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## **GENERAL INFORMATION**

### **BOARD OF DIRECTORS**

Dr. J.K. Jain	- Chairman & Managing Director
Mrs. Seema Jain	- Whole-time Director
Mr. J.S.S. Rao	- Whole-time Director
Mr. Kashi Ram Yadav	- Whole-time Director
Ms. Aanchal Jain	- Whole-time Director
Mr. Rahul Jain	- Non-Executive Director
Mr. C.D. Shah	- Independent Director
Mr. Iqbal Singh	- Independent Director
Mr. Charoen Sachamuneewongse	- Independent Director
Mr. C.S. Kothari	- Independent Director
Mr. Amitabh Prakash Agrawal	- Independent Director
Mr. J. S. Chandhok	- Independent Director (up to 03.08.2011)
Mr. V. K. Malhotra	- Independent Director (w.e.f. 04.08.2011)

### **CHIEF FINANCIAL OFFICER**

Mr. O.P. Gupta

### **COMPANY SECRETARY AND COMPLIANCE OFFICER**

Mr. Arvind K. Chauhan

### **AUDIT COMMITTEE**

Mr. C.S. Kothari	- Member /Chairman
Mr. Iqbal Singh	- Member
Mr. J. S. Chandhok	- Member/Chairman (up to 03.08.2011)
Mr. V. K. Malhotra	- Member (w.e.f. 04.08.2011)

### **REMUNERATION COMMITTEE**

Mr. C.S. Kothari	- Chairman
Mr. Iqbal Singh	- Member
Mr. J.S. Chandhok	- Member (up to 03.08.2011)
Mr. V.K. Malhotra	- Member (w.e.f. 04.08.2011)

### **SHAREHOLDERS / INVESTOR GRIEVANCE COMMITTEE**

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

### **STATUTORY AUDITORS**

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

### **COST AUDITORS**

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

### **PRINCIPAL BANKERS**

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

### **REGISTERED OFFICE**

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

### **CORPORATE OFFICE & UNIT VII**

Plot No. 1915, Rai Industrial Estate, Phase - V  
Distt. Sonapat, Haryana -131029

**Website:** [www.fieminindustries.com](http://www.fieminindustries.com)

### **REGISTRAR AND SHARE TRANSFER AGENT**

Link Intime India Pvt. Ltd.  
(Formerly, Intime Spectrum Registry Limited)  
2<sup>nd</sup> Floor, A-40, Naraina Industrial Area, Phase-II, New Delhi-110028  
Ph: 011-41410592/93/94 Fax No: 011-41410591

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 23<sup>rd</sup> Annual General Meeting of the Company will be held on Saturday the 29<sup>th</sup> day of September 2012 at 10.00 A.M. at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036, to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March 2012 and Profit & Loss Account for the period ended on that date together with Directors' Report and Statutory Auditor's Report thereon.
2. To declare dividend on the Equity Shares of the Company for the financial year 2011-12.
3. To appoint a Director in place of Mr. Rahul Jain, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amitabh Prakash Agrawal, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mrs. Seema Jain, who retires by rotation and being eligible, offers herself for re-appointment.
6. To appoint a Director in place of Ms. Aanchal Jain, who retires by rotation and being eligible, offers herself for re-appointment.
7. To re-appoint M/s Anil S. Gupta & Associates, Chartered Accountants as statutory auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an **Ordinary Resolution**:

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

### SPECIAL BUSINESS:

8. **Re-appointment of Mr. J. K. Jain as Chairman & Managing Director of the Company.**

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

**"RESOLVED THAT** pursuant to provisions of sections 198,269,309,310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification or re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, approval of the members be and is hereby accorded to the re-appointment of Mr. J.K. Jain as Chairman & Managing Director of the Company w.e.f. 07.08.2012 for a period of three years on the current remuneration, mentioned as under:

#### (a) **Salary**

Rs.10,25,000/- (Rupees Ten Lac Twenty Five thousand) per month.

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

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

1. Leave Travel Assistance, medical facility/ reimbursement, medical insurance, club fees, house servants and other perquisites/ allowances not exceeding Rs. 15,000/- (Rupees Fifteen Thousand) per month in aggregate.
2. Conveyance facility.

3. Telephone facility.
4. Gratuity as per Payment of Gratuity Act.
5. Encashment of Leaves as per Rules of the Company.

**RESOLVED FURTHER THAT** the above-mentioned remuneration to Mr. J.K. Jain, being already approved by the Central Government up to 31.03.2013, be and is hereby noted.

**RESOLVED FURTHER THAT** Mr. J.K. Jain shall not be liable to retire by rotation within the meaning of section 255 and 256 of the Companies Act, 1956.

**RESOLVED FURTHER THAT** the above-mentioned remuneration shall be paid as minimum remuneration to Mr. J.K. Jain, notwithstanding that in any financial year during his tenure as Chairman & Managing Director, the Company would make no profits or profits are inadequate within the meanings of Schedule XIII and other applicable provisions of the Companies Act, 1956 and Board of Directors of the Company be and are hereby authorized to take the requisite approval from Central Government or other authorities under the provisions of Companies Act, as and when the situation warrant so.

**RESOLVED FURTHER THAT** Company Secretary of the Company be and is hereby authorized to file the requisite application, representation and documents as and when situation warrant for any requisite approval of Central Government or such other concerned authorities for seeking their approval and to write, sign and submit such applications, forms, documents, returns as may be prescribed for the purpose and to do all such acts, deeds and things as may be deemed necessary and incidental for the purpose of giving effect to this resolution."

9. **Appointment of Mr. Rahul Jain as Whole-time Director of the Company.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 269, 198, 309 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded to the appointment of Mr. Rahul Jain, as Whole-time Director of the Company w.e.f. 01.10.2012 for a period of three years on the remuneration and terms and conditions as mentioned hereunder:

#### (a) **Salary**

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

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

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

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

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

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

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

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

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

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

**"RESOLVED THAT** pursuant to the provisions of Section 198,309,310,311 and Schedule XIII read with other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded to the increase in remuneration of Mr. Kashi Ram Yadav, w.e.f. 1st April, 2012 for the remaining period of his current tenure as Whole-time Director i.e. up to 24<sup>th</sup> October 2014 as mentioned hereunder:

**(a) Salary**

Rs. 4,50,000/- (Rupees Four Lac Fifty thousand) per month.

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

In addition to salary, he will be entitled to:

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

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

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

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

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

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

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

**"RESOLVED THAT** pursuant to the provisions of Section 198,309,310,311 and Schedule XIII read with other applicable provisions of the Companies Act, 1956 (including any statutory modification and re-enactment thereof) and in terms of Articles of Association of the Company and as recommended by the Remuneration Committee and approved by the Board of Directors of the Company, the approval of the members of the Company be and is hereby accorded to the increase in remuneration of Mr. J.S.S. Rao, w.e.f. 1<sup>st</sup> April, 2012 for the remaining period of his current tenure as Whole-time Director i.e. up to 30<sup>th</sup> November, 2014 as mentioned hereunder:

**(a) Salary**

Rs. 4,50,000/- (Rupees Four Lac Fifty thousand) per month.

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

In addition to salary, he will be entitled to:

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

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

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012

**Arvind K. Chauhan  
Company Secretary**

**NOTES:**

1. **A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint proxy(ies) to attend and vote on a poll instead of himself/ herself and the proxy(ies) need not be a member of the company. The instrument appointing the proxy(ies), in order to be effective must be received at the registered office of the company not less than forty-eight hours before the scheduled time for commencement of the meeting. Blank proxy form is enclosed with the Notice.**
2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. In terms of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Mr. Rahul Jain, Mr. Amitabh Prakash Agrawal, Mrs. Seema Jain and Ms. Aanchal, Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, resolutions for re-appointment of Mr. J. K. Jain as Chairman & Managing Director and appointment of Mr. Rahul Jain as Whole-time Director are to be considered in ensuing Annual General Meeting. Brief resume of all these Directors, nature of their expertise in specific functional areas, their shareholding in the Company, names of companies in which they hold directorships and memberships/chairmanships of Board Committees and relationship between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are annexed to the Notice and provided in the Report on Corporate Governance forming part of the Annual Report. Shareholders are requested to refer the Notice and Report on Corporate Governance for these information. The Board of Directors of the Company commends their respective re-appointments/appointments.
4. **An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business to be transacted at the Meeting is annexed hereto.**
5. Members are requested to bring their Attendance Slip at the venue of the Meeting.
6. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Relevant documents referred to in the Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, between 11.00 a.m. and 1.00 p.m. upto the date of the Annual General Meeting.
9. The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, September 22, 2012 to Saturday, September 29, 2012 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.
10. The Board has recommended a Final dividend at the rate of 30% (Rs. 3.00 per Share) on the equity shares of the Company. The dividend, if declared by the members at the said Annual General Meeting, will be payable to the members as follows:
  - a. In case of members holding shares in physical form, whose names appear on the Register of Members of the Company as on September 29, 2012 (after giving effect all the valid transfer received to the Company/RTA on or before 22.09.2012).
  - b. In respect of shares held in electronic form, to those members whose names appear as beneficial owners as at the closure of the business hours on September 21, 2012 as per details to be furnished by the depositories.
11. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order of names are requested to send the share certificates to the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd. for consolidation into a single folio.
12. Under section 109A of the Companies Act, 1956 members are entitled to make nomination in respect of shares held by them in physical mode. Members desirous of making nominations are requested to send their request in Form 2B of the Companies (Central Government's) General Rules & Forms, 1956 in duplicate to the Company's Registrar & Transfer Agent.
13. Members holding shares in dematerialized mode are advised to intimate all changes pertaining to their bank details, ECS mandate, nominations, power of attorney, address etc. to their depository participant only and not to the Company or its Registrar & Transfer Agent. Members holding shares in physical form are advised to submit particulars of bank account, viz., name and address of the Branch of the Bank, 9 digit MICR code of the branch, type of account and account no. to the Company's Registrar & Transfer Agent.
14. **Investors are requested to note that consequent to amendment in section 205A and introduction of section 205C of the Companies Act, 1956, the amount of dividend, which remains unclaimed or unpaid for a period of seven years from the date of transfer of the same in Unpaid Dividend Account, shall be transferred in Investor Education and Protection Fund as provided under section 205C. Once the amount transferred in said Fund, investor will not be able to claim the dividend and no claim will lie against the company or the Fund. Therefore investors are reminded to claim their unpaid/ unclaimed dividend for the previous financial years 2006-07, 2007-08, 2008-09, 2009-10 & 2010-11.**
15. Non-Resident Indian Members are requested to inform the Company's Registrar and Transfer Agents, M/s. Link Intime India Pvt. Ltd, immediately of:
  - a) Change in their Residential status on return to India for permanent settlement.
  - b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.



**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item 8. Re-appointment of Mr. J. K. Jain as Chairman & Managing Director of the Company.**

The tenure of Mr. J. K. Jain as Chairman & Managing Director was due for completion on 6th August 2012, therefore, in the respective meetings of Remuneration Committee and Board of Directors held on 06.08.2012, he was re-appointment as Chairman & Managing Director of the Company for a further period of three years w.e.f. 7th August 2012 at the same remuneration as he was receiving before re-appointment. This re-appointment was done subject to approval of the members in General Meeting.

The members are hereby informed that current remuneration of Mr. J.K Jain as Chairman & Managing Director had already been approved by the Central Government under Schedule XIII for a period of three years w.e.f. 01.04.2010 to 31.03.2013.

The Remuneration Committee and Board of Directors in their respective meetings held on 06.08.2012 have also approved the remuneration of Mr. J.K. Jain for his tenure starting from 7th August 2012, subject to approval of the Members in General Meeting.

Mr. J.K. Jain is the founder promoter of the company and under his dynamic leadership, the Company has been able to grow exponentially and today the company has Eight state of the art manufacturing units spreading in north and south India. Because of his vision, passion and entrepreneurship, the Company has turned into a multi crore company and added a number of new customers. Since inception he has relentlessly provided his guidance and leadership for growth of the Company. The Board is confident that under the able leadership of Mr. J.K. Jain, the Company will keep continue this success journey and will achieve new milestones. With the increase in operations of the Company, his duties and responsibilities have increased many fold, still the Board of Directors have approved the same remuneration as he was receiving before his re-appointment.

Considering all the above factors, the Board of Directors thought it prudent to re-appoint Mr. J.K. Jain as Chairman & Managing Director for another term of three years at the remuneration mentioned in the Resolution. Board of Directors commend to approve his re-appointment and remuneration (as given in Resolution) by way of Special Resolution.

Mr. J.K. Jain, hold 18,91,111 (15.81%) shares in his name. The whole promoter group hold 83,68,278 (69.96%) shares in the Company. Mr. J.K. Jain is one of the founder-promoters of the Company.

Mr. J.K. Jain, Chairman & Managing Director is husband of Mrs. Seema Jain, Whole-time Director and father of Ms. Aanchal Jain, Whole-time Director and Mr. Rahul Jain, Director hence related to these Directors. Further, all of these are promoters of the Company with major shareholding; therefore, all of them deemed to be concerned or interested in this resolution.

**Item 9. Appointment of Mr. Rahul Jain as Whole-time Director of the Company.**

Mr. Rahul Jain is at the Board of the Company since 14.11.2004. He is involved in all functions and operations of the Company for pretty long time and takes part in all strategic affairs, new initiatives and corporate planning of the Company. Due to increase in overall scale and operations of the Company, the Board felt it necessary to induct one more Whole-time Director

who can devote much time on strategic affairs, new initiatives and corporate planning. Mr. Rahul Jain is on the Board for last more than 7 years and well versed with the nitty-gritty's of the business of the Company. He extensively travelled abroad and visited the facilities of a number of big Automotive Companies in Foreign Countries and interacted with no. of business delegates. Further, he is a well educated and young blood and capable of taking long-term approach on the business planning of the Company. Considering all these factors, the Remuneration Committee in its meeting held on 18th August, 2012 recommended appointment of Mr. Rahul Jain as Whole-time Director designated as Director (Corporate Planning) at a remuneration of Rs. 3,00,000/- per month with other facilities as given in the Resolution. The Board of Directors in their meeting held on 18th August, 2012 accepted the recommendation of Remuneration Committee and appointed Mr. Rahul Jain as Whole-time Director designated as Director (Corporate Planning) w.e.f. 01/10/2012 for a period of 3 years subject to approval of the Members of the Company.

Board of Directors commend to approve the appointment of Mr. Rahul Jain and his remuneration (as given in Resolution) by way of Special Resolution.

Mr. Rahul Jain, hold 43,14,116 (36.06%) shares in his name. Mr. Rahul Jain is one of the promoters of the Company. The whole promoter group hold 83,68,278 (69.96%) shares in the Company.

Mr. Rahul Jain is son of Mr. J.K. Jain, Chairman & Managing Director and Mrs. Seema Jain, Whole-time Director and brother of Ms. Aanchal Jain, Whole-time Director hence related to these Directors. Further, all of these are promoters of the Company with major shareholding; therefore, all of them deemed to be concerned or interested in this resolution.

**Item 10. Increase in Remuneration of Mr. Kashi Ram Yadav, Whole-time Director of the Company.**

Mr. Kashi Ram Yadav was re-appointed as Whole-time Director of the Company for three years w.e.f. 25.10.2011 on the remuneration of Rs. 2,50,000/- per month plus other benefits. He was re-appointed without any increment in his existing remuneration and receiving this remuneration since April, 2008. He is looking after manufacturing operations of all factories of Company situated in North India. He is having a rich experience of more than 32 years in the field of production and manufacturing operations of the Automotive Lightings, Signalling Equipments and Rear View Mirrors. He is associated with the Company for more than 15 years. The Company is growing with a decent rate and with the increase in operations of the Company his duties and responsibilities have increased significantly.

Keeping in view of above, the Remuneration Committee and the Board decided to review the Remuneration of Mr. Kashi Ram Yadav. In the respective meetings held on 18th August, 2012, the Remuneration Committee recommended the increase in remuneration of Mr. Kashi Ram Yadav from Rs. 2,50,000/- to Rs. 4,50,000/- plus other benefits as given in Resolution w.e.f. 1st April, 2012 for the remaining period of his current tenure and Board of Directors approved the increase subject to approval of the members of the Company.

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

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

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

**Item 11. Increase in Remuneration of Mr. J.S.S. Rao, Whole-time Director of the Company.**

Mr. J.S.S. Rao was re-appointed as Whole-time Director of the Company w.e.f. 01.12.2011 for a period of three years. He was re-appointed without any increment in his existing remuneration of Rs. 2,50,000/- per month plus other benefits which he was receiving since December, 2008. He is looking after manufacturing operations of all factories situated in South India and also responsible for overseas operations of the Company. He is having a rich experience of around 3 decades in the field of production, manufacturing operations, strategic affairs in the Auto Component Industry. The Company is growing with a decent rate and with the increase in operations of the Company his duties and responsibilities have increased significantly.

Considering above, the Remuneration Committee and the Board decided to review the Remuneration of Mr. J.S.S. Rao. In the meeting held on 18th August, 2012, the Remuneration Committee recommended the increase in Remuneration of Mr. J.S.S. Rao from Rs. 2,50,000/- to Rs. 4,50,000/- per month plus other benefits as mentioned in the Resolution w.e.f. 1st April, 2012 for the remaining period of his current tenure. In

the meeting held on 18.08.2012, the Board of Directors approved the increase in the Remuneration subject to approval of the members of the Company.

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

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

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

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

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

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

Place : Rai, Sonapat (HR.)

Date : 18.08.2012

<b>Brief Particulars of Directors seeking Appointment / Re-appointment as required under Clause 49 of the Listing Agreement:</b>					
Particulars	Mr. Rahul Jain	Mr. Amitabh Prakash Agrawal	Mrs. Seema Jain	Ms. Aanchal Jain	Mr. J.K. Jain
Date of Birth	14.11.1986	19.07.1956	28.08.1954	01.12.1981	09.05.1952
Date of Appointment	14.11.2004	01.08.2010	06.02.1989	02.12.1999	06.02.1989
Category/ Designation	Non-executive Director	Independent Director	Whole-time Director	Whole-time Director	Chairman & Managing Director
Brief Resume, Experience and Specialised Field	Overall Business Management	Doctor by profession with more than 25 years of experience.	Entrepreneur with around 30 years of experience in Finance Matters.	Around 6 Years experience in Human Resources Management of the Company.	Entrepreneur with around 40 years of experience.
Directorships held in Companies, other than Fiem Industries Ltd.	Nil	Nil	Fiem Auto Pvt. Ltd.	Nil	Fiem Auto Pvt. Ltd.
Chairmanship(C) / Membership (M) of Committees held in Companies, other than Fiem Industries Ltd.	Nil	Nil	Nil	Nil	Nil
Shareholding in Fiem Industries Ltd. as on 31.03.2012.	41,87,694 (35.00%)	Nil	16,56,573 (13.85%)	3,12,693 (2.61%)	18,91,111 (15.81%)

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

Mr. J.K. Jain, Chairman & Managing Director is husband of Mrs. Seema Jain, Whole-time Director and father of Ms. Aanchal Jain, Whole-time Director and Mr. Rahul Jain, Director hence these four are related to each other. Further, all of these are promoters of the Company with major shareholding. Except above, none of the above Directors is related to any other Director of the Company.

## DIRECTORS' REPORT

### Dear Shareholders,

Your Board of Directors have pleasure in presenting the 23<sup>rd</sup> Annual Report on the affairs of the company alongwith the Audited Financial Statements of the Company for the financial year ended 31<sup>st</sup> March 2012 and the report of Statutory Auditors thereon.

### FINANCIAL RESULTS

Like last year, your Company has registered a good growth and performance of the Company for financial year ended 31<sup>st</sup> March 2012 in comparison to last financial year is being presented as under:

	(Rs. In Lacs)	
PARTICULARS	F.Y. 2011-12	F.Y. 2010-11
Gross Sales	57653.87	45117.12
Sales, Net of Excise	53022.67	41557.21
Profit before Tax, Depreciation, Finance Cost	6795.68	3820.55
Less: Cost of Finance	2075.55	950.37
Profit before Tax & Depreciation	4720.13	2870.18
Less: Depreciation	1688.36	1297.93
Profit Before Tax	3031.77	1572.25
Less: Tax Expenses	917.28	429.54
<b>Net Profit</b>	<b>2114.49</b>	<b>1142.71</b>

### BRIEF REVIEW

During F.Y. 2011-12, the Automobile Industry in India has registered a production growth of 13.83%. Further, on domestic sales front two wheeler segment has registered a better growth of 14.16% in comparison to 4.66% in passenger vehicle segment, by which the company has benefited because two wheeler segment constitute a major part in overall business of the Company. At Company front, this has been another excellent year with a strong performance across all dimensions; the Net Turnover of the Company is Rs. 530.23 Crore in comparison to Rs. 415.57 Crore in F.Y. 2010-11. This has resulted in a growth of 27.59%. The Net Profit after Tax is Rs. 21.14 Crore in Comparison to Rs. 11.43 Crore during F.Y. 2010-11.

### DIVIDEND

Like last years and continuing the practice of rewarding the Shareholders, your Board of Directors has recommended a dividend of 30% (Rs. 3.00 per share) from the profits of the Company on the Equity Shares of the Company for the year 2011-12 to the shareholders to be determined by Book Closure. The Board recommended the same for approval by the shareholders.

### TRANSFER TO RESERVES

An amount of Rs. 225.00 Lac is transferred to General Reserve Account out of the profits for the financial year ended 2011-12.

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

### CORPORATE GOVERNANCE REPORT

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

### DIRECTORS

In terms of the Articles of Association read with Section 255 and 256 of the Companies Act, 1956, Mr. Rahul Jain, Mr. Amitabh Prakash Agrawal, Mrs. Seema Jain and Ms. Aanchal Jain Directors are liable to retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Further, resolutions for re-appointment of Mr. J.K. Jain as Chairman & Managing Director and Mr. Rahul Jain as Whole-time Director are also to be considered in ensuing Annual General Meeting.

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

- Mr. J.S. Chandhok has resigned from the Directorship w.e.f. 04.08.2011.
- Mr. Vinod Kumar Malhotra had been appointed as additional director w.e.f. 04.08.2011 and regularised in Annual General Meeting held on 30th September, 2011.

### SUBSIDIARY COMPANY

Your Company has one wholly-owned subsidiary Company incorporated in Japan namely 'Fiem Industries Japan Co., Ltd.' The Financial Statements of the same together with Report of the Auditors and Directors thereon are being attached with the Financial Statements of the Company as required under section 212 of the Companies Act, 1956.

### CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard 21 on Consolidated Financial Statements read with other applicable provisions, the Audited Consolidated Financial Statements has also been prepared for FY 2011-12, which forms part of this Annual Report of your Company.

### FIXED DEPOSITS

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

### STATUTORY AUDITORS

M/s Anil S. Gupta & Associates, Chartered Accountants who retire at the conclusion of this 23<sup>rd</sup> Annual General Meeting and being eligible are proposed for re-appointment. They have given their consent for re-appointment and certificate to the effect that the re-appointment, if made, would be within the limit prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

### OBSERVATIONS IN AUDITORS' REPORT

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



## PARTICULARS OF EMPLOYEES

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

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

CSR today is synonymous with the responsible business behavior of the organization. CSR not only plays an important role in giving back to the society but also creates credibility, reputation and confidence among stakeholders and society at large.

As a responsible corporate citizen, CSR is at very core of the business of your Company. It is also about the inclusive growth and development which postulates that the benefits of growth are not shared just by its shareholders and employees but also communities among whom the Company operates. It is about helping the underprivileged, protecting the environment and helping the humanity in the similar ways. The Company contributes towards all these causes by way of donations to the various societies and trusts, which are engaged in these social activities. Company also contributes to Kutch Vikas Trust, which organizes free eye operation camp for underprivileged. Company takes a lot of initiatives for environment protection and encouragement for greener environment. Company also donates in religious and social institutions as gesture to support them in the noble cause.

## COST AUDIT

During the year 2011-12, Ministry of Corporate Affairs has issued Orders under section 233B of the Companies Act and also issued some Circulars in this regard. As a result of which, Cost Audit become applicable on the Company for F.Y. 2011-12 for the 'Rear View Mirrors'. Hence, to conduct the Cost Audit, Mr. Krishan Singh Berk, Cost Accountant has been appointed as Cost Auditor by the Board of Directors of the Company. From F. Y. 2012-13 onwards, the Cost Audit has become applicable on other products like Automotive Lighting & Signaling Equipments etc. i.e. products under Automotive Components, hence Mr. Krishan Singh Berk has been re-appointed for carrying out Cost Audit for F.Y. 2012-13.

As Cost Audit is applicable on the Company 1st time from F.Y. 2011-12, hence no Cost Audit Report was required to be filed during F.Y. 2011-12. The Cost Audit Report for the year 2011-12 will be filed in due course.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in '**Annexure- A**' which forms part of this Directors' Report.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required by Section 217(2AA) of the Companies Act, 1956, Directors of your company hereby confirm, that:

- (i) In the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for protecting & detecting fraud and other irregularities;
- (iv) The Annual Accounts for the year-ended 31.3.2012 have been prepared on a going concern basis.

## ACKNOWLEDGEMENT

The Board of Directors of your Company wishes to place on record sincere appreciation for hardwork and determination of all employees of the Company for a creditable performance during the year. Your Directors also want to gratefully acknowledge the confidence and faith shown by valued OEM customers and remain thankful for their support and co-operation. Last but not the least, Board also want to say thanks to banks, vendors and all other stakeholders for their co-operation and support during all this time and look forward for same in future as well.

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

**-Sd-**

**J.K. JAIN**

Chairman & Managing Director

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

**Date : 18.08.2012**

## ANNEXURE-'A' TO THE DIRECTORS REPORT

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

**CONSERVATION OF ENERGY**

Now a day, Power and Energy has become a topic of discussion and deliberation due to shortage of the same in the most part of the nation. Power shortage and supply constraints are very frequent affecting to every walk of life and industry is not among exception. In this scenario, conservation of energy has become a more and more relevant area to act upon.

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

Though, your Company is not under the category of power intensive unit, still energy conservation measures are taken regularly and it remains an area of continuous focus and following measures and initiatives have been taken for energy conservation:

1. Solar Water Heater System installed for canteen in Rai Unit instead of electric geyser.
2. LED Lights of 10W installed in production area in place of 28W T5 tubes resulting in substantial saving of power.
3. To increase the efficiency of DG sets, additives are mixed in diesel, resulting in increased efficiency and less diesel consumption.
4. New Compressor of 236 CFM installed in Kundli Unit to replace the old three Compressors of 326 FM, resulting in substantial saving of power.
5. Water chiller line extended to Molding area in Rai Plant, which helped in reducing the cycle time of production and resulted in increased efficiency in production.
6. Water pressure sensing system introduced in utility area to stop idle running of pump on cooling towers.
7. As a continuous process, additional energy saving devices have been installed wherever found necessary.
8. Energy saving awareness programme conducted and training imparted to concerned staff to use minimum power while working in the office & switch off the electric driven equipments when these are not in use.

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

The Company has also ventured into Energy Saving Green Technology and developing Indoor and Outdoor lighting solutions like LED Home Lighting, LED Solar Street Lighting, etc. These products will use LEDs which are highly energy efficient with long life span and will also work on Solar Energy. Company is investing in this area to give energy efficient, environment friendly and long lasting lighting solutions to the consumers at large.

Company also plans to install these home made products at factories instead of conventional lighting, which will directly reduce the power consumption. This is a one time investment, but will result in substantial saving of energy as well as substantially reduce the replacement cost because LEDs are having a very long life span in comparison to other conventional sources. Further, energy conservation is an important area to focus and regular periodic reviews are carried out to improve upon these measures and new proposals are being considered on regular basis.

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

Above measures have resulted in energy saving, cost saving as well as increase in efficiency of machines. All these measure of energy conservation resulted in the overall cost reduction.

**(d) Total Energy Consumption and Energy Consumption Per Unit of Production As Per Form A:**

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

**RESEARCH & DEVELOPMENT**

Innovations through strong Research & Development activities continue to be a focus area for the Company. With this underlying philosophy, Company is investing in the Research & Development programme of the Company inter-alia to achieve the following objectives:

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

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

Following information will throw a light on the R&D activities of the Company.

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

- Introduction of LIGHT GUIDES using LED in replacement with incandescent bulbs for parking / position lamps.
- Complete In-house Optical Designing and Simulation for headlamp, tail lamp and signaling lamps.
- Complete In-house Designing for headlamp, tail lamp and signaling lamps along with design verification.
- In-house Design and Development for four wheeler LED Rear combination, LED direction indicator lamp.
- In-house Designing and Development of LED Home Lighting by state of the art electronics and circuit board designed to withstand severe voltage level fluctuation.

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

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

**3. Future Plan of action:**

- Strengthening the existing R&D infrastructure and facilities for complete designing of the products from conceptualization to production covering product design, testing, optical simulation etc.

- Designing & Development of LED Head Lamp with indigenous developed control module.
- Fiem aims to be a complete system solution provider for all kind of solar based lighting systems.

#### 4. Expenditure on R&D:

During the year the Company has invested in developing and upgrading state-of-the-art R&D Unit at Rai and enhancing its engineering capabilities and technology for Designing of Automotive Lightings, Rear View Mirrors, LED Lighting etc. to meet the requirement of Indian and Global OEMs and strengthen the capabilities for development of new generation Lamps and

innovative products. For this purpose, highly specialised and latest Designing and Development software purchased and work stations developed. To achieve the objective of R&D programme, highly experienced and qualified engineers joined in R&D Unit of the Company. All this led to the Capital as well as Recurring expenditure on R&D Unit.

