borrowing	(24.62)		–	
<b>Net Cash (used)/from Financing Activities</b>		<b>(24.62)</b>		<b>–</b>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>196.73</b>		<b>24.45</b>
Opening Balance of Cash & Cash Equivalents		46.40		21.95
Closing Balance of Cash & Cash Equivalents		243.13		46.40
<b>Net Increase in cash &amp; cash equivalents</b>		<b>196.73</b>		<b>24.45</b>

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

For and on behalf of the Board of Directors

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

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

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

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

 Place : Rai, Sonapat (HR.)  
 Date : 14/05/2019

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

### 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:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or;
- 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:

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

- 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

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

The sale of goods in the course of ordinary activities is recognised when all significant risk & rewards of ownership of the goods 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.

#### Rendering of Services

Service income is recognised as per the terms of contracts/arrangements when related services are performed.

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 are as

- Share capital is retained at the initial contribution amount.
- Fixed Assets are translated at the rates prevailing on the date of purchase.
- Current Assets, current liabilities and non current liabilities are translated at year-end rates.
- Revenue are translated at the average rate.
- Depreciation are translated at rates used for the relevant fixed assets.
- The resultant differences is 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.



## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

### 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 assets 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.

### 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.

#### 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.

#### Investment in subsidiaries and Joint Ventures

Investment in subsidiaries and joint ventures are measured at cost as per Ind AS 27 - Separate Financial Statements.

#### 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 2019

### 2 PROPERTY, PLANT AND EQUIPMENTS

(Amount ₹ in Lakh)

PARTICULARS Nature of Assets	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at 01.04.2018	Additions	Deductions	As at 31.03.2019	Upto 01.04.2018	For the Year	Deductions	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>Tangible Assets</b>										
Office Equipments	0.17	–	–	0.17	0.16	–	–	0.16	0.01	0.01
Furniture & Fixtures	0.40	–	–	0.40	0.27	0.04	–	0.32	0.09	0.13
Vehicles	0.88	–	–	0.88	0.53	0.08	–	0.62	0.27	0.35
Computer	0.63	1.00	–	1.63	0.61	0.13	–	0.75	0.88	0.02
<b>Total</b>	<b>2.08</b>	<b>1.00</b>	<b>–</b>	<b>3.08</b>	<b>1.57</b>	<b>0.26</b>	<b>–</b>	<b>1.84</b>	<b>1.25</b>	<b>0.51</b>
Previous Year	2.08	–	–	2.08	1.45	0.13	–	1.57	0.51	–

(Amount ₹ in Lakh)

	AS AT 31.03.2019	AS AT 31.03.2018
<b>3 TRADE RECEIVABLES</b>		
(unsecured but considered good)		
a) Considered Good	71.70	60.92
b) Considered Doubtful	–	–
		60.92
Less:– Provision for Doubtful Debts	–	–
<b>TOTAL</b>	<b>71.70</b>	<b>60.92</b>
(Trade receivables includes due from 100% Holding company – Fiem Industries Limited ₹ 22.19 lakhs, previous year ₹ 21.85 lakhs)		
<b>4 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents		
a) Balances with Banks in current account	243.11	46.25
b) Staff imprest account	0.02	0.15
<b>TOTAL</b>	<b>243.13</b>	<b>46.40</b>
<b>5 LOANS –CURRENT</b>		
i) Security Deposit	0.96	0.48
ii) Rent receivable from employee	0.64	–
<b>TOTAL</b>	<b>1.60</b>	<b>0.48</b>
<b>6 OTHER CURRENT ASSETS</b>		
(Unsecured but considered good)		
i) Prepaid Expenses–Office Rent	–	1.65
ii) Prepaid Labour Insurance	0.02	–
iii) With Holding tax Receivable from Fiem India	–	1.82
<b>TOTAL</b>	<b>0.02</b>	<b>3.47</b>
<b>7 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

**Notes on Financial Statements** FOR THE YEAR ENDED 31ST MARCH 2019

(Amount ₹ in Lakh)

