

# ANNUAL REPORT 2013-14



- Automotive Lighting & Signalling Equipments
- Rear View Mirrors
- LED Luminaires for both Indoor & Outdoor Lighting
- Integrated Passenger Information Systems with Display & Software for Railways, Metro, Airport & Buses (IPIS)
- Plastic & Sheet Metal Components

## Fiem Industries Ltd.

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



# LETTER TO SHAREHOLDERS



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



**This is manifest in your company's determination to go beyond the confines of existing business to create enduring values for stakeholders and continually look for Company's growth. With this strength of conviction towards growth, your management is relentlessly working to build future growth engines in the form of two new business verticals of LED Luminaires and Integrated Passenger Information System with LED Display (IPIS) for Railways and Buses.**



Dear Shareholders,

I am happy to inform you about yet another year of stellar performance by your Company despite macro-economic challenges and a very tough year for automobile industry. The economy continues to be in a tailspin with a second successive year of below 5% growth.

Though, Automobile Industry has shown a growth of 4%, but if we go into details, it is all because of two-wheeler's positive growth of above 4% and specially scooter segment which has registered a growth of more than 20%. Otherwise, all other segments have shown negative growth; passenger vehicle near minus 4% and commercial vehicle just below minus 20%.

It is indeed heartening that during these challenging times, your company has recorded yet another year of strong performance with a growth of 19.24% in FY 2013-14 and achieved a net turnover of Rs. 714.11 Crore in comparison to Rs. 598.88 Crores in previous year. Company has also been able to increase the Profit after tax from Rs. 27.31 Crores in FY 2012-13 to Rs. 37.40 crores in 2013-14, with a growth of 36.95%. This shows inherent strength of your company and quest for growth.

This is manifest in your company's determination to go beyond the confines of existing business to create enduring values for stakeholders and continually look for Company's growth. With this strength of conviction towards growth, your management is relentlessly working to build future growth engines in the form of two new business verticals of LED Luminaires and "Integrated Passenger Information System with LED Display (IPIS) for Railways and Buses".

Your Company is privileged to be able to pursue to path less travelled by any other auto component company to create non-auto business of such a huge growth potential. Integral to this growth potential is our foundation of synergy among these businesses. With our focus on quality and producing world class products, our philosophy of backward integration is our strength and places us at advantageous position in comparison to our peers. Except some electronic components and LED chips, we make everything in-house to remain cost competitive and at the same time offering world quality LED Luminaires. The strength of our world class manufacturing, designing capabilities and testing facilities enable us to offer a wide range of high quality LED Luminaires at very competitive prices.

Your Company inculcates a deep culture of continuous improvement in its products driven by Research & Development and adoption of new technologies with upgraded infrastructure. We are extremely passionate about our products and with a large line-up of new and exciting LED Luminaires, 'IPIS' and LED Panel with Display & Software, we are strongly confident to create niche in the market. We are continuously working on a strong pipeline of new and exciting range of products.

Regarding auto industry, early signs of recovery and confidence in the industry are visible and with a stable regime at center, turnaround in the industry is expected sooner than later. In automotive segment, your company has achieved distinction of exporting its products to Honda Japan for its high range motorcycle and added prestigious new customer like Harley Davidson. On operational front, your company is in the process of setting-up new Plant in Distt. Ahmadabad, Gujarat for supplying automotive lighting, rear view mirrors and plastic parts to HMSI's forthcoming Gujarat Plant.

We are very optimistic about our business verticals we operate into. Hence we continuously enhance our capacities and technical capabilities. Finally, my thanks to our employees, who form a performance driven team; to our valued OEM customers, who make us what we are and to you the shareholders, who stand by us at every time!

Thanking You!