Ministry of Science and Technology, Department of Science and Industrial Research has accorded its Recognition to our R&D Unit situated at Rai, Sonapat, Haryana w.e.f. 23rd December 2011.

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

**Amount (in Rs.)**

Particulars	2011-12		2010-11
	After Recognition	Before Recognition	
<b>Capital Expenditure:</b>			
Capital Expenditure	13,706,872	3,361,508	1,026,217
<b>Total (A)</b>	<b>13,706,872</b>	<b>3,361,508</b>	<b>1,026,217</b>
<b>Recurring / Revenue Expenditure:</b>			
Employees Benefits	10,844,333	22,180,790	6,136,368
Other Expenses	798,758	1,263,916	-
Finance Cost	98,983	2,932	-
Depreciation & Amortization	150,923	105,243	110,178
<b>Total (B)</b>	<b>11,892,997</b>	<b>23,552,881</b>	<b>6,246,546</b>
<b>Grand Total (A+B)</b>	<b>25,599,869</b>	<b>26,914,389</b>	<b>7,272,763</b>

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

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

Manufacturing of Automotive Components require continuous focus on technology. Hence, the management of the Company has special focus in technology absorption, adaptation and innovation. Efforts for technology absorption, adaptation and innovation are in the area of product development, new process development and Improvement in existing production processes as well as overall manufacturing processes:

- New processes like Sputtering, Vibration Welding, Reflow Soldering etc. extended to other Units as well as more range of products where they can be applied.
- Improvement was done in Hot Melt process by introduction of fixture and robotics programming instead of earlier manual process.
- Lens pressing and leakage testing was introduced at single stage instead of earlier two stage process.
- Manual Reflector focus adjustment was discontinued and it is being done automatically by machine.
- LEDs are introduced in more and more products in addition to Tail Lamps of 2 wheelers, Blinkers etc.

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

- LED introduction resulted in new range of products with better lighting results and better aesthetics.

- New process development and Improvement in existing production processes resulted in increased efficiency, faster and better product development
- This has also resulted into better manufacturing processes and confidence of the customers has increased.
- Because of the focus on technology absorption, Process Engineering Department has successfully developed many Light testing and Leak testing machines / panels and installed these on assembly lines. These are a better and cost effective substitute of the imports and it resulted in to saving in foreign exchange.

### 3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year 2011-12), information as per Form B to above Rules may be furnished: - Not Applicable.

## EXPORT INITIATIVE AND FOREIGN EXCHANGE EARNING & OUTGO

### Activities relating to Exports:

The Company's activities relating to exports has remained same as of earlier years i.e. manufacturing of Automotive Lamps, signaling lamps and rear view mirrors including prismatic mirror plates etc. Company supply these products to domestic OEMs as well exports these products to OEMs and Tier-I Suppliers in other countries as well as customers who further supply in their replacement market.

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

As a growth initiative, company is taking every initiative to increase the exports, development of new market and making new plans for exports. The following are main initiatives and plans:

- (i) Company is supplying to various multinationals OEMs located in India and developed healthy relations and reputation of a quality manufacturer. These customers have a first hand experience about the manufacturing capabilities of the Company and well aware about the world-class manufacturing facilities of the Company, hence it makes a win-win proposition for the Company as well as valued customers to extend this relationship for fulfilling global supply needs of these valued OEMs. Company has successfully extended this relationship to increase its exports.
- (ii) Company is also fulfilling the Foreign Market requirements of existing Indian OEMs customer and keeps trying to further strengthen this relationship for increasing its exports.
- (iii) Today FIEM is a known brand in Automotive Lighting and Rear View Mirrors in international OEMs and is considered as synonymous of High Quality & Low Cost manufacturing. The management is successfully able to market this to get the new orders for exports.
- (iv) Company also intend to forge strategic partnership with top class Tier-I suppliers in foreign markets, which provide synergies by taking the benefit of low cost, high quality manufacturing in India coupled with the benefits of their presence in their home markets.

During the year 2011-12, foreign exchange earning and outgo had been as under:

## Foreign Exchange Outgo

		Amount (In Rs. lacs)	
S.No.	Particulars	2011-12	2010-11
1.	Value of Import on CIF basis	2513.68	1865.39
2.	Finance Cost	118.89	19.82
3.	Salary to Staff	118.15	-
4.	Travelling expenses	54.45	30.79
5.	Consultancy Charges	14.15	15.97
6.	Others	14.48	4.71
<b>TOTAL</b>		<b>2833.80</b>	<b>1936.68</b>

## Earning in Foreign Exchange

		Amount (In Rs. lacs)	
S.No.	Particulars	2011-12	2010-11
1.	Export Sale on FOB Value	1125.92	1248.49
2.	Testing Fee Received	4.73	-
3.	Packing & Forwarding	1.63	1.46
4.	Mould & Die Modification Charges	11.57	-
5.	Other Income	0.85	2.13
6.	Design & Development Charges	-	272.75
<b>TOTAL</b>		<b>1144.70</b>	<b>1524.83</b>

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Economic Overview:

Year 2011-12 has left mix kind of signals. While Euro Region debt crisis and overall slow economic recovery in European countries was a headline throughout the year, our own internal political and economic environment was showing sign of uncertainties and many business leaders have openly aired their opinion about these conditions. Despite all these, our economy has registered a GDP growth of 6.5%, which is giving some kind of relief about the growth indication. Still there are wide spread feelings that Indian Government should push the reforms with a fast pace to bring back the economy in high growth trajectory. The conditions in developed countries should also recover as most of the economists are of the opinion that worst is over and things should improve in general. However, some of European countries like Portugal, Italy, Greece and Spain will still test the time because of their internal economic turmoil in very recent times.

On this backdrop, it is expected that globally the things in general will improve and our internal policy reforms will give a boost to our economy. These expectations give a positive outlook for the overall economy in medium to long term.

### Industry Structure and Developments:

Auto Component Industry is in the nature of ancillary to Automobile Industry. The automobile OEMs give the mobility solutions to the society and Auto Component Industry acts like a vendor - partner in production of any automobile whether passenger vehicle, commercial vehicle, two wheeler, three wheeler or any other automobile equipments or vehicle. Automobile OEMs fulfill their components requirements from the Auto Component Manufacturers to make a complete vehicle. A single Vehicle requires numerous nos. of components depending upon the size, complexity and functionality of the Vehicle.

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

Auto component players are also characterized by the specialization into their core areas. Normally, one player manufactures one or two product for whole range of Automobiles or particular segment of automobile. Like, Lighting Equipment companies manufacturer these parts for a large no. of vehicle and Horn manufacturing companies manufacture Horn for a large range of vehicle. So in a way every Component manufacturer Company is specialized in its field. However, a very few big companies or conglomerates manufacture a large no. of products and supplies to their customers many products at a time. We can say that, automobile industry act as parent industry for auto component industry and these two forms backward and forward integration with each other.

After liberalization, Indian automobile industry has grown significantly with OEMs from all across the world, particularly from Japan, Korea, Europe and America. Further, the domestic players like Tata Motors, Mahindra & Mahindra and two wheeler players like Hero Honda, Bajaj, TVS and many others have also turned bigger and bigger. This has made Automobile Industry as one of the biggest Industry in our economy. As Auto Component Industry is complementary to Automobile Industry so it has also grown significantly by presence of Indian and foreign players. Off late, India is emerging as a manufacturing hub, both for automobile and auto components. Indian auto component Industry is capable of producing all types and varieties of

components and it has come a long way in development, capable of competing with other countries. In addition to domestic business, Indian auto component industry also exporting a significant part to other countries.

In India, Automobile Industry and Auto component Industry have a fair spread across states, presenting a balanced regional development and presence. All regions have established players in all segment of Automobile Industry like Commercial Vehicles, Passenger Vehicles, Two Wheelers and Tractor etc.

### Auto Industry Outlook-Automobile & Auto Components:

On macro economic front, the environment has remained volatile because of global and internal economic reasons. However, the cumulative production data for F.Y. 2011-12 shows that the Automobile Industry in India has been able to achieve a decent growth rate of 13.83% in production.

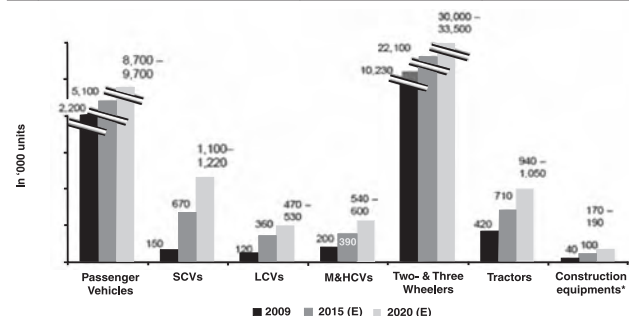
The growth rate for overall domestic sales for 2011-12 was 12.24 percent amounting to 17,376,624 vehicles. Passenger Vehicles segment grew at 4.66 percent during F.Y. 2011-12 over same period last year. The Total Two Wheelers domestic sales registered a growth of 14.16 percent.

On Export front, during F.Y. 2011-12, the industry exported 2,910,055 units, registering a growth of 25.44 percent. Passenger Vehicles registered growth at 14.18 percent in this period. Commercial Vehicles, Three Wheelers and Two Wheelers segments recorded growth of 25.15 percent, 34.41 percent and 27.13 percent respectively. [Source: SIAM]

Year 2011-12 has seen a low volume growth in Automobile in comparison to year 2010-11, this was attributed to various reasons like high interest rates, increasing petrol prices and a general slowdown in the consumer demand in domestic market. The high base of last year is also giving some arithmetic reason of the slower growth rate in F.Y. 2011-12. However, facing all these things, 13.83 % in production is considered as a decent growth rate.

As per Industry estimates and study carried out by SIAM and EY, the following are the Growth Projections for Automobile Industry in 2015 and 2020.

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



\* Includes backhoes, track excavators, wheeled loading shovels, vibratory rollers and liftall  
Segment Wise Future Projections for Automobile Industry [Source: SIAM-EY Study]

Growth of Auto Component Industry being directly dependent on the growth of the Automobile Industry, hence outlook for the Auto Component Industry looks robust in medium to long term as shown by the above estimates. As per Automotive Mission Plan 2016, Automotive Industry viewed as 'Locomotive for Growth' and expected to contribute 10% of the Country's GDP.

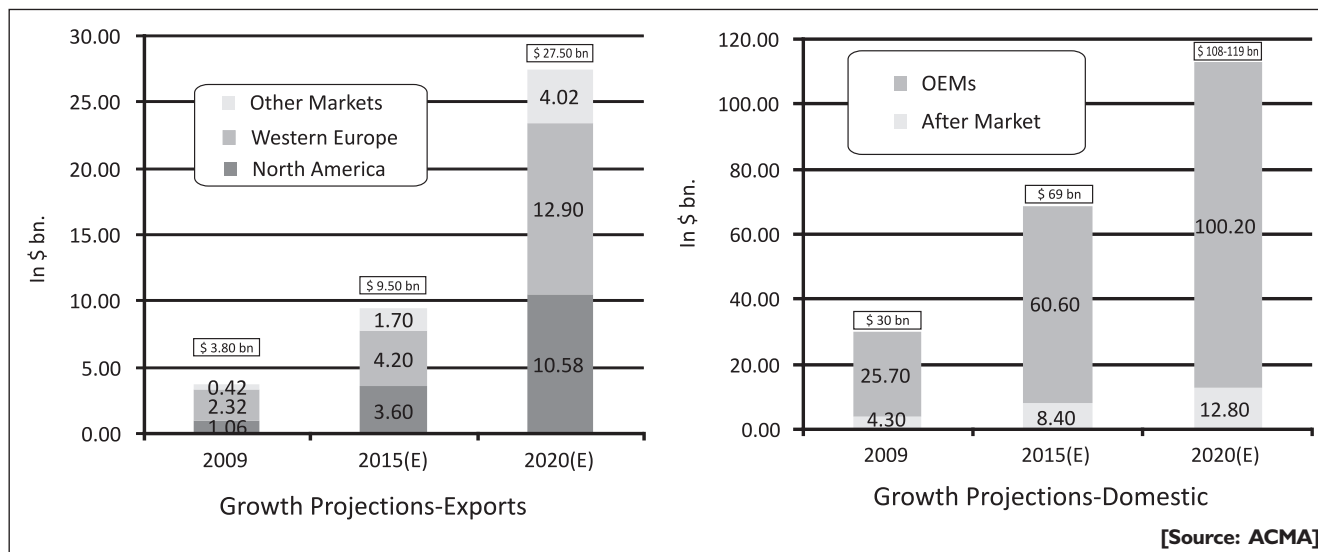
## Opportunities & Threats:

India as a manufacturing destination has the various advantages over other countries like large & growing domestic demand, faster product development capabilities, high quality standards, export capabilities, availability of skilled manpower, respect for intellectual property, well conversant with global automotive standards, and among best IT capabilities etc. These factors provide a conducive environment for the Automotive Industry and act as growth drivers for the industry.

Indian automobile and auto component industry is growing with a fast pace and Industry players are using India as manufacturing hub for exports as well as to take benefits of domestic demand of an emerging country with huge demography.

Despite some low sentiments on macro economic factors on global economy level, particularly in Europe, India looks a promising country because of no. of growth drivers working in its favor like - burgeoning middle class in India, rapid urbanization and emergence of new cities, low automobile penetration till now etc. These all economic factors indicates about strong growth potential of the Industry.

As per industry estimates and studies by research groups, following are the growth projections for Indian Auto Components Industry in exports and domestic markets:



The above positive estimates indicate ample opportunities for your Company to grow in Automotive Segment; hence the Company has built-up capacities and further expanding, as and when needed to meet the growing demand of the OEMs.

Further, the Company has also ventured into Energy Saving Green Technology and developing LED Home Lighting, LED Solar Street Lighting, Multi-Functional Torches cum Flasher Lights, LED Solar Lanterns, LED Display panels for buses and trucks and LED display signal systems for Railways etc. to drive the growth of the Company in the next phase.

With such a strong growth potential, Indian automobile & auto component industry also faces some structural issues, which are generally typical with a growing and emerging economy. First and foremost of these are Infrastructure challenge like road, ports and power. Inflation is another challenge as it affects growth and down play the common men sentiments.

We can say that despite some challenges, there are ample growth opportunities in the Industry and management of the Company is capable to encash these opportunities as well as create new avenues to drive the growth of the Company in next phase.

## Segment-wise or Product-wise Performance:

The business of the Company is manufacturing of auto components and main product line are Automotive Lighting & Signaling Equipments, Rear View Mirrors, Sheet Metal Parts, Plastic Moulded Parts and some other components. All the product line of the Company is categorized in auto components category and is subject to same set of risk and returns. Hence, the Company's business falls with in one segment only i.e. Automotive Components. Company is also foraying into LED display panels, torches and other LED products in general In-door and Out-door Lighting, like Home Lighting and Street Lighting etc.

During Financial Year 2011-12, Company has registered a decent growth of 27.59% by achieving a Net Turnover of Rs. 530.23 Crore in comparison to Rs. 415.57 Crore in last financial year.



The Product-mix of the Company has remained almost same with slight increase in the Plastic Moulded Parts. The Product Mix details of the Company are as under (on Gross Turnover basis):

(Rs. In Lacs)					
Product Category	2011-12	%age of Total	2010-11	%age of Total	Change (%age)
Automotive Lighting, Signaling Equipments and Parts	41786.70	72.48%	34732.40	76.98%	-4.50%
Rear View Mirror and Parts	7649.73	13.27%	6324.05	14.02%	-0.75%
Sheet Metal Parts	1826.20	3.17%	1744.53	3.87%	-0.70%
Plastic Moulded Parts	4419.91	7.67%	1199.21	2.66%	5.01%
Other Misc. Items (Balance)	1971.32	3.42%	1116.92	2.48%	0.94%
<b>Total</b>	<b>57,653.86</b>	<b>100%</b>	<b>45,117.12</b>	<b>100%</b>	<b>0.00%</b>

The above Table shows that around 3/4th of the Total Turnover comes from Automotive Lighting and Signaling Equipments and close to 13% comes from the Rear View Mirrors. In F.Y. 2011-12, Plastic Moulded Parts portion has shown some increase in total pie because of production ramp-up in newly set-up Tapukara Plant.

#### Risks and Concerns:

In F.Y. 2011-12, one of the reason for comparative low growth in Automobile Industry is surging fuel prices and particularly petrol. It clearly showed that increase in fuel prices impacted the growth in Automobile Industry. Further, Interest rate has also not come down to the comfort level of common men, resulting in sluggishness in the demand of Automobiles. Slow pace of reforms in our country is also a discussion point now a days and no. of business leaders are openly airing their views and concerns. Further, Europe has not picked-up demand hence exports are affected adversely. In last financial year, On domestic sales front, the two-wheeler segment has registered a healthy growth of 14.16% in comparison to 4.66% in passenger vehicle segment, by which your company has also reaped rich benefits as two-wheeler segment constitutes a major part in the overall business of your Company. The market dynamics of two-wheeler industry are bit different from passenger vehicles industry. Two-wheelers are relatively less financed purchases than four-wheelers / passenger vehicles as two-wheeler is a matter of necessity rather than luxury. Therefore, it is less likely that increasing interest rates and surging fuel prices will adversely impact the two-wheeler purchases. However, any slowdown in demand of two-wheelers, if happens, may impact the growth of the Company, as substantial business of your company come from two-wheeler segment of the Automobile Industry.

In previous years, company had entered into some currency derivative contracts for the purpose of hedging the risk of foreign currency exchange fluctuations. Now a days most of the foreign currencies are northward and Indian Rupee has substantially depreciated in comparison to USD, JPY etc. Consequently, the company has suffered losses on these contracts. However, the Management is now more cautious on these type of contracts.

#### Internal Control Systems and their Adequacy:

The Company has adequate Internal Control Systems as per requirement of size and scale of the business. The manufacturing locations of the Company are spread into various locations and each location remains under continual reporting to Head Office. It is necessary that any shortcoming in the system should be pointed put at earliest opportunity. Management is well aware about the necessity of robust internal control system to safeguard the assets of the Company and protect them against unauthorized use.

Our Units are ISO / TS 16949:2009, ISO 14001:2004 and OHSAS 18001:2007 certified. These certifications are obtained after adherence of strict audit requirements and internal control systems. The adequacy of each internal control system is reviewed periodically, so that necessary improvement and change can be implemented at earliest to keep the system robust and adequate.

Management Review Meetings are regular to internally review the systems from time to time to enhance the efficiency in the operations and avoid any problem at earliest stage.

#### Financial Performance with respect to Operational Performance:

This has been another excellent year for the Company with strong performance across all dimensions. During F.Y. 2011-12, the Company has achieved a Net Turnover of Rs. 530.23 Crores in comparison to Rs. 415.57 Crores in F.Y. 2010-11 and registered a growth of 27.59%

In F.Y. 2011-12, PAT of the Company is Rs. 21.14 Crore in Comparison to Rs. 11.43 Crore during F.Y. 2010-11 resulting in an increase of Rs. 9.71 Crore in comparison to last year. The profitability of the Company has improved during F.Y. 2011-12 in comparison to last year as shown in the following table:

(Rs. In Lacs)				
Particulars	2011-12	Profitability	2010-11	Profitability
Net Sales	53022.67	-	41557.21	-
EBIDTA	6795.68	12.82%	3820.55	9.19%
Net Profit	2114.49	3.99%	1142.70	2.75%

#### Human Resources / Industrial Relations:

The Company believes that the human capital is the key engine for its growth and competitiveness. It continues to focus on HR practices, systems and people development initiatives that encourage continuous learning on the job and meritocracy and which enhance the organization's capability. The Company employs capable talent pool across all Units of the Company. The changing business scenario necessitates continuous development of employees in terms of skills and competencies in line with the Company's requirements. The Company conducts/ sponsors in-house and external training encompassing behavioral and management areas to enhance the quality of employee performance. There are several initiatives for knowledge sharing with employees that we undertake on an ongoing basis.

To enhance the capability of the employees, necessary training is imparted regularly for all of the key operations. TQM, 5S, Kaizen, 6 Sigma etc. are regular modules/ processes for enhancing the skills, productivity and efficiency of the employees. Our Units are ISO/TS 16949:2009, ISO 14001:2004 and OHSAS 18001:2007 certified, these certification further testify our capabilities of better management.

Company has initiated a special drive to recruit the woman employees from neighboring areas and impart them necessary training for their skill development and in this way contributing for women empowerment. As a matter of record, in assembly lines maximum numbers of workers are women. Company not only impart them required training but also provide all employees a good working environment and other facilities like canteen, transportation, uniform, lockers, restroom etc.

Throughout the year, the relations with the employees have remained cordial. This is a result of management's initiatives to provide them best measure for safety, health and welfare. Because of these proactive initiatives, Employees' satisfaction is among best in the Industry.

#### Cautionary Statement:

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

## CORPORATE GOVERNANCE REPORT

(Pursuant to Clause 49 of the Listing Agreement)

The Listing Agreement with Stock Exchanges mandates every listed Company to present a Report on Corporate Governance in their Annual Report. The Corporate Governance Report is based on the practices followed by the Company's Board and senior management and disclosure requirements of Clause 49 of the Listing Agreement. Keeping in view of above, the Board of the Company present this Report on Corporate Governance.

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

Your Board believes that good Corporate Governance is characterized by a firm commitment and adoption of ethical practices by an organization across its entire value chain and in its dealings with all its stakeholders covering employees, customers, vendors, regulators, shareholders and society-at-large.

A good Corporate Governance ensures maximizing the shareholder value and simultaneously ensuring fairness to all stakeholders, customers, employees, vendors, the government and the society-at-large. Corporate Governance is about transparency and raising the trust and confidence of stakeholders in the way the company is run. It is about the Board and management acting like trustees on behalf of every shareholder - large or small. It is important to focus on the sustainability of business models and not just earnings. The span of vision should be beyond annual profits. Hence, the management of the company believes that sound Corporate Governance practices and responsible corporate behavior entails for long-term and sustainable growth of the Company and these practices should be based on the principles of fairness, integrity, transparency and accountability.

### 2. BOARD OF DIRECTORS:

#### 2.1 Composition of the Board

In compliance with Listing Agreement and as per business requirement of the Company, the Board constitutes Independent Directors, Whole-time Directors and Non-executive Director. The current strength of the Board is twelve Directors and six of them are Independent Directors. The Board act as governing body of the Company and in addition to comply the statutory & regulatory requirements and requirements of Listing Agreement, all major business, financial, policy, strategic and other important matters and information are placed before the Board and the same is deliberated and decided upon by the Board in their Meetings only. In case of urgent matters, the Resolutions may be passed by Circulation and the same is placed before the Board in their next meeting. The Board Committees deliberate the matter of their domain and all decisions are taken in respective Committee Meetings.

As per disclosure requirement of Clause 49, the required details about the Directors viz. the Directorships in other Public Companies, Memberships/ Chairmanships in Committees of other Companies, Shareholding in the Fiem Industries Ltd. as on 31.03.2012 are as under:

Sr. No.	Name of the Director	Category	Number of Directorship held in other Public Limited Companies*	No. of Chairmanship/ membership held in Committees** of Other Public Limited	Shareholding in Fiem Industries Ltd. (No of Shares)
1	Mr. J.K. Jain	CMD Promoter	Nil	Nil	1891111
2	Mrs. Seema Jain	EPD	Nil	Nil	1656573
3	Mr. J.S.S. Rao	ED	Nil	Nil	12
4	Mr. K.R. Yadav	ED	Nil	Nil	338
5	Ms. Aanchal Jain	EPD	Nil	Nil	312693
6	Mr. Rahul Jain	NEPD	Nil	Nil	4187694
7	Mr. C.D. Shah	ID	Nil	Nil	17000
8	Mr. Iqbal Singh	ID	Nil	Nil	20014
9	Mr. Charoen Sachamuneewongse	ID	Nil	Nil	Nil
10	Mr. C.S. Kothari	ID	Nil	Nil	1
11	Mr. Amitabh Prakash Agrawal	ID	Nil	Nil	Nil
12	Mr. J.S. Chandhok (up to 03.08.2011)	ID	Nil	Nil	Nil
13	Mr. Vinod Kumar Malhotra (w.e.f. 04.08.2011)	ID	Nil	Nil	Nil

CMD : Chairman & Managing Director,  
NEPD : Non Executive Promoter Director  
EPD : Executive Promoter Director  
ED : Executive Director,  
ID : Independent Director.

\* Excluding Foreign Companies.

\*\*Committee Means Audit Committee and Shareholders'/Investors Grievance Committee only.

#### 2.2 Changes in Board of Directors

During the Financial Year 2011-12 and till the date of this Annual Report following changes have occurred in the Board of Directors:

Sr. No.	Name of Director	Appointment/ Resignation	Effective Date	Category
1.	Mr. J.S. Chandhok	Resignation	04.08.2011	Independent Director
2.	Mr. Vinod Kumar Malhotra	Appointment	04.08.2011	Independent Director

#### 2.3 Board Meetings

During the Financial Year 2011-12, five Board Meetings were held on 14.05.2011, 03.08.2011, 19.08.2011, 07.11.2011 and 11.02.2012.

#### 2.4 Directors Attendance Record

The attendance of directors at the above Board Meetings and at the previous Annual General Meeting held on 30th September 2011 is as under:

Sr. No.	Name of the Director	Board Meetings attended/held	Whether present at the previous AGM
1	Mr. J.K. Jain	4/5	Yes
2	Mrs. Seema Jain	5/5	Yes
3	Mr. J.S.S. Rao	3/5	No
4	Mr. K. R. Yadav	5/5	Yes
5	Ms. Aanchal Jain	5/5	Yes
6	Mr. Rahul Jain	4/5	Yes
7	Mr. C.D. Shah	0/5	No
8	Mr. Iqbal Singh	4/5	Yes
9	Mr. Charoen Sachamuneewongse	0/5	No
10	Mr. C.S. Kothari	5/5	Yes
11	Mr. Amitabh Prakash Agrawal	0/5	No
12	Mr. J.S. Chandhok (up to 03.08.2011)	2/2	N.A.
13	Mr. Vinod Kumar Malhotra (w.e.f. 04.08.2011)	3/3	No

## 2.5 Profile of Directors:

### Brief Profile of the Directors:

**Mr. J. K. Jain**, aged 60 years, is the Chairman and Managing Director of the Company. He hails from a business family and is one of the pioneers in the automotive lighting industry in India. After completing his graduation in Commerce from Delhi University, he got involved in family business of manufacturing automotive lighting and signaling equipments. In the year 1977, he set-up another proprietary concern namely 'Fiem Auto & Electrical Industries' to tap the business from OEM Customers. In year 1986, he set-up a Company under the name of Fiem Auto Pvt. Ltd. as an ancillary to 'Ind Suzuki Motorcycle Pvt. Ltd.' (now TVS Motor Co. Ltd.). Keeping in view the pace of the automotive industry and the growing customer demand, he set-up another Company in the year 1989, namely 'Rahul Auto Pvt. Ltd.' (now Fiem Industries Ltd.) for manufacturing of rear view mirrors along with automotive lighting & signaling equipments. After visualizing the potential growth in the Indian Automobile Industry, he initiated action for re-structuring and re-engineering of all the units under 'Fiem Industries Ltd.' He has been instrumental in the growth of the Company since beginning. He has a number of awards and recognitions to his credit; some of these are as under:

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

**Mrs. Seema Jain**, aged 57 years, is the Whole-time Director of the Company. She is wife of Mr. J.K. Jain. She completed her B.Sc. from Lady Erwin College of Delhi in 1974. She hails from a business family and looked after the day-to-day business activities of her family business since her college days. She is presently actively involved in overseeing the finance functions of the Company.

**Mr. Rahul Jain**, aged 25 years, is a Non-Executive Director of the Company. He is son of Mr. J.K. Jain and Mrs. Seema Jain. After completing Sr. Secondary School from Modern School, New Delhi he has completed B.Sc. (Management) from the Indian Institute of Learning

Management (IILM), New Delhi. He is involved in all the business activities of the Company and takes part in all strategic affairs, new initiatives and corporate planning of the Company. His appointment as Whole-time Director is proposed for approval by the Members of the Company in the ensuing Annual General Meeting.

**Ms. Aanchal Jain**, aged 30 years, is the Whole-time Director of the Company. She is daughter of Mr. J.K. Jain and Mrs. Seema Jain and sister of Mr. Rahul Jain. She completed her B.Sc. in Management from the Indian Institute of Learning Management (IILM), New Delhi in the year 2002 and enrolled herself for further studies in the USA. She completed her Masters in Business Administration in Human Resource and Management from Indiana Institute of Technology, USA in the year 2004. She is presently actively involved in human resource management functions of the Company.

**Mr. J. S. S. Rao**, aged 55 years, is the Whole-time Director of the Company. He is a Post Graduate from Bangalore University with specialization in Cost Accounting and Factory Organization. He has an overall experience of over 30 years in automotive lighting and components industry involving manufacturing, operational and business strategic functions. Prior to joining the Company, he has worked with Lumax Industries Ltd., Evershine Moulders Ltd. and Toshi Auto Industries Ltd. He joined the Company in May 2003. He was subsequently appointed as a Whole-time Director of the Company in December 2005. He is presently responsible for the overseas and south India operations of the Company.

**Mr. Kashi Ram Yadav**, aged 56 years, is the Whole-time Director of the Company. He has more than 30 years experience in production and manufacturing operations of automotive lightings, signaling equipments and rear view mirrors. He started his carrier with the promoters of the Company in 1975 and since then working in different capacities. Keeping his long association with the Company and his long experience he was elevated to the Board of the Company w.e.f. 25.10.2008 and appointed as Whole-time Director on the same date. He was designated as Director (Operations-North) and responsible for production and manufacturing operations in North India Units of the Company.