	AS AT 31.03.2019	AS AT 31.03.2018
<b>8 OTHER EQUITY</b>		
<b>TRANSLATION RESERVE</b>		
As per Last Balance Sheet	(2.96)	(7.15)
Less :- Addition / (deduction) during the year	2.10	4.18
	(0.87)	(2.96)
<b>SURPLUS –OPENING BALANCE</b>	47.24	44.67
Add:- Net profit after tax transferred from Statement of Profit and Loss	114.73	2.57
<b>SURPLUS –CLOSING BALANCE</b>	161.97	47.24
<b>TOTAL</b>	<b>161.10</b>	<b>44.28</b>
<b>9 LONG TERM BORROWINGS</b>		
(UNSECURED LOANS)		
Loan from 100% Holding Company – Fiem Industries Limited	–	24.62
<b>TOTAL</b>	<b>–</b>	<b>24.62</b>
<b>10 TRADE PAYABLES– CURRENT</b>		
Payable to 100% Holding Company – Fiem Industries Limited	6.80	0.54
Payable to Others	19.89	4.64
<b>TOTAL</b>	<b>26.69</b>	<b>5.18</b>
<b>11 OTHER FINANCIAL LIABILITIES</b>		
Liabilities for Expenses	6.66	6.42
<b>TOTAL</b>	<b>6.66</b>	<b>6.42</b>
<b>12 OTHER CURRENT LIABILITIES</b>		
Withholding tax payable	1.88	–
Statutory Dues Payable	18.03	5.77
<b>TOTAL</b>	<b>19.91</b>	<b>5.77</b>
<b>13 CURRENT TAX LIABILITIES (NET)</b>		
Provision for Taxation	73.84	0.22
<b>TOTAL</b>	<b>73.84</b>	<b>0.22</b>

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

(Amount ₹ in Lakh)

	CURRENT YEAR 2018-19	PREVIOUS YEAR 2017-18
<b>14. NET SALES</b>		
Sale of Traded Goods – Mock Up Samples	562.43	199.78
<b>TOTAL</b>	<b>562.43</b>	<b>199.78</b>
<b>15. OTHER OPERATING INCOME</b>		
Difference in Foreign Exchange	(3.15)	0.00
<b>TOTAL</b>	<b>(3.15)</b>	<b>0.00</b>
<b>16. OTHER INCOME</b>		
a) Miscellaneous Income	0.06	–
b) Interest Income On Banking Deposits	0.00	0.00
<b>TOTAL</b>	<b>0.06</b>	<b>0.00</b>
<b>17. PURCHASE OF STOCK IN TRADE</b>		
Purchase of Traded Goods – Mock Up Samples	303.30	135.15
<b>TOTAL</b>	<b>303.30</b>	<b>135.15</b>
<b>18. EMPLOYEES BENEFITS EXPENSES</b>		
1) Salaries, Wages and Bonus	41.47	38.50
2) Contribution to Provident and Other funds	0.37	0.35
<b>TOTAL</b>	<b>41.84</b>	<b>38.85</b>
<b>19. OTHER EXPENSES</b>		
1) Advertisement membership and subscription	–	0.02
2) Rate taxes and fee	0.04	0.63
3) Insurance	0.16	0.07
4) Rent	9.03	6.40
5) Repair and maintenance –Others	1.43	0.66
6) Selling & Distribution Expenses	0.30	0.62
7) Travelling and Conveyance Expenses	2.59	3.52
8) Other Office Expenses	12.39	9.99
<b>TOTAL</b>	<b>25.94</b>	<b>21.91</b>

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

### 20 Lease Transaction

The Company has taken a premises on cancellable operating lease. The Rent expense amounting to ₹ 9.03 Lakhs (Previous Year ₹ 6.40 Lakhs) has been charged to statement of profit & loss.