# INTEGRATED PASSENGER INFORMATION SYSTEM

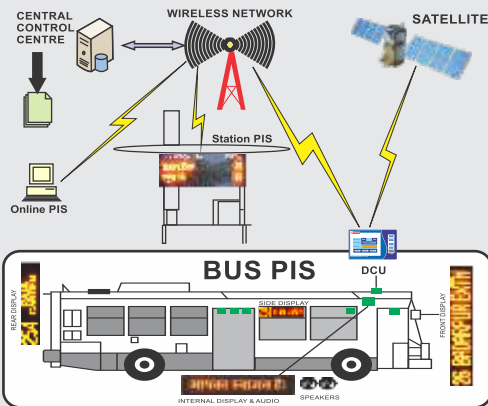
## RAILWAYS

Integrated Passenger Information System consisting of train indication, coach guidance & PC based announcement system with display panels



## BUSES

Intelligent Transportation Systems with LED display for Buses



**Display System consists of:** • Driver Controller Unit • Front Display Unit • Side Display Unit • Rear Display Unit • Internal Display Unit & Voice Announcement System

• MOUD/JnNURM/ASRTU Compliant Product • GPS/GPRS Compatible • Multi language support • Windows based user friendly application software • Route database updation through USB • Slim design • High bright day night viewable LEDs



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## GENERAL INFORMATION

### BOARD OF DIRECTORS

|                              |  |
|------------------------------|--|
| Dr. J.K. Jain                | - Chairman & Managing Director             |
| Mrs. Seema Jain              | - Whole-time Director                      |
| Mr. J.S.S. Rao               | - Whole-time Director                      |
| Mr. Kashi Ram Yadav          | - Whole-time Director                      |
| Ms. Aanchal Jain             | - Whole-time Director                      |
| Mr. Rahul Jain               | - Whole-time Director                      |
| Mr. Iqbal Singh              | - Independent Director                     |
| Mr. Charoen Sachamuneewongse | - Independent Director                     |
| Mr. Amitabh Prakash Agrawal  | - Independent Director                     |
| Mr. V. K. Malhotra           | - Independent Director                     |
| Mr. S.K. Jain                | - Independent Director                     |
| Mr. C.S. Kothari             | - Independent Director (up to 12/02/2014)  |
| Mr. P.N. Viswanathan         | - Independent Director (w.e.f. 09/08/2014) |

### CHIEF FINANCIAL OFFICER

Mr. O.P. Gupta

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr. Arvind K. Chauhan

### AUDIT & RISK MANAGEMENT COMMITTEE

|                    |                              |
|--------------------|------------------------------|
| Mr. S. K. Jain     | - Chairman                   |
| Mr. V. K. Malhotra | - Member                     |
| Mr. C. S. Kothari  | - Member (up to 12.02.2014)  |
| Mr. Iqbal Singh    | - Member (w.e.f. 13.02.2014) |

### NOMINATION AND REMUNERATION COMMITTEE

|                    |                                |
|--------------------|--------------------------------|
| Mr. S. K. Jain     | - Chairman (w.e.f. 13.02.2014) |
| Mr. C.S. Kothari   | - Chairman (up to 12.02.2014)  |
| Mr. Iqbal Singh    | - Member                       |
| Mr. V. K. Malhotra | - Member                       |

### STAKEHOLDERS RELATIONSHIP COMMITTEE

|                     |                                |
|---------------------|--------------------------------|
| Mr. C.S. Kothari    | - Chairman (up to 12.02.2014)  |
| Mr. V. K. Malhotra  | - Chairman (w.e.f. 13.02.2014) |
| Mr. Rahul Jain      | - Member                       |
| Mr. Kashi Ram Yadav | - Member                       |

### CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

|                     |            |
|---------------------|------------|
| Mr. Rahul Jain      | - Chairman |
| Mr. Kashi Ram Yadav | - Member   |
| Mr. V.K. Malhotra   | - 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 (INDIA)  
Tel: +91-11-25927820, 25927919, Fax: +91-11-25927740  
email: investor@fiemindustries.com,  
website: www.fiemindustries.com  
CIN: L36999DL1989PLC034928

### CORPORATE OFFICE & UNIT VII

Plot No. 1915, Rai Industrial Estate, Phase - V,  
Distt. Sonapat, Haryana -131029  
**Website: www.fiemindustries.com**

### REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Pvt. Ltd.  
44, Community Centre, 2nd Floor,  
Naraina Industrial Area, Phase-I,  
Near PVR Naraina, New Delhi-110028  
Ph: 011-41410592/93/94 Fax No: 011-41410591

## DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 25th Annual Report on the business and operations of the Company, together with the audited accounts for the financial year ended March 31, 2014.