**Mr. Chandrakant D. Shah**, aged 84 years, is an Independent Director on the Board of the Company. He has a rich industrial & business experience of about 60 years in diverse fields. He was the Managing Director of Neometal & Electrical Industries (P) Ltd., which was engaged in the manufacturing of automobile accessories and was one of the leading exporters of headlamps and tail lamps. During his tenure as the Managing Director of this Company, the Company had won certificates from EEPC for highest export in small-scale sector for many years. He was elected as the first Asian Chairman of the Dar Es Salaam Municipal Corporation (Capital of Tanzania). He has been appointed as Non executive Director of the company on March 7, 2006.

**Mr. Chatter Singh Kothari**, aged 64 years, is an Independent Director on the Board of the Company. He is a Commerce Graduate from University of Delhi. He is running his own business and has an experience of over 32 years in the field of finance and marketing. He has been appointed as a Non executive Director of the Company on March 1, 2005.

**Mr. Iqbal Singh**, aged 59 years, is an Independent Director on the Board of the Company. He is running his own business and has an overall experience of over 30 years in the field of exports of automotive parts and engineering goods. He has been appointed as a Non executive Director of the Company on October 5, 2005.

**Mr. Charoen Sachamuneewongse**, aged 65 years, is an Independent Director on the Board of the Company. He is an NRI, holding Thai citizenship and running his own business of Merchandising Trading & Broking in Bangkok. He has an overall experience of over 35 years in the field of Merchandising Trading & Broking. He has been appointed as an Independent Director of the Company on April 30, 2009.

**Mr. Amitabh Prakash Agrawal**, aged 56 years, is an Independent Director on the Board of the Company. He is a Doctor by profession and having a rich experience of more than 25 years in the field of Medical profession and presently working as Doctor in USA and settled there. He has been appointed as an Independent Director of the Company w.e.f. August 1, 2010.

**Mr. Vinod Kumar Malhotra**, aged 55 years, is an Independent Director on the Board of the Company. He is a Commerce Graduate from Delhi University and running his own business. He is having a rich experience of around 20 years in business. He has been appointed as an Independent Director of the Company w.e.f. August 4, 2011.

## 2.6 Inter-se relationship among the Directors as on 31.03.2012

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

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

## 3. AUDIT COMMITTEE

The Audit Committee consists of Mr. Jasmit Singh Chandhok, Mr. Chatter Singh Kothari and Mr. Iqbal Singh as its members. All the members of the Committee are Independent Directors. Mr. Jasmit Singh Chandhok has remained the Chairman of the audit committee till he resigned w.e.f. 04.08.2011. Presently, Mr. Chatter Singh Kothari is the Chairman of the Committee and Mr. Vinod Kumar Malhotra has been inducted as 3rd member w.e.f. 04.08.2011. The Company Secretary, Mr. Arvind K. Chauhan acts as Secretary to the Committee.

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

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

## 3.1 Audit Committee Meetings

During the Financial year ended 31.03.2012, five meetings of the Audit Committee were held on 14.05.2011, 03.08.2011, 19.08.2011, 07.11.2011 and 11.02.2012. The Attendance of the Members at these meetings were as under:

Sr. No.	Name	No. of Meetings held during his tenure	No. of Meetings Attended
1	Mr. J. S. Chandhok	2	2
2	Mr. C.S. Kothari	5	5
3	Mr. Iqbal Singh	5	4
4	Mr. V.K. Malhotra	3	3

## 4. REMUNERATION COMMITTEE

The Remuneration Committee consists of Mr. C.S. Kothari, Mr. J.S. Chandhok and Mr. Iqbal Singh as its members. Mr. J.S. Chandhok has resigned from the Directorship as well as Committees w.e.f. 04.08.2011. Hence, Mr. Vinod Kumar Malhotra has been appointed as 3rd member w.e.f. 04.08.2011. All the members of the remuneration committee are Independent Directors. Mr. Chatter Singh Kothari is the Chairman of the remuneration committee.

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

### 4.1 Remuneration Committee Meeting

During the Financial year ended 31.03.2012, only one meeting of the Remuneration Committee was held on 19.08.2011, which was attended by all the members of the Committee at that time.

### 4.2 Remuneration Policy

Remuneration of Managing Director and Executive Directors is determined on their appointment/re-appointment or during the currency of tenure by the Remuneration Committee and approved by the Board of Directors and Shareholders as per applicable provisions of law. Wherever required, the approval of the Central Government also obtained.

### 4.3 Details of remuneration paid during the financial year ended on 31.03.2012 are furnished as under:

Sr. No.	Name of the Director	Salary (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)
1	Mr. J.K. Jain	1,23,00,000	1,80,000	Nil	1,24,80,000
2	Mrs. Seema Jain	24,00,000	Nil	Nil	24,00,000
3	Mr. J.S.S. Rao	30,00,000	Nil	Nil	30,00,000
4	Ms. Aanchal Jain	12,00,000	Nil	Nil	12,00,000
5	Mr. Kashi Ram Yadav	31,44,864	Nil	Nil	31,44,864
6	Mr. Rahul Jain	Nil	Nil	Nil	Nil
7	Mr. C.D. Shah	Nil	Nil	Nil	Nil
8	Mr. Iqbal Singh	Nil	Nil	Nil	Nil
9	Mr. Charoen Sachamuneewongse	Nil	Nil	Nil	Nil
10	Mr. C.S. Kothari	Nil	Nil	Nil	Nil
11	Mr. J.S. Chandhok (up to 03.08.2011)	Nil	Nil	Nil	Nil
12	Mr. Amitabh Prakash Agrawal	Nil	Nil	Nil	Nil
13	Mr. Vinod Kumar Malhotra (w.e.f. 04.08.2011)	Nil	Nil	Nil	Nil

### Notes:

1. The Company does not have any Stock Option Scheme or performance-linked incentives for the Directors.

2. The Remuneration Committee considers and recommends the remuneration on appointment/re-appointment of Whole-time Director/Managing Director or any change in remuneration during the currency of tenure. The Appointment and remuneration of all the Whole-time Directors/ Managing Director are approved at the Board Meeting subject to approval of General Meeting and Central Government, wherever required. There is no provision for notice period, service contract and severance fees for the Directors.
3. The Company has not paid any sitting fees to the non-executive directors for Board or Committee Meetings.
4. Mr. Kashi Ram Yadav was elevated to the Board w.e.f. 25.10.2008. Prior to that he was working in the Company as regular employee of the Company. The above remuneration of Rs. 31,44,864 for Financial Year 2011-12 includes Rs. 13,824 as Bonus and Rs. 1,31,040 as contribution to Provident Fund. None of the other Directors are receiving these benefits.
5. The above remuneration does not include provisions for leave encashment and gratuity as the same is provided on actuarial basis for the Company as a whole. The amount pertaining to directors is not separately ascertainable and therefore not included above.

## 5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Shareholders / Investors Grievance Committee constituted for redressal of shareholders and investors' complaints like non-receipt of share certificates sent for transfer, non-receipt of balance sheets, non-receipt of declared dividends, matters related to transfer, transmission, dematerialization, re-materialization and other similar related matters to the shareholders. The Committee consists of Mr. Chatter Singh Kothari, Mr. Kashi Ram Yadav and Mr. Rahul Jain as its members. Mr. Chatter Singh Kothari is the Chairman of the committee.

### 5.1 Shareholders/ Investors Grievance Committee Meetings

During the Financial year ended 31.03.2012, 2 meetings of the Shareholders'/ Investors' Grievance Committee were held on 30.07.2011 and 09.01.2012. The Attendance of the Members at these meetings were as under:

Sr. No.	Name	No. of Meetings held	No. of Meetings Attended
1	Mr. Chatter Singh Kothari	2	2
2	Mr. Rahul Jain	2	2
3	Mr. Kashi Ram Yadav	2	2

### 5.2 Name and Designation of Compliance Officer

Mr. Arvind K. Chauhan, Company Secretary is also appointed as Compliance Officer of the Company.

### 5.3 The status and details of the shareholders' complaints received during the financial year ended 31.03.2012 are as under:

Sr. No.	Particulars	Opening Complaints	No. of Complaints received	No. of Complaints resolved	Pending Complaints
1.	Received directly from Investors	Nil	03	03	Nil
2.	Received through BSE	Nil	Nil	Nil	Nil
3.	Received through NSE	Nil	Nil	Nil	Nil
4.	Received through SEBI	Nil	Nil	Nil	Nil
	<b>Total</b>	<b>Nil</b>	<b>03</b>	<b>03</b>	<b>Nil</b>

## 6. GENERAL BODY MEETINGS

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

Financial Year	Date	Venue	Time
2010-11	30.09.2011	Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-I 10036	10.00 a.m.
2009-10	30.09.2010	Suryadev Motel & Resort, G.T. Karnal Road, Village Alipur, Delhi-I 10036	10.00 a.m.
2008-09	30.09.2009	Guru Kirpa Farms, Palla Bakhtawarpur Road, G.T. Karnal Road, Village Alipur, Delhi-I 10036	10.00 a.m.

Special Resolutions passed in above-mentioned 3 AGMs held on 30.09.2009, 30.09.2010 and 30.09.2011 are as under:

#### Special Resolutions passed at the A.G.M. held on 29.09.2009:

- 1 Appointment of Mr. Kashi Ram Yadav as Whole-time Director w.e.f. 25.10.2008 and approving his remuneration for 3 years.
- 2 Re-appointment of Mr. J.K. Jain as Chairman & Managing Director w.e.f. 07.08.2009 and approving his remuneration subject to approval of Central Govt. for 3 years.

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

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

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

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

### 6.2 Resolutions through Postal Ballot:

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

## 7. DISCLOSURES

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

- a) The Related Party Disclosures / Transactions have been reported elsewhere in this Annual Report in the Notes on Financial Statements (Note No. 43). None of the transactions are in conflict with the interest of the Company at large.
- b) The details of the related party transactions have been periodically placed before the Audit Committee.

### 7.2 Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.



There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years. Hence no penalties, strictures have been imposed on the company by any Stock Exchange, SEBI or any statutory authority.

## 7.3 Whistle Blower policy and affirmation that no personnel have been denied access to the audit committee.

The Company has not adopted any Whistle Blower Policy. Further, no personnel have been denied access to the Audit Committee.

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

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

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

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

## 7.7 The Chairman & Managing Director and Chief Financial Officer of the Company have certified about financial statements, internal control and accounting policies etc. for Financial year 2011-12 to the Board under Clause 49(V) of the Listing Agreement.

## 7.8 The Management Discussion and Analysis Report is annexed to the Directors Report forming part of Annual Report.

## 8. MEANS OF COMMUNICATION

The Company regularly intimates its un-audited results to the Stock Exchanges, as soon as these are taken on record/ approved by the Board. These Financial Results published in Financial Express and Jansatta (Hindi) Newspapers. The results are also posted on the website of the Company [www.fieminidustries.com](http://www.fieminidustries.com). During the year the Company has not issued any official news release.

## 9. GENERAL SHAREHOLDER INFORMATION:

### a) Date, time and Venue of the 23<sup>rd</sup> AGM:

Saturday the 29<sup>th</sup> September 2012 at 10.00 a.m. at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036

### b) Financial Year

Financial Year is 1<sup>st</sup> April to 31<sup>st</sup> March.

### c) Book Closure Date

The Register of Members and Share Transfer Books of the Company will be closed from Saturday, September 22, 2012 to Saturday, September 29, 2012 (both days inclusive) for the purpose of the Annual General Meeting and Dividend.

### d) Dividend Payment Date

If declared at the AGM, Dividend payment will start from 5th October, 2012

## e) Listing on Stock Exchanges

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

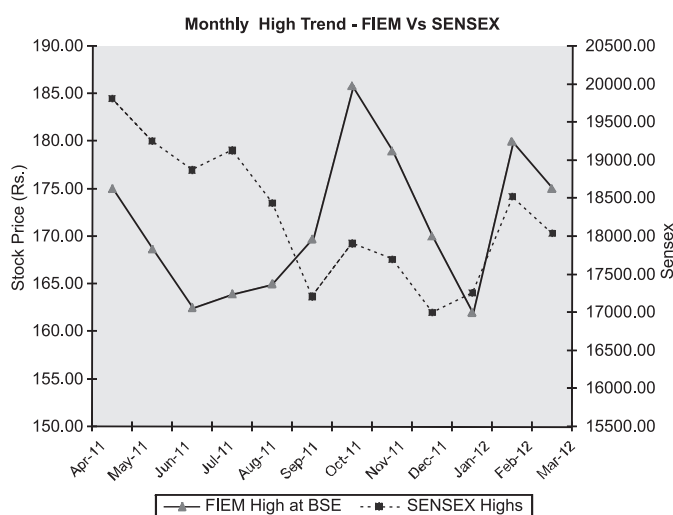
Name of the Stock Exchange	Address	Stock Code
National Stock Exchange of India Ltd.	Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051.	FIEMIND
Bombay Stock Exchange Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001	532768

The Annual Listing Fees for the year 2012-13 has been paid by the Company to both the Stock Exchanges.

## f) Market Data: Monthly High and Low of Share Price during Financial Year 2011-12 (in Rs.)

Month	NSE		BSE	
	High	Low	High	Low
April, 2011	175.00	154.50	175.00	154.00
May, 2011	175.00	150.40	168.65	150.80
June, 2011	161.90	149.70	162.50	150.00
July, 2011	162.00	150.00	163.95	150.30
August, 2011	174.80	141.00	165.00	142.50
September, 2011	169.00	150.30	169.70	150.25
October, 2011	180.00	155.00	185.80	153.75
November, 2011	184.00	151.10	178.95	155.00
December, 2011	170.85	130.50	170.00	133.55
January, 2012	162.00	132.50	162.00	139.00
February, 2012	186.00	148.00	179.95	154.00
March, 2012	175.00	125.00	175.00	127.55

## g) Comparison of FIEM High Vs Sensex High during Financial Year 2011-12





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

Link Intime India Pvt. Ltd.  
2<sup>nd</sup> Floor, A-40, Naraina Industrial Area, Phase-II,  
New Delhi-110028  
Ph: 011-41410592/93/94  
Fax No: 011-41410591

#### i) Share Transfer System

Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agent of the Company. All valid transfers are processed within 15 days from the date of receipt.

#### j) Distribution of shareholding as on 31.03.2012

##### Distribution by category:

##### Shareholding Pattern as on 31.03.2012

Category code	Category of shareholder	Number of share holders	Total number of shares	As a % of Total Capital
(I)	(II)	(III)	(IV)	(V)
(A)	Shareholding of Promoter Group	6	8144009	68.08
(B)	Public Shareholding			
(1)	Institutions	0	0	0
(2)	Non-Institutions			
(a)	Bodies Corporate	116	1092753	9.14
(b)	Individuals	4649	1598211	13.36
(c)	Any Other (specify)-			
	i. Non Resident Indians	43	648280	5.42
	ii. Directors & Their Relatives	4	20365	0.17
	iii. Clearing Members	31	354557	2.96
	iv. Foreign Corporate Bodies	1	104051	0.87
	<b>Total Public Shareholding</b>	<b>4844</b>	<b>3818217</b>	<b>31.92</b>
	<b>TOTAL (A)+(B)</b>	<b>4850</b>	<b>11962226</b>	<b>100.00</b>

##### Distribution by Size:

Sr. No.	Shareholding Range	No. of Shareholders	Shares held	%age of Total
1	1 to 500	4594	385736	3.22
2	501 to 1000	118	93765	0.79
3	1001 to 2000	44	68564	0.57
4	2001 to 3000	18	45901	0.38
5	3001 to 4000	8	30904	0.26
6	4001 to 5000	8	35667	0.30
7	5001 to 10000	14	109110	0.91
8	10001 and above	46	11192579	93.57
	<b>Total</b>	<b>4850</b>	<b>11962226</b>	<b>100</b>

#### k) Dematerialization of shares and Liquidity status as on 31.03.2012

Sr. No.	Demat / physical	No. of Shares	Free to trade/ lock-in	%age of Total shares
1	NSDL	27,36,683	Free to trade	22.88
2	CDSL	91,00,901	Free to trade	76.08
3	Physical	1,24,642	Free to trade	1.04
	<b>Total</b>	<b>1,19,62,226</b>		<b>100.00</b>

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

So far the Company has not issued any GDRs/ ADRs/ Warrants.

#### m) Plant Locations

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

Unit I	Unit II	Unit III
32 Mile Stone, G. T. Road, Kundli, Sonapat, Haryana	219/2B, Thally Road, Kallukondapalli, Hosur, Tamil Nadu	Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu
Unit IV	Unit V	Unit VI
S. No. 29, Madargali Village, Varuna Hobli, Mysore Taluk, Karnataka	Kelamangalam, Achittapalli Post, Hosur, Tamil Nadu	Village Bhatian, Tehsil -Nalagarh, Himachal Pradesh
Unit VII	Unit VIII	
Plot No. 1915, Rai Industrial Estate, Phase -V, Distt. Sonapat, Haryana.	Plot No. SP I-C, Industrial Area Tapukara, Distt. Alwar, Rajasthan.	

#### n) Address for Correspondence

**Registered Office Address:** D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi-110015

**Corporate Office Address** Plot No. 1915, Rai Industrial Estate, Phase -V, Distt. Sonapat, Haryana-131029

#### o) Prevention of Insider Trading

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

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

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

As no Shares of the Company were left unclaimed in Escrow Account of the RTA, therefore, requirement of opening a Demat Suspense Account and disclosure requirements related to the Account, as mandated under Clause 5A of the Listing Agreement are not applicable on the Company.

## **CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of**

**Fiem Industries Limited**

We have examined the compliance of the conditions of Corporate Governance by Fiem Industries Limited, for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the said Company with the Stock Exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementations thereof adopted by the company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, We certify that the company has complied with the conditions of Corporate Governance as stipulated in the abovementioned Listing Agreements.

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

**For Anil S. Gupta & Associates  
Chartered Accountants**

**Place : Rai, Sonapat (HR.)  
Date : 18.08.2012**

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

## **CERTIFICATION BY MANAGING DIRECTOR AND CFO FOR FINANCIAL YEAR 2011-12**

**To the Board of Directors**

**Fiem Industries Limited**

We, the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of Fiem Industries Limited ("the company") to the best of our knowledge and belief certify that:

- a) We have reviewed the financial statements and the cash flow statement for the financial year 2011-12 and that to the best of our knowledge and belief:
  - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal, or violative of the company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit committee, wherever applicable, the following:
  - i) significant changes in internal control over financial reporting during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**Place : Rai, Sonapat (HR.)**  
**Date : 18.08.2012**

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

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

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## **COMPLIANCE WITH CODE OF CONDUCT**

I, J.K. Jain, Chairman & Managing Director of the Company hereby certify that the Directors of the Company and the Sr. Management Personnel have affirmed compliance of the Code of Conduct of the company for the financial year ended March 31, 2012.

**Place : Rai, Sonapat (HR.)**  
**Date : 18.08.2012**

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



# **Standalone**

# **Financial Statements**

# **of**

# **Fiem Industries Ltd.**

## AUDITORS' REPORT

To The Members of

**FIEM Industries Limited**

1. We have audited the attached Balance Sheet of FIEM INDUSTRIES LIMITED ("the Company") as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in Annexure here to a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our Comments in the Annexure referred to in Paragraph 3 above we report that:
  - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - (b) In our opinion, proper books of accounts as required by law have been kept by the company so far, as appears from our examination of the books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Sec. 211 of the Companies Act, 1956,
  - (e) On the basis of written representations received from directors, as on 31st March 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31st, 2012 from being appointed as director in items of clause (g) of Sub section (1) of Section 274 of the Companies Act, 1956.
  - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India: -
    - i) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012.
    - ii) In case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the Cash flows of the company for the year ended on that date.

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

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

Place : Rai, Sonapat (HR.)  
Dated : 18.08.2012

## **ANNEXURE TO AUDITORS' REPORT**

(Referred to in Paragraph 3 of our Report of even date)

1.
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) As explained to us, the company has a planned programme for physically verifying all fixed assets once in three years which in our opinion, is reasonable having regard to the size and nature of assets. During the year, the fixed assets have been physically verified by the management in accordance with the programme and no material discrepancies were identified on such verification.
  - c) During the year, the company has not disposed off any substantial part of the fixed assets and the going concern status of the company is not affected.
2.
  - a) The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
  - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification of the inventory as compared to the book records.
3. In respect of loans, secured or unsecured granted or taken by the company to / from companies, firms or other parties covered in the register maintained under Sec. 301 the Companies Act 1956.
  - a) As informed, during the year the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. However in respect of interest free loan given to 100% foreign subsidiary - Fiem industries Japan Co., Ltd. The maximum amount outstanding at any time during the year is Rs 18,72,900 and year end balance is Rs 18,72,900.
  - b) In our opinion and according to the information and explanation given to us, the rate of interest wherever applicable and other terms and conditions of the loans given by the company are not prima facie prejudicial to the interest of the company
  - c) The Company is regular in receipt of the principal amounts or interest wherever stipulated.
  - d) As informed, the company has taken unsecured loan during the year from one party covered in register maintained under section 301 of Companies Act, 1956. The maximum amount of loan taken from such party outstanding at any time during the year was Rs 1,83,64,500 and the year end balance was Nil.
  - e) In our opinion, and according to the information and explanation given to us, the rate of interest wherever applicable and other terms and conditions of the loans taken by the company are not, prima facie, prejudicial to the interest of the company.
  - f) The Company is regular in repaying the principal amounts or interest wherever stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
  - a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act. 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(I) (d) of the companies Act 1956 and are of opinion that prima facie, the prescribed accounts and records have been maintained.
9.
  - a) According to the records of the company & also the information & explanations given to us, the company is generally regular in depositing with appropriate authorities all undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it though there has been a slight delay in a few cases.



- b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as at the year end for a period of more than six months from the date they became payable.
- c) According to the records of the Company, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows

Name of Statute	Nature of Due	Period to which it Pertains	Amount in Rs	Forum where dispute is Pending
The Central Excise Act, 1944	Modvat Credit of Excise Duty	December 1996 to October 1997	<b>25,07,076</b>	CESTAT, New Delhi
The Central Excise Act, 1944	Input Credit of Service tax on Outdoor Catering	2006 -07 to 2010-11	<b>13,13,248</b>	CESTAT, Chennai
		<b>Total</b>	<b>38,20,324</b>	

10. The company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or banks.
12. In our opinion and according to the information & explanations given to us, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
14. In our Opinion, the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
15. In our opinion & according to the information & explanations given to us, no guarantees for loans taken by others from banks or financial institutions have been given by the company.
16. In our opinion & according to the information & explanations given to us, the term loans have been applied for the purpose for which they were raised, though the term loan pending utilization have been invested in Fixed deposit with banks. The maximum amount of funds invested during the year was Rs 4,25,00,000 of which Rs 3,75,07,640 was outstanding at the end of the year.
17. According to the information and explanations given to us by the Management and on an overall examination of the balance sheet of the company, we are of opinion that there are no funds raised on short term basis that have been used for long term investments.
18. The company has not made preferential allotment of shares to parties and company covered in the register maintained under section 301 of the Act during the year. Therefore, the provisions of clause 4(xviii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the company.
19. The company has not issued any debentures.
20. The company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

**Place : Rai, Sonapat, (HR.)**  
**Dated : 18.08.2012**

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

## BALANCE SHEET AS AT 31ST MARCH 2012

(Amount in Rs)

	Note No.		AS AT 31.03.2012	AS AT 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	119,622,260	119,622,260	
b) Reserves & Surplus	3	1,323,714,935	1,140,249,359	
			1,443,337,195	1,259,871,619
<b>NON CURRENT LIABILITIES</b>				
a) Long term borrowings	4	949,899,157	807,033,399	
b) Deferred Tax Liabilities (net)	36	193,044,610	146,616,427	
c) Other Long term Liabilities	5	25,917,928	10,052,070	
d) Long Term Provisions	6	6,242,392	4,888,515	
			1,175,104,087	968,590,411
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings	7	441,651,469	381,118,612	
b) Trade Payables	8	644,092,643	552,412,473	
c) Other Current Liabilities	9	429,263,535	347,099,374	
d) Short Term Provisions	10	53,010,791	42,042,588	
			1,568,018,438	1,322,673,047
<b>TOTAL</b>			<b>4,186,459,720</b>	<b>3,551,135,077</b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	11	2,805,423,944	2,301,146,236	
ii) Intangible assets	11	9,641,949	5,168,316	
iii) Capital work-in-progress	11	13,730,080	131,839,223	
iv) Intangible assets under development		-	-	
b) Non-current investments	12	462,040	462,040	
c) Long term Loans and Advances	13	72,152,916	94,815,671	
d) Other non current assets	14	992,229	647,229	
			2,902,403,158	2,534,078,715
<b>CURRENT ASSETS</b>				
a) Current Investments		-	-	
b) Inventories	15	457,368,185	420,900,026	
c) Trade receivables	16	670,701,432	460,686,659	
d) Cash and Bank Balances	17	52,656,923	14,705,805	
e) Short term Loans and Advances	18	101,569,272	116,920,178	
f) Other current assets	19	1,760,749	3,843,694	
			1,284,056,562	1,017,056,362
<b>TOTAL</b>			<b>4,186,459,720</b>	<b>3,551,135,077</b>

Significant Accounting Policies and

Notes to financial Statements.

I to 52

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

For and on behalf of the Board of Directors

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

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

Sd/-  
(Rahul Jain)  
Director

Sd/-  
(Arvind K. Chauhan)  
Company Secretary

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2012

(Amount in Rs)

	Note No.	Current Year 2011-12	Previous Year 2010-11
<b>INCOME</b>			
Sale of Products (Gross)		5,765,386,761	4,511,712,103
Less :- Excise Duty		<u>463,119,614</u>	<u>355,991,548</u>
Net Sales		5,302,267,147	4,155,720,555
Other Operating revenue		33,156,098	52,676,871
Revenue from Operation (Net)	20	5,335,423,245	4,208,397,426
Other Income	21	3,008,307	4,604,921
<b>TOTAL REVENUE (A)</b>		<b>5,338,431,552</b>	<b>4,213,002,347</b>
<b>EXPENSES</b>			
Cost of Raw Materials and Components Consumed	22	3,127,490,376	2,546,492,789
Purchase of Stock-in-Trade	23	91,654,310	70,364,947
Changes in Inventories of Finished Goods, Work in progress and Stock in trade	24	(40,268,472)	(64,433,613)
Employees Benefits Expenses	25	611,869,263	461,404,106
Other Expenses	26	868,117,758	817,118,955
Finance Costs	27	207,555,986	95,037,133
Depreciation and Amortization Expense	11	168,835,612	129,793,056
<b>TOTAL EXPENSES (B)</b>		<b>5,035,254,832</b>	<b>4,055,777,373</b>
<b>PROFIT BEFORE TAX (A-B)</b>		<b>303,176,720</b>	<b>157,224,974</b>
<b>TAX EXPENSES</b>			
Current Tax (MAT payable)		61,629,655	31,450,000
Less : MAT Credit Entitlement		<u>16,329,655</u>	<u>16,350,000</u>
a) Net Current Tax Expense		45,300,000	15,100,000
b) Deferred Tax		<u>46,428,183</u>	<u>27,854,606</u>
		91,728,183	42,954,606
<b>PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b>211,448,537</b>	<b>114,270,368</b>
Basic and Diluted Earning per Equity Share (Nominal value Rs 10 per share)	41	17.68	9.55
Significant Accounting Policies and Notes to financial Statements. 1 to 52			
The accompanying notes are an integral part of the financial statements.			

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

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

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	2011-12		2010-11	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Profit Before Taxes</b>		303,176,720		157,224,974
Adjustments for Non Cash Items to reconcile Profit Provided By Operating Activities:				
Depreciation & Amortization Expenses	168,835,612		129,793,056	
Loss/(Profit) on sale of Fixed Assets	1,269,165		2,047,461	
Loss of Fixed assets due to Fire in Plant (Net of Claim)	339,659		-	
Unrealised Foreign Exchange (Gain)/Loss	(3,349,617)		794,344	
Miscellaneous Expenditure written off	-		117,000	
Provision for Bad & Doubtful Debts	4,405,705		566,342	
Bad Debt written-off	7,173,472		348,904	
Variation in Excise Duty of Finished Goods	755,947		1,897,248	
Interest Income	(2,469,933)		(3,014,778)	
Exchange Difference on Derivatives	46,836,952		210,440,163	
Finance Costs	207,555,986	431,352,948	95,037,133	438,026,873
<b>Operating Profit before Working Capital Changes</b>		734,529,668		595,251,847
Adjustment for (Increase)/decrease in Operating Assets				
Inventories	(37,224,106)		(149,472,760)	
Trade Receivables	(219,307,750)		(156,862,533)	
Other Current Assets & Loan and Advances	57,714,387	(198,817,469)	(81,389,711)	(387,725,004)
Adjustment for Increase/(decrease) in Operating Liabilities				
Trade Payable & Other Current Liabilities and Provisions	91,358,785	91,358,785	185,148,380	185,148,380
<b>Cash Generated from Operation</b>		627,070,984		392,675,223
Adjusted for Income Tax and Other Items:				
Exchange Difference on Derivatives	(48,290,023)		(214,764,091)	
Income Tax Paid	(59,660,317)		(36,801,940)	
Income Tax Refund Received	-	(107,950,340)	16,286,603	(235,279,428)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		519,120,644		157,395,795
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(665,935,592)		(902,083,349)	
Proceeds from Sale of Fixed Assets	3,376,062		5,875,915	
(Increase)/Decrease in Capital Work in Progress	118,109,142		112,670,027	
Deposit with Banks having maturity over three month	811,690		(1,079,690)	
Interest Income on Bank Deposits	2,133,201		159,872	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(541,505,497)		(784,457,225)

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012 (Contd.)