### 21 Earning Per Share

(Amount ₹ in Lakh)

	2018-19	2017-18
Profit available for equity shareholders (Amount in Lakhs)	114.73	2.57
Weighted average number of shares	100	100
Earning Per share basic and diluted (In ₹)	114,726.47	2,572.92
Face value per equity share JPY 50,000 (In ₹)	29,485	29,485

### 22 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

(Amount ₹ in Lakh)

Particulars	Transaction Value	
	2018-19	2017-18
<b>(i) Holding Company</b>		
<b>Fiem Industries Limited</b>		
Purchases of Goods	56.82	47.91
Purchases of Design	–	17.62
<b>Outstanding Amount Carried at Balance Sheet</b>		
Payables	6.80	0.54
Receivables	22.19	21.85
Long Term Loan Payables	–	24.62
Share Capital	29.49	29.49
With-holding Tax Receivables	–	1.82
Long Term Loan Paid	24.62	–

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  
Firm Registration Number: 004417N  
Chartered Accountants

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 14/05/2019



**Financial Statements**  
**of**  
**Fiem (Thai) Design and**  
**Technology Co. Ltd.**

**(Wholly-owned Subsidiary  
incorporated in Thailand)**

## Independent Auditors' Report

### TO THE MEMBERS OF

**Fiem (Thai) design and technology co. ltd.**

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Fiem (Thai) design and technology co. ltd.. ("the Company"), which comprise the balance sheet as at 31st March 2019, 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, 2019, the Loss and total comprehensive 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.

#### Report on Other Legal and Regulatory Requirements

1. The company is incorporated outside India in Thailand, 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 Thailand, reporting on the disqualification of directors under section 164(2) of the Act is not applicable.
  - f. Since the company is registered in Thailand, 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 Thailand, 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 2019 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 Thailand 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 AND ASSOCIATES**  
Firm Registration Number 004417N  
Chartered Accountants

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

Place: Rai, Sonapat (HR.)  
Dated: 14/05/2019

## Balance Sheet AS AT 31ST MARCH 2019

(Amount ₹ in Lakh)

	Note No.	AS AT 31.03.2019	AS AT 31.03.2018
<b>ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
(a) Property, Plant and Equipment		–	–
(b) Capital work-in-progress		–	–
(c) Intangible assets		–	–
(d) Financial Assets		–	–
(i) Investments		–	–
(ii) Trade receivables		–	–
(iii) Loans		–	–
(iv) Others (to be specified)		–	–
(e) Deferred tax assets (net)		–	–
(f) Other non-current assets		–	–
<b>Total Non Current Assets</b>		–	–
<b>2 CURRENT ASSETS</b>			
(a) Inventories		–	–
(b) Financial Assets		–	–
(i) Investments		–	–
(ii) Trade receivables		–	–
(iii) Cash and cash equivalents	2	19.64	19.89
(iv) Bank balances other than (iii) above		–	–
(v) Loans and Deposits		–	–
(vi) Others (to be specified)		–	–
(c) Current Tax Assets (Net)		–	–
(d) Other current assets		–	–
<b>Total Current Assets</b>		19.64	19.89
<b>TOTAL ASSETS</b>		19.64	19.89
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity Share capital	3	19.68	19.68
(b) Other Equity	4	(0.04)	(0.00)
<b>Total Equity</b>		19.64	19.68
<b>2 LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
(a) Financial Liabilities		–	–
(i) Borrowings		–	–
(ii) Trade payables		–	–
(iii) Other financial liabilities (other than those specified in item (b), to be specified)		–	–
(b) Provisions		–	–
(c) Deferred tax liabilities (Net)		–	–
(d) Other non-current liabilities		–	–
<b>Total Non Current Liabilities</b>		–	–
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities		–	–
(i) Borrowings		–	–
(ii) Trade payables		–	–
– Micro and Small Enterprises		–	–
– Other than Micro and Small enterprises		–	–
(iii) Other financial liabilities (other than those specified in item (c))	5	–	0.21
(b) Other current liabilities		–	–
(c) Provisions		–	–
(d) Current Tax Liabilities (Net)		–	–
<b>Total Current Liabilities</b>		–	0.21
<b>TOTAL LIABILITIES</b>		–	0.21
<b>TOTAL EQUITY AND LIABILITIES</b>		19.64	19.89
Significant Accounting Policies and Notes to financial Statements.	1 to 9		

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.)  
 Date : 14/05/2019

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

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



## Statement of Profit and Loss FOR THE YEAR ENDED 31ST MARCH 2019

(Amount ₹ in Lakh)

