Fiem Industries Limited

AUTOMOTIVE COMPONENTS

Regd. Office: D-34, DSIDC Packaging Complex, Kirti Nagar, New Delhi-110015

POSTAL BALLOT NOTICE

(Pursuant to Section 192A of the Companies Act, 1956)

To
The Members,

Notice is hereby given that the Draft Resolutions set out below are proposed to be passed through Postal Ballot in accordance with Section 192A of the Companies Act, 1956 (the "Act") and the Rules made thereunder read with other applicable provisions of the Act. The Board of Directors of the Company (the "Board") recommend the same for approval by the members.

An Explanatory Statement pursuant to Section 192A(2) and Section 173(2) of the Act read with other applicable provisions of the Act, setting out all material facts pertaining to the resolutions is annexed herewith along with the Postal Ballot Form for consideration of members.

The Board has appointed Mr. Sanjay Grover, Practicing Company Secretary as Scrutinizer for conducting the voting through Postal Ballot in a fair and transparent manner.

Members are requested to carefully read the instructions printed in the Postal Ballot Form and return the said Form (no other form or photocopy thereof is permitted) duly completed, in the attached self-addressed envelope (for which postage will be paid by the Company), so as to reach the Scrutinizer on or before 17th March, 2011, since response received from members after 17th March, 2011 shall be treated as if no response is received as per Rule 5(f) of the Companies (Passing of Resolutions by Postal Ballot) Rules, 2001. The Scrutinizer will submit his report and the result of the Postal Ballot shall be announced at the registered office of the company on 21st March 2011 at 4.00 P.M.

SPECIAL BUSINESS

Draft Resolutions to be passed through Postal Ballot:

ITEM NO.1: Change in the Object Clause of Memorandum of Association.

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 17 read with Section 192A and other applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being in force), and subject to the necessary approvals required, if any, from the appropriate authorities with such other terms, amendments or modifications as may be required or suggested by any of such appropriate authorities, the Memorandum of Association of the Company be and is hereby amended by inserting the following as Sub-clauses 4 and 5 after the existing Sub-clause 3 of the Main Objects Clause [III (A)] of the Memorandum of Association of the Company:

4. **To carry on the business as manufacturer, importer, exporter, distributor, trader, service provider in and to deal in all kinds of Automotive Components for all kinds of Vehicles and Automobile applications; all kinds of Batteries for Automotive, Industrial, Domestic and other purposes; all kinds of appliances, goods, applications and products based on Light Emitting Diode (LED) for Automotive Lighting, Home Lighting, Street Lightings, Industrial Lighting, LED Display Panels, Torches and other electrical appliances and allied goods and products; all kinds of appliances, goods, applications and products based on Solar Energy for Automotive, Industrial, Domestic and other purposes; and all kinds of Electrical and Mechanical equipments, tools, devices, systems, appliances, applications, machines, apparatus, goods and products for Automotive, Industrial, Domestic and other purposes.**

5. **To engage in the work of innovative Research & Development related to line of the business of the Company, such as research, development, invention & improvement of technologies, products, designs, engineering methods, processes, allied activities, testing methods, experimentation etc. and to apply manpower, machineries, other resources and expend money on such work and to secure and obtain patents, licenses and other intellectual property rights for such works and to establish one or more in-house Research & Development units in one or more factories of the Company and to obtain and secure recognitions for the same from Government and other Authorities.**

RESOLVED FURTHER THAT the existing Memorandum of Association of the Company, duly amended as aforesaid, be adopted as the Memorandum of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board, be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed necessary and settle any or all questions/ matters arising with respect to the above matter, and to execute all such deeds, documents, agreements and writings as may be necessary for the purpose of giving effect to this resolution, take such further incidental and ancillary steps in this regard, as may be considered desirable or expedient by the Board in the best interest of the Company and its Members.

RESOLVED FURTHER THAT Managing Director of the Company or Company Secretary or any person(s), for the time being duly authorised by the Board be and is hereby authorised to take all steps for giving effect to this resolution."

ITEM NO. 2. Re-appointment of Mrs. Seema Jain as Whole Time Director of the Company.

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 269,198,309,310,311 and Schedule XIII read with Section 192A 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 consent of the members of the Company be and is hereby accorded to the re-appointment of Mrs. Seema Jain, as Whole Time Director of the Company w.e.f. 1st April 2011 for a period of three years i.e. up to 31.03.2014 on the remuneration and terms and conditions as mentioned hereunder:

(a) Salary-

Rs. 2,00,000/- (Rs. Two Lac only) per month.

(b) Other Benefits, Perquisites & Allowances-

In addition to salary, she will be entitled to:

(i) 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.