(Amount in Rs)

	2011-12		2010-11	
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Dividend Paid	(29,905,565)		(29,905,565)	
Dividend Distribution Tax Paid	(4,851,431)		(4,966,941)	
Finance Costs Paid	(178,263,428)		(109,720,903)	
Increase/(Decrease) in Long-Term Borrowing	213,510,029		594,637,728	
Increase/(Decrease) in Short-Term Borrowing	60,532,857		178,922,206	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		61,022,462		628,966,525
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		38,637,609		1,905,095
Opening Balance of Cash & Cash Equivalents		13,626,115		11,721,855
Effect of Exchange Rate Change		125,199		(834)
<b>Closing Balance of Cash &amp; Cash Equivalents</b>		<b>52,388,923</b>		<b>13,626,115</b>
<b>Components of Cash and Bank Balance</b>				
Cash in Hand		1,521,621		1,436,435
Balances with Banks on Current Account		13,120,984		9,617,545
Deposit with Banks having maturity less than three months		37,507,640		2,350,000
Margin Money Deposit		268,000		1,079,690
Unpaid Dividend Accounts		238,678		222,135
<b>Cash and Bank Balances (Refer Note No.-17)</b>		<b>52,656,923</b>		<b>14,705,805</b>
Less:-Deposit with Banks having maturity over three month		268,000		1,079,690
<b>Cash and Cash Equivalent in Cash Flow Statement</b>		<b>52,388,923</b>		<b>13,626,115</b>

For and on behalf of Board of Directors

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

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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

The Company is in the business of manufacturing and supply of auto components comprising of automotive lighting & signalling equipments, rear-view mirror, prismatic mirror and sheet metal components for two-wheeler and four wheeler applications. The company's registered office is in New Delhi and it has several manufacturing plants and depots across the country & research and development unit at Rai, Sonapat, Haryana. It has one wholly owned foreign subsidiary in Japan. Its shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

**Significant Accounting Policies**

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

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

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

The Financial statements have been prepared as a going concern on accrual basis under the historical cost convention except for certain revalued fixed assets and those items covered under "Accounting Standard-30" on "Financial instruments: Recognition and Measurement" which have been measured at their fair value. They comply in all material respects with the Generally Accepted Accounting Principles (GAAP) in India, which comprise of mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

**B. Use of Estimates**

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

**C. Tangible and Intangible Fixed Assets**

- (i) Tangible assets are valued at the historical cost of acquisition, construction or manufacturing cost, as the case may be, except for certain fixed assets, which have been stated at revalued amounts less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies (Net of tax/duty credits availed,

if any,) installation and commissioning expenses and all incidentals cost attributable to bringing the assets to its working condition. Interest on borrowings and financing costs during the period of construction or installation of fixed assets which take substantial period of time to get ready for its intended use up to the date of commencement of commercial production is added to the cost of respective tangible assets.

- (ii) Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.
- (iii) Own manufactured tangible assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.
- (iv) Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the balance sheet date & expenditure during construction period pending allocation and fixed assets in transit that are not yet received for their intended use at the balance sheet date.
- (v) In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of depreciable fixed assets.

**D. Investments**

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in the value of Investment is made only if such a decline is other than temporary in the opinion of management.

**E. Inventories**

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



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

- (v) Goods in transit are stated as a component of inventories if the significant risk and rewards of ownership have passed to the company and valued at actual cost incurred up to the date of Balance Sheet.

### F. Depreciation and Amortization

- (i) Depreciation on tangible assets is provided on 'Straight Line Method' in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to the said act.
- (ii) Leasehold land is amortized over the duration of the lease
- (iii) Depreciation on assets purchased during the year has been charged from the date of purchase.
- (iv) Depreciation on assets sold, discarded or demolished during the year is being provided at their rates up to the date of sale, discarded or demolished.
- (v) Individual assets costing Rs. 5,000 or less are fully depreciated in the year of purchase
- (vi) Intangible assets are amortized over their estimated useful life as follows.
  - (a) Computer software is amortized over a period of 6 years
  - (b) Technical know-how over a period of 5 years.
- (vii) Depreciation is not charged on capital work in progress until construction and installation are complete and asset ready for its intended use.
- (viii) On the revalued assets, the difference between the depreciation calculated on the revalued amount & on the original cost is charged to the Revaluation Reserve.

### G. Revenue Recognition

- (i) Revenue is recognized to the extent of the probability of the economic benefits flowing to the company, which can be reliably measured.
- (ii) The sale of goods is recognized when the significant risk & rewards of ownership have transferred to the customers. Sale is shown net of excise duty. The Excise Duty is separately disclosed.
- (iii) Revenue in respect of contracts for services is recognized on completion of services.
- (iv) Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- (v) Insurance claims are accounted for on the basis of claim admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
- (vi) Interest income is accounted on accrual basis.

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

- (i) Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.

- (ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book Scheme" are recognized in the year the goods are exported if the same can be measured with reasonable accuracy.

- (iii) Duty drawback is recognised at the time of exports

### I. Foreign Currency Transactions and Translations

#### Initial Recognition

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

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

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

#### Treatment of Exchange Differences

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

### J. Research and Development

Research expenses are charged to Statement of Profit & Loss as and when incurred. Development expenses are capitalized when the Company is certain to recover the development cost from future economic benefits in accordance with AS-26. Fixed Assets utilized for research and development are capitalized and amortised in accordance with the policies stated for tangible and intangible fixed assets.

### K. Employee Benefits

- (i) Retirement Benefits in the form of Provident Fund and ESI schemes are a defined contribution plans and the contributions are charged to Statement of Profit & Loss of the year when the contributions to the respective funds are due.
- (ii) Leave encashment is applicable to all permanent and full time employees of the company and is provided for on the basis of actuarial valuation made at the end of each financial year using Projected Unit Credit Method.
- (iii) Gratuity is a defined benefit obligation and is provided on the basis of an actuarial valuation made at the end of each financial year using Projected Unit Credit Method. The Liability as at the year-end represents the difference between the actuarial valuation of the future gratuity liability of the continuing

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

employees and the fair value of plan assets with ING Vysya Life Insurance Company as at the end of the year.

- (iv) Actuarial gains/losses are immediately taken to the statement of profit and loss.

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

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

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

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

**N. Taxation**

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

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

**O. Borrowing Cost**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

**P. Excise Duty**

The Excise duty has been accounted on finished goods on the basis of both payments made in respect of goods cleared as also goods lying in warehouse/factory. The company makes provision for liability of unpaid excise duty on finished stock lying in factory or warehouse. The estimate of such liability has been made at the rates in force on the balance sheet date. On stock meant for exports, no excise duty provision has been made since excise duty is not leviable on goods meant for exports.

**Q. Impairment**

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

**R. Cash and Cash Equivalents**

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

**S. Cash Flow Statement**

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

**T. Derivatives Instruments and Hedge Accounting**

The Company enters into derivatives contracts in the nature of foreign currency swaps, currency options, forward contracts etc. to hedge its exposure to movements in foreign exchange rates. The use of these

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

contracts reduces the risk or cost to the Company and the Company does not use those for trading or speculative purposes.

Effective April 1, 2008 the Company adopted AS 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncement of the Company Law and other regulatory requirements.

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

Derivative Financial Instruments is presented under "Current/non current liability".

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

### **U. Segment Reporting Policies**

The Company is engaged in the business of manufacture of various types of Automotive Lighting Equipment. The entire operations are governed by the same set of risk and return hence the entire operations represent a single primary segment. The analysis of geographical segments is based on the geographical location of the customers i.e. customers located within India and customers located outside India.

### **V. Operating Lease**

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

### **W. Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

		(Amount in Rs)	
Particulars		AS AT 31.03.2012	AS AT 31.03.2011
<b>2 SHARE CAPITAL</b>			
<b>Authorised</b>			
3,00,00,000 (Prv. Year 3,00,00,000) Equity shares of Rs 10 each		300,000,000	300,000,000
<b>Issued, Subscribed &amp; Paid-up</b>			
1,19,62,226 ( Prv. Year 1,19,62,226 ) Equity Shares of Rs. 10/- each fully paid up		119,622,260	119,622,260
<b>TOTAL</b>		<b>119,622,260</b>	<b>119,622,260</b>
<b>a) Terms/rights attached to equity shares</b>			
The company has only one class of shares referred to as equity shares having a par value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general Meeting except in case of interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of the equity shares held by the shareholders.			
<b>b) Aggregate number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date.</b>			
1,04,065 fully paid up equity shares of Rs10/- each allotted during 2007-08 to the shareholders of M/s Fiem Sung san (India) Limited Pursuant to its Amalgamation without payment being received in cash.			
<b>c) The Details of shareholder holding more than 5% shares in the company ( Equity share of Rs 10 each fully paid up)</b>			
Name of the Shareholder	AS AT 31.03.2012	AS AT 31.03.2011	
	No of shares	% held	No of shares
1) Rahul Jain	4,187,694	35.00%	4,187,694
2) JK Jain	1,891,111	15.81%	1,871,092
3) Seema Jain	1,656,573	13.85%	1,651,292
			% held
			35.00%
			15.64%
			13.80%
<b>d) There is no change in share capital of the company, therefore no reconciliation for share capital is reported.</b>			
<b>3. RESERVES &amp; SURPLUS</b>			
<b>CAPITAL RESERVE</b>			
a) Land Revaluation Reserve			
As per Last Balance Sheet- Total ( a )	117,477,278		117,477,278
b) Building Revaluation Reserve			
As Per Last Balance Sheet	23,749,226		24,741,252
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026		992,026
Total ( b )	22,757,200		23,749,226
Total ( a+b )		140,234,478	141,226,504
<b>SECURITIES PREMIUM RESERVE</b>			
As per Last Balance Sheet		509,972,343	509,972,343
<b>GENERAL RESERVE</b>			
As Per Last Balance Sheet	53,500,000		41,000,000
Add :- Transferred from Surplus in the statement of Profit and Loss	22,500,000		12,500,000
		76,000,000	53,500,000
<b>HEDGING RESERVE ( Refer Note No. 45 &amp; 46)</b>		(22,444,541)	(37,162,000)
<b>SURPLUS -OPENING BALANCE</b>	472,712,512		405,699,140
Add:- Net profit after tax transferred from Statement of Profit and Loss	211,448,537		114,270,368
Amount Available for Appropriation	684,161,049		519,969,508
Less :- Appropriations			
i) Proposed Dividend	35,886,678		29,905,565
ii) Corporate Dividend Tax	5,821,716		4,851,431
iii) Transfer to General Reserve	22,500,000		12,500,000
	64,208,394		47,256,996
<b>SURPLUS -CLOSING BALANCE</b>		619,952,655	472,712,512
<b>TOTAL</b>		<b>1,323,714,935</b>	<b>1,140,249,359</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT		AS AT	
	31.03.2012		31.03.2011	
<b>4. LONG TERM BORROWINGS</b>				
<b>(SECURED LOANS)</b>				
<b>TERM LOANS FROM BANKS</b>				
a) Indian Rupee Loan	558,124,221		513,670,932	
b) Foreign Currency Loan	378,512,314		279,334,318	
		936,636,535		793,005,250
<b>VEHICLE LOANS</b>				
a) from Banks	9,722,504		9,492,419	
b) from Others	3,540,119		4,535,730	
		13,262,623		14,028,149
<b>TOTAL</b>		<b>949,899,157</b>		<b>807,033,399</b>

### Indian Rupee Loan from Bank includes

- From Citibank N.A. has tenor of 5 years with 16 equal quarterly repayments beginning from the end of 15 months from drawdown. Interest is payable on monthly basis. The loan carries fixed interest rate of 12% and is secured against exclusive charge on all movable assets procured out of the term loan and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit -2 at Hosur with Axis Bank.
- From Standard Chartered Bank :- The Loan is for 5/4.5 years with 16 /17/14 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest is monthly payable. The loan carries fixed interest rate of 9.65% to 10% The Loan is secured against Exclusive charge on land and building at Hosur Unit-3 situated at Kelamangalam Road, Hosur, Tamilnadu and Exclusive charge on land and Building of corporate office in Mansarover Garden, New Delhi and Parri passu charge on moveable Fixed assets both present and future including plant and machinery at hosur unit-3, kalamangalam road.
- From State bank of Patiala :- The loan is for 6 years with 24 quarterly repayment beginning from the end of 15 months from the drawdown. Interest is monthly payable. The loan carries floating interest rate of 11.75% and 12.75% . The Loan is Secured against First Pari Passu charge with Axis Bank over movable and Immovable fixed assets of Rai Unit ( Present and future) including equitable mortgage of Factory Land and Building at Rai, Sonapat and Parri passu charge on movable fixed assets of Hosur unit- III (tamilnadu) with Standard Chartered Bank and First Charge on movable fixed assets of Mysore unit -IV Karnataka and Second charge over the entire fixed assets of unit VI nalagarh Unit (first charge with Citibank).
- From Axis Bank :- The loan is for 4 years and 7 years and has Half yearly and quarterly repayment beginning after moratorium period of 6 and 12 months from the drawdown. Interest is monthly payable. The loan carries floating interest rate of 11.75% and 12.25%. The Loan is Secured against First Pari Passu charge on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit with State Bank of Patiala and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit -2 at Hosur with Citibank and Term loan of Rs 1.58 crore is secured on exclusive charge on assets financed out of the term loan.
- Vehicle loan from banks and others are secured against hypothecation of the respective vehicles acquired out of proceeds thereof. The Loans carries interest rate between 10% to 12%.

### Foreign currency Loan from Bank includes

- From Standard Chartered Bank - ECB -1:- The loan is for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest rate 3 month LIBOR PLUS 225 BSP p.a. payable quarterly. The loan is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit
- From Standard Chartered Bank ECB -2:- The loan is for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest is quarterly payable. The loan carries fully hedged interest cost of 8.50% p.a. The Loan is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Maturity Profile of Term Loan and Vehicle Loan	270,124,467	267,776,498	230,434,555	181,563,637

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>5. OTHER LONG TERM LIABILITIES</b>		
Advance from Customers	25,689,750	-
Foreign Currency Monetary Item Translation		
Difference Account ( note no. 40)	228,178	2,200
Mark to Market Losses on Derivative Contracts	-	10,049,870
<b>TOTAL</b>	<b>25,917,928</b>	<b>10,052,070</b>
<b>6. LONG TERM PROVISIONS</b>		
Retirement Benefits		
Leave Encashment	6,242,392	4,888,515
<b>TOTAL</b>	<b>6,242,392</b>	<b>4,888,515</b>
<b>7. SHORT TERM BORROWINGS (SECURED LOANS)</b>		
Cash Credit/Working Capital Loans repayable on demand from Banks		
a) Indian Rupee Loan	341,651,469	321,118,612
b) Foreign Currency Loan	100,000,000	60,000,000
	441,651,469	381,118,612
<b>TOTAL</b>	<b>441,651,469</b>	<b>381,118,612</b>

**Indian Rupee Loan includes**

- a) From Citibank NA :- Loan outstanding as at 31st March 2012 Rs 23,78,14,029 (Previous Year Rs 25,15,03,586 ) Interest is payable with monthly rest on the last date of each month in each year or at such other rest as determined by the bank. The rate of interest is based on relevant circumstances, including market conditions which currently is 13%. The loan is secured against First Pari Passu Charge with Standard Chartered Bank on all present and future receivables, stocks/inventories and on all fixed assets of the company(excluding assets specifically purchased out of term loans from Citibank and other term loan lenders ) including equitable mortgage charge on first pari passu basis on Land and Building situated at Kundli,Haryana & Thally Road Hosur,Tamilnadu with Standard Chartered Bank.
- b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2012 Rs 10,38,37,440 (Previous Year Rs 6,96,15,026 ) Interest is monthly payable. Interest is payable at base rate plus margin basis which may be agreed with bank from time to time which currently is 13.45%. The loan is secured against First Pari Passu charge with Citibank on Stocks & Book Debts, and Equitable mortgage charge on First Pari Passu basis on land and building situated at Kundli unit Haryana & Thally Road Hosur,Tamilnadu and first pari passu charge over all present and future movable fixed assets of the company with Citibank ( excluding assets specifically financed by other term lenders)

**Foreign currency Loan includes**

- a) From Citibank NA :- Loan outstanding as at 31st March 2012 Rs 10,00,00,000 (Previous Year Rs 6,00,00,000 ) at Fully hedged cost (interest + principal) is fixed at 11.60% p.a. (p.y. 10.75% p.a.) The loan is fully repayable within 360 days from drawdown. The loan is secured against First Pari Passu Charge with Citibank on all present and future receivables, stocks/inventories and on all fixed assets of the company(excluding assets specifically purchased out of term loans from Citibank and other term loan lenders ) including equitable mortgage charge on first pari passu basis on Land and Building situated at Kundli,Haryana & Thally Road Hosur,Tamilnadu with Citibank.

**8. TRADE PAYABLES**

Micro, Small and Medium Enterprises	2,191,637		2,480,153
Others	641,901,006		549,932,320
		644,092,643	552,412,473
<b>TOTAL</b>		<b>644,092,643</b>	<b>552,412,473</b>

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

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

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>9. OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long- term debt	235,324,227	119,212,196
Interest accrued but not due on borrowings	4,510,965	1,711,924
Interest accrued and due on borrowings	5,266,073	4,636,086
Investor Education and Protection Fund will be credited by following amount (as and when due)		
- Unpaid Dividend	238,678	222,135
Advances from Customers	35,393,552	66,187,676
Security Deposits Received	11,206,655	7,987,251
Creditors for Capital Expenditure	31,259,605	53,781,811
Liabilities for Expenses	44,833,480	38,274,227
Mark to Market Losses on Derivative Contracts	22,444,541	27,112,130
Statutory Dues payable	38,785,759	27,973,939
<b>TOTAL</b>	<b>429,263,535</b>	<b>347,099,374</b>
<b>10. SHORT TERM PROVISIONS</b>		
Provision for Employee benefits		
Gratuity	850,509	588,047
Earned Leave	914,679	518,962
	1,765,188	1,107,009
Provision for Taxation		
I. Income tax ( net of advance tax)	3,831,994	1,677,656
II. Wealth Tax	590,000	424,000
III. Corporate Dividend Tax	5,821,716	4,851,431
	10,243,710	6,953,087
Proposed Dividend	35,886,678	29,905,565
Warranties	1,325,567	1,043,226
Excise Duty	3,789,648	3,033,701
<b>TOTAL</b>	<b>53,010,791</b>	<b>42,042,588</b>

### Proposed Dividend

During the year ended 31.03.12, the amount of Rs 3.00 per share as dividend recognized for distributions to equity shareholders (Previous Year Rs 2.50 per share)

### Provision for warranties

The company gives warranties on certain products and services, undertaking to repair and replace the items that fails to perform satisfactorily during the warranty period. Provision made as at 31.03.12 represents the amount of the expected cost of meeting such obligation of rectification or replacement. The timing of the outflow is expected to be within warranty period.

Particulars	31.03.12	31.03.11
Opening Balance	1,043,226	735,740
Addition	1,325,567	1,043,226
Utilization	1,027,845	778,580
Reversal	15,381	(42,840)
Closing Balance	<b>1,325,567</b>	<b>1,043,226</b>



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

## 11. FIXED ASSETS

(Amount In Rs.)

PARTICULARS		GROSS BLOCK			DEPRECIATION AND AMORTIZATION				NET BLOCK	
Nature of Assets	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	upto 01.04.2011	For the Year	Deductions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>1. Tangible Assets</b>										
Land Free hold	293,554,387	-		293,554,387	-			-	293,554,387	293,554,387
Land Lease hold	165,528,948	7,531,182		173,060,130	1,743,587	1,750,023		3,493,610	169,566,519	163,785,361
Buildings	615,967,997	160,079,714		776,047,711	56,412,981	24,898,390		81,311,371	694,736,340	559,555,015
Plant & Equipment	1,301,237,830	359,507,892	858,408	1,659,887,314	292,343,882	80,443,749	433,049	372,354,582	1,287,532,733	1,008,893,948
Furniture & Fixtures	53,372,049	15,113,781		68,485,830	15,186,067	4,028,719		19,214,786	49,271,044	38,185,982
Vehicles	70,539,736	19,436,650	6,978,015	82,998,371	29,502,906	6,354,080	3,042,219	32,814,767	50,183,604	41,036,830
Office Equipment	17,198,908	5,416,214		22,615,122	4,005,245	2,224,438		6,229,683	16,385,439	13,193,663
Mould, Block & Dies	222,832,483	72,570,708		295,403,191	122,024,019	35,012,637		157,036,656	138,366,535	100,808,464
Tools & Equipments	31,555,593	8,763,073		40,318,666	17,678,201	5,848,892		23,527,093	16,791,574	13,877,392
Electrical Installations	77,016,948	24,244,222	623,731	100,637,439	16,409,330	5,073,504		21,482,834	79,154,606	60,607,618
Computers	27,989,582	3,710,095		31,699,677	20,342,008	1,476,504		21,818,512	9,881,165	7,647,574
<b>Total</b>	<b>2,876,794,461</b>	<b>676,373,533</b>	<b>8,460,154</b>	<b>3,544,707,840</b>	<b>575,648,226</b>	<b>167,110,936</b>	<b>3,475,268</b>	<b>739,283,894</b>	<b>2,805,423,944</b>	<b>2,301,146,236</b>
Previous Year	1,978,328,785	909,567,822	11,102,146	2,876,794,461	450,092,027	128,734,968	3,178,770	575,648,226	2,301,146,236	
<b>2. Intangible Assets</b>										
Computer Software	12,030,376	7,190,335		19,220,711	8,685,590	893,172		9,578,762	9,641,949	3,344,786
Development Expenditure	10,801,235	-		10,801,235	9,304,510	1,496,725		10,801,235	-	1,496,725
Technical Know How	2,028,613	-		2,028,613	1,701,808	326,805		2,028,613	-	326,805
<b>Total</b>	<b>24,860,224</b>	<b>7,190,335</b>	-	<b>32,050,559</b>	<b>19,691,908</b>	<b>2,716,702</b>	-	<b>22,408,610</b>	<b>9,641,949</b>	<b>5,168,316</b>
Previous Year	23,063,787	1,796,437	-	24,860,224	15,986,784	3,705,124	-	19,691,908	5,168,316	
<b>3. Capital Work-in-Progress</b>										
<b>Grand Total</b>	<b>2,901,654,685</b>	<b>683,563,868</b>	<b>8,460,154</b>	<b>3,576,758,399</b>	<b>595,340,133</b>	<b>169,827,638</b>	<b>3,475,268</b>	<b>761,692,504</b>	<b>2,815,065,893</b>	<b>2,306,314,554</b>
Previous Year	2,001,392,572	911,364,259	11,102,146	2,901,654,685	466,078,811	132,440,092	3,178,770	595,340,133	2,306,314,554	-

## NOTES:

- Depreciation & Amortization for the year  
Less: Capitalised as pre-operative expenditure  
Less: Depreciation on revalued assets withdrawn from building revaluation reserve  
Depreciation & amortization charged to Statement of Profit & Loss
- Addition to mould, block & dies includes inhouse development of moulds, block & dies amounting to Rs. Nil (Previous year Rs. 2,25,83,081)
- Gross Block of Land free hold includes Rs. 1,74,77,278 and gross block of Buildings includes Rs. 2,97,01,382 on account of revaluation carried out in the past years based on reports issued by Government approved valuers.
- Additions and capital work in progress include Rs. 1,67,83,273 [(Previous Year-Rs. (39,29,101)) on account of Mark to Market on ECB Loan as per option exercised under para 46 of AS-11].

## 5. Capital Work in progress includes:

Particulars	Current Year	Previous Year
i. Fixed assets under construction	-	98,098,967
ii. Fixed assets under installation	9,496,127	17,262,870
iii. Expenditure during construction	-	13,430,716
iv. Fixed assets in transit	4,233,953	3,046,669
<b>Total</b>	<b>13,730,080</b>	<b>131,839,223</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>12. NON CURRENT INVESTMENTS</b>		
NON TRADE		
Investment in Equity Instruments (unquoted) in Subsidiaries		
a) Equity Shares in wholly owned foreign Subsidiary company FIEM INDUSTRIES JAPAN CO., LTD. 10 ( P.Y. 10 ) fully Paid Equity shares of 50,000 JPY each	262,040	262,040
in Others		
a) M/s Shivalik Solid Waste Management Ltd. 20,000 ( P. Y. 20,000 ) equity shares of Rs 10 each fully paid up	200,000	200,000
<b>TOTAL</b>	<b>462,040</b>	<b>462,040</b>
<b>13. LONG TERM LOANS AND ADVANCES</b>		
(unsecured but considered good)		
Loan to Subsidiary Company	1,872,900	1,620,600
Prepaid Expenses	2,446,600	2,095,762
MAT Credit Entitlement	32,864,655	16,350,000
Loan to Employees	2,000,000	320,000
Security Deposits	16,791,919	17,363,466
Capital Advances	16,176,841	57,065,844
<b>TOTAL</b>	<b>72,152,916</b>	<b>94,815,671</b>
<b>14. OTHER NON CURRENT ASSETS</b>		
Margin Money deposit with original maturity for more than 12 months	536,000	191,000
Balance with Income tax Dept.	456,229	456,229
<b>TOTAL</b>	<b>992,229</b>	<b>647,229</b>
<b>15. INVENTORIES</b>		
(As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)		
a) Raw Materials and Components	198,584,071	200,676,626
b) Raw Materials and Components in transit	5,576,924	6,880,843
c) Work in Progress	130,301,012	106,596,199
d) Finished Goods	97,829,039	75,876,195
e) Stock in trade (Mould, Tools and Dies)	3,937,283	9,803,443
f) Stock in trade ( Others)	1,411,175	934,200
g) Stores and Spares ( including Packing Material )	18,327,325	18,164,861
h) Stores and Spares ( including Packing Material) in transit	1,401,356	1,967,659
	457,368,185	420,900,026
<b>TOTAL</b>	<b>457,368,185</b>	<b>420,900,026</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>16. TRADE RECEIVABLES</b>		
(unsecured but considered good)		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	14,100,750	16,393,999
b) Considered Doubtful	7,711,661	3,305,956
Other Debts :- Considered Good	656,600,682	444,292,660
	678,413,093	463,992,615
Less:- Provision for Doubtful Debts	7,711,661	3,305,956
<b>TOTAL</b>	<b>670,701,432</b>	<b>460,686,659</b>
Trade receivables includes dues from subsidiary company- Fiem Industries Japan Co., Ltd. Rs 87,42,968 (previous year Rs 2,82,81,310)		
<b>17. CASH AND BANK BALANCES</b>		
Cash and Cash Equivalents		
Balances with Banks on current account	13,120,984	9,617,545
Deposits with original maturity of less than three months	37,507,640	2,350,000
	50,628,624	11,967,545
Cash on Hand	1,521,621	1,436,435
Other bank balances		
Unpaid Dividend Account	238,678	222,135
Margin money deposit with original maturity for more than 3 months but less than 12 months	268,000	1,079,690
	506,678	1,301,825
<b>TOTAL</b>	<b>52,656,923</b>	<b>14,705,805</b>
<b>18. SHORT TERM LOAN AND ADVANCES</b>		
(Unsecured but considered good)		
Advances for Goods other than Capital Goods	19,765,473	28,374,091
Security Deposit	1,916,068	2,488,785
Balance with Customs, Excise Department	63,180,795	70,810,847
Balance with Sales Tax Department	2,423,748	2,534,176
Prepaid Expenses	7,817,173	7,103,177
Loan to Employees	3,681,275	2,958,129
Other Advances	2,784,741	2,650,974
<b>TOTAL</b>	<b>101,569,272</b>	<b>116,920,178</b>
<b>19. OTHER CURRENT ASSETS</b>		
Interest accrued on fixed deposits	505,347	1,930
Interest accrued on Margin money deposit	33,864	155,769
Due from Debtors other than Goods and Services	-	2,439,047
Interest accrued on Security deposits	587,292	169,737
Export Incentive Receivables	634,246	1,077,211
<b>TOTAL</b>	<b>1,760,749</b>	<b>3,843,694</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	Current Year 2011-12	Previous Year 2010-11
<b>20. REVENUE FROM OPERATIONS</b>		
Sale of Products (Gross)	5,765,386,761	4,511,712,103
Less :- Excise Duty	463,119,614	355,991,548
Net Sales	5,302,267,147	4,155,720,555
Other Operating Revenues (Net)	33,156,098	52,676,871
<b>TOTAL</b>	<b>5,335,423,245</b>	<b>4,208,397,426</b>
<b>Detail of Sale of Products (Gross)</b>		
a) <u>Finished goods</u>		
Automotive Lights, signaling equipment and parts	4,178,669,964	3,473,240,216
Rear View Mirror and Parts	764,973,254	632,404,815
Sheet Metal Parts	182,620,251	174,453,455
Plastic Moulded Parts	441,990,566	119,921,219
Moulds	57,925,521	12,778,347
	5,626,179,556	4,412,798,052
b) <u>Traded goods</u>		
Plastic Powder	2,426,623	2,159,866
Bulb	9,297,507	13,605,878
Iron sheet and rods	436,479	445,405
Mould and dies	110,885,680	70,574,700
Others	16,160,916	12,128,202
	139,207,205	98,914,050
	5,765,386,761	4,511,712,103
<b>Detail of Other Operating Revenues</b>		
Scrap Sales	21,759,429	17,177,481
Testing Charges	1,724,599	1,930,580
Mould Dies and Tool Modification Charges	2,654,677	33,167,363
Others	7,017,393	401,447
	33,156,098	52,676,871
<b>21. OTHER INCOME</b>		
Interest Income	2,469,933	3,014,778
Other Non-Operating Income	538,374	1,590,143
<b>TOTAL</b>	<b>3,008,307</b>	<b>4,604,921</b>
<b>22. COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Inventories at the beginning of the year	200,676,626	129,318,255
Add : Purchases	3,125,397,821	2,617,851,160
Less :- Inventories at the end of the year	198,584,071	200,676,626
<b>TOTAL</b>	<b>3,127,490,376</b>	<b>2,546,492,789</b>
<b>Particulars of Raw material and components consumed</b>		
Plastic Powder	1,035,836,125	739,415,313
Bulb	393,491,351	345,857,612
Iron sheet and rods	202,064,007	181,516,305
Others	1,496,098,893	1,279,703,559
	<b>3,127,490,376</b>	<b>2,546,492,789</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

