

FIEM INDUSTRIES LIMITED

ANNUAL REPORT 2020-21



LIGHT UP THE WORLD



FUTURISTIC
LED LIGHTING
GLOBALLY RECOGNISED



Disclaimer:

This document contains statements about expected future events and financial and operating results of Fiem Industries Limited, which are forward looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place any reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Further, certain industry data and other information presented in this document are collected from various reports and sources publicly available. We cannot authenticate the correctness of such data and information. Accordingly, this entire document is subject to this disclaimer. Readers are cautioned that the Company is in no way responsible for any loss / adverse result caused to them attributable to any statement in this document. Readers are requested to exercise their own judgment in assessing the risk associated with the Company.

WHAT'S IN THIS REPORT...

01 to 28	Corporate Overview
29 to 29	General Information
30 to 52	Directors' Report with Annexures
53 to 58	Management Discussion & Analysis
59 to 75	Corporate Governance Report & Certificates
76 to 82	Business Responsibility Report
83 to 138	Standalone Financial Statements
139 to 190	Consolidated Financial Statements
191 to 191	Form AOC-1



Scan this QR code to view
Annual Report at one go
on your hand-held device

Design & Development of

Our Strengths

- Excellent Optical, Mechanical, Electronic, Thermal integration capabilities.
- Offer optimized and innovative solutions to customers in terms of quality, cost and lead time.
- Provide customized service flexibly in Design, Development, Sampling and Production



Design Integration

- LED light source application become widely, It has given more possibility and flexibility for lamp aesthetic and size.
- The more complex geometries of lamp structure and thermal management are the main challenge.
- FIEM/FRT has good experience and ability to manage at thermal, mechanical, optical and electronic design integration to ensure the product reliability and lifetime



Styling Design

- Innovative aesthetic design.
- Sketch for initial lamp styling, function and structure communication.
- CG rendering to conclude styling feature. (colour, shape, pattern, texturing)
- Lit appearance simulation.

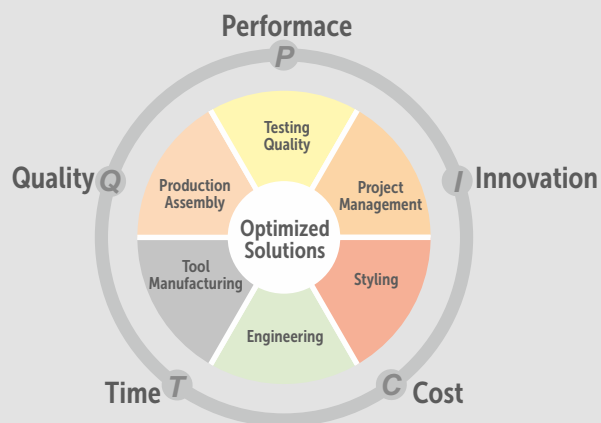


R&D and Design Centres

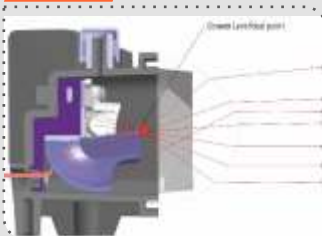
In our In-house Govt. approved R&D Centre at Rai, Haryana and Design Centre at Fiem Research & Technology s.r.l. in Italy we are Designing and Developing a large range of New, Innovative and Futuristic LED Lighting Products with latest Technology to cater the increasing demand of our valued OEMs.



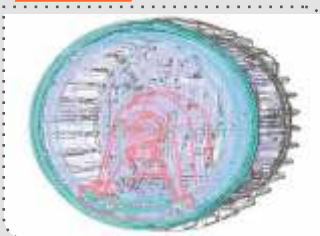
Innovative & Futuristic LED Lighting Products...