### FINANCIAL RESULTS

The company's financial performance, for the year ended March 31, 2014 is summarised below:

| Particulars                                     | (Rs. in Lacs)   |          |                 |          |
|---|-----------------|----------|-----------------|----------|
|   | Consolidated    |          | Standalone      |          |
|   | 2013-14         | 2012-13  | 2013-14         | 2012-13  |
| Gross Sales                                     | <b>79009.95</b> | 66469.85 | <b>78804.10</b> | 66048.55 |
| <b>Sales, Net of Excise</b>                     | <b>71616.01</b> | 60308.87 | <b>71410.57</b> | 59887.57 |
| Earning before Tax, Depreciation & Finance Cost | <b>8905.81</b>  | 7066.96  | <b>8914.15</b>  | 7022.09  |
| Less: Cost of Finance                           | <b>1445.27</b>  | 1296.52  | <b>1443.89</b>  | 1292.99  |
| Profit before Tax & Depreciation                | <b>7460.54</b>  | 5770.44  | <b>7470.26</b>  | 5729.10  |
| Less: Depreciation                              | <b>2178.99</b>  | 1834.94  | <b>2178.53</b>  | 1834.75  |
| <b>Profit Before Tax</b>                        | <b>5281.55</b>  | 3935.50  | <b>5291.73</b>  | 3894.35  |
| Less: Tax Expenses                              | <b>1554.03</b>  | 1163.36  | <b>1551.74</b>  | 1162.94  |
| <b>Profit After Tax</b>                         | <b>3727.52</b>  | 2772.14  | <b>3739.99</b>  | 2731.41  |
| Add: Balance brought forward from previous year | <b>8081.46</b>  | 6144.13  | <b>8096.13</b>  | 6199.53  |
| <b>Profit available for appropriation</b>       | <b>11808.98</b> | 8916.27  | <b>11836.12</b> | 8930.94  |
| Less: Transfer to General Reserve               | <b>375.00</b>   | 275.00   | <b>375.00</b>   | 275.00   |
| Less: Proposed Dividend                         | <b>717.73</b>   | 478.49   | <b>717.73</b>   | 478.49   |
| Less: Corporate Dividend Tax                    | <b>121.98</b>   | 81.31    | <b>121.98</b>   | 81.31    |
| <b>Surplus -Closing Balance</b>                 | <b>10594.27</b> | 8081.47  | <b>10621.41</b> | 8096.14  |
| <b>Earning Per Share (Rs.)</b>                  | <b>31.16</b>    | 23.17    | <b>31.27</b>    | 22.83    |

### BUSINESS REVIEW

Year 2013-14, has remained a tough year for Auto Industry and except two-wheeler all other vehicle segments shown negative growth. Because of two-wheeler's 4% growth, Automobile Industry has shown a growth of 4%. Even in two wheelers, scooters segment has registered a growth of more than 20%. Otherwise, all other segments have shown negative growth - passenger vehicle near minus 4% and commercial vehicle just below minus 20%.

The Operational Performance of the Company has remained among best in the Industry. The management has clear vision and mission as how to competitively differentiate by defining the right values proposition for the customer and maintain excellence in all parameters of operational excellence, whether Quality, Cost, Design, Development, Delivery and overall Management Systems. This excellence is acknowledged by the esteemed OEM customers of the Company by way of repetitive QCDDM Awards and Quality Certificates.

Regarding financial performance, despite a tough year for the automobile industry, the Company has recorded yet another year of strong performance with a growth of 19.24% in FY 2013-14 and achieved a net turnover of Rs. 714.11 Crore in comparison to Rs. 598.88 Crores in previous year. Company has also been able to increase the Profit after tax from Rs. 27.31 Crores in FY 2012-13 to Rs. 37.40 Crore in 2013-14, with a growth of 36.95%. This shows inherent strength of the company.

### DIVIDEND

Considering the performance of the company, Board pleased to recommend a dividend of 60% (Rs. 6.00 per share) from the profits of the Company, for the year 2013-14 to the equity shareholders to be determined by Book Closure. The Board recommended the same for approval by the shareholders in the ensuing Annual General Meeting. If approved by the shareholders, the dividend will be paid with in the period stipulated under Companies Act, 2013.

### TRANSFER TO RESERVES

An amount of Rs. 375.00 lacs is transferred to General Reserve Account out of the profits for the financial year ended 2013-14.