		(Amount in Rs)	
Particulars		Current Year 2011-12	Previous Year 2010-11
<b>23. PURCHASE OF STOCK IN TRADE</b>			
Purchase of Traded Goods	25,094,506		23,131,047
Purchase of Traded Moulds, Dies and Tools	66,559,804		47,233,900
		91,654,310	70,364,947
<b>TOTAL</b>		<b>91,654,310</b>	<b>70,364,947</b>
<u>Detail of purchase of Traded Goods</u>			
Plastic Powder		2,147,197	1,928,899
Bulb		6,907,730	9,034,085
Iron sheet and rods		578,320	637,578
Mould Dies and Tools		66,559,804	47,233,900
Others		15,461,260	11,530,485
		<b>91,654,310</b>	<b>70,364,947</b>
<b>24. CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>			
Inventories at the end of the year			
a) Work -in- Progress	130,301,012		106,596,199
b) Finished Goods	97,829,039		75,876,195
c) Traded Goods	5,348,458		10,737,643
		233,478,509	193,210,037
Inventories at the beginning of the year			
a) Work -in- Progress	106,596,199		66,013,779
b) Finished Goods	75,876,195		38,171,243
c) Traded Goods	10,737,643		24,591,402
		193,210,037	128,776,424
<b>TOTAL</b>		<b>(40,268,472)</b>	<b>(64,433,613)</b>
<u>Finished Goods</u>			
Automotive Lights, signaling equipment and parts		70,791,752	58,621,588
Rear View Mirror and Parts		21,190,866	16,190,748
Plastic Moulded Parts		5,622,024	102,095
Sheet Metal Parts		224,397	961,764
		<b>97,829,039</b>	<b>75,876,195</b>
<u>Work in Progress</u>			
Automotive Lights, signaling equipment and parts		96,422,749	83,145,035
Rear View Mirror and Parts		18,242,142	14,923,468
Plastic Moulded Parts		10,424,081	3,197,886
Sheet Metal Parts		5,212,040	5,329,810
		<b>130,301,012</b>	<b>106,596,199</b>
<u>Traded Goods</u>			
Mould and Dies		3,937,283	9,803,443
Others		1,411,175	934,200
		<b>5,348,458</b>	<b>10,737,643</b>
<b>25. EMPLOYEES BENEFITS EXPENSES</b>			
Salaries, Wages and Bonus to employees		563,828,156	426,352,850
Contribution to Provident and Other funds		12,346,814	9,569,443
Staff Welfare Expenses		29,262,548	20,156,627
Gratuity Expenses		4,163,190	3,651,233
Earned Leave to staff		2,268,556	1,673,954
<b>TOTAL</b>		<b>611,869,263</b>	<b>461,404,106</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	Current Year 2011-12	Previous Year 2010-11
<b>26. OTHER EXPENSES</b>		
Manufacturing Expenses		
Job Charges	4,187,925	3,787,294
Machinery running and Maintenance		
a) Machinery Repair	1,769,236	420,025
b) Machinery Spares	48,981,339	39,660,358
Consumption of Stores and Spare parts	73,627,791	60,879,801
Packing Expenses	140,608,374	106,442,617
Power & Fuel	225,399,827	184,282,539
Variation in Excise duty of FG	755,947	1,897,248
Repair - Dies	12,994,644	7,827,779
Factory / Godown rent Rent	3,676,521	2,828,797
Freight, Cartage & Octroi	44,649,625	35,068,552
Testing Fees	4,419,900	4,642,916
Segregation Charges Paid	626,852	177,075
	<b>561,697,979</b>	<b>447,915,000</b>
Administrative and Selling Expenses		
Advertisement, Sub & Membership Exp.	3,963,859	2,757,094
Payment to Auditors	3,400,000	3,000,000
Donation	2,593,315	613,157
Rates and taxes	4,022,881	4,090,969
Insurance	2,895,424	2,521,875
Bad debt written off	7,173,472	348,904
Provision for Bad and Doubtful Debt	4,405,705	566,342
Rent	1,057,097	747,709
Repair & Maintenance- Building	1,470,510	850,917
Repair & Maintenance- Other	13,008,874	8,829,795
Royalty	5,000,000	5,000,000
Loss on sale of Fixed Assets	1,269,165	2,047,461
Loss due to Fire	678,520	-
Exchange Difference -Derivatives	46,836,952	33,388,490
Loss on Settlement of TRF Contract	-	177,051,673
Selling & Distribution Expenses	94,297,798	48,696,588
Cash Discount on sales	4,354,343	940,293
Travelling and Conveyance Expenses	21,027,514	15,191,159
Miscellaneous Expenditure written off	-	117,000
Prior Period Expenses	227,102	800,051
Other Office Expenses	88,737,248	61,644,478
	<b>306,419,778</b>	<b>369,203,955</b>
<b>TOTAL</b>	<b>868,117,758</b>	<b>817,118,955</b>
<b>27. FINANCE COSTS</b>		
Interest Expenses	175,905,957	91,125,452
Other Borrowing Costs	2,965,542	3,911,681
Exchange difference to the extent considered as an adjustment to borrowing costs	28,684,487	-
<b>TOTAL</b>	<b>207,555,986</b>	<b>95,037,133</b>



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	31.03.2012	31.03.2011
<b>28. Contingent Liabilities</b>		
i. Bill of Exchange Discounted from Bank	255,953,416	258,381,802
ii. Service Tax demand on credit taken on Outdoor catering for which the Company has filed an appeal with CESTAT, Chennai	1,313,248	-
iii. Excise Duty Demand on Modvat Credit taken on raw material for which the Company has filed an appeal with CESTAT, New Delhi	2,507,076	2,507,076
iv. Entry Tax for certain inter-state purchase in Rajasthan for which matter is sub-judice in superior Courts.	535,777	-
v. Claim against the Company not acknowledged as debts, being disputed by the Company	500,000	500,000
<b>Particulars</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
<b>29. Capital &amp; Other Commitments</b>		
i. Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	22,815,468	57,915,452
ii. Estimated amount of contracts remaining to be executed on traded goods not provided, net of advances	30,667,070	66,425,354
iii. Estimated amount for payment of cess for construction of factory building (net of advances)	939,442	647,910
iv. Estimated amount for payment of import duty on debonding of EOU unit to DTA unit	4,412,256	-
<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
<b>30. Earning in Foreign Exchange</b>		
i. FOB Value of Exports	112,592,350	124,849,087
ii. Packing & Forwarding Charges Received	163,400	146,300
iii. Testing Charges Received	472,600	-
iv. Design, Development & Modification Charges	1,156,677	27,274,902
v. Others	85,267	213,296
<b>TOTAL</b>	<b>114,470,294</b>	<b>1,52,483,585</b>
<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
<b>31. Expenditure in Foreign Currency</b>		
i. Finance Cost	11,888,867	1,982,922
ii. Salary to Staff	11,815,916	-
iii. Travelling Expenses	5,444,721	3,079,092
iv. Consultancy Charges	1,414,690	1,597,126
v. Others	1,448,672	470,828
<b>TOTAL</b>	<b>32,012,866</b>	<b>7,129,968</b>
<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>
<b>32. Value of Imports Calculated on CIF Basis</b>		
i. Raw Materials	77,171,543	99,210,695
ii. Capital Goods	106,574,809	36,204,862
iii. Trading Goods	64,580,628	45,562,291
iv. Components & Spare Parts	2,261,442	2,617,539
v. Consumable Store	779,976	2,943,330
<b>TOTAL</b>	<b>251,368,398</b>	<b>186,538,717</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

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

(Amount In Rs.)

	2011-12		2010-11	
	Rs.	%	Rs.	%
<b>Raw Materials</b>				
Imported	72,144,437	2.31%	104,830,195	4.12%
Indigenous	3,055,345,939	97.69%	2,441,662,594	95.88%
<b>TOTAL</b>	<b>3,127,490,376</b>	<b>100.00%</b>	<b>2,546,492,789</b>	<b>100.00%</b>
<b>Stores and Spare Parts</b>				
Imported	2,476,247	2.02%	6,225,303	6.19%
Indigenous	120,132,883	97.98%	94,314,856	93.81%
<b>TOTAL</b>	<b>122,609,130</b>	<b>100.00%</b>	<b>100,540,159</b>	<b>100.00%</b>

### 34. Remittance in Foreign Currency for Dividend

	2011-12	2010-11
Number of Non Resident Shareholder	1	1
Number of Equity Share held by them	104,051	104,051
Amount of Dividend Paid (In Rs.)	260,127	260,127
Year to which dividend relates	2010-11	2009-10

### 35. Auditor's Remuneration

	2011-12	2010-11
For Statutory Audit	2,000,000	1,750,000
For Tax Audit	300,000	250,000
For Limited Review	700,000	600,000
For Other Services	400,000	400,000
<b>TOTAL</b>	<b>3,400,000</b>	<b>3,000,000</b>

### 36. Deferred Tax

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

	31.03.2012	Addition/(Deduction) during the year	31.03.2011
<b>Deferred Tax Liability</b>			
Depreciation & Amortization and other timing differences in block of assets	201,501,595	49,645,211	151,856,384
<b>TOTAL (A)</b>	<b>201,501,595</b>	<b>49,645,211</b>	<b>151,856,384</b>
<b>Deferred Tax Assets</b>			
Provision for Bad & Doubtful	2,502,049	1,429,431	1,072,618
Provision for Leave Encashment	2,322,112	567,656	1,754,456
Provision for Gratuity	275,948	85,156	190,792
Provision for Bonus	2,576,569	967,708	1,608,861
Provision for Warranty	430,081	91,606	338,475
Welfare Fund	11,515	1,747	9,768
Interest Accrued on FCNRR Loan	338,712	73,725	264,987
<b>TOTAL (B)</b>	<b>8,456,985</b>	<b>3,217,028</b>	<b>5,239,957</b>
Net Deferred Tax Liability (A-B)	193,044,610	46,428,183	146,616,427
Previous Year	146,616,427	27,854,606	118,761,821

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

**37 Lease Transaction**

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

(Amount In Rs.)

Particulars	2011-12	2010-11
Total of future minimum lease payments under cancelable operating lease for following periods:		
i. Not later than one year	2,670,796	1,948,480
ii. Later than one year and not later than five years	4,796,295	3,489,666
iii. Lease payment recognized in Statement of Profit & Loss	6,113,074	4,559,365
<b>38 Borrowing Cost Capitalized</b>		
Borrowing Cost Capitalized to Qualifying Assets	845,000	17,056,115
<b>39 Exchange Differences on account of Fluctuation in Foreign Currency Rates</b>		
<b>Exchange Differences gains/(Loss) recognized in the Statement of Profit &amp; Loss</b>		
i. Relating to Export during the year as a part of "Sales"	1,971,464	2,351,046
ii. Relating to Import during the year as a part of "Purchase"	218,999	357,356
iii. Relating to Import during the year as a part of "Stock in Trade"	2,250,809	408,731
iv. On Settlement of receivables carried forward from the previous year as a part of "Other income"	208,845	191,675
v. On Settlement of other transactions as a part of "Other income"	(4,193,547)	(995,128)
vi. On Expiry/Cancellation of Derivative Instruments during the year as a part of "Other expenses"	(46,836,952)	(208,004,754)
vii. On Expiry/Cancellation of Derivative Instruments during the year as a part of "Finance costs"	(1,453,071)	(2,372,345)
<b>Exchange Differences gains/(Loss) recognized in the Capital Account</b>		
i. Relating to Liabilities against Capital Assets settlement during the year	266,438	804,201
ii. On Marked to Market Gain/(Loss) on change in Value of Foreign Currency Loan (Consequent to notification, issued by Ministry of Corporate Affairs, amending the Accounting Standard AS-11)	(16,783,273)	3,929,101
iii. On Expiry/Cancellation of Derivative Instruments during the year	-	(1,951,580)
<b>40 Foreign Currency Monetary Item Translation Difference Account</b>		
i. Opening Balance	(2,200)	-
ii. Exchange loss/(gain) during the year	(254,500)	(4,400)
iii. Less:-Amortization of Exchange Fluctuation for the year	28,522	2,200
iv. Closing Balance	(228,178)	(2,200)
<b>41 Earning Per Share</b>		
i. Profit available for equity shareholders	211,448,537	114,270,368
ii. Weighted average number of shares	11,962,226	11,962,226
iii. Earning Per share basic and diluted (In Rs.)	17.68	9.55
iv. Face value per equity share (In Rs.)	10	10

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

### 42 Segment Reporting

#### **Business Segments:-**

The Company's operations are manufacture of various types of automotive lighting and accessories. Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting'.

#### **Geographical Segments:-**

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

(Amount In Rs.)

<b>Sales Revenue by Geographical Market</b>		
	<b>2011-12</b>	<b>2010-11</b>
India	<b>5,088,150,177</b>	3,994,676,768
Outside India	<b>214,116,970</b>	161,043,787
<b>TOTAL</b>	<b>5,302,267,147</b>	4,155,720,555

<b>Trade Receivables by Geographical Market</b>		
	<b>31.03.2012</b>	<b>31.03.2011</b>
India	<b>639,258,675</b>	410,264,372
Outside India	<b>31,442,757</b>	50,422,287
<b>TOTAL</b>	<b>670,701,432</b>	460,686,659

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

### 43 Related Party Disclosures

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

#### **Name of Related Party**

#### **(i) Key Management Personnel**

Jagjeewan Kumar Jain	Chairman & Managing Director
Seema Jain	Whole Time Director
Aanchal Jain	Whole Time Director
JSS Rao	Whole Time Director
Kashi Ram Yadav	Whole Time Director

#### **(ii) Relative of Key Management Personnel**

Rahul Jain	Son of Jagjeewan Kumar Jain-Chairman and Managing Director and Seema Jain-Whole time Director Brother of Aanchal Jain-Whole Time Director
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#### **(iii) Related Parties Controlled by Key Management personnel**

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

#### **(iv.) Subsidiary Company**

Fiem Industries Japan Co. Limited	100% Subsidiary Company Incorporated in Japan
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## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount In Rs.)

Particulars	Transaction Value		Outstanding Amount	
	2011-12	2010-11	31.03.2012	31.03.2011
<b>(i) Key Management Personnel</b>				
<b>Remuneration</b>				
Jagjeevan Kumar Jain	12,480,000	12,480,000	687,101	866,336
Seema Jain	2,400,000	2,400,000	140,237	222,384
Aanchal Jain	1,200,000	1,200,000	127,775	115,980
JSS Rao	3,000,000	3,000,000	226,757	195,757
Kashi Ram Yadav	3,144,864	3,144,864	186,565	177,505
<b>Interest</b>				
Aanchal Jain	919,849	1,310,576	-	-
<b>Dividend</b>				
Jagjeevan Kumar Jain	4,698,465	4,677,730	-	-
Seema Jain	4,141,433	4,128,230	-	-
Aanchal Jain	781,733	781,733	-	-
JSS Rao	30	30	-	-
Kashi Ram Yadav	845	845	-	-
<b>(ii) Relative of Key Management Personnel</b>				
Rahul Jain	10,469,235	10,469,235	-	-
<b>(iii) Related Parties Controlled by Key Management personnel</b>				
<b>Brand Royalty</b>				
Fiem Auto & Electrical Industries	5,000,000	5,000,000	1,240,875	1,781,750
<b>Dividend</b>				
Jagjeevan Kumar Jain (HUF)	28,845	28,845	-	-
Fiem Auto Private Limited	211,000	211,000	-	-
<b>(iv) Subsidiary Company</b>				
<b>Fiem Industries Japan Co. Limited</b>				
Sales of Goods	11,430,022	1,086,116	3,587,209	1,538,674
Sales of Services	111,550	27,274,902	5,155,759	26,742,636
Purchases of Goods	266,918	1,191,048	-	1,500,460
Long Term Loan Given	-	1,374,000	1,872,900	1,620,600
Investment	-	-	262,040	262,040
Due from Subsidiary Co.	513,364	624,086	3,810,858	3,297,494

## 44 Post Employment Benefits Plan

## Defined Contribution Plans

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

	2011-12	2010-11
Employer's Contribution to Provident Fund	9,308,053	7,369,072
Employer's Contribution to ESI Fund	2,947,388	2,127,775
Employer's Contribution to Wages Welfare Fund	91,373	72,596
<b>TOTAL</b>	<b>12,346,814</b>	<b>9,569,443</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

### Defined Benefit Plans

Disclosure requirement as per Accounting Standard on Employee Benefit-AS (15)-As per actuarial valuation as on 31.03.12 are as follows:  
(Amount In Rs.)

Particulars	Gratuity		Leave Encashment	
<b>Recognized in the Statement of Profit &amp; Loss</b>	<b>2011-12</b>	<b>2010-11</b>	<b>2011-12</b>	<b>2010-11</b>
Current Service Cost	3,504,263	3,405,267	2,073,457	1,506,435
Interest cost on benefit obligation	1,472,969	1,150,562	437,580	325,784
Expected return on plan assets	(1,588,830)	(1,103,103)	-	-
Net actuarial gain/(loss) recognized in the year	776,312	198,507	(242,481)	(158,265)
<b>Total, Included in "Employee Benefit Expenses"</b>	<b>4,163,190</b>	<b>3,651,233</b>	<b>2,268,556</b>	<b>1,673,954</b>
<b>Recognized in Balance Sheet</b>	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Present value of Defined benefit obligation	20,886,952	18,482,904	7,157,071	5,407,477
Fair value of plan assets	20,036,442	17,894,857	-	-
<b>Net Liability, Shown in "Short Term/Long Term Provisions"</b>	<b>850,509</b>	<b>588,047</b>	<b>7,157,071</b>	<b>5,407,477</b>
Change in the present value of the defined benefit obligation	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Opening defined benefit plan	18,482,904	14,640,642	5,407,477	4,411,067
Interest cost	1,472,969	1,150,562	437,580	325,784
Current service cost	3,504,263	3,405,267	2,073,457	1,506,435
Actuarial (gains)/losses on obligation	(265,459)	(196,327)	(242,481)	(158,265)
Benefits Paid	(2,307,725)	(517,240)	(518,962)	(677,544)
<b>Closing defined benefit plan</b>	<b>20,886,952</b>	<b>18,482,904</b>	<b>7,157,071</b>	<b>5,407,477</b>
Change in the fair value of the plan assets	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Opening fair value of plan assets	17,894,857	10,390,979	-	-
Expected return	1,588,830	1,103,103	-	-
Contribution by employer	3,902,252	7,312,849	-	-
Actuarial gains/(losses) on obligation	(1,041,772)	(394,834)	-	-
Benefits Paid	(2,307,725)	(517,240)	-	-
<b>Closing fair value of plan assets</b>	<b>20,036,442</b>	<b>17,894,857</b>	<b>-</b>	<b>-</b>
<b>Actuarial Assumptions</b>	<b>31.03.2012</b>	<b>31.03.2011</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
Interest & Discount Rate	8.50%	8.00%	8.50%	8.00%
Attrition Rate	1.00%	1.00%	1.00%	1.00%
Retirement Age	58	58	58	58
Salary cost increase rate	6.00%	6.00%	6.00%	6.00%

### Categories of Plan Assets

	Gratuity	
	2011-12	2010-11
	%	%
Investment with insurer	100	100
<b>Total</b>	<b>100</b>	<b>100</b>

### Experience Adjustment (Gratuity)

Particulars	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined Benefit Obligation	20,886,952	18,482,904	14,640,642	10,237,560	7,162,390
Plan Assets	20,036,442	17,894,857	10,390,979	6,212,621	3,189,259
Surplus/(deficit)	(850,509)	(588,047)	(4,249,663)	(4,024,939)	(3,973,131)
Exp. Adj. On Plan Liabilities	-	-	-	-	-
Exp. Adj. On Plan Assets	-	-	-	-	-



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

1. The estimates of future salary increases; considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
3. Information relating to experience adjustment on Plan Assets and Plan Liability in the actuarial valuation of gratuity as required by Para 120 (n)(ii) of the Accounting standard 15 (Revised) on Employee benefits is not available with the company.
4. The company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting standard 15 (Revised) on Employee benefits is not disclosed.

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

**Cross Currency Swap & Forward Currency Option**

The Company uses Cross-currency swaps (principal only swaps and interest rate swaps) and forward currency option contracts to hedge its exposure in foreign currency and interest rates. The counter party is bank. These contracts are for a period between four to five years. The instruments wise information on derivative instruments as on 31.03.2012 is as follows.

(Amount In Rs.)

Particulars	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>Cross-Currency Swap</b>				
<b>Principal Only Swap</b>				
31.03.2012	3	43,069,223	15,687,500	(11,200,616)
31.03.2011	5	161,545,262	58,843,750	(27,912,140)
<b>Interest Swap</b>				
31.03.2012	3	1,472,286	659,804	(259,345)
31.03.2011	5	10,263,172	4,490,257	(1,053,860)
Particulars	No of Contracts	USD Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>Forward Currency Option</b>				
31.03.2012	2	1,320,000	56,542,000	(10,984,580)
31.03.2011	2	5,480,000	236,486,000	(8,196,000)

For the purpose of fair valuation of aforesaid above contracts, the conversion rate of foreign currency as on 31.03.2012 has been adopted on the basis of the exchange rates as per Reserve Bank of India (RBI).

## 46 Movement in Hedging Reserve Account

The movement in Hedging Reserve Account during the year ended March 31, 2012, for derivative transactions.

Particulars	2011-12	2010-11
Balance at the beginning of the year	(37,162,000)	(118,728,233)
Loss recorded/booked on occurrence of settlement of hedge transaction		
Cross Currency Swap-Principal Swap	27,586,652	24,264,497
Cross Currency Swap-Interest Swap	1,453,071	2,129,495
Forward Currency Option	19,250,300	8,883,014
Target Redemption Forward Contract	-	177,051,673
Changes in the fair Value of derivative transaction	(33,572,564)	(130,762,446)
Balance at the end of the year	(22,444,541)	(37,162,000)

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

### 47 Foreign Exchange Currency Exposure Fully Hedged

Particulars	31.03.2012		31.03.2011	
	USD Equivalent	INR Equivalent	USD Equivalent	INR Equivalent
Short Term Loan for working capital (Fully hedged cost 11.60% p.a (Previous year 10.75% p.a)	2,040,816	100,000,000	1,315,789	60,000,000
Long Term Loan (Hedged against exposure to outflow for USD loan repayment and its interest payments. (Cross currency swap to pay fixed interest @ 8.50% p.a and receive a variable interest @ Liabor plus 2.75%)	3,000,000	147,300,000	-	-

### 48 Foreign Exchange Currency Exposure not covered by Derivatives Instruments

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

			31.03.2012		31.03.2011	
			INR	FC	INR	FC
i.	For Import of Raw Materials	USD	1,149,084	23,261	-	-
		JPY	927,750	1,500,000	3,121,060	5,777,600
ii.	For Import of Capital Goods	JPY	-	-	1,127,668	2,087,500
		EURO	-	-	183,270	2,898
		USD	1,160,410	25,100	-	-
		GBP	-	-	1,078,231	14,990
iii.	For Foreign Currency Loan Taken	JPY	284,979,051	520,426,356	296,340,094	541,301,356
iv.	For Export of Goods & Services	GBP	2,248,355	27,544	1,472,297	20,468
		JPY	13,107,532	24,080,919	33,707,546	62,398,270
v.	For Foreign Currency Loan Given	JPY	1,620,600	3,000,000	1,620,600	3,000,000
vi.	Bank Balance	USD	5,170,347	103,154	368,320	8,249
		JPY	11,492	21,294	798,766	1,478,648
		EURO	331,286	5,093	1,609,142	25,445

### 49 Details of Research and Development Expenses

The Company has incurred following expenses on its Research and Development Unit situated at Rai, Sonapat, Haryana (India). The Unit is Recognised by Department of Science and Industrial Research, Ministry of Science and Technology w.e.f 23/12/2011. The approval for said Recognised R&D Unit is awaited.

(Amount In Rs.)

Particulars	2011-12		2010-11
	After Recognition	Before Recognition	
<b>Capital Expenditure</b>			
Capital Expenditure	13,706,872	3,361,508	1,026,217
<b>Total (A)</b>	13,706,872	3,361,508	1,026,217
<b>Revenue Expenditure</b>			
Employee Benefits	10,844,333	22,180,790	6,136,368
Other Expenses	798,758	1,263,916	-
Finance Cost	98,983	2,932	-
Depreciation & Amortization	150,923	105,243	110,178
<b>Total (B)</b>	11,892,997	23,552,881	6,246,546
<b>Grand Total (A+B)</b>	25,599,869	26,914,389	7,272,763

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012****50 Disclosure under Clause 32 of the Listing Agreement**

(Amount In Rs.)

Subsidiary Company	Outstanding Balance at year end		Maximum Amount Outstanding in the year	
	31.3.2012	31.3.2011	2011-12	2010-11
Fiem Industries Japan Co., Limited	<b>1,872,900</b>	1,620,600	<b>1,872,900</b>	1,620,600

**51** The figures appearing in brackets pertains to previous year.

**52** The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956 the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been re-classified to conform to this' classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

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

for Anil S. Gupta & Associates  
Firm Registration Number: 004061N  
Chartered Accountants

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012

## Statement Pursuant to Section 212 of the companies Act 1956 relating to Subsidiary Company

1 Name of The Subsidiary	Fiem Industries Japan Co. Ltd.
2 Financial year of the Subsidiary ended on	31.03.2012
3 Shares of the subsidiary held by the Company on the above date	
(a) Number and Face Value	10 Equity share 50,000 JPY Each
(b) Extent of holding	100%
4 Net aggregate amount of profits / (losses) of the subsidiary for the above financial year of the subsidiary so far as they concern members of the Company:	
(a) dealt with in the accounts of the Company for the year ended 31st March,2012 (amount in Rs)	1,356,023
(a) not dealt with in the accounts of the Company for the year ended 31st March,2012 (amount in Rs)	Nil
5 Net aggregate amount of profits / (losses) of the subsidiary since it became a subsidiary so far as they concern members of the Company:	
(a) dealt with in the accounts of the Company for the year ended 31st March,2012 (amount in Rs)	(4,537,870)
(b) not dealt with in the accounts of the Company for the year ended 31st March, 2012 (amount in Rs)	Nil

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012



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

## DIRECTORS' REPORT

### Dear Shareholder(s),

The Directors of the company hereby present the 3<sup>rd</sup> Annual Report on the affairs of Fiem Industries Japan Co., Ltd. (Company incorporated in Japan) together with the Audited Financial Statements for the financial year ended 31<sup>st</sup> March 2012 and the report of Auditors thereon.

### FINANCIAL RESULTS:

The major financial particulars for the financial year 2011-12 and previous financial year are as under:

Particulars	2011-12 (Rs.)	2010-11 (Rs.)
Total Revenue	29,195,261	94,734,023
Expenditures	27,796,735	98,688,205
Profit (Loss) for the Year before Tax	1,398,526	(3,954,182)
Provision for Tax	42,503	38,098
Profit(Loss) after Tax (carried to Balance Sheet)	1,356,023	(3,992,280)

### Legal Status and General Company Information:

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

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

The accounts of the company have been made out as per requirement of Indian Companies Act in due adherences of sub section 2(a) and 2(b) of section 212 of Companies Act, 1956. This entailed drawing up the Balance Sheet and Statement of Profit & Loss (including auditor's report thereon) of the subsidiary in a manner so as to make it appear conforming to requirements of Indian Companies Act, 1956, for the purpose of annexing the particulars of the body corporate with its holding company under section 212 (1) of the Companies Act, 1956.

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

### Share Capital:

During the Financial Year 2011-12, no shares has been issued by the Company.

### Review of Business Performance:

The company's operations predominantly are that of trading in Mock-up Samples. The major part of the turnover constitutes the income from this operation only. Company has made its maiden profit during the F.Y. 2011-12 as shown in above financial results.

### Dividend:

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

### Transfer to Reserves:

No amount has been transferred to the Reserves.

### Subsidiary Company:

Fiem Industries Japan Co., Ltd. has no subsidiary company.

### Fixed Deposits:

Fiem Industries Japan Co., Ltd. has not accepted any Fixed Deposit within the meaning of the Companies (Acceptance of Deposit) Rules, 1975.

### Auditors:

M/s Anil S. Gupta & Associates, Chartered Accountants who are Auditors of the Holding Indian Company, i.e. Fiem Industries Limited has also audited the accounts of Fiem Industries Japan Co., Ltd. for FY 2011-12.

