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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
<b>Date of Birth</b>	14.11.1986	19.07.1956	28.08.1954	01.12.1981	09.05.1952
<b>Date of Appointment</b>	14.11.2004	01.08.2010	06.02.1989	02.12.1999	06.02.1989
<b>Category/ Designation</b>	Non-executive Director	Independent Director	Whole-time Director	Whole-time Director	Chairman & Managing Director
<b>Brief Resume, Experience and Specialised Field</b>	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.
<b>Directorships held in Companies, other than Fiem Industries Ltd.</b>	Nil	Nil	Fiem Auto Pvt. Ltd.	Nil	Fiem Auto Pvt. Ltd.
<b>Chairmanship(C) / Membership (M) of Committees held in Companies, other than Fiem Industries Ltd.</b>	Nil	Nil	Nil	Nil	Nil
<b>Shareholding in Fiem Industries Ltd. as on 31.03.2012.</b>	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:

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

**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 FY. 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.