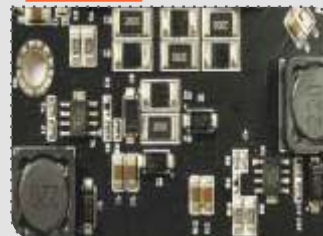
Optics



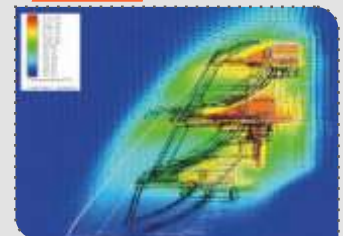
Mechanics



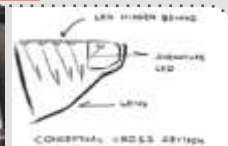
Electronics



Thermal



Sketch to fix the styling layout



CG lit rendering



Different styling optics



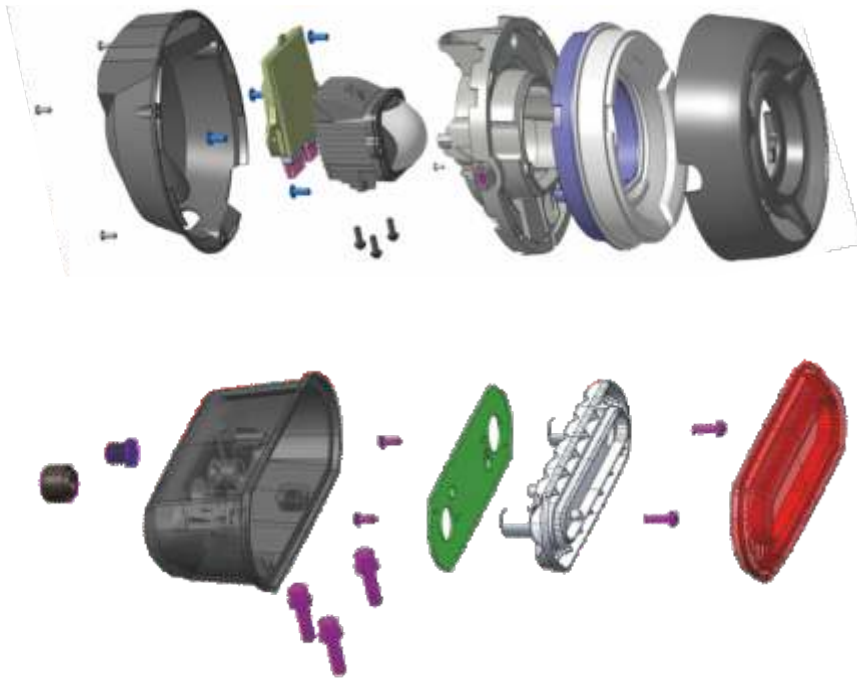
R&D Centre in Rai, Haryana



Design Centre in Italy



...Continuing the Innovation with World's Smallest LED Bi-function Lighting Module: LED DRL Function also added in the LED Head Lamp and introduced in YAMAHA FZ-X in India.



 **YAMAHA**
FZ-X



...Continuing the journey of innovation using world's smallest LED Bi-Functional Projector Head Lamp module, patented by Fiem and Yamaha and already a hit in the market, Fiem has introduced for the first time in India its variant with DRL for Yamaha's latest bike FZ-X. The small size of the HL module made it possible to encircle it with a perfect DRL design to give a very stylish looking round HL. The LED head light & DRL makes it hard to miss during the day and stand out in the night. The unique design of the lamp is one of the distinguished feature of the bike. This lamp meets the regulatory requirements of AIS, ECE.

Introduced IR welding technology to develop sleek & single LED winker for Honda Hornet



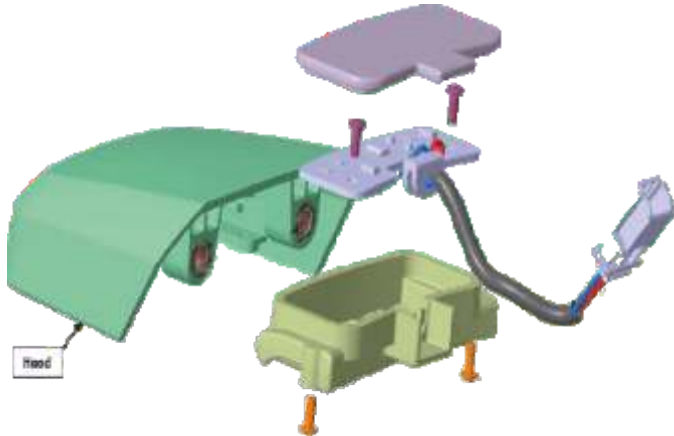
This Winker lamp's sleek design with superb finish complements well to the stylish looking bike. This is no ordinary Winker lamp; it is the best the technology has to offer. Firstly, that perfect optics and illumination has been achieved with only single high end LED. Then, thanks to the latest Technology "Infra-red welding", introduced first time for Winker Lamp to have that perfect aesthetic look.

The Licence lamp is of smallest size with single LED and optical lens. It is for Domestic as well as export markets.

Both lamps meet the regulatory requirements of AIS and ECE.



Introduced LED Modular Licence Lamp, enabling customer to use the same Lamp in multiple models by changing the hood.