### Auditor's Report:

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

### Particulars of Employees:

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

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings & outgo:

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

### Directors' Responsibility Statement:

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

- In the preparation of the annual accounts for the year ended March 31, 2012, the applicable accounting standards had been followed to the extent of applicability along with proper explanation relating to material departures, if any;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the applicable provisions of the Companies Act, 1956 for safeguarding the assets of the company and for protecting & detecting fraud and other irregularities;
- The Annual Accounts for the year-ended 31.3.2012 have been prepared on a going concern basis.

### Acknowledgement:

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

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

Place : Rai, Sonapat  
Date : 18.08.2012

Sd/-  
J.K. JAIN  
Director

Sd/-  
J.S.S. RAO  
Director



## AUDITORS' REPORT

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

The financial Statement of FIEM INDUSTRIES JAPAN CO., Ltd. for the year ended 31<sup>st</sup> March 2012, being a company registered in Japan is certified by Certified Tax Accountant in Japan, M/s Altesta Corporation .

We are presented with the accounts in Indian Rupees prepared on the basis of aforesaid accounts to comply with the requirements of Section 212 of the Companies Act 1956.

We give our report as under:-

We have audited the attached Balance Sheet of FIEM INDUSTRIES JAPAN CO., Ltd. as at 31<sup>st</sup> March 2012, and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

- I. As required by the Companies (Auditors' Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub section (4A) of section 227 of the Companies Act, 1956, we enclose in Annexure here to a statement on the matters specified in paragraph 4 and 5 of the said order.
- II. Further to our Comments in the Annexure referred to in Paragraph above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b) Proper returns necessary for making out the accounts in accordance with the requirement of Indian Companies Act 1956, were received by us.
  - c) In our opinion, proper books of accounts as required by law have been kept by the company so far, as appears from our examination of the books.
  - d) The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
  - e) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Sec. 211 of the Companies Act, 1956,
  - f) Reporting on the disqualification of Directors under section 274(1)(g) of Companies Act 1956, is not applicable since the company is registered in Japan.
  - g) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with the Significant Accounting Policies and Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India: -
    - i) In case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012.
    - ii) In case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
    - iii) In the case of Cash Flow Statement, of the Cash flows of the company for the year ended on that date.

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

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

Place: Rai Sonapat, (HR)  
Dated: 18.08.2012

## ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph I of our Report of even date)

1. a) The Company is maintaining proper records to show full particulars including quantitative details and situation of fixed assets.
- b) We are informed that the company has physically verified the fixed assets during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable..
- c) The Company has not disposed of any fixed assets during the year. Hence going concern status of the company is not affected.
2. a) The inventories have been physically verified by the management at regular intervals during the year. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory and there were no material discrepancies noticed on physical verification of the inventory as compared to the book records.
3. a) In our opinion & according to the information & explanations given to us by the management, the Company has not granted any loans, secured or unsecured to companies, firms or other parties. No register is required to be maintained under section 301 of the Companies Act 1956, since the company is incorporated and doing business in Japan.
- b) As informed, during the year the company has not taken any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956. However, in respect of interest free loan taken in earlier years from 100% Holding company -Fiem industries Limited, the maximum amount outstanding at any time during the year is 18,72,900 and year end balance is Rs 18,72,900.
- c) In our opinion, the rate of interest wherever applicable and other terms and conditions on which loans have been taken from parties are not, prima facie, prejudicial to the interest of the company.
- d) In our Opinion, the Company is regular in repaying the principal amounts or interest wherever stipulated.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods & services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. The company is incorporated in Japan and accordingly, maintenance of records under section 301 of the companies Act 1956, is not applicable.
6. The company has not accepted any deposits from the public.
7. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
8. The company is incorporated in Japan and accordingly, maintenance of records under section 209(1)(d) of the companies Act 1956, is not applicable .
9. The Company being registered in Japan has no statutory liability in India and accordingly reporting for paragraph 4(ix) regarding verification of regularity in depositing statutory dues is not applicable.
10. The company has been registered for less than 5 years and hence clause 4(x) regarding reporting on accumulated and cash losses of the order is not applicable.
11. The company has not raised any loans from financial institution or banks during the period.
12. According to the information & explanations given to us, no loans or advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. The company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) are not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) are not applicable to the company.
15. According to the information & explanations given to us, no guarantees for loans taken by others from banks or financial institutions have been given by the company.
16. The company has not taken any term loan, therefore the reporting under clause 4(xvi) is no applicable to the company.
17. According to the information and explanations given to us by the Management and on an overall examination of the balance sheet of the company, we are of opinion that there are no funds raised on short term basis that have been used for long term investments.
18. The company has not made preferential allotment of shares to parties.
19. The company has not issued any debentures.
20. The company has not raised any money by way of public issue during the year.
21. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

Place: Rai Sonapat, (HR)  
Dated: 18.08.2012

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

## BALANCE SHEET AS AT 31ST MARCH 2012

			(Amount in Rs)	
	Note. No.		AS AT 31.03.2012	AS AT 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	262,040	262,040	
b) Reserves & Surplus	3	(5,607,770)	(5,999,018)	(5,736,978)
			(5,345,730)	
<b>NON CURRENT LIABILITIES</b>				
a) Long term Borrowings	4	1,872,900	1,872,900	1,620,600
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings		-	-	-
b) Trade Payables	5	11,619,060	52,030,413	
c) Other Current Liabilities	6	4,390,873	5,205,925	
d) Short Term Provisions	7	43,701	37,814	
<b>TOTAL</b>			<u>16,053,634</u>	<u>57,274,152</u>
			<b>12,580,804</b>	<b>53,157,774</b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	8	174,014	54,247	
ii) Intangible assets		-	-	
			174,014	54,247
<b>CURRENT ASSETS</b>				
a) Current Investments		-	-	-
b) Inventories	9	2,837,100	-	-
c) Trade receivables	10	6,623,836	19,508,635	
d) Cash and Bank Balances	11	2,176,924	33,130,389	
e) Short term Loans and Advances	12	768,930	464,503	
f) Other current assets		-	-	-
<b>TOTAL</b>			<u>12,406,790</u>	<u>53,103,527</u>
			<b>12,580,804</b>	<b>53,157,774</b>

Significant Accounting Policies and Notes To financial Statements I to 27

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

For and on behalf of the Board of Directors

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

Sd/-  
(J. K. Jain)  
Director

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

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2012

		(Amount in Rs)	
	Note No.	Current Year 2011-12	Previous Year 2010-11
<b>INCOME</b>			
Net Sales	13	29,139,474	94,732,397
Other Income	14	55,787	1,626
<b>TOTAL REVENUE (A)</b>		<b><u>29,195,261</u></b>	<b><u>94,734,023</u></b>
<b>EXPENSES</b>			
Purchase of Stock-in-Trade	15	19,130,016	87,669,880
Changes in inventories of Finished Goods, Work In progress and Stock In trade	16	(2,837,100)	-
Employees benefits expenses	17	6,641,375	5,589,091
Other Expenses	18	4,609,846	5,266,889
Finance costs	19	239,345	159,909
Depreciation and Amortization Expense	8	13,253	2,436
<b>TOTAL EXPENSES (B)</b>		<b><u>27,796,735</u></b>	<b><u>98,688,205</u></b>
<b>PROFIT BEFORE TAX</b>		<b><u>1,398,526</u></b>	<b><u>(3,954,182)</u></b>
<b>TAX EXPENSES</b>			
Current Tax		42,503	38,098
<b>PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b><u>1,356,023</u></b>	<b><u>(3,992,280)</u></b>
Basic and Diluted Earning per Equity Share (Nominal value JPY 50,000 each per share)	21	135,602	(399,228)
Significant Accounting Policies and Notes To financial Statements	I to 27		
The accompanying notes are an integral part of the financial statements.			

For and on behalf of the Board of Directors

Sd/-  
(J. K. Jain)  
Director

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

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

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

Place : Rai, Sonapat  
Date : 18.08.2012

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH 2012

(Amount In Rs.)

Particulars	2011-12		2010-11	
<b>A: CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Profit Before Taxes</b>		1,398,526		(3,954,182)
Adjustments for Non Cash Items to reconcile Profit				
Depreciation & Amortization Expenses	13,253		2,436	
Effect of Translation Reserve	(964,775)		(183,195)	
Interest Income	(2,528)		(1,626)	
Finance Costs	239,345	(714,705)	159,909	(22,476)
<b>Operating Profit before Working Capital Changes</b>		683,821		(3,976,658)
Adjustment for (Increase)/decrease in Operating Assets & Liabilities				
(Increase)/Decrease in Inventories	(2,837,100)		-	
(Increase)/Decrease in Trade Receivables	12,884,799		(15,807,118)	
(Increase)/Decrease in Short Term Loans & Advances	(304,427)		(440,283)	
Increase/(Decrease) in Trade Payable & Provisions	(41,220,518)	(31,477,246)	48,855,159	32,607,758
<b>Cash Generated from Operation</b>		(30,793,425)		28,631,100
Adjusted for Direct Taxes and Other Items:				
Income Tax Paid	(42,503)	(42,503)	(34,192)	(34,192)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		(30,835,928)		28,596,908
<b>B: CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(133,020)		(56,683)	
Interest Income	2,528		1,626	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(130,492)		(55,057)
<b>C: CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Addition in Loan from Holding Company	252,300		1,378,400	
Finance Costs Paid	(239,345)		(159,909)	
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		12,955		1,218,491
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		(30,953,465)		29,760,342
Opening Balance of Cash & Cash Equivalents		33,130,389		3,370,047
<b>Closing Balance of Cash &amp; Cash Equivalents (Refer Note no-11)</b>		<b>2,176,924</b>		<b>33,130,389</b>

As per our Report of even date

**For Anil S. Gupta & Associates**  
 Firm Registration Number: 004061N  
 Chartered Accountants

For and on behalf of Board of Directors

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

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

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

**Place : Rai, Sonapat (HR.)**  
**Date : 18.08.2012**

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Financial Statements as at 31.03.2012

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

#### Corporate Information

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

#### SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The accounts of the company have been made out as per requirement of Indian Companies Act in due adherences of sub section 2(a) and 2(b) of section 212 of Companies Act, 1956. This entailed drawing up the balance sheet, profit & loss account (including auditor's report thereon) of the subsidiary in a manner so as to make it appear conforming to requirements of Indian Companies Act, 1956, for the purpose of annexing the particulars of the body corporate with its holding company under section 212 (1) of the Companies Act, 1956.

#### B. Use of Estimates

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

are based upon management knowledge of current events and economic circumstances.

#### C. Tangible Fixed Assets

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

#### D. Inventories

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

#### E. Depreciation

Depreciation on tangible assets is provided on 'Straight Line Method' in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to the said act.

#### F. Revenue Recognition

- (i) Revenue is recognized to the extent of the probability of the economic benefits flowing to the company, which can be reliably measured.
- (ii) The sale of goods is recognized when the significant risk & rewards of ownership have transferred to the customers. Sale is shown net of excise duty.
- (iii) Interest income is accounted on accrual basis.

#### G. Foreign Currency Translations

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

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

#### H. Employee Benefits

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

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

A provision is recognized when the Company has a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent assets is neither recognised nor disclosed in the financial statements.

**J. Taxation**

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

**K. Cash and Cash Equivalents**

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

**L. Cash Flow Statement**

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

**M. Segment Reporting Policies**

The Company is engaged in the business of manufacture of various types of mock-up sample of Automotive Lighting Equipment. The entire operations are governed by the same set of risk and return hence the entire operations represent a single primary segment. The analysis of geographical segments is based on the geographical location of the customers i.e. customers located within India and customers located outside India.

**N. Operating Lease**

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

**O. Earnings Per Share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year.



## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

		<b>AS AT 31.03.2012</b>	<b>AS AT 31.03.2011</b>
<b>2. SHARE CAPITAL</b>			
<b>Authorised</b>			
100 (Prv. Year 100) Equity shares of 50,000 JPY each		2,620,400	2,620,400
<b>Issued, Subscribed &amp; Paid-up</b>			
10 (Prv. Year 10) Equity shares of 50,000 JPY each fully Paid up		262,040	262,040
<b>TOTAL</b>		<b>262,040</b>	<b>262,040</b>
Note :- All of the above Equity shares are held by Fiem Industries Limited, the holding company			
<b>3. RESERVES &amp; SURPLUS</b>			
<b>TRANSLATION RESERVE</b>			
As per Last Balance Sheet	(105,125)		78,070
less :- Addition / deduction during the year	(964,775)		(183,195)
		(1,069,900)	(105,125)
<b>SURPLUS -OPENING BALANCE</b>	(5,893,893)		(1,901,613)
Add:- Net profit after tax transferred from Statement of Profit and Loss	1,356,023		(3,992,280)
<b>SURPLUS -CLOSING BALANCE</b>		(4,537,870)	(5,893,893)
<b>TOTAL</b>		<b>(5,607,770)</b>	<b>(5,999,018)</b>
<b>4. LONG TERM BORROWINGS</b>			
(UNSECURED LOAN)			
Loan from 100% Holding Company - Fiem Industries Limited		1,872,900	1,620,600
<b>TOTAL</b>		<b>1,872,900</b>	<b>1,620,600</b>
<b>5. TRADE PAYABLES</b>			
Sundry Creditors		2,876,091	25,249,563
Payable to Holding company - Fiem Industries Limited		8,742,968	26,780,850
<b>TOTAL</b>		<b>11,619,060</b>	<b>52,030,413</b>
<b>6. OTHER CURRENT LIABILITIES</b>			
Liabilities for Expenses		489,516	1,825,196
Liabilities for Expenses- Payable to Fiem Industries limited		3,810,858	3,297,494
Statutory Dues Payable		90,500	83,235
<b>TOTAL</b>		<b>4,390,873</b>	<b>5,205,925</b>
<b>7. SHORT TERM PROVISIONS</b>			
Provision for Taxation		43,701	37,814
<b>TOTAL</b>		<b>43,701</b>	<b>37,814</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

## 8. FIXED ASSETS

(Amount in Rs)

PARTICULARS	GROSS BLOCK				DEPRECIATION & AMORTIZATION				NET BLOCK	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	Upto 01.04.2011	For the Year	Deductions	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
<b>Tangible Assets</b>										
Office Equipments	16,566	-	-	16,566	328	790	-	1,118	15,448	16,238
Furniture & Fixtures	40,117	-	-	40,117	2,108	2,546	-	4,654	35,463	38,009
Vehicles	-	88,417	-	88,417	-	2,846	-	2,846	85,571	-
Computer	-	44,603	-	44,603	-	7,072	-	7,072	37,531	-
<b>Total</b>	<b>56,683</b>	<b>133,020</b>	<b>-</b>	<b>189,703</b>	<b>2,436</b>	<b>13,253</b>	<b>-</b>	<b>15,690</b>	<b>174,014</b>	<b>54,247</b>
Previous Year	-	56,683	-	56,683	-	2,436	-	2,436	54,247	-

(Amount in Rs)

	AS AT 31.03.2012	AS AT 31.03.2011
<b>9. INVENTORIES</b>		
Traded Goods	2,837,100	-
<b>TOTAL</b>	<b>2,837,100</b>	<b>-</b>
<b>10. TRADE RECEIVABLES</b>		
(unsecured but considered good)		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	-	-
b) Considered Doubtful	-	-
Other Debts :- Considered Good	6,623,836	19,508,635
Less:- Provision for Doubtful Debts	-	-
<b>TOTAL</b>	<b>6,623,836</b>	<b>19,508,635</b>
<b>11. CASH AND BANK BALANCES</b>		
Cash and Cash Equivalents		
a) Cash on hand	53,527	-
b) Balances with Banks on current account	2,123,397	33,130,389
<b>TOTAL</b>	<b>2,176,924</b>	<b>33,130,389</b>
<b>12. SHORT TERM LOAN AND ADVANCES</b>		
(Unsecured but considered good)		
i) Advance for Goods other than Capital Goods	-	244,184
ii) Security Deposit	137,190	118,709
iii) Balance with Customs, Excise Department	339,815	-
iv) Prepaid Expenses	291,925	101,610
<b>TOTAL</b>	<b>768,930</b>	<b>464,503</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

	Current Year 2011-12	Current Year 2011-12
<b>13. NET SALES</b>		
Sale of Traded Goods - Mock Up Samples	29,139,474	94,732,397
<b>TOTAL</b>	<b>29,139,474</b>	<b>94,732,397</b>
<b>14. OTHER INCOME</b>		
Interest Income		
a) on Banking Deposits	2,528	1,626
Other Non-Operating Income	53,258	-
<b>TOTAL</b>	<b>55,787</b>	<b>1,626</b>
<b>15. PURCHASE OF STOCK IN TRADE</b>		
Purchase of Traded Goods - Mock Up Samples	19,130,016	87,669,880
<b>TOTAL</b>	<b>19,130,016</b>	<b>87,669,880</b>
<b>16. CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Stock in Trade at Close		
a) Traded Goods- Mock up sample	2,837,100	-
Stock in Trade at Commencement		
a) Traded Goods- Mock up sample	-	-
<b>TOTAL</b>	<b>(2,837,100)</b>	<b>-</b>
<b>17. EMPLOYEES BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus	5,555,357	5,338,156
Contribution to Provident and Other funds	624,790	119,391
Staff Welfare Expenses	461,229	131,544
<b>TOTAL</b>	<b>6,641,375</b>	<b>5,589,091</b>
<b>18. OTHER EXPENSES</b>		
Testing fees	111,550	-
Advertisement, Sub & Membership Exp.	6,480	2,484
Rate taxes and fee	31,260	-
Insurance	1,452	84,785
Rent	1,287,127	1,216,134
Repair & Maintenance- Other	2,857	551
Selling & Distribution Expenses	90,862	213,298
Travelling Expenses	1,129,830	1,492,138
Other Office Expenses	1,948,428	2,257,499
<b>TOTAL</b>	<b>4,609,846</b>	<b>5,266,889</b>
<b>19. FINANCE COSTS</b>		
Other Borrowing Costs	239,345	159,909
<b>TOTAL</b>	<b>239,345</b>	<b>159,909</b>

## NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

	2011-12	2010-11		
<b>20. Lease Transaction</b>				
Lease payment under Operating Lease have been accounted for in accordance with AS-19 of the ICAI "Accounting for Leases" and accordingly lease payment under operating lease have been recognized as an expenses in the statement of profit & loss account over the period of lease term.				
Total of future minimum lease payments under cancelable operating lease for following periods:				
Not later than one year	1,287,127	1,172,666		
Later than one year and not later than five years	-	-		
Lease payment recognized in Statement of Profit & Loss	1,287,127	1,216,134		
<b>21. Earning Per Share</b>				
Profit available for equity shareholders	1,356,023	(3,992,280)		
Weighted average number of shares	10	10		
Earning Per share basic and diluted (In Rs.)	135,602	(399,228)		
Face value per equity share JPY 50,000 (In Rs.)	26,204	26,204		
<b>22. The Company's operations predominantly are that of trading in Mock-up sample of automotive lighting equipment. As such there is no other separate reportable segment as defined by Accounting Standard-17 "Segment Reporting".</b>				
<b>23. Related Party Discloser</b>				
<b>Name of Related Parties, Transactions and Balances at Reporting date are as follows</b>				
<b>Name of Related Party</b>				
<b>Key Management Personnel</b>				
Saket Singhal	Director (with effect from 01.12.2010)			
Takanabu Kamoshita	Director (up to 01.12.2010)			
<b>Holding Company</b>				
Fiem Industries Limited	100% Holding Company Incorporated in India			
	<b>Transaction Value</b>	<b>Outstanding Amount</b>		
<b>Particulars</b>	<b>2011-12</b>	<b>2010-11</b>	<b>31.03.2012</b>	<b>31.03.2011</b>
<u>Key Management Personnel</u>				
<u>Remuneration</u>				
Saket Singhal	4,351,863	1,611,819	-	173,462
Takanabu Kamoshita	-	2,332,800	-	-
<u>Holding Company</u>				
<u>Fiem Industries Limited</u>				
Sales of Goods	266,918	1,191,048	-	1,500,460
Purchase of Services	111,550	27,274,902	5,155,759	26,742,636
Purchases of Goods	11,430,022	1,086,116	3,587,209	1,538,674
Long Term Loan Received	-	1,374,000	1,872,900	1,620,600
Share Capital	-	-	262,040	262,040
Payable to Holding Company	513,364	624,086	3,810,858	3,297,494
<b>24. Post Employment Benefits Plan</b>				
Defined Contribution Plans				
Contribution to Defined Contribution Plan, recognized as expenses for the year are as under:				
Employer's Contribution to Provident and other fund		624,790		119,391
<b>TOTAL</b>		<b>624,790</b>		<b>119,391</b>

## **NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012**

25. Figures have been rounded off to the nearest rupee..
26. Since the company is incorporated in Japan, there is no income tax liability under Income Tax Act, 1961.
27. The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956 the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been re-classified to conform to this' classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

**For Anil S. Gupta & Associates**  
Firm Registration Number: 004061N  
Chartered Accountants

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

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

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

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

**Place : Rai, Sonapat (HR.)**  
**Date : 18.08.2012**



# **Consolidated Financial Statements**

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To The Board of Directors of

### **FIEM INDUSTRIES LIMITED**

1. We have audited the attached Consolidated Balance Sheet of FIEM INDUSTRIES LIMITED ("the Company") and its subsidiary as at 31st March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date both annexed thereto. These Consolidated financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21- Consolidated Financial Statements as notified by Companies (Accounting Standards ) Rules, 2006 under section 211(3C) of the Companies Act 1956.
4. In our opinion and to the best of information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.
  - i) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Company as at 31st March 2012.
  - ii) In case of the Consolidated Statement of Profit and Loss, of the Consolidated Profit for the year ended on that date; and
  - iii) In the case of Consolidated Cash Flow Statement, of the consolidated Cash flows of the company for the year ended on that date.

for **ANIL S. GUPTA & ASSOCIATES**  
Firm Registration No. 004061N  
Chartered Accountants

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

PLACE : Raj, Sonapat (HR.)  
DATED : 18.08.2012



## CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2012

			(Amount in Rs)	
	Note No.		AS AT 31.03.2012	AS AT 31.03.2011
<b>I. EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
a) Share Capital	2	119,622,260	119,622,260	
b) Reserves & Surplus	3	1,318,335,343	1,134,252,541	
			1,437,957,603	1,253,874,801
<b>NON CURRENT LIABILITIES</b>				
a) Long term borrowings	4	949,899,157	807,033,399	
b) Deferred Tax Liabilities (net)	31	193,044,610	146,616,427	
c) Other Long term Liabilities	5	25,689,750	10,049,870	
d) Long Term Provisions	6	6,242,392	4,888,515	
			1,174,875,909	968,588,211
<b>CURRENT LIABILITIES</b>				
a) Short term borrowings	7	441,651,469	381,118,612	
b) Trade Payables	8	646,968,734	577,662,036	
c) Other Current Liabilities	9	429,843,550	349,007,805	
d) Short Term Provisions	10	53,054,492	42,080,402	
			1,571,518,246	1,349,868,855
<b>TOTAL</b>			<b>4,184,351,758</b>	<b>3,572,331,867</b>
<b>II. ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
a) Fixed Assets				
i) Tangible assets	11	2,805,597,958	2,301,200,483	
ii) Intangible assets	11	9,641,949	5,168,316	
iii) Capital work-in-progress	11	13,730,080	131,839,223	
iv) Intangible assets under development	-	-	-	
b) Non-current investments	12	200,000	200,000	
c) Long term Loans and Advances	13	70,280,016	93,195,071	
d) Other non current assets	14	992,229	647,229	
			2,900,442,232	2,532,250,322
<b>CURRENT ASSETS</b>				
a) Current Investments	-	-	-	
b) Inventories	15	460,205,285	420,900,026	
c) Trade receivables	16	668,582,300	453,414,444	
d) Cash and Bank Balances	17	54,833,847	47,836,194	
e) Short term Loans and Advances	18	98,527,344	114,087,187	
f) Other current assets	19	1,760,749	3,843,694	
			1,283,909,526	1,040,081,545
<b>TOTAL</b>			<b>4,184,351,758</b>	<b>3,572,331,867</b>

## Significant Accounting Policies and Notes to financial Statements.

I to 45

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

## For and on behalf of the Board of Directors

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

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

Sd/-  
(Rahul Jain)  
Director

Sd/-  
(Arvind K. Chauhan)  
Company Secretary

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON 31ST MARCH 2012

(Amount in Rs)

	Note No.	Current Year 2011-12	Previous Year 2010-11
<b>INCOME</b>			
Sale of Products (Gross)		5,782,829,295	4,604,167,336
Less :- Excise Duty		<u>463,119,614</u>	<u>355,991,548</u>
Net Sales		5,319,709,681	4,248,175,788
Other Operating revenue		31,614,597	25,763,910
Revenue from Operation (Net)	20	<u>5,351,324,278</u>	<u>4,273,939,698</u>
Other Income	21	3,064,094	4,606,547
<b>TOTAL REVENUE (A)</b>		<b><u>5,354,388,372</u></b>	<b><u>4,278,546,245</u></b>
<b>EXPENSES</b>			
Cost of Raw Materials and Components Consumed	22	3,127,490,376	2,545,301,741
Purchase of Stock-in-Trade	23	99,354,304	129,673,809
Changes in Inventories of Finished Goods, Work in progress and Stock in trade	24	(43,105,572)	(64,433,613)
Employees Benefits Expenses	25	618,510,638	466,993,197
Other Expenses	26	872,349,136	822,385,845
Finance Costs	27	207,795,331	95,197,042
Depreciation and Amortization Expense	11	168,848,865	129,795,492
<b>TOTAL EXPENSES (B)</b>		<b><u>5,051,243,077</u></b>	<b><u>4,124,913,513</u></b>
<b>PROFIT BEFORE TAX (A-B)</b>		<b><u>303,145,295</u></b>	<b><u>153,632,732</u></b>
<b>TAX EXPENSES</b>			
Current Tax (MAT payable)		61,672,158	31,488,098
Less : MAT Credit Entitlement		<u>16,329,655</u>	<u>16,350,000</u>
a) Net Current Tax Expense		45,342,503	15,138,098
b) Deferred Tax		<u>46,428,183</u>	<u>27,854,606</u>
		91,770,686	42,992,704
<b>PROFIT AFTER TAX FOR THE PERIOD FROM CONTINUING OPERATIONS</b>		<b><u>211,374,609</u></b>	<b><u>110,640,028</u></b>
Basic and Diluted Earning per Equity Share (Nominal value Rs 10 per share)	35	17.67	9.25

Significant Accounting Policies and Notes  
to financial Statements.

I to 45

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

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

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

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

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

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

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

Place : Rai, Sonapat (HR.)  
Date : 18.08.2012

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(Amount in Rs)

Particulars	2011-12		2010-11	
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Profit Before Taxes		303,145,295		153,632,732
Adjustments for Non Cash Items to reconcile Profit Provided By Operating Activities:				
Depreciation & Amortization Expenses	168,848,865		129,795,492	
Loss/(Profit) on sale of Fixed Assets	1,269,165		2,047,461	
Loss of Fixed assets due to Fire in Plant (Net of Claim)	339,659		-	
Unrealised Foreign Exchange (Gain)/Loss	(2,592,335)		253,256	
Miscellaneous Expenditure written off	-		117,000	
Provision for Bad & Doubtful Debts	4,405,705		566,342	
Bad Debt written-off	7,173,472		348,904	
Variation in Excise Duty of Finished Goods	755,947		1,897,248	
Interest Income	(2,472,461)		(3,016,404)	
Exchange Difference on Derivatives	46,836,952		210,440,163	
Finance Costs	207,795,331	432,360,300	95,197,042	437,646,504
<b>Operating Profit before Working Capital Changes</b>		735,505,595		591,279,236
Adjustment for (Increase)/decrease in Operating Assets				
Inventories	(40,061,206)		(149,472,760)	
Trade Receivables	(225,189,593)		(144,294,839)	
Other Current Assets & Loan and Advances	58,147,102	(207,103,697)	(80,514,959)	(374,282,558)
Adjustment for Increase/(decrease) in Operating Liabilities				
Trade Payable & Other Current Liabilities and Provisions	67,430,919	67,430,919	205,528,088	205,528,088
<b>Cash Generated from Operation</b>		595,832,817		422,524,766
Adjusted for Income Tax and Other Items:				
Exchange Difference on Derivatives	(48,290,023)		(214,764,091)	
Income Tax Paid	(59,702,820)		(36,836,134)	
Income Tax Refund Received	-	(107,992,843)	16,286,603	(235,313,622)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		487,839,974		187,211,144
<b>B CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(666,062,724)		(902,140,032)	
Proceeds from Sale of Fixed Assets	3,376,062		5,875,915	
(Increase)/Decrease in Capital Work in Progress	118,109,142		112,670,027	
Deposit with Banks having maturity over three month	811,690		(1,079,690)	
Interest Income on Bank Deposits	2,135,729		824,391	
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		(541,630,101)		(783,849,389)

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH , 2012 (Cont.)