	Note No.	CURRENT YEAR 2018-19	PREVIOUS YEAR 2017-18
<b>INCOME</b>			
a) Net Sales		–	–
b) Other Operating income			
Revenue from Operations		–	–
c) Other Income		–	–
<b>TOTAL REVENUE (A)</b>		<b>–</b>	<b>–</b>
<b>EXPENSES</b>			
a) Purchase of Stock-in-Trade		–	–
b) Changes in Inventories of Stock In trade		–	–
c) Employees Benefits expenses		–	–
d) Finance costs		–	0.00
e) Depreciation and Amortization Expense		–	–
f) Other Expenses	6	0.36	–
<b>TOTAL EXPENSES (B)</b>		<b>0.36</b>	<b>0.00</b>
<b>PROFIT/(LOSS) BEFORE TAX ( A–B)</b>		<b>(0.36)</b>	<b>(0.00)</b>
<b>TAX EXPENSES</b>			
Current Tax		–	–
<b>PROFIT/ (LOSS) AFTER TAX FOR THE YEAR</b>		<b>(0.36)</b>	<b>(0.00)</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=1+2)</b>		<b>–</b>	<b>–</b>
<b>TOTAL COMPREHENSIVE INCOME ( NET OF TAX) A+B</b>		<b>(0.36)</b>	<b>(0.00)</b>
Basic and Diluted Earning per Equity Share –10,000 shares	7	(3.60)	(0.02)
Significant Accounting Policies and Notes to financial Statements.	1 to 9		

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.)  
 Date : 14/05/2019

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

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

## Statement of Changes in Equity FOR THE YEAR ENDED 31.03.2019

(Amount ₹ in Lakh)

	Note No.	No. of Shares	(Amount ₹ in Lakh)	
<b>A. Equity Share Capital</b>	<b>3</b>			
Balance as at 1st April 2017		–		–
Changes in equity share capital during the year		10,000		19.68
Balance as at 31st March 2018		10,000		19.68
Changes in equity share capital during the year		–		–
Balance as at 31st March 2019		10,000		19.68
Note : All the above equity shares are held by Fiem Industries Limited, the holding company				
<b>B. Other Equity</b>	<b>4</b>			
<b>Particulars</b>		<b>Translation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
<b>Balance as at 01.04.17</b>		–	–	–
Addition/(Deduction) during the Year		–	–	–
Profit for the year/adding during the year		–	(0.00)	(0.00)
<b>Balance as at 01.04.18</b>		–	<b>(0.00)</b>	<b>(0.00)</b>
Profit for the year/adding during the year		0.32	(0.36)	(0.04)
Addition/(Deduction) during the Year		–	–	–
<b>Balance as at 31st March 2019</b>		<b>0.32</b>	<b>(0.36)</b>	<b>(0.04)</b>
Significant Accounting Policies and Notes to financial Statements.	1 to 9			

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.)  
 Date : 14/05/2019

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

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

## Cash Flow Statement FOR THE YEAR 2019

(Amount ₹ in Lakh)

	2018-19		2017-18	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit /Loss Before Tax As Per Statement of Profit and Loss		(0.36)		–
<b>Adjustments for</b>				
Depreciation & Amortization	–		–	
Loss/(Gain) on Effect of Translation Reserve	0.32		–	
Interest/Income on Fixed Deposit & Current Investment	–		–	
Finance Costs	–	0.32	–	–
<b>Operating Profit before Working Capital Changes</b>		(0.04)		–
Adjustment for (Increase)/decrease in Operating Assets				
Trade Receivables	–		–	
Other Current Financial and non-current assets	–	–	–	–
Adjustment for Increase/(decrease) in Operating Liabilities				
Trade Payable, Financial liabilities and provisions	(0.22)	(0.22)	0.22	0.22
<b>Cash Generated from Operating Activities</b>		(0.26)		0.22
Income Tax Refund (Income Tax Paid)	–	–	–	–
<b>Net Cash From Operating Activities</b>		(0.26)		0.22
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Property plant and equipments & Intangible Assets	–		–	
Interest Received on Deposits	–		–	
<b>Net Cash (Used) in Investing Activities</b>		–		–
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Increase in Share Capital	–		19.68	
Finance Costs Paid	–		–	
Increase/(Decrease) in Borrowing	–		–	
<b>Net Cash (used)/from Financing Activities</b>		–		19.68
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		(0.25)		19.89
Opening Balance of Cash & Cash Equivalents		19.89		–
Closing Balance of Cash & Cash Equivalents		19.64		19.89
<b>Net Increase in cash &amp; cash equivalents</b>		(0.25)		19.89