### 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

Pursuant to Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013, one-third of such of the Directors as are liable to retire by rotation, shall retire every year and, if eligible, may offer themselves for re-appointment at Annual General Meeting. Consequently, Shri Kashi Ram Yadav and Shri J.S.S. Rao, Directors will retire by rotation at the ensuing Annual General Meeting, and being eligible, offer themselves for re-appointment in accordance with the provisions of the Companies Act, 2013.

Further, Shri Iqbal Singh, Shri Subodh Kumar Jain, Shri Charoen Sachamuneewongse, Shri Amitabh Prakash Agrawal and Shri Vinod Kumar Malhotra were appointed as Independent Directors of the Company at various times, in compliance with the requirement of the Clause 49 of the listing agreement entered with the Stock Exchanges. Existing appointments of all these Directors are in compliance with the Companies Act, 1956, and their appointment is subject to retire by rotation.

As per the provisions of Section 149(4) of Companies Act, 2013 (the Act) which has come into force with effect from 1st April, 2014, every listed company is required to have at least one third of the total number of Directors as Independent Directors. Further, Section 149(10) of the Act provides that an Independent Director shall hold office for a term up to five consecutive years on the Board of a company and is not liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Act.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement which would be effective from October 1, 2014 inter alia stipulates the conditions for the appointment of Independent Directors by a listed company.

In view of the fact that existing appointment of all Independent Directors is subject to retire by rotation and under Companies Act, 2013 they are not subject to retire by rotation and they can hold office for a term up to five consecutive years and considering the other provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement, it is proposed to freshly appoint all the above directors as Independent Directors under Section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 30th Annual General Meeting of the Company in the calendar year 2019 and they would not be subject to retire by rotation. The Nomination and Remuneration Committee has also recommended the fresh appointments of all these Independent Directors.

# ANNUAL REPORT 2013-14

In the opinion of the Board, each of the above Independent Directors fulfill the conditions for appointment as Independent Directors as specified in the Act and the Listing Agreement. The above Independent Directors are independent of the management.

Brief resume of the above Independent Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships and memberships / chairmanships of Board and Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are given in explanatory statement to Notice of AGM.

The Board commends the appointment of each Independent Director.

Further, during the year, Shri C.S. Kothari, Independent Director has resigned from the Directorship w.e.f. February 13, 2014. Because of his resignation, the total independent directors reduced to 5 instead of minimum required strength of 6.

Therefore, Pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, Board of Directors of the Company has appointed Shri Padur Narayana Viswanathan (P.N. Viswanathan) as an Additional Director (Independent Director) of the Company w.e.f. August 9, 2014.

In terms of Section 149(10) of the Act, an Independent Director can hold office for a term up to 5 (five) consecutive years, hence Shri P.N. Viswanathan is appointed by the Board as Independent Director for a period of 5 (five) years w.e.f. August 9, 2014, subject to his appointment by shareholders in ensuing Annual General Meeting.

Brief resume of Shri P.N. Viswanathan, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is given in explanatory statement to Notice of AGM.

The Board commends the appointment of Shri P.N. Viswanathan in the ensuing AGM.

## SUBSIDIARY COMPANY AND JV COMPANY

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

The Company had entered into a joint venture agreement with 'Horustech Lighting SRL Italy' on December 2, 2013 for forming a joint venture company to set-up a design centre in Italy. Accordingly, a 50:50 joint venture company 'Centro Ricerche Fiem Horustech SRL' has been formed in Italy on December 12, 2013. The Company has invested a sum of Rs. 8,41,200/- (Euro 10,000) towards capital contribution in said Joint Venture Company as on the date of balance sheet.

## CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard 21 and Accounting Standard 27 read with other applicable provisions, the Audited Consolidated Financial Statements has also been prepared for FY 2013-14, which forms part of this Annual Report of your Company. The accounts of wholly owned subsidiary company 'Fiem Industries Japan Co., Ltd.' and 50:50 JV Company 'Centro Ricerche Fiem Horustech SRL' are consolidated with the accounts of the Company.

Kindly refer the notes to consolidated accounts for further information.

## FIXED DEPOSITS

The Company has not accepted any Fixed Deposit within the meaning of the Companies (Acceptance of Deposit) Rules, 1975 or Chapter V of the Companies Act, 2013.