(Amount in Rs)

Particulars	2011-12	2010-11
<b>C CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Dividend Paid	(29,905,565)	(29,905,565)
Dividend Distribution Tax Paid	(4,851,431)	(4,966,941)
Finance Costs Paid	(178,502,773)	(109,840,812)
Increase/(Decrease) in Long-Term Borrowing	213,510,029	594,637,728
Increase/(Decrease) in Short-Term Borrowing	60,532,857	178,922,206
NET CASH USED IN FINANCING ACTIVITIES	60,783,117	628,846,616
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	6,992,990	32,208,371
Opening Balance of Cash & Cash Equivalents	46,756,504	15,091,902
Effect of Exchange Rate Change	125,199	(834)
Effect of Foreign Currency Translation Reserve	691,154	(542,935)
<b>Closing Balance of Cash &amp; Cash Equivalents</b>	<b>54,565,847</b>	<b>46,756,504</b>
<b>Components of Cash and Bank Balance</b>		
Cash in Hand	1,575,148	1,436,435
Balances with Banks on Current Account	15,244,381	42,747,934
Deposit with Banks having maturity less than three months	37,507,640	2,350,000
Margin Money Deposit	268,000	1,079,690
Unpaid Dividend Accounts	238,678	222,135
<b>Cash and Bank Balances (Refer Note No.-17)</b>	<b>54,833,847</b>	<b>47,836,194</b>
Less:-Deposit with Banks having maturity over three month	268,000	1,079,690
<b>Cash and Cash Equivalent in Cash Flow Statement</b>	<b>54,565,847</b>	<b>46,756,504</b>

As Per our Report of even date

For and on behalf of Board of Directors

For **Anil S. Gupta & Associates**  
Firm registration number: 004061N  
Chartered Accountants

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

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

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

Sd/-  
**Anil Kumar Gupta**  
Proprietor  
Membership No.83159

Place: Rai, Sonapat (HR.)  
Date: 18.08.2012

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

Significant Accounting Policies and Notes to Accounts attached to and forming part of the Consolidated Financial Statements as at 31.03.2012

# I. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY

## Corporate Information

The Company is in the business of manufacturing and supply of auto components comprising of automotive lighting & signalling equipments, rear-view mirror, prismatic mirror and sheet metal components for two-wheeler and four wheeler applications. The company's registered office is in New Delhi and it has several manufacturing plants and depots across the country & research and development unit at Rai, Sonapat, Haryana. It has one wholly owned subsidiary in Japan. Its shares are listed on National Stock Exchange and Bombay Stock Exchange in India.

## Significant Accounting Policies

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

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

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

The Financial statements have been prepared as a going concern on accrual basis under the historical cost convention except for certain revalued fixed assets and those items covered under "Accounting Standard-30" on "Financial instruments: Recognition and Measurement" which have been measured at their fair value. They comply in all material respects with the Generally Accepted Accounting Principles (GAAP) in India, which comprise of mandatory Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 (as amended), other pronouncements of the Institute of Chartered Accountants of India, the relevant provisions of Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India.

### A (a). Principal of Consolidation

- (i) The financial statements of the Parent Company, its Subsidiary have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/losses on intra-group transactions, as in accordance with Accounting Standard (AS) -21 "Consolidated Financial Statements".
- (ii) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

- (iii) In case of foreign subsidiaries, being non-integral foreign operations, revenue items are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Translation reserve.
- (iv) The company has only one wholly owned foreign subsidiary i.e Fiem Industries Japan Co. Ltd. incorporated in Japan which has been considered for consolidation.

## B. Use of Estimates

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

## C. Tangible and Intangible Fixed Assets

- (i) Tangible assets are valued at the historical cost of acquisition, construction or manufacturing cost, as the case may be, except for certain fixed assets, which have been stated at revalued amounts less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, levies (Net of tax/duty credits availed, if any,) installation and commissioning expenses and all incidentals cost attributable to bringing the assets to its working condition. Interest on borrowings and financing costs during the period of construction or installation of fixed assets which take substantial period of time to get ready for its intended use up to the date of commencement of commercial production is added to the cost of respective tangible assets.
- (ii) Intangible assets are shown at the consideration paid for acquisition less accumulated amortization.
- (iii) Own manufactured tangible assets are capitalized at cost including an appropriate proportion of manufacturing overheads based on normal operating capacities.
- (iv) Capital work-in-progress comprises the cost of fixed assets that are not yet ready for their intended use at the balance sheet date & expenditure during construction period pending allocation and fixed assets in transit that are not yet received for their intended use at the balance sheet date.
- (v) In respect of accounting periods commencing on or after 7th December, 2006, exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of depreciable fixed assets.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

### D. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost or fair value determined on an individual investment basis. Long-term investments are carried at cost. Provision for diminution in the value of Investment is made only if such a decline is other than temporary in the opinion of management.

### E. Inventories

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

### F. Depreciation and Amortisation

- (i) Depreciation on tangible assets is provided on 'Straight Line Method' in accordance with the provisions of Section 205 (2) (b) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to the said act.
- (ii) Leasehold land is amortised over the duration of the lease.
- (iii) Depreciation on assets purchased during the year has been charged from the date of purchase.
- (iv) Depreciation on assets sold, discarded or demolished during the year is being provided at their rates up to the date of sale, discarded or demolished.
- (v) Individual assets costing Rs. 5,000 or less are fully depreciated in the year of purchase
- (vi) Intangible assets are amortised over their estimated useful life as follows.
  - (a) Computer software is amortised over a period of 6 years

- (b) Technical know-how over a period of 5 years.

- (vii) Depreciation is not charged on capital work in progress until construction and installation are complete and asset ready for its intended use.
- (viii) On the revalued assets, the difference between the depreciation calculated on the revalued amount & on the original cost is charged to the Revaluation Reserve.

### G. Revenue Recognition

- (i) Revenue is recognized to the extent of the probability of the economic benefits flowing to the company, which can be reliably measured.
- (ii) The sale of goods is recognized when the significant risk & rewards of ownership have transferred to the customers. Sale is shown net of excise duty. The Excise Duty is separately disclosed.
- (iii) Revenue in respect of contracts for services is recognized on completion of services.
- (iv) Inter-unit/warehouse transfer has not been considered as part of "Turnover".
- (v) Insurance claims are accounted for on the basis of claim admitted/expected to be admitted and to the extent that there is no uncertainty in receiving the claims.
- (vi) Interest income is accounted on accrual basis.

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

- (i) Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants/subsidy will be received.
- (ii) Benefit on account of entitlement to import goods free of duty under the "Duty Entitlement Pass Book Scheme" are recognized in the year the goods are exported if the same can be measured with reasonable accuracy.
- (iii) Duty drawback is recognised at the time of exports.

### I. Foreign Currency Transactions and Translations

#### Initial Recognition

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

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

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

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

## Treatment of Exchange Differences

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

**J. Research and Development**

Research expenses are charged to Statement of Profit & Loss as and when incurred. Development expenses are capitalized when the Company is certain to recover the development cost from future economic benefits in accordance with AS-26. Fixed Assets utilized for research and development are capitalized and amortised in accordance with the policies stated for tangible and intangible fixed assets.

**K. Employee Benefits**

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

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

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

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

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

**N. Taxation**

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

**O. Borrowing Cost**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### **P. Excise Duty**

The Excise duty has been accounted on finished goods on the basis of both payments made in respect of goods cleared as also goods lying in warehouse/factory. The company makes provision for liability of unpaid excise duty on finished stock lying in factory or warehouse. The estimate of such liability has been made at the rates in force on the balance sheet date. On stock meant for exports, no excise duty provision has been made since excise duty is not leviable on goods meant for exports.

### **Q. Impairment**

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

### **R. Cash and Cash Equivalents**

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

### **S. Cash Flow Statement**

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

### **T. Derivatives Instruments and Hedge Accounting**

The Company enters into derivatives contracts in the nature of foreign currency swaps, currency options, forward contracts etc. to hedge its exposure to movements in foreign exchange rates. The use of these contracts reduces the risk or cost to the Company and the Company does not use those for trading or speculative purposes.

Effective April 1, 2008 the Company adopted AS 30, "Financial Instruments: Recognition and Measurement", to the extent that the adoption did not conflict with existing accounting standards and other authoritative pronouncement of the Company Law and other regulatory requirements.

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

Derivative Financial Instruments is presented under "Current/non current liability".

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

### **U. Segment Reporting Policies**

The Company is engaged in the business of manufacture of various types of Automotive Lighting Equipment. The entire operations are governed by the same set of risk and return hence the entire operations represent a single primary segment. The analysis of geographical segments is based on the geographical location of the customers i.e. customers located within India and customers located outside India.

### **V. Operating Lease**

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

### **W. Earnings Per Share**

'Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>2. SHARE CAPITAL</b>		
<b>Authorised</b>		
3,00,00,000 (Prv. Year 3,00,00,000) Equity shares of Rs 10 each	300,000,000	300,000,000
<b>Issued, Subscribed &amp; Paid-up</b>		
1,19,62,226 ( Prv. Year 1,19,62,226 ) Equity Shares of Rs. 10/- each fully paid up	119,622,260	119,622,260
<b>TOTAL</b>	<b>119,622,260</b>	<b>119,622,260</b>
<b>a) Terms/rights attached to equity shares</b>		
The company has only one class of shares referred to as equity shares having a par value of Rs 10 each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general Meeting except in case of interim dividend. In the event of liquidation of the company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no such preferential amount exist currently. The distribution will be in proportion to the number of the equity shares held by the shareholders.		
<b>b) Aggregate number of bonus shares issued, share issued for consideration other than cash during the period of five years immediately preceding the reporting date</b>		
1,04,065 fully paid up equity shares of Rs10/- each allotted during 2007-08 to the shareholders of M/s Fiem Sung san (India) Limited Pursuant to its Amalgamation without payment being received in cash.		
<b>c) The Details of shareholder holding more than 5% shares in the company ( Equity share of Rs 10 each fully paid up)</b>		
<b>Name of the Shareholder</b>	<b>As at 31.03.2012</b>	<b>As at 31.03.2011</b>
	No of shares % held	No of shares % held
1) Rahul Jain	4,187,694 35.00%	4,187,694 35.00%
2) JK Jain	1,891,111 15.81%	1,871,092 15.64%
3) Seema Jain	1,656,573 13.85%	1,651,292 13.80%
<b>d) There is no change in share capital of the company, therefore no reconciliation for share capital is reported.</b>		
<b>3. RESERVES &amp; SURPLUS</b>		
<b>CAPITAL RESERVES</b>		
a) Land Revaluation Reserve		
As per Last Balance Sheet	117,477,278	117,477,278
Total (a)		
b) Building Revaluation Reserve		
As Per Last Balance Sheet	23,749,226	24,741,252
Less:- Adjustment on account of depreciation on revalued portion of asset	992,026	992,026
Total ( b )	22,757,200	23,749,226
Total (a+b)	140,234,478	141,226,504
<b>SECURITIES PREMIUM RESERVE</b>		
As per Last Balance Sheet	509,972,343	509,972,343
<b>GENERAL RESERVE</b>		
As Per Last Balance Sheet	53,500,000	41,000,000
Add:- Transferred from Surplus in the statement of Profit and Loss	22,500,000	12,500,000
	76,000,000	53,500,000
	(22,444,541)	(37,162,000)
<b>HEDGING RESERVE ( Refer Note No. 39 &amp; 40)</b>		
	159,925	(531,229)
<b>TRANSLATION RESERVE</b>		
<b>SURPLUS -OPENING BALANCE</b>	467,246,923	403,863,890
Add:- Net profit after tax transferred from Statement of Profit and Loss	211,374,609	110,640,029
Amount Available for Appropriation	678,621,532	514,503,919

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
Less :- Appropriations		
i) Proposed Dividend	35,886,678	29,905,565
ii) Corporate Dividend Tax	5,821,716	4,851,431
iii) Transfer to General Reserve	22,500,000	12,500,000
	64,208,394	47,256,996
<b>SURPLUS -CLOSING BALANCE</b>	<b>614,413,138</b>	<b>467,246,923</b>
<b>TOTAL</b>	<b>1,318,335,343</b>	<b>1,134,252,541</b>

### 4. LONG TERM BORROWINGS ( SECURED LOANS )

#### TERM LOANS FROM BANKS

a) Indian Rupee Loan	558,124,221	513,670,932
b) Foreign Currency Loan	378,512,314	279,334,318
	936,636,535	793,005,250

#### VEHICLE LOANS

a) from Banks	9,722,504	9,492,419
b) from Others	3,540,119	4,535,730
	13,262,623	14,028,149
<b>TOTAL</b>	<b>949,899,157</b>	<b>807,033,399</b>

#### Indian Rupee Loan from Bank includes

- From Citibank N.A. has tenor of 5 years with 16 equal quarterly repayments beginning from the end of 15 months from drawdown. Interest is payable on monthly basis. The loan carries fixed interest rate of 12% and is secured against exclusive charge on all movable assets procured out of the term loan and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit -2 at Hosur with Axis Bank.
- From Standard Chartered Bank :- The Loan is for 5/4.5 years with 16 /17/14 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest is monthly payable. The loan carries fixed interest rate of 9.65% to 10% The Loan is secured against Exclusive charge on land and building at Hosur Unit-3 situated at Kelamangalam Road, Hosur, Tamilnadu and Exclusive charge on land and Building of corporate office in Mansarovar Garden, New Delhi and Parri passu charge on moveable Fixed assets both present and future including plant and machinery at hosur unit-3, kelamangalam road.
- From State bank of Patiala :- The loan is for 6 years with 24 quarterly repayment beginning from the end of 15 months from the drawdown. Interest is monthly payable. The loan carries floating interest rate of 11.75% and 12.75% . The Loan is Secured against First Pari Passu charge with Axis Bank over movable and Immovable fixed assets of Rai Unit ( Present and future) including equitable mortgage of Factory Land and Building at Rai, Sonapat and Parri passu charge on movable fixed assets of Hosur unit- III (tamilnadu) with Standard Chartered Bank and First Charge on movable fixed assets of Mysore unit -IV Karnataka and Second charge over the entire fixed assets of unit VI nalagarh Unit (first charge with Citibank).
- From Axis Bank :- The loan is for 4 years and 7 years and has Half yearly and quarterly repayment beginning after moratorium period of 6 and 12 months from the drawdown. Interest is monthly payable. The loan carries floating interest rate of 11.75% and 12.25%. The Loan is Secured against First Pari Passu charge on the movable and immovable fixed assets of Rai Unit including equitable mortgage of Factory Land and Building of Rai Unit with State Bank of Patiala and secured against First Pari Passu Charge on movable fixed assets of kundli unit and Unit -2 at Hosur with Citibank and Term loan of Rs 1.58 crore is secured on exclusive charge on assets financed out of the term loan.
- Vehicle loan from banks and others are secured against hypothecation of the respective vehicles acquired out of proceeds thereof. The Loans carries interest rate between 10% to 12%.

#### Foreign currency Loan from Bank includes

- From Standard Chartered Bank - ECB -I:- The loan is for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest rate 3 month LIBOR PLUS 225 BSP p.a. payable quarterly. The loan is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit.
- From Standard Chartered Bank ECB -2:- The loan is for 5 years with 16 equal quarterly repayment beginning from the end of 15 months from the drawdown. Interest is quarterly payable. The loan carries fully hedged interest cost of 8.50% p.a. The Loan is secured against Equitable mortgage on land and building at Tapukara, Rajasthan Unit on Exclusive basis and Specific charge on Plant and machinery at Tapukara, Rajasthan Unit.

	1-2 years	2-3 years	3-4 years	Beyond 4 years
Maturity Profile of Term Loan and Vehicle Loan	270,124,467	267,776,498	230,434,555	181,563,637

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>5. OTHER LONG TERM LIABILITIES</b>		
Advance from Customers	25,689,750	—
Mark to Market Losses on Derivative Contracts	—	10,049,870
<b>TOTAL</b>	<b>25,689,750</b>	<b>10,049,870</b>
<b>6. LONG TERM PROVISIONS</b>		
Retirement Benefits		
Leave Encashment	6,242,392	4,888,515
<b>TOTAL</b>	<b>6,242,392</b>	<b>4,888,515</b>
<b>7. SHORT TERM BORROWINGS</b>		
SECURED LOANS		
Cash Credit/Working Capital Loans repayable on demand from Banks		
a) Indian Rupee Loan	341,651,469	321,118,612
b) Foreign Currency Loan	100,000,000	60,000,000
<b>TOTAL</b>	<b>441,651,469</b>	<b>381,118,612</b>

**Indian Rupee Loan includes**

- a) From Citibank NA :- Loan outstanding as at 31st March 2012 Rs 23,78,14,029 (Previous Year Rs 25,15,03,586 ) Interest is payable with monthly rest on the last date of each month in each year or at such other rest as determined by the bank. The rate of interest is based on relevant circumstances, including market conditions which currently is 13% The loan is secured against First Pari Passu Charge with Standard Chartered Bank on all present and future receivables, stocks/inventories and on all fixed assets of the company(excluding assets specifically purchased out of term loans from Citibank and other term loan lenders ) including equitable mortgage charge on first pari passu basis on Land and Building situated at Kundli,Haryana & Thally Road Hosur,Tamilnadu with Standard Chartered Bank.
- b) From Standard Chartered Bank :- Loan outstanding as at 31st March 2012 Rs 10,38,37,440 (Previous Year Rs 6,96,15,026 ) Interest is monthly payable. Interest is payable at base rate plus margin basis which may be agreed with bank from time to time which currently is 13.45%. The loan is secured against First Pari Passu charge with citibank on Stocks & Book Debts, and Equitable mortgage charge on First Pari Passu basis on land and building situated at Kundli unit Haryana & Thally Road Hosur, Tamilnadu and first pari passu charge over all present and future movable fixed assets of the company with citibank (excluding assets specifically financed by other term lenders).

**Foreign currency Loan includes**

- a) From Citibank NA :- Loan outstanding as at 31st March 2012 Rs 10,00,00,000 (Previous Year Rs 6,00,00,000) at Fully hedged cost (interest + principal) is fixed at 11.60% p.a. (p.y. 10.75% p.a.) The loan is fully repayable within 360 days from drawdown. The loan is secured against First Pari Passu Charge with Citibank on all present and future receivables, stocks/inventories and on all fixed assets of the company(excluding assets specifically purchased out of term loans from Citibank and other term loan lenders) including equitable mortgage charge on first pari passu basis on Land and Building situated at Kundli,Haryana & Thally Road Hosur,Tamilnadu with Citibank.

**8. TRADE PAYABLES**

Micro, Small and Medium Enterprises	2,191,637	2,480,153
Others	644,777,097	575,181,883
<b>TOTAL</b>	<b>646,968,734</b>	<b>577,662,036</b>

Considering the company has been extended credit period upto 45 days by its vendors and payments being released on a timely basis, there is no liability towards interest on delayed payments under "The Micro, Small and Medium Enterprises Development Act 2006" during the year."There is also no amount of outstanding interest in this regard, brought forward from previous years. The above information is on basis of intimation received, on requests made by the company, with regards to vendors registration under the said Act."

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>9. OTHER CURRENT LIABILITIES</b>		
Current Maturity of Long- term debt	235,324,227	119,212,196
Interest accrued but not due on borrowings	4,510,965	1,711,924
Interest accrued and due on borrowings	5,266,073	4,636,086
Investor Education and Protection Fund will be credited by following amount (as and when due)		
- Unpaid Dividend	238,678	222,135
Advances from Customers	35,393,552	66,187,676
Security Deposits Received	11,206,655	7,987,251
Creditors for Capital Expenditure	31,259,605	53,781,811
Liabilities for Expenses	45,322,995	40,099,423
Mark to Market Losses on Derivative Contracts	22,444,541	27,112,130
Statutory Dues payable	38,876,259	28,057,174
<b>TOTAL</b>	<b>429,843,550</b>	<b>349,007,805</b>
<b>10. SHORT TERM PROVISIONS</b>		
<u>Provision for Employee benefits</u>		
Gratuity	850,509	588,047
Earned Leave	914,679	518,962
	1,765,188	1,107,009
<u>Provision for Taxation</u>		
I. Income tax (net of advance tax)	3,875,695	1,715,470
II. Wealth Tax	590,000	424,000
III. Corporate Dividend Tax	5,821,716	4,851,431
	10,287,411	6,990,901
Proposed Dividend	35,886,678	29,905,565
Warranties	1,325,567	1,043,226
Excise Duty	3,789,648	3,033,701
<b>TOTAL</b>	<b>53,054,492</b>	<b>42,080,402</b>
<b>Proposed Dividend</b>		
During the year ended 31.03.12, the amount of Rs 3.00 per share as dividend recognized for distributions to equity shareholders (Previous Year Rs 2.50 per share)		
<b>Provision for warranties</b>		
The company gives warranties on certain products and services, undertaking to repair and replace the items that fails to perform satisfactorily during the warranty period. Provision made as at 31.03.12 represents the amount of the expected cost of meeting such obligation of rectification or replacement. The timing of the outflow is expected to be within warranty period.		
<b>Particulars</b>	<b>31.03.12</b>	<b>31.03.11</b>
Opening Balance	1,043,226	735,740
Addition	1,325,567	1,043,226
Utilization	1,027,845	778,580
Reversal	15,381	(42,840)
Closing Balance	<b>1,325,567</b>	<b>1,043,226</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

## 11. FIXED ASSETS

PARTICULARS	GROSS BLOCK			DEPRECIATION AND AMORTIZATION			NET BLOCK	
	As at 01.04.2011	Additions	Deductions	As at 31.03.2012	For the Year	Deductions	Upto 31.03.2012	As at 31.03.2012
<b>1. Tangible Assets</b>								
Land Free hold	293,554,387	-	-	293,554,387	-	-	-	293,554,387
Land Lease hold	165,528,948	7,531,182	-	173,060,130	1,750,023	-	3,493,610	163,785,361
Buildings	615,967,997	160,079,714	-	776,047,711	24,898,390	-	81,311,371	559,555,015
Plant & Equipments	1,301,237,830	359,507,892	858,408	1,659,887,314	80,443,749	433,049	372,354,582	1,008,893,948
Furniture & Fixtures	53,412,166	15,113,781	-	68,525,947	4,031,265	-	19,219,440	38,223,991
Vehicles	70,539,736	19,525,067	6,978,015	83,086,788	29,502,906	3,042,219	32,817,613	41,036,830
Office Equipment	17,215,474	5,416,214	-	22,631,688	4,005,573	-	6,230,801	13,209,901
Mould, Block & Dies	222,832,483	72,570,708	-	295,403,191	122,024,019	-	157,036,656	100,808,464
Tools & Equipments	31,555,593	8,763,073	-	40,318,666	5,848,892	-	23,527,093	13,877,392
Electrical Installations	77,016,948	24,244,222	623,731	100,637,439	5,073,504	-	21,482,834	60,607,618
Computers	27,989,582	3,754,698	-	31,744,280	1,483,576	-	21,825,584	7,647,574
<b>Total</b>	<b>2,876,851,144</b>	<b>676,506,553</b>	<b>8,460,154</b>	<b>3,544,897,543</b>	<b>167,124,190</b>	<b>3,475,268</b>	<b>739,299,584</b>	<b>2,805,597,958</b>
<b>Previous Year</b>	1,978,328,785	909,624,505	11,102,146	2,876,851,144	128,737,404	3,178,770	575,650,662	2,301,200,483
<b>2. Intangible Assets</b>								
Computer Software	12,030,376	7,190,335	-	19,220,711	8,685,590	-	9,578,762	3,344,786
Development Expenditure	10,801,235	-	-	10,801,235	1,496,725	-	10,801,235	1,496,725
Technical Know How	2,028,613	-	-	2,028,613	326,805	-	2,028,613	326,805
<b>Total</b>	<b>24,860,224</b>	<b>7,190,335</b>	<b>-</b>	<b>32,050,559</b>	<b>2,716,702</b>	<b>-</b>	<b>22,408,610</b>	<b>5,168,316</b>
<b>Previous Year</b>	23,063,787	1,796,437	-	24,860,224	3,705,124	-	19,691,908	5,168,316
<b>3. Capital Work-in-Progress</b>								
Grand Total	<b>2,901,711,368</b>	<b>683,696,888</b>	<b>8,460,154</b>	<b>3,576,948,102</b>	<b>169,840,892</b>	<b>3,475,268</b>	<b>761,708,194</b>	<b>2,815,239,907</b>
<b>Previous Year</b>	2,001,392,572	911,420,942	11,102,146	2,901,711,368	132,442,528	3,178,770	595,342,569	2,306,368,801

## NOTES:

1. Depreciation & Amortization for the year	Current Year	Previous Year
Less: Capitalised as pre-operative expenditure	Rs.	Rs.
Less: Depreciation on revalued assets withdrawn from building revaluation reserve	169,840,892	132,442,528
Depreciation & amortization charged to Profit & Loss Account	-	1,655,010
	992,026	992,026
	<u>168,848,865</u>	<u>129,795,492</u>

2. Addition to mould, block & dies includes inhouse development of moulds, block & dies amounting to Rs. Nil (Previous year Rs. 2,25,83,081)

3. Gross Block of Land free hold includes Rs. 11,74,77,278 and gross block of Buildings includes Rs. 2,97,01,382 on account of revaluation carried out in the past years based on reports issued by Government approved valuers.

4. Additions and capital work in progress include Rs. 1,67,83,273 [(Previous Year-Rs. (39,29,101))] on account of Mark to Market on ECB Loan as per option exercised under para 46 of AS-11.

5. Capital Work in progress includes:

Particulars	Current Year	Previous Year
i. Fixed assets under construction	-	98,098,967
ii. Fixed assets under installation	9,496,127	17,262,870
iii. Expenditure during construction	-	13,430,716
iv. Fixed assets in transit	4,233,953	3,046,669
<b>Total</b>	<b>13,730,080</b>	<b>131,839,223</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>12. NON CURRENT INVESTMENTS</b>		
NON TRADE		
a) M/s Shivalik Solid Waste Management Ltd.	200,000	200,000
20,000 ( P.Y. 20,000 ) equity shares of Rs 10 each fully paid up		
<b>TOTAL</b>	<b>200,000</b>	<b>200,000</b>
<b>13. LONG TERM LOANS AND ADVANCES</b>		
(unsecured but considered good)		
Prepaid Expenses	2,446,600	2,095,762
MAT Credit Entitlement	32,864,655	16,350,000
Loan to Employees	2,000,000	320,000
Security Deposits	16,791,919	17,363,466
Capital Advances	16,176,841	57,065,844
<b>TOTAL</b>	<b>70,280,016</b>	<b>93,195,071</b>
<b>14. OTHER NON CURRENT ASSETS</b>		
Margin Money deposit with original maturity for more than 12 months	536,000	191,000
Balance with Income tax Dept.	456,229	456,229
<b>TOTAL</b>	<b>992,229</b>	<b>647,229</b>
<b>15. INVENTORIES</b>		
(As per Inventory taken valued & certified by the management and valued at lower of cost or net realisable value)		
a) Raw Materials and Components	198,584,071	200,676,626
b) Raw Materials and Components in transit	5,576,924	6,880,843
c) Work in Progress	130,301,012	106,596,199
d) Finished Goods	97,829,039	75,876,195
e) Stock in trade (Mould, Tools and Dies)	3,937,283	9,803,443
f) Stock in trade ( Others)	4,248,275	934,200
g) Stores and Spares (including Packing Material )	18,327,325	18,164,861
h) Stores and Spares (including Packing Material) in transit	1,401,356	1,967,659
	460,205,285	420,900,026
<b>TOTAL</b>	<b>460,205,285</b>	<b>420,900,026</b>
<b>16. TRADE RECEIVABLES</b>		
(unsecured but considered good)		
Debt Outstanding for a period exceeding Six Months		
a) Considered Good	14,100,750	16,393,999
b) Considered Doubtful	7,711,661	3,305,956
Other Debts :- Considered Good	654,481,550	437,020,445
	676,293,961	456,720,400
Less:- Provision for Doubtful Debts	7,711,661	3,305,956
<b>TOTAL</b>	<b>668,582,300</b>	<b>453,414,444</b>