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

For and on behalf of the Board of Directors

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

 Sd/-  
 (J. K. Jain)  
 Director

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

 Place : Rai, Sonepat (HR.)  
 Date : 14/05/2019

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

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

#### Corporate Information

The company is incorporated as limited company under the Civil and Commercial Code at the Bangkok registration office on 15.06.17 for the purpose of carrying out the business and to deal of all kind of Automotive and LED component.

#### 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 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 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:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or;
- 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:

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

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

The sale of goods in the course of ordinary activities is recognised when all significant risk & rewards of ownership of the goods 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.

#### Rendering of Services

Service income is recognised as per the terms of contracts/arrangements when related services are performed.

Interest income is accounted on accrual basis.

#### H. Foreign Currency Translations

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

- Share capital is retained at the initial contribution amount.
- Fixed Assets are translated at the rates prevailing on the date of purchase.
- Current Assets, current liabilities and non current liabilities are translated at year-end rates.
- Revenue are translated at the average rate.
- Depreciation are translated at rates used for the relevant fixed assets.
- The resultant differences is 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 assets is neither recognised nor disclosed in the financial statements.

#### K. Cash and Cash Equivalents

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

#### L. Cash Flow Statement

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

#### M. Earnings Per Share

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

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

(Amount ₹ in Lakh)

	AS AT 31.03.2019	AS AT 31.03.2018
<b>2 CASH AND CASH EQUIVALENTS</b>		
Cash and Cash Equivalents		
a) Balances with Banks in current account	19.64	19.89
<b>TOTAL</b>	<b>19.64</b>	<b>19.89</b>
<b>3 EQUITY SHARE CAPITAL</b>		
<b>Authorised</b>		
10,00,000 Thailand Bhatt (10,000 shares of 100 Thailand Bhatt each)		
<b>Issued, Subscribed and Paid-up</b>		
10,00,000 Thailand Bhatt (10,000 shares of 100 Thailand Bhatt each)	19.68	19.68
<b>TOTAL</b>	<b>19.68</b>	<b>19.68</b>
<b>4 OTHER EQUITY</b>		
<b>TRANSLATION RESERVE</b>		
As per Last Balance Sheet	–	–
Less :- Addition / (deduction) during the year	0.32	–
	0.32	–
<b>SURPLUS –OPENING BALANCE</b>	(0.00)	–
Add:- Net profit after tax transferred from Statement of Profit and Loss	(0.36)	(0.00)
<b>SURPLUS –CLOSING BALANCE</b>	(0.36)	(0.00)
<b>TOTAL</b>	<b>(0.04)</b>	<b>(0.00)</b>
<b>5 OTHER FINANCIAL LIABILITIES</b>		
Liabilities for expenses	–	0.22
<b>TOTAL</b>	<b>–</b>	<b>0.22</b>

(Amount ₹ in Lakh)

	CURRENT YEAR 2018-19	PREVIOUS YEAR 2017-18
<b>6. OTHER EXPENSE</b>		
Payment to Auditors	0.22	–
Other office expenses	0.14	–
<b>TOTAL</b>	<b>0.36</b>	<b>–</b>
<b>7 EARNING PER SHARE</b>		
	<b>FY 18–19</b>	<b>FY 17–18</b>
Profit/(Loss) available for equity shareholders	(0.36)	(0)
Weighted average number of shares	10,000	10,000
Earning Per share basic and diluted (In Rs.)	(3.60)	(0.02)
Face value per equity share 100 Thailand Bhatt each		

### 8 Related Party Disclosures

There are no related party transactions during the period under reporting.

9 Figures have been rounded off to the nearest rupees In Lakhs

For and on behalf of the Board of Directors

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 14/05/2019



**Financial Statements**

**of**

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

**(Wholly-owned Subsidiary  
incorporated in Italy)**

## Independent Auditors' 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 31<sup>st</sup> March 2019, 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, 2019, 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.