## STATUTORY AUDITORS

M/s Anil S. Gupta & Associates, Chartered Accountants (ICAI Firm Registration No.004061N), Delhi were appointed as the Statutory Auditors of the Company for the financial year 2013-14 at the Annual General Meeting (AGM) of the Company held on September 23, 2013.

M/s Anil S. Gupta & Associates have been the Auditors of the Company since beginning. As per the provisions of Section 139 of the Act, no listed company can appoint or re-appoint an individual auditor for more than one term of 5 (five) consecutive years. Section 139 of the Act read with Companies (Audit and Auditors) Rules, 2014 have also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s Anil S. Gupta & Associates, being eligible for re-appointment has offered himself for appointment for a term of 3 years from conclusion of the ensuing AGM. Based on the recommendation of the Audit Committee, the Board of Directors has, at its meeting held on August 9, 2014, proposed the appointment of M/s Anil S. Gupta & Associates as the Statutory Auditors of the Company for a period of 3 (three) years to hold office from the conclusion of ensuing AGM till the conclusion of the 28th AGM of the Company to be held in the calendar year 2017 (subject to ratification of their appointment at every AGM).

Pursuant to Section 141 of the Companies Act, 2013 and relevant Rules prescribed there under, the Company has received certificate from the Auditors to the effect, inter-alia, that their appointment, if made, would be within the limits laid down by the Act and shall be as per the term provided under the Act and that they are not disqualified for such appointment under the provisions of applicable laws and also that there is no proceeding against them pending with respect to professional matter of conduct. The Auditors have also confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of the ICAI.

The Board commends appointment of M/s Anil S. Gupta & Associates as Statutory Auditors of the Company.

## OBSERVATIONS IN AUDITORS' REPORT

There is no reservation, qualification or adverse remark in the auditors' report hence, no explanation is required from Board of Directors.

## 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)

In today's world, a Company and the society in which it operates are intrinsically and inseparably linked. Corporate Social Responsibility or CSR is a natural corollary of this symbiotic and co-dependent relationship. The Companies Act, 2013 mandates a legal obligation on this responsibility by making CSR a binding commitment for prescribed companies. Since beginning, Fiem has been a responsible corporate citizen and always take initiatives for giving back to the society. Social empowerment has been an integral part of the operations. The Company has constituted a Corporate Social Responsibility Committee for





overseeing the Corporate Social Responsibility activities of the Company under Companies Act, 2013.

With the spirit of giving back to the society in every possible way, company will implement its CSR initiatives in a more formal way as mandated under Companies Act, 2013.

As a matter of policy, company gives opportunities for the inclusive growth of women and underprivileged. Company support in many ways to communities among whom the Company operates. Company also contributes towards social causes by way of donations to the various societies and trusts, which are engaged in these social activities. Further, Company takes a lot of initiatives for environment protection and encouragement for greener environment.

#### **COST AUDIT**

For F.Y. 2013-14, Mr. Krishan Singh Berk, a Practising Cost Accountant had been re-appointed as Cost Auditor by the Board of Directors of the Company.

For F.Y. 2012-13, Cost Audit Report was filed by the Company on September 25, 2013 which was within due date for filing the same. The Cost Audit Report for the year 2013-14 will be filed in due course.

As per Companies (Cost Records and Audit) Rules, 2014 notified vide Notification dated 30th June, 2014 issued by Ministry of Corporate Affairs; Company is not falling under the Industries, which will subject to Cost Audit or required to maintain cost records. Hence, no cost auditor was appointed for F.Y. 2014-15 by the Board of Directors of the Company.

#### **MATERIAL CHANGES**

After the end of the Financial Year 2013-14 and up to date of this Report, no material changes or commitments happened, which in the opinion of the Board would affect the financial position of the Company at large.

#### **BUY-BACK OF SHARES**

No proposal of buy-back of the shares was considered by the Board during the period under review.

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

The particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of

Directors) Rules, 1988 are given in 'Annexure- A' which forms part of this Directors' Report.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- (i) that In the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards have been followed and no material departures have been made from the same;
- (ii) that 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 of the company for that period;
- (iii) that 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 preventing & detecting fraud and other irregularities;
- (iv) that the Annual Accounts for the year-ended March 31, 2014 have been prepared on a going concern basis.