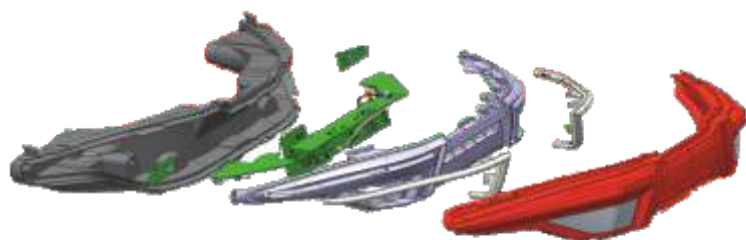
Fiem has developed LED Winkers, Tail lamps and moduler License Lamp for Harley Davidson's latest bike "Silverback" for international markets. The parts are being exported to their York, USA and Thailand Plants.

The Tail lamp is having light guide technology

The Indicator lamp is being illuminated with a single LED.

The license lamp has been developed as a modular design, where by just changing the hood it can be adopted to different models. This lamp meets the regulatory requirements of FMVSS, AIS, ECE & CCC.

Introduced all functions like High & Low Beam with separate Aiming Mechanism, Position Lamp & Front Indicators in LED Head Lamp itself for the Scooter



Fiem developed a sleek LED HL for Piaggio's prestigious new vehicle SXR 160. For the very first time for any scooter in India, this lamp has all the possible functions included like High beam, Low beam, Position and Front side indicators. It's position function is with light guide technology. As a first time feature in India for this segment, it also has both low and High beam aiming mechanism

A LED Tail lamp is also developed for this vehicle. It has tail, stop and Rear Indicator function. Light guide technology is being used to provide tail function.

The lamps meet the regulatory requirement of AIS & ECE.

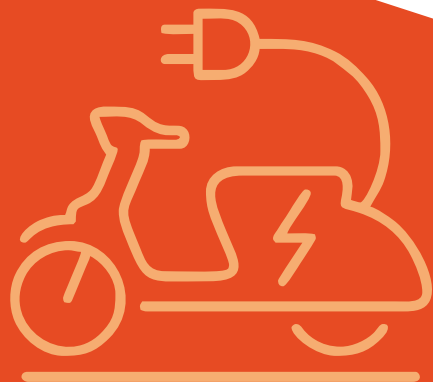
Other than domestic use, the Head lamp is also being exported to Italy, Europe.



Chairman's Message



We see a huge potential in the Indian EV segment and are confident of capturing greater market share over the medium to long term. We are proactively ready to move forward with speed & scale to seize this opportunity.



Dear Shareholders,

The year gone by has been an extremely challenging year for all of us personally and professionally, with the COVID-19 pandemic continuing to be a cause of sufferings across the globe. Recently, during the month of April-May, 2021, a more deadly and fierce second wave of the pandemic hit the entire country and overwhelmed and crippled the healthcare system, leaving hospitals struggling to cope with the supply of critical drugs and oxygen, which were rather in a shockingly short supply.

Owing to the COVID -19, whole of the financial year 2020-21 remained a very tough year on all the fronts, with severe business disruptions and restrictions on mobility. During this pandemic our focus was to ensure the safety of everyone in the ecosystem. Our top priority remained the safety of our employees and their wellbeing. As things standing as such today, we continue to keep health and safety as our top priority.

In above circumstances, during FY2020-21, the Indian automobile industry registered a negative growth across all the vehicle segments with 2Wheeler segment registering a 12.8% Y-o-Y decline in production volumes. On the other hand, the 3Wheeler segment reported a 46% decline in the overall production volume. Within the 2Wheeler segment, the scooters declined by 24.40%, while motorcycles registered a decline by 8.37% and mopeds by 2.07%.

We were also significantly hit with the plant shutdown in Q1 of the FY 2020-21. However, as we witnessed a strong recovery from Q2 onwards, backed by our continued focus on operational efficiencies, we swiftly ramped up production and moved fast to serve our customers' demand, and by the end of the year we were able to clock highest ever quarterly sales in Q4 of FY2020-21. Though, for full year FY2020-21, the Company has been able to achieve net sales of Rs. 1,207 crores as against the sale of Rs. 1,366 crores during FY2019-20, which represented a decline of 11.6% on yearly basis.

On profitability, the Company has been able to earn an EBITDA of Rs.130.60 crores, being 10.82% during FY2020-21 as against EBITDA of Rs.155.77 crores being 11.4% during the FY2019-20. PAT of the Company for FY2020-21 was Rs.47.12 crores as against Rs.78.92 crores during FY2019-20. The decline in EBITDA and PAT is because of the lower sale for the year due to COVID-19 pandemic. Moreover, the PAT of FY2019-20 included a reversal of deferred tax expense of Rs.14.52 crores on account of that the Company exercised option of payment of lower income tax as per the amended Income Tax provisions. If the effect of lower income taxes is excluded from the PAT of FY2019-20, then a net decline in the PAT on year-on-year basis will work out to Rs.17.28 crores only.