#### 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 31<sup>st</sup> March 2019 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 AND ASSOCIATES**  
Firm Registration Number 004417N  
Chartered Accountants

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

Membership No.:- 083435

Place: Rai, Sonapat (HR.)  
Dated: 14/05/2019

## Balance Sheet AS AT 31ST MARCH 2019

(Amount ₹ in Lakh)

	Note No.	AS AT 31.03.2019	
<b>ASSETS</b>			
<b>1 NON CURRENT ASSETS</b>			
(a) Property, Plant and Equipment	2	17.87	
(b) Capital work-in-progress		–	
(c) Intangible assets	2	3.06	
(d) Financial Assets			
(i) Investments		–	
(ii) Trade receivables		–	
(iii) Loans	3	5.44	
(iv) Others (to be specified)		–	
(e) Deferred tax assets (net)		–	
(f) Other non-current assets		–	
<b>Total Non Current Assets</b>			<b>26.36</b>
<b>2 CURRENT ASSETS</b>			
(a) Inventories			
(b) Financial Assets			
(i) Investments			
(ii) Trade receivables	4	55.95	
(iii) Cash and cash equivalents	5	38.23	
(iv) Bank balances other than (iii) above		–	
(v) Loans and Deposits		–	
(vi) Others (to be specified)		–	
(c) Current Tax Assets (Net)		–	
(d) Other current assets	6	15.20	
<b>Total Current Assets</b>			<b>109.38</b>
<b>TOTAL ASSETS</b>			<b>135.74</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity Share capital	7	81.38	
(b) Other Equity	8	(2.35)	
<b>Total Equity</b>			<b>79.02</b>
<b>2 LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings		–	
(ii) Trade payables		–	
(iii) Other financial liabilities		–	
(b) Provisions	9	1.26	
(c) Deferred tax liabilities (Net)		–	
(d) Other non-current liabilities		–	
<b>Total Non Current Liabilities</b>			<b>1.26</b>
<b>CURRENT LIABILITIES</b>			
(a) Financial Liabilities			
(i) Borrowings	10	38.85	
(ii) Trade payables			
– Micro and Small Enterprises		–	
– Other than Micro and Small enterprises	11	5.22	
		5.22	
(iii) Other financial liabilities	12	3.44	
(b) Other current liabilities	13	7.63	
(c) Provisions		–	
(d) Current Tax Liabilities (Net)	14	0.32	
<b>Total Current Liabilities</b>			<b>55.46</b>
<b>TOTAL LIABILITIES</b>			<b>56.72</b>
<b>TOTAL EQUITY AND LIABILITIES</b>			<b>135.74</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  
 Firm Registration Number: 004417N  
 Chartered Accountants

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

 Place : Rai, Sonapat (HR.)  
 Date : 14/05/2019



## Statement of Profit and Loss FOR THE YEAR ENDED 31ST MARCH 2019

(Amount ₹ in Lakh)

	Note No.	CURRENT PERIOD 2018-19
<b>INCOME</b>		
a) Net Sales		55.95
b) Other Operating revenue		–
Net Revenue from Operations		55.95
c) Other Income		–
<b>TOTAL REVENUE (A)</b>		<b>55.95</b>
<b>EXPENSES</b>		
a) Employees Benefits Expenses	15	35.14
b) Finance Costs	16	0.13
c) Depreciation and Amortization Expense	2	0.80
d) Other Expenses	17	18.63
<b>TOTAL EXPENSES (B)</b>		<b>54.70</b>
<b>PROFIT BEFORE TAX (A–B)</b>		<b>1.24</b>
<b>TAX EXPENSES</b>		
Provision for taxes		0.32
<b>PROFIT/ (LOSS) FOR THE YEAR</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=1+2)</b>		<b>–</b>
<b>TOTAL COMPREHENSIVE INCOME ( NET OF TAX) A+B</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

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

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

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

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

 Place : Rai, Sonapat (HR.)  
 Date : 14/05/2019

## Statement of Changes in Equity FOR THE YEAR ENDED 31.03.2019

(Amount ₹ in Lakh)