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	AS AT 31.03.2012	AS AT 31.03.2011
<b>17. CASH AND BANK BALANCES</b>		
<u>Cash and Cash Equivalents</u>		
Balances with Banks on current account	15,244,381	42,747,934
Deposits with original maturity of less than three months	37,507,640	2,350,000
	52,752,022	45,097,934
Cash on Hand	1,575,148	1,436,435
<u>Other bank balances</u>		
Unpaid Dividend Account	238,678	222,135
Margin money deposit with original maturity for more than 3 months but less than 12 months	268,000	1,079,690
	506,678	1,301,825
<b>TOTAL</b>	<b>54,833,847</b>	<b>47,836,194</b>
<b>18. SHORT TERM LOAN AND ADVANCES</b>		
(Unsecured but considered good)		
Advances for Goods other than Capital Goods	15,954,615	25,320,781
Security Deposit	2,053,258	2,607,494
Balance with Customs, Excise Department	63,520,610	70,810,847
Balance with Sales Tax Department	2,423,748	2,534,176
Prepaid Expenses	8,109,098	7,204,787
Loan to Employees	3,681,275	2,958,129
Other Advances	2,784,741	2,650,974
<b>TOTAL</b>	<b>98,527,344</b>	<b>114,087,187</b>
<b>19. OTHER CURRENT ASSETS</b>		
Interest accrued on fixed deposits	505,347	1,930
Interest accrued on Margin money deposit	33,864	155,769
Due from Debtors other than Goods and Services	-	2,439,047
Interest accrued on Security deposits	587,292	169,737
Export Incentive Receivables	634,246	1,077,211
<b>TOTAL</b>	<b>1,760,749</b>	<b>3,843,694</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	Current Year 2011-12	Previous Year 2010-11
<b>20. REVENUE FROM OPERATIONS</b>		
Sale of Products (Gross)	5,782,829,295	4,604,167,336
Less :- Excise Duty	463,119,614	355,991,548
Net Sales	5,319,709,681	4,248,175,788
Other Operating Revenues	31,614,597	25,763,910
<b>TOTAL</b>	<b>5,351,324,278</b>	<b>4,273,939,698</b>
<b>Detail of Sale of Products (Gross)</b>		
a) <u>Finished goods</u>		
Automotive Lights, signaling equipment and parts	4,167,239,942	3,472,154,100
Rear View Mirror and Parts	764,973,254	632,404,815
Sheet Metal Parts	182,620,251	174,453,455
Plastic Moulded Parts	441,990,566	119,921,219
Moulds	57,925,521	12,778,347
	5,614,749,534	4,411,711,936
b) <u>Traded goods</u>		
Plastic Powder	2,426,623	2,159,866
Bulb	9,297,507	13,605,878
Iron sheet and rods	436,479	445,405
Mould and dies	110,885,680	70,574,700
Mock Up sample	28,872,556	93,541,349
Others	16,160,916	12,128,202
	168,079,761	192,455,399
	5,782,829,295	4,604,167,336
<b>Detail of Other Operating Revenues</b>		
Scrap Sales	21,759,429	17,177,481
Testing Charges	1,724,599	1,930,580
Mould Dies and Tool Modification Charges	2,654,677	5,892,461
Others	5,475,892	763,388
	31,614,597	25,763,910
<b>21. OTHER INCOME</b>		
Interest Income	2,472,461	3,016,404
Other Non-Operating Income	591,633	1,590,143
<b>TOTAL</b>	<b>3,064,094</b>	<b>4,606,547</b>
<b>22. COST OF RAW MATERIALS AND COMPONENTS CONSUMED</b>		
Inventories at the beginning of the year	200,676,626	129,318,255
Add : Purchases	3,125,397,821	2,616,660,112
Less :- Inventories at the end of the year	198,584,071	200,676,626
<b>TOTAL</b>	<b>3,127,490,376</b>	<b>2,545,301,741</b>
<u>Particulars of Raw material and components consumed</u>		
Plastic Powder	1,035,836,125	739,415,313
Bulb	393,491,351	345,857,612
Iron sheet and rods	202,064,007	181,516,305
Others	1,496,098,893	1,278,512,511
	<b>3,127,490,376</b>	<b>2,545,301,741</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	Current Year 2011-12	Previous Year 2010-11
<b>23. PURCHASE OF STOCK IN TRADE</b>		
Purchase of Traded Goods	32,794,500	82,439,909
Purchase of Traded Moulds, Dies and Tools	66,559,804	47,233,900
	99,354,304	129,673,809
<b>TOTAL</b>	<b>99,354,304</b>	<b>129,673,809</b>
<u>Detail of purchase of Traded Goods</u>		
Plastic Powder	2,147,197	1,928,899
Bulb	6,907,730	9,034,085
Iron sheet and rods	578,320	637,578
Mould Dies and Tools	66,559,804	47,233,900
Others	23,161,254	70,839,347
	99,354,304	129,673,809
<b>24. CHANGES IN INVENTORY OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Inventories at the end of the year		
a) Work -in- Progress	130,301,012	106,596,199
b) Finished Goods	97,829,039	75,876,195
c) Traded Goods	8,185,558	10,737,643
	236,315,609	193,210,037
Inventories at the beginning of the year		
a) Work -in- Progress	106,596,199	66,013,779
b) Finished Goods	75,876,195	38,171,243
c) Traded Goods	10,737,643	24,591,402
	193,210,037	128,776,424
<b>TOTAL</b>	<b>(43,105,572)</b>	<b>(64,433,613)</b>
<u>Finished Goods</u>		
Automotive Lights, signaling equipment and parts	70,791,752	58,621,588
Rear View Mirror and Parts	21,190,866	16,190,748
Plastic Moulded Parts	5,622,024	102,095
Sheet Metal Parts	224,397	961,764
	97,829,039	75,876,195
<u>Work in Progress</u>		
Automotive Lights, signaling equipment and parts	96,422,749	83,145,035
Rear View Mirror and Parts	18,242,142	14,923,468
Plastic Moulded Parts	10,424,081	3,197,886
Sheet Metal Parts	5,212,040	5,329,810
	130,301,012	106,596,199
Traded Goods		
Mould and Dies	3,937,283	9,803,443
Others	4,248,275	934,200
	8,185,558	10,737,643
<b>25. EMPLOYEES BENEFITS EXPENSES</b>		
Salaries, Wages and Bonus to employees	569,383,512	431,691,006
Contribution to Provident and Other funds	12,971,603	9,688,834
Staff Welfare Expenses	29,723,777	20,288,171
Gratuity Expenses	4,163,190	3,651,233
Earned Leave to staff	2,268,556	1,673,954
<b>TOTAL</b>	<b>618,510,638</b>	<b>466,993,197</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	Current Year 2011-12	Previous Year 2010-11
<b>26. OTHER EXPENSES</b>		
<u>Manufacturing Expenses</u>		
Job Charges	4,187,925	3,787,294
Machinery running and Maintenance		
a) Machinery Repair	1,769,236	420,025
b) Machinery Spares	48,714,421	39,660,358
Consumption of Stores and Spare parts	73,627,791	60,879,801
Packing Expenses	140,608,374	106,442,617
Power & Fuel	225,399,827	184,282,539
Variation in Excise duty of FG	755,947	1,897,248
Repair - Dies	12,994,644	7,827,779
Factory / Godown rent Rent	3,676,521	2,828,797
Freight, Cartage & Octroi	44,649,625	35,068,552
Testing Fees	4,419,900	4,642,916
Segregation Charges Paid	626,852	177,075
	561,431,061	447,915,000
<u>Administrative and Selling Expenses</u>		
Advertisement, Sub & Membership Exp.	3,970,339	2,759,579
Payment to Auditors	3,400,000	3,000,000
Donation	2,593,315	613,157
Rates and taxes	4,054,141	4,090,969
Insurance	2,896,876	2,606,660
Bad debt written off	7,173,472	348,904
Provision for Bad and Doubtful Debt	4,405,705	566,342
Rent	2,344,224	1,963,843
Repair & Maintenance- Building	1,470,510	850,917
Repair & Maintenance- Other	13,011,732	8,830,346
Royalty	5,000,000	5,000,000
Loss on sale of Fixed Assets	1,269,165	2,047,461
Loss due to Fire	678,520	
Exchange Difference -Derivatives	46,836,952	33,388,490
Loss on Settlement of TRF Contract	-	177,051,673
Selling & Distribution Expenses	94,388,659	48,909,886
Cash Discount on sales	4,354,343	940,293
Travelling and Conveyance Expenses	22,157,344	16,683,297
Miscellaneous Expenditure written off	-	117,000
Prior Period Expenses	227,102	800,051
Other Office Expenses	90,685,676	63,901,977
<b>TOTAL</b>	<b>872,349,136</b>	<b>822,385,845</b>
<b>27. FINANCE COSTS</b>		
Interest Expenses	175,905,957	91,125,452
Other Borrowing Costs	3,204,887	4,071,590
Exchange difference to the extent considered as an adjustment to borrowing costs	28,684,487	-
<b>TOTAL</b>	<b>207,795,331</b>	<b>95,197,042</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	31.03.2012	31.03.2011
<b>28. Contingent Liabilities</b>		
i. Bill of Exchange Discounted from Bank	255,953,416	258,381,802
ii. Service Tax demand on credit taken on Outdoor catering for which the Company has filed an appeal with CESTAT, Chennai	1,313,248	-
iii. Excise Duty Demand on Modvat Credit taken on raw material for which the Company has filed an appeal with CESTAT, New Delhi	2,507,076	2,507,076
iv. Entry Tax for certain inter-state purchase in Rajasthan for which matter is sub-judice in superior Courts.	535,777	-
v. Claim against the Company not acknowledged as debts, being disputed by the Company	500,000	500,000

Particulars	31.03.2012	31.03.2011
<b>29. Capital &amp; Other Commitments</b>		
i. Estimated amount of contracts remaining to be executed on capital account and not provided, net of advances	22,815,468	57,915,452
ii. Estimated amount of contracts remaining to be executed on traded goods not provided, net of advances	30,667,070	66,425,354
iii. Estimated amount for payment of cess for construction of factory building (net of advances)	939,442	647,910
iv. Estimated amount for payment of import duty on debonding of EOU unit to DTA unit	4,412,256	-

Particulars	2011-12	2010-11
<b>30. Auditor's Remuneration</b>		
For Statutory Audit	2,000,000	1,750,000
For Tax Audit	300,000	250,000
For Limited Review	700,000	600,000
For Other Services	400,000	400,000
<b>TOTAL</b>	<b>3,400,000</b>	<b>3,000,000</b>

- 31. Deferred Tax**  
The components of deferred tax liability (net) recognized in the financial statements and deferred tax recognized in the statement of profit & loss account are as under-

	31.03.2012	Addition/(Deduction) during the year	31.03.2011
<b>Deferred Tax Liability</b>			
Depreciation & Amortization and other timing differences in block of assets	201,501,595	49,645,211	151,856,384
<b>TOTAL (A)</b>	<b>201,501,595</b>	<b>49,645,211</b>	<b>151,856,384</b>
<b>Deferred Tax Assets</b>			
Provision for Bad & Doubtful	2,502,049	1,429,431	1,072,618
Provision for Leave Encashment	2,322,112	567,656	1,754,456
Provision for Gratuity	275,948	85,156	190,792
Provision for Bonus	2,576,569	967,708	1,608,861
Provision for Warranty	430,081	91,606	338,475
Welfare Fund	11,515	1,747	9,768
Interest Accrued on FCNRB Loan	338,712	73,725	264,987
<b>TOTAL (B)</b>	<b>8,456,985</b>	<b>3,217,028</b>	<b>5,239,957</b>
Net Deferred Tax Liability (A-B)	193,044,610	46,428,183	146,616,427
Previous Year	146,616,427	27,854,606	118,761,821

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

### 32. Lease Transaction

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

(Amount In Rs.)

Particulars	2011-12	2010-11
Total of future minimum lease payments under cancelable operating lease for following periods:		
i Not later than one year	3,957,923	3,121,146
ii Later than one year and not later than five years	4,796,295	3,489,666
iii Lease payment recognized in Statement of Profit & Loss	7,400,201	5,775,499

### 33. Borrowing Cost Capitalized

Borrowing Cost Capitalized to Qualifying Assets	845,000	17,056,115
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### 34. Exchange Differences on account of Fluctuation in Foreign Currency Rates Exchange Differences gains/(Loss) recognized in the Statement of Profit & Loss

i. Relating to Export during the year as a part of "Sales"	1,633,854	2,351,046
ii. Relating to Import during the year as a part of "Purchase"	218,999	357,356
iii. Relating to Import during the year as a part of "Traded goods"	2,250,809	408,731
iv. On Settlement of receivables carried forward from the previous year as a part of "Other income"	(29,352)	191,675
v. On Settlement of other transactions as a part of "Other income"	(3,897,366)	(633,188)
vi. On Expiry/Cancellation of Derivative Instruments during the year as a part of Other expenditure	(46,836,952)	(208,004,754)
vii. On Expiry/Cancellation of Derivative Instruments during the year as a part of Cost of Finance	(1,453,071)	(2,372,345)

#### Exchange Differences gains/(Loss) recognized in the Capital Account

i. Relating to Liabilities against Capital Assets settlement during the year	266,438	804,201
ii. On Marked to Market Gain/(Loss) on change in Value of Foreign Currency Loan (Consequent to notification, issued by Ministry of Corporate Affairs, amending the Accounting Standard AS-11)	(16,783,273)	3,929,101
iii. On Expiry/Cancellation of Derivative Instruments during the year	-	(1,951,580)

### 35. Earning Per Share

Profit available for equity shareholders	211,374,609	110,640,028
Weighted average number of shares	11,962,226	11,962,226
Earning Per share basic and diluted (In Rs.)	17.67	9.25
Face value per equity share (In Rs.)	10	10

### 36. Segment Reporting

#### Business Segments:-

The Company's operations are manufacture of various types of automotive lighting and accessories. Since the Company's business activity falls within a single business segment, there are no additional disclosures to be provided under Accounting Standard-17 'Segment Reporting'.

#### Geographical Segments:-

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

	Sales Revenue by Geographical Market	
	2011-2012	2010-2011
India	5,088,487,620	3,994,676,767
Outside India	231,222,061	253,499,021
<b>Total</b>	<b>5,319,709,681</b>	<b>4,248,175,788</b>

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

		Trade Receivables by Geographical Market	
		31.03.2012	31.03.2011
India		639,258,675	412,143,832
Outside India		29,323,625	41,270,612
<b>TOTAL</b>		<b>668,582,300</b>	<b>453,414,444</b>

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

## 37. Related Party Disclosures

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

**Name of Related Party**i. **Key Management Personnel**

Jagjeevan Kumar Jain

Seema Jain

Aanchal Jain

JSS Rao

Kashi Ram Yadav

Saket Singhal

Takanabu Kamoshita

Chairman and Managing Director

Whole Time Director

Whole Time Director

Whole Time Director

Chairman and Managing Director

Director (with effect from 01.12.2010)

Director (up to 01.12.2010)

ii. **Relative of Key Management Personnel**

Rahul Jain

Son of Jagjeevan Kumar Jain-Chairman and Managing Director

and Director and Seema Jain-Whole time Director

Brother of Aanchal Jain-Whole Time Director

iii. **Related Parties Controlled by Key Management personnel**

Fiem Auto Private Limited

Jagjeevan Kumar Jain (HUF)

Fiem Auto & Electrical Industries

Entity Controlled by Key Management Personnel

Entity Controlled by Key Management Personnel

Entity Controlled by Key Management Personnel

(Amount In Rs.)

Particulars	Transaction Value		Outstanding Amount	
	2011-12	2010-11	31.03.2012	31.03.2011
<b>i. Key Management Personnel</b>				
<b>Remuneration</b>				
Jagjeevan Kumar Jain	12,480,000	12,480,000	687,101	866,336
Seema Jain	2,400,000	2,400,000	140,237	222,384
Aanchal Jain	1,200,000	1,200,000	127,775	115,980
JSS Rao	3,000,000	3,000,000	226,757	195,757
Kashi Ram Yadav	3,144,864	3,144,864	186,565	177,505
Saket Singhal	4,351,863	1,611,819	-	173,462
Takanabu Kamoshita	-	2,332,800	-	-
<b>Interest</b>				
Aanchal Jain	919,849	1,310,576	-	-
<b>Dividend</b>				
Jagjeevan Kumar Jain	4,698,465	4,677,730	-	-
Seema Jain	4,141,433	4,128,230	-	-
Aanchal Jain	781,733	781,733	-	-
JSS Rao	30	30	-	-
Kashi Ram Yadav	845	845	-	-
<b>ii. Relative of Key Management Personnel</b>				
Rahul Jain	10,469,235	10,469,235	-	-
<b>iii. Related Parties Controlled by Key Management personnel</b>				
<b>Brand Royalty</b>				
Fiem Auto & Electrical Industries	5,000,000	5,000,000	1,240,875	1,781,750
<b>Dividend</b>				
Jagjeevan Kumar Jain (HUF)	28,845	28,845	-	-
Fiem Auto Private Limited	211,000	211,000	-	-

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

(Amount in Rs)

Particulars	31.03.2012	31.03.2011
<b>38. Post Employment Benefits Plan</b>		
<b>Defined Contribution Plans</b>		
Contribution to Defined Contribution Plan, recognized as expenses for the year are as under:		
Employer's Contribution to Provident Fund	9,932,843	7,488,463
Employer's Contribution to ESI Fund	2,947,388	2,127,775
Employer's Contribution to Wages Welfare Fund	91,372	72,596
<b>TOTAL</b>	<b>12,971,603</b>	<b>9,688,834</b>

(Amount In Rs.)

Particulars	Gratuity		Leave Encashment	
<b>Recognized in the Statement of Profit &amp; Loss</b>	<b>2011-2012</b>	2010-2011	<b>2011-2012</b>	2010-2011
Current Service Cost	3,504,263	3,405,267	2,073,457	1,506,435
Interest cost on benefit obligation	1,472,969	1,150,562	437,580	325,784
Expected return on plan assets	(1,588,830)	(1,103,103)	-	-
Net actuarial gain/(loss) recognized in the year	776,312	198,507	(242,481)	(158,265)
<b>Total, Included in "Employee Benefit Expenses"</b>	<b>4,163,190</b>	3,651,233	<b>2,268,556</b>	1,673,954
<b>Recognized in Balance Sheet</b>	<b>31.03.2012</b>	31.03.2011	<b>31.03.2012</b>	31.03.2011
Present value of Defined benefit obligation	20,886,952	18,482,904	7,157,071	5,407,477
Fair value of plan assets	20,036,442	17,894,857	-	-
<b>Net Liability, Shown in "Short Term/Long Term Provisions"</b>	<b>850,509</b>	588,047	<b>7,157,071</b>	5,407,477
Change in the present value of the defined benefit obligation	<b>31.03.2012</b>	31.03.2011	<b>31.03.2012</b>	31.03.2011
Opening defined benefit plan	18,482,904	14,640,642	5,407,477	4,411,067
Interest cost	1,472,969	1,150,562	437,580	325,784
Current service cost	3,504,263	3,405,267	2,073,457	1,506,435
Actuarial (gains)/losses on obligation	(265,459)	(196,327)	(242,481)	(158,265)
Benefits Paid	(2,307,725)	(517,240)	(518,962)	(677,544)
<b>Closing defined benefit plan</b>	<b>20,886,952</b>	18,482,904	<b>7,157,071</b>	<b>5,407,477</b>
Change in the fair value of the plan assets	<b>31.03.2012</b>	31.03.2011	<b>31.03.2012</b>	31.03.2011
Opening fair value of plan assets	17,894,857	10,390,979	-	-
Expected return	1,588,830	1,103,103	-	-
Contribution by employer	3,902,252	7,312,849	-	-
Actuarial gains/(losses) on obligation	(1,041,772)	(394,834)	-	-
Benefits Paid	(2,307,725)	(517,240)	-	-
<b>Closing fair value of plan assets</b>	<b>20,036,442</b>	17,894,857	<b>-</b>	<b>-</b>
<b>Actuarial Assumptions</b>	<b>31.03.2012</b>	31.03.2011	<b>31.03.2012</b>	31.03.2011
Interest & Discount Rate	8.50%	8.00%	8.50%	8.00%
Attrition Rate	1.00%	1.00%	1.00%	1.00%
Retirement Age	58	58	58	58
Salary cost increase rate	6.00%	6.00%	6.00%	6.00%

Categories of Plan Assets	Gratuity	
	2011-12	2010-11
	%	%
Investment with insurer	100	100
<b>Total</b>	<b>100</b>	<b>100</b>



## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

**Experience Adjustment (Gratuity)**

Particulars	31.03.2012	31.03.2011	31.03.2010	31.03.2009	31.03.2008
Defined Benefit Obligation	20,886,952	18,482,904	14,640,642	10,237,560	7,162,390
Plan Assets	20,036,442	17,894,857	10,390,979	6,212,621	3,189,259
Surplus/(deficit)	(850,509)	(588,047)	(4,249,663)	(4,024,939)	(3,973,131)
Exp. Adj. On Plan Liabilities	-	-	-	-	-
Exp. Adj. On Plan Assets	-	-	-	-	-

1. The estimates of future salary increases; considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.
3. Information relating to experience adjustment on Plan Assets and Plan Liability in the actuarial valuation of gratuity as required by Para 120 (n)(ii) of the Accounting standard 15 (Revised) on Employee benefits is not available with the company.
4. The company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting standard 15 (Revised) on Employee benefits is not disclosed.

**39 Foreign Exchange Derivatives and Exposure outstanding at end of the year****Cross Currency Swap & Forward Currency Option**

The Company uses Cross-currency swaps (principal only swaps and interest rate swaps) and forward currency option contracts to hedge its exposure in foreign currency and interest rates. The counter party is bank. These contracts are for a period between four to five years. The instruments wise information on derivative instruments as on 31.03.2012 is as follows.

Particulars	No of Contracts	JPY Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>Cross-Currency Swap</b>				
<b>Principal Only Swap</b>				
31.03.2012	3	43,069,223	15,687,500	(11,200,616)
31.03.2011	5	161,545,262	58,843,750	(27,912,140)
<b>Interest Swap</b>				
31.03.2012	3	1,472,286	659,804	(259,345)
31.03.2011	5	10,263,172	4,490,257	(1,053,860)
Particulars	No of Contracts	USD Equivalent	INR Equivalent	Fair Value (Gain/(Loss))
<b>Forward Currency Option</b>				
31.03.2012	2	1,320,000	56,542,000	(10,984,580)
31.03.2011	2	5,480,000	236,486,000	(8,196,000)

For the purpose of fair valuation of aforesaid above contracts, the conversion rate of foreign currency as on 31.03.2012 has been adopted on the basis of the exchange rates as per Reserve Bank of India (RBI).

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

### 40 Movement in Hedging Reserve Account

The movement in Hedging Reserve Account during the year ended March 31, 2012, for derivative transactions.

Particulars		2011-12	2010-11
Balance at the beginning of the year		(37,162,000)	(118,728,233)
Loss recorded/booked on occurrence of settlement of hedge transaction.			
Cross Currency Swap-Principal Swap	27,586,652		24,264,497
Cross Currency Swap-Interest Swap	1,453,071		2,129,495
Forward Currency Option	19,250,300		8,883,014
Target Redemption Forward Contract	-	48,290,023	177,051,673
Changes in the fair Value of derivative transaction		(33,572,564)	(130,762,446)
Balance at the end of the year		(22,444,541)	(37,162,000)

### 41. Foreign Exchange Currency Exposure Fully Hedged

	USD Equivalent	INR Equivalent	USD Equivalent	INR Equivalent
Short Term Loan for working capital (Fully hedged cost 11.60% p.a (Previous year 10.75% p.a)	2,040,816	100,000,000	1,315,789	60,000,000
Long Term Loan (Hedged against exposure to outflow for USD loan repayment and its interest payments. Cross currency swap to pay fixed interest @ 8.50% p.a and receive a variable interest @ Liabor plus 2.75%)	3,000,000	147,300,000	-	-

### 42 Foreign Exchange Currency Exposure not covered by Derivatives Instruments

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

	Foreign Currency	31.03.2012		31.03.2011	
		INR	FC	INR	FC
i. For Import of Raw Materials	USD	1,149,084	23,261	-	
	JPY	927,750	1,500,000	1,620,600	3,000,000
ii. For Import of Capital Goods	JPY	-	-	1,127,668	2,087,500
	EURO	-	-	183,270	2,898
	USD	1,160,410	25,100	-	-
	GBP	-	-	1,078,231	14,990
iii. For Foreign Currency Loan Taken	JPY	284,979,051	520,426,356	296,340,094	541,301,356
iv. For Export of Goods & Services	GBP	2,248,355	27,544	1,472,297	20,468
	JPY	5,093,322	10,076,484	5,426,236	10,044,864
v. Bank Balance	USD	5,170,347	103,154	368,320	8,249
	JPY	2,134,889	3,422,539	33,929,155	62,808,506
	EURO	331,286	5,093	1,609,142	25,445

## NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012

**43 Details of Research and Development Expenses**

The Company has incurred following expenses on its Research and Development Unit situated at Rai, Sonapat, Haryana (India). The Unit is Recognised by Department of Science and Industrial Research, Ministry of Science and Technology w.e.f 23/12/2011. The approval for said Recognised R&D Unit is awaited.

(Amount in Rs.)

Particulars	2011-12		2010-11
	After Recognition	Before Recognition	
<b>Capital Expenditure</b>			
Capital Expenditure	13,706,872	3,361,508	1,026,217
<b>Total (A)</b>	<b>13,706,872</b>	<b>3,361,508</b>	<b>1,026,217</b>
<b>Revenue Expenditure</b>			
Employee Benefits	10,844,333	22,180,790	6,136,368
Other Expenses	798,758	1,263,916	-
Finance Cost	98,983	2,932	-
Depreciation & Amortization	150,923	105,243	110,178
<b>Total (B)</b>	<b>11,892,997</b>	<b>23,552,881</b>	<b>6,246,546</b>
<b>Grand Total (A+B)</b>	<b>25,599,869</b>	<b>26,914,389</b>	<b>7,272,763</b>

44. The figures appearing in brackets pertains to previous year.

45. The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956 the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been re-classified to conform to this classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For and on behalf of Board of Directors

For **Anil S. Gupta & Associates**  
Firm registration number: 004061N  
Chartered Accountants

Sd/-  
(J.K Jain)  
Managing Director

Sd/-  
(Rahul Jain)  
Director

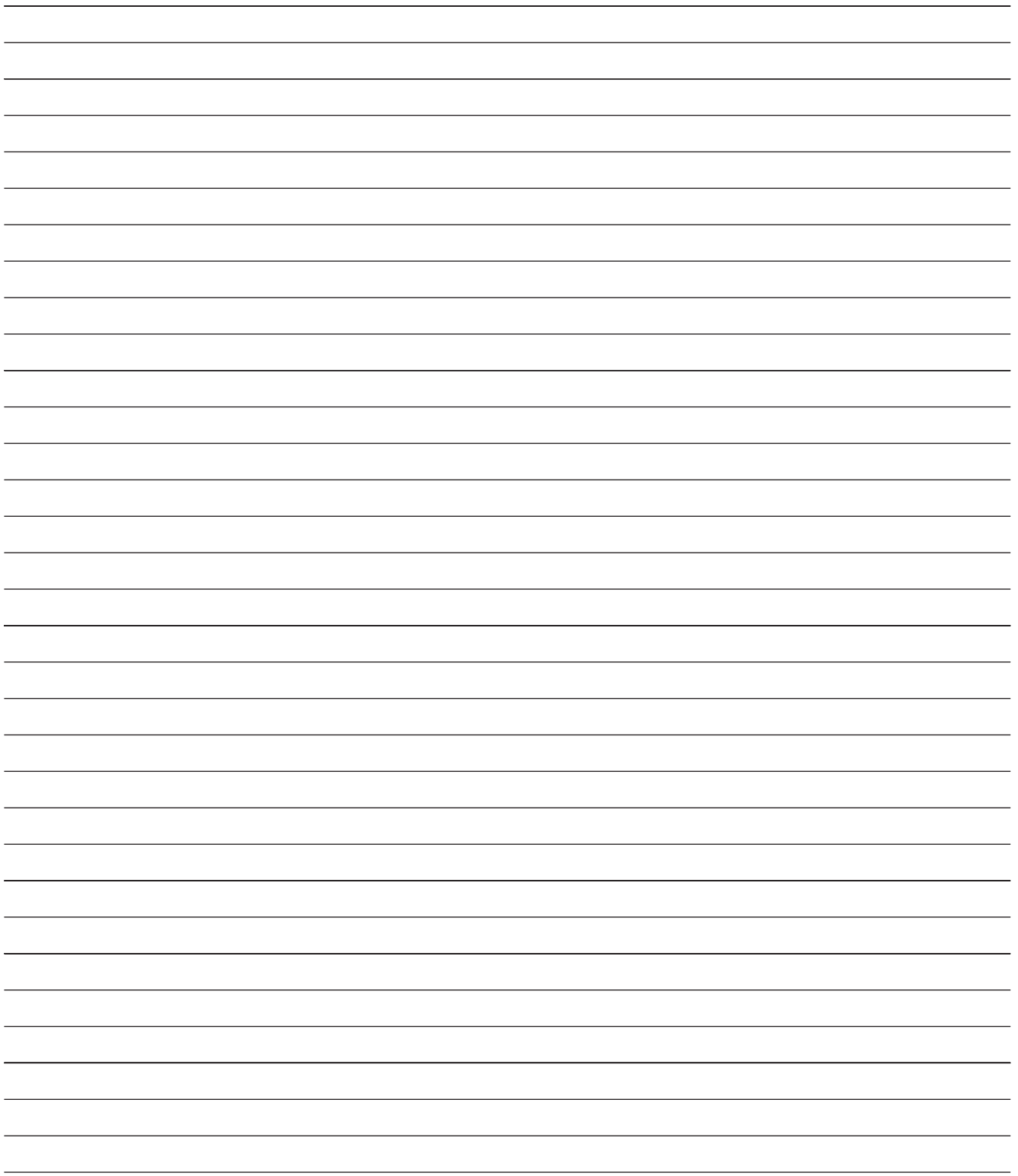
Sd/-  
(Arvind K. Chauhan)  
Company Secretary

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

Place: Rai, Sonapat (HR.)  
Date: 18.08.2012

## Notes

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## ATTENDANCE SLIP

### FIEM INDUSTRIES LIMITED

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

Regd. Folio No.....

No. of Shares held.....

DPID No. ....

Client ID No.....

#### NAME AND ADDRESS:

I hereby record my presence at the 23<sup>rd</sup> Annual General Meeting held at Mithas Motel & Resort, 92/16, G.T. Karnal Road, Alipur, New Delhi-110036 on Saturday, 29<sup>th</sup> day of September 2012 at 10.00 A.M.

SIGNATURE OF THE MEMBER / PROXY PRESENT



## PROXY FORM

### FIEM INDUSTRIES LIMITED

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

Regd. Folio No.....

No. of Shares held.....

DPID No. ....

Client ID No.....

I/We .....of .....  
..... being a member/ members of Fiem Industries Limited,  
hereby appoint Mr./ Ms./ Mrs.....of .....  
or failing him Mr./ Ms./ Mrs. ....of .....as  
my/ our proxy to attend and vote for me/ us and on my / our behalf at the 23<sup>rd</sup> Annual General Meeting of the Company to be held on  
Saturday, 29<sup>th</sup> day of September 2012 at 10.00 A.M. and at any adjournment thereof.

As witness my hand/ our hand(s) this ..... Day of .....2012

Affix  
revenue  
stamp

#### Notes:

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