During these difficult times, your Company has worked with agility and demonstrated steadfast resilience by further strengthening the fundamentals and financial position. Our focus remained on optimum continuity of operations, maintaining fiscal prudence and strengthening the internal efficiencies. This resulted in an improved financial health, reduction of debts and minimal usage of working capital facilities. This track record gives us the confidence that as the growth momentum in economy picks-up, the Company would be able to scale-up operations in minimum time to deliver stronger performance in the coming years.

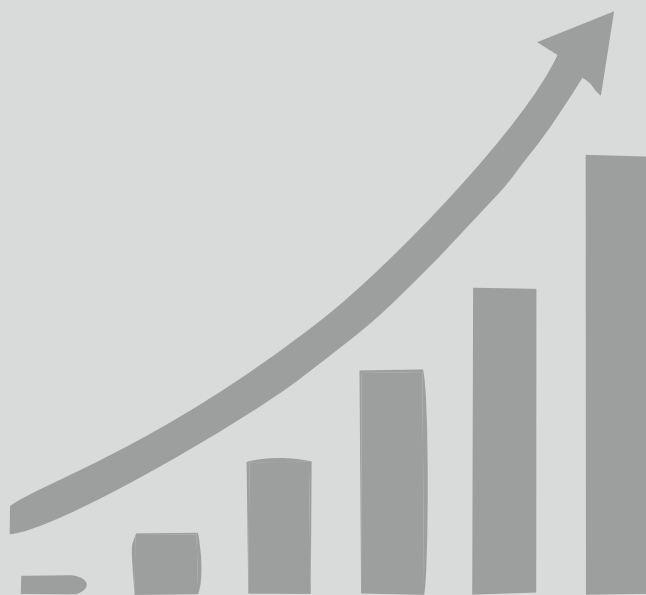
We believe that in the near term, the impact of the pandemic is expected to gradually recede as more people get vaccinated. At the same time, it is clearly visible that consumers' preference is shifting towards personal mobility rather than using shared mobility or public transport. This consumers' preference is expected to translate more demand for 2Wheelers.

”

Our focus remained on optimum continuity of operations, maintaining fiscal prudence and strengthening the internal efficiencies. This resulted in an improved financial health, reduction of debts and minimal usage of working capital facilities.



Backed by our continued focus on operational efficiencies, we swiftly ramped up production and moved fast to serve our customers' demand, and by the end of the year we were able to clock highest ever quarterly sales in Q4 of FY2020-21



Further, in our opinion, the next big thing or development taking shape in our Industry is emergence of the Electric Vehicles (EVs). We strongly believe that EVs is the future of automobile as a sustainable & green mobility solution. More importantly for us, we see the 2Wheeler EVs as next growth opportunity for our Company. For EVs, LED is the most compatible lighting solution and our Company being the preferred supplier for LED 2Wheeler lighting solutions, is focussed on this new growth area. We see a huge potential in the Indian EV segment and are confident of capturing greater market share over the medium to long term. We are proactively ready to move forward with speed & scale to seize this opportunity.

To encourage the faster adoption of the EVs, the government of India has made a partial modification in the FAME-II scheme in June, 2021, increasing the demand incentive for electric two-wheelers to Rs. 15,000 per KWh from the earlier uniform subsidy of Rs. 10,000 per KWh for all EVs, including plug in hybrids and strong hybrids except buses. The improved incentives would increase the penetration of electric two-wheelers in the country. The department of Heavy Industries has also capped incentives for electric two-wheelers at 40 per cent of the cost of vehicles, which was 20 per cent earlier.

At Company level, we continue to strengthen our Design & Development capabilities and accelerating New Product Development in LED Lighting to cater the increasing demand of LED Lighting across the vehicle models by almost all OEMs. In FY2020-21 automotive LED constitutes 40% of the total automotive lighting sales. This has remained stable this year due to the pandemic but we expect this to increase to around 60% over the next 2-3 years.

We have been actively engaged with the emerging leaders in EV segment and are developing several products with them. We expect 2Wheeler EVs to be a significant driver in our growth over the medium to long term.

I express my sincerest gratitude to our valued OEM customers and investors for their continued support and trust reposed on us. I am also thankful to all our employees and other stakeholders for their co-operation during these difficult times.

I wish you all a good health!!

Kind Regards,

J. K. Jain,
Chairman & Managing Director

Fiem Industries Limited | 08