	Note No.		
<b>A. Equity Share Capital</b>			(Amount ₹ in Lakh)
Balance as at 01.04.18			–
Changes in equity share capital during the year			81.38
Balance as at 31st March 2019	7		81.38
Note : All the above equity shares are held by Fiem Industries Limited, the holding company			
<b>B. Other Equity</b>			
<b>Particulars</b>		<b>Translation Reserve</b>	<b>Retained Earnings</b>
			<b>Total</b>
<b>Balance as at 01.04.18</b>		–	–
Profit of the year		–	0.92
<b>Balance as at 31st March 2019</b>	8	–	0.92
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

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 14/05/2019

## Cash Flow Statement FOR THE YEAR ENDED 31.03.2019

(Amount ₹ in Lakh)

Particulars	2018-19	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit Before Tax As Per Statement of Profit and Loss		1.24
<b>Adjustments for</b>		
Depreciation & Amortization	0.80	
Loss/(Gain) on Effect of Translation Reserve	(3.27)	
Interest/Income on Fixed Deposit & Current Investment	–	
Finance Costs	0.13	(2.34)
<b>Operating Profit before Working Capital Changes</b>		(1.10)
Adjustment for (Increase)/decrease in Operating Assets		
Trade Receivables	(55.95)	
Other Current Financial and non-current assets	(20.64)	(76.59)
Adjustment for Increase/(decrease) in Operating Liabilities		
Trade Payable, Financial liabilities and provisions	17.55	17.55
<b>Cash Generated from Operating Activities</b>		(60.14)
Income Tax Refund (Income Tax Paid)	–	–
<b>Net Cash From Operating Activities</b>		(60.14)
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Property plant and equipments & Intangible Assets	(21.73)	
Interest Received on Deposits	–	
<b>Net Cash (Used) in Investing Activities</b>		(21.73)
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase in Share Capital	81.38	
Finance Costs Paid	(0.13)	
Increase/(Decrease) in Borrowing	38.85	
<b>Net Cash (used)/from Financing Activities</b>		120.10
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		38.23
Opening Balance of Cash & Cash Equivalents		–
Closing Balance of Cash & Cash Equivalents		38.23
<b>Net Increase in cash &amp; cash equivalents</b>		38.23

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  
Firm Registration Number: 004417N  
Chartered Accountants

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

Place: Rai, Sonapat (HR.)  
Date: 14/05/2019

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

### 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:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is expected to be realised within 12 months after the reporting date; or;
- 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:

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

- 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.

#### 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

The sale of goods in the course of ordinary activities is recognised when all significant risk & rewards of ownership of the goods 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.

#### Rendering of Services

Service income is recognised as per the terms of contracts/arrangements when related services are performed.

Interest income is accounted on accrual basis.

#### H. Foreign Currency Translations

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

- Share capital is retained at the initial contribution amount.
- Fixed Assets are translated at the rates prevailing on the date of purchase.
- Current Assets, current liabilities and non current liabilities are translated at year-end rates.
- Revenue are translated at the average rate.
- Depreciation are translated at rates used for the relevant fixed assets.
- The resultant differences is 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 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.

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

### 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 assets 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 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. 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.

#### Investment in subsidiaries and Joint Ventures

Investment in subsidiaries and joint ventures are measured at cost as per Ind AS 27 - Separate Financial Statements.

#### 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 2019

### 2 PROPERTY, PLANT AND EQUIPMENT

(Amount ₹ in Lakh)

PARTICULARS Nature of Assets	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at 01.04.2018	Additions	Deductions	As at 31.03.2019	Upto 01.04.2018	For the Year	Deductions	As at 31.03.2019	As at 31.03.2019	As at 31.03.2018
<b>Tangible Assets</b>										
Computer	–	18.62	–	18.62	–	0.75	–	0.75	17.87	–
<b>Total</b>	–	<b>18.62</b>	–	<b>18.62</b>	–	<b>0.75</b>	–	<b>0.75</b>	<b>17.87</b>	–
Previous Year										
<b>Intangible Assets</b>										
Software	–	3.10	–	3.10	–	0.05	–	0.05	3.06	–
<b>Total</b>	–	<b>3.10</b>	–	<b>3.10</b>	–	<b>0.05</b>	–	<b>0.05</b>	<b>3.06</b>	–

(Amount ₹ in Lakh)