#### **ACKNOWLEDGEMENT**

The Directors would like to place on record their sincere appreciation to the Company's OEM customers and acknowledge their patronage and confidence shown in the Company over the years and deeply value their relationship. Board is also thankful to the vendors and bankers for their continued support to the Company during the year. The Directors also wish to acknowledge the contribution made by employees at all levels for steering the growth of the organisation. The Board would like to express its gratitude to the members for their continued trust, cooperation and support and look forward for such support and confidence in future also.

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

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

**Chairman & Managing Director**

**Place : Rai, Sonapat (HR.)  
Date : 09.08.2014**

## 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**

Company is well aware about the need to conserve energy in its every operation and at every location. All factories of the Company follows best practices to conserve and save energy and contributing to this national cause of energy saving. India is an acute power deficit country, so irrespective of size and scale every citizen and corporate should do its best efforts and duty to conserve energy. Your Company, being a responsible corporate citizen follows best practice in its operations to conserve energy across locations.

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

1. In Hosur units, LED Lights installed in place of CFL and Sodium Vapour resulting in substantial saving of power in Hosur Plants.
2. In Rai and Kundli Plant some old Hydraulic System in moulding machines replaced with Servo Hydraulic System resulting in energy saving by 25% to 35% on each machine.
3. Periodic desalination of cooling towers increased resulting in improvement of efficiency and also power saving.
4. Heavy duty Industrial exhaust fans replaced by turbo ventilators resulting in reduction of power consumption.
5. Energy saving awareness programme are regular features and training imparted to concerned staff members as how to use minimum power while working.

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

In the plants, retrofit options for old machines are under consideration to increase the efficiency and save the power.

As the Company has diversified into LED Lighting and developed a large range of products, while selling these products in the market, Company is installing the LED Lights in all their new buildings and steadily replacing the old incandescent, mercury and CFLs across all plants. As the products are in-house made, so comparative cost of investment on replacement is low. It will result in reduction of power consumption over a long period of their life span. This investment will result in substantial saving of energy in long run.

Though manufacturing activities of the Company doesn't come under power intensive industry, still energy conservation remains a subject of continuous improvement in all plants of the company. As and when possible, workable proposals are implemented for power saving.

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

The impact of above measures in reduction of energy consumption and consequent impact on the cost of production of goods is difficult to quantify. However, as power constitutes a major cost factor in production and overall operations of the Company, hence 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:**

As 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**

Automotive as well as LED Lighting both are highly technology and research driven industry. Innovations and new product development are paramount to sustain and grow in these Industries; hence Research & Development is backbone for growth of the Company. LED is a new and evolving technology and need more focus on Research & Development. Hence, the Company is well aware about the required focus on R&D. Company is investing in the Research & Development programme of the Company inter-alia to achieve the following objectives:

1. To carryout research for developing state-of-the-art technology and products for automotive lighting, rear view mirrors and other automotive components in compliance of latest international standards and to fulfill the requirement of Indian and Global OEMs.
2. To enhance and improve our R&D capabilities for designing and development of new and innovative products in:
  - (i) Automotive lighting, rear view mirrors and other automotive components;
  - (ii) LED Luminaires for indoor and outdoor applications;
  - (iii) LED Integrated Passenger Information and Display Systems for Indian Railways and other transport vehicles.
3. To develop new and innovative LED general lighting products and technology with low carbon emission, low power consumption and high efficiency, with an endeavor to contribute towards solution of lighting and energy requirements of future India.
4. To disseminate knowledge acquired from R&D activities to train the manpower in our industry.

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

The recognition further renewed up to March 31, 2017.

A brief on the R&D activities of the Company is as under.

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

- Design and Development of many new Generation Lighting including LED Lamps for Automotive, industrial and domestic applications from low power to high power series.
- Development of LED street lights which can be operated by Solar power.
- Introduction of LIGHT GUIDES using LED in replacement with incandescent bulbs for parking / position lamps.
- In-house design and development of Railway PIS (Passenger Information System) with computer programme.
- In-house Optical Designing and Simulation for headlamp, tail lamp, signalling lamps and LED lighting products for indoor and outdoor applications.
- Design and development of LED Bi-projector lamps for two wheeler high end models which can meet stringent regulatory requirements with low power consumption.
- Feasibility study for two wheeler mirror with LED side direction indicators for upcoming futuristic models.

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

- New generation LED technology in automotive and home lighting segments developed and improved.