	AS AT 31.03.2019
<b>3 LOANS</b>	
Sundry Security Deposits	5.44
<b>TOTAL</b>	<b>5.44</b>
<b>4 TRADE RECEIVABLE</b>	
Invoices to be issued to Parent Company	55.95
<b>TOTAL</b>	<b>55.95</b>
<b>5 CASH AND CASH EQUIVALENT</b>	
1) Cash and Cash Equivalents	
a) Balances with Banks	38.23
<b>TOTAL</b>	<b>38.23</b>
<b>6 OTHER CURRENT ASSETS</b>	
(unsecured but considered good)	
a) Advances for Goods other than Capital Goods	7.93
b) Balance with Government department	7.28
<b>TOTAL</b>	<b>15.20</b>
<b>7 EQUITY SHARE CAPITAL</b>	
Equity– 100,000 Euro paid by Parent company – Fiem Industries limited	81.38
<b>TOTAL</b>	<b>81.38</b>
<b>8 OTHER EQUITY</b>	
Translation Reserve	(3.27)
	(3.27)
<b>SURPLUS –OPENING BALANCE</b>	–
Add:– Net profit after tax transferred from Statement of Profit and Loss	0.92
<b>SURPLUS –CLOSING BALANCE</b>	0.92
<b>TOTAL</b>	<b>(2.35)</b>
<b>9 LONG TERM PROVISIONS</b>	
Total reserve for severance indemnities (TRF)	1.26
<b>TOTAL</b>	<b>1.26</b>
<b>10 CURRENT BORROWINGS</b>	
Euro 50,000 loan received from Parent company	38.85
<b>TOTAL</b>	<b>38.85</b>
<b>11 TRADE PAYABLES</b>	
Payable to Suppliers	5.22
<b>TOTAL</b>	<b>5.22</b>

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

(Amount ₹ in Lakh)

	AS AT 31.03.2019	
<b>12 OTHER FINANCIAL LIABILITIES</b>		
Employee Deferred remuneration	3.30	
Shareholders for Interest on Loans	0.13	
<b>TOTAL</b>		<b>3.44</b>
<b>13 OTHER CURRENT LIABILITIES</b>		
Withholding taxes on emmply. Rem and similar	2.69	
Withholding taxes on indep contr. Agent	1.46	
INPS employees	3.48	
<b>TOTAL</b>		<b>7.63</b>
<b>14 CURRENT TAX LIABILITY</b>		
Current tax liability	0.32	
<b>TOTAL</b>		<b>0.32</b>

(Amount ₹ in Lakh)

	Current Period 2018-19
<b>15 EMPLOYEES BENEFITS EXPENSES</b>	
a) Salaries, Wages and bonus to employees	25.64
b) Contribution to Provident and Other funds	8.24
c) Staff Welfare Expenses	–
d) Severance Pay Provisions	1.26
<b>TOTAL</b>	<b>35.14</b>
<b>16 FINANCE COSTS</b>	
a) Interest @ 7% payable to Parent company on Loan received	0.13
<b>TOTAL</b>	<b>0.13</b>
<b>17 OTHER EXPENSES</b>	
Consumable store and spares	0.11
<u>Administrative and Selling Expenses</u>	
a) Advertisement	0.36
b) Rates and taxes	0.55
c) Rent	2.72
d) Travelling and Conveyance Expenses	0.52
e) Other Office Expenses	14.38
<b>TOTAL</b>	<b>18.63</b>

## Notes on Financial Statements FOR THE YEAR ENDED 31ST MARCH 2019

### 18 Lease Transaction

The Rent expense amounting to ₹ 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

(Amount ₹ in Lakh)

Particulars	Transaction Value
	2018-19
<b>(i) Holding Company</b>	
<b>Fiem Industries Limited</b>	
Services Rendered	55.95
<b>Outstanding Amount Carried at Balance Sheet</b>	
Trade Receivables	55.95
Long Term Loan Payables	38.85
Share Capital	81.38
Interest Payable	0.13

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 The Company is incorporated in during FY 18-19, therefore Comparative previous year figures are not given.

For and on behalf of the Board of Directors

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

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

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

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

Place : Rai, Sonapat (HR.)  
 Date : 14/05/2019