(ii) Company provided car with driver facility.

(iii) Leave Encashment and gratuity in accordance with the rules of the Company and as per Payment of Gratuity Act.

(iv) Telephone / Mobile phone facility.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter or vary the terms of appointment or revise the remuneration of Mrs. Seema 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 Mrs. Seema Jain will be paid to her as minimum remuneration as permissible in Schedule XIII read with other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT Mrs. Seema 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."

ITEM NO.3 **Re-appointment of Ms. Aanchal Jain as Whole Time Director of the Company.**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 269,198,309,310,311 and Schedule XIII read with Section 192A 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 consent of the members of the Company be and is hereby accorded to the re-appointment of Ms. Aanchal Jain, as Whole Time Director of the Company w.e.f. 1st April 2011 for a period of three years i.e. up to 31.03.2014 on the remuneration and terms and conditions as mentioned hereunder:

(a) Salary-

Rs. 1,00,000/- (Rs. One Lac only) per month.

(b) Other Benefits, Perquisites & Allowances-

In addition to salary, she will be entitled to:

(i) 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.

(ii) Company provided car with driver facility.

(iii) Leave Encashment and gratuity in accordance with the rules of the Company and as per Payment of Gratuity Act.

(iv) Telephone / Mobile phone facility.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to alter or vary the terms of appointment or revise the remuneration of Ms. Aanchal 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 Ms. Aanchal Jain will be paid to her as minimum remuneration as permissible in Schedule XIII read with other applicable provisions of the Companies Act, 1956.

RESOLVED FURTHER THAT Ms. Aanchal 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."

By Order of the Board
For Fiem Industries Limited

Sd/-
Arvind K. Chauhan
Company Secretary

Place : Delhi
Date : 07.02.2011

NOTE:

1. **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, between 10.00 a.m. to 1.00 p.m. upto the last day fixed for Receipt of the Postal Ballots.**

EXPLANATORY STATEMENT PURSUANT TO SECTIONS 173(2) AND 192A OF THE COMPANIES ACT, 1956

ITEM NO.1

Sub-clause 4: As the shareholders are aware, the business of the Company is growing with a decent rate. However, to explore new growth opportunities and to keep pace with Technological up-gradations, Inventions and Innovations, the Management of the Company is contemplating to engage at appropriate time in the business of **manufacturer, importer, exporter, distributor, trader, service provider in and to deal in all kinds of Automotive Components for all kinds of Vehicles and Automobile applications; all kinds of Batteries for Automotive, Industrial, Domestic and other purposes; all kinds of appliances, goods, applications and products based on Light Emitting Diode (LED) for Automotive Lighting, Home Lighting, Street Lightings, Industrial Lighting, LED Display Panels, Torches and other electrical appliances and allied goods and products; all kinds of appliances, goods, applications and products based on Solar Energy for Automotive, Industrial, Domestic and other purposes; and all kinds of Electrical and Mechanical equipments, tools, devices, systems, appliances, applications, machines, apparatus, goods and products for Automotive, Industrial, Domestic and other purposes.** Some of these products and business falls in new line of business, which is not covered in the existing Main Object Clause of the Memorandum of Association of the Company. Therefore, it is proposed to amend the Main Object Clause [Clause III (A)] of Memorandum of Association of the Company to cover the above business by inserting sub-clause 4.

Sub-clause 5: Research & Development is the soul of the Automobile Industry. Research & Development activities are not only necessary for providing new technologies, products and processes but also for improvements of existing technologies, products, designs, engineering methods, processes, testing methods etc. Your company is engaged into Research & Development activities related to line of the business of the Company, but till now these activities are in an informal way. The management of the company is contemplating to take a more formal and systematic approach for initiatives and activities of the Company in Research & Development field. Further, company is planning to set-up In-house R&D units and recognition for the same from Government and other Authorities. Hence it is decided to incorporate a new sub-clause covering these activities into Main Object Clause of the Memorandum of Association of the Company. Therefore, it is proposed to amend the Main Object Clause [Clause III (A)] of Memorandum of Association of the Company to cover the above by inserting sub-clause 5.

In view of the above and to enable the Company to take-up one or more of the aforesaid activities at appropriate time, it is proposed to alter the Main Object Clause of the Memorandum of Association of the Company as stated in the proposed special resolution.

Section 17 and section 192A read with The Companies (Passing of the Resolution by Postal Ballot) Rules, 2001(as amended) and other applicable provisions of the Companies Act, 1956, governs the provisions related to change in Objects Clause of the Memorandum of Association of the Company. Section 17 provides that objects of the Company may be changed by way of Special Resolution, so far these may be required to enable the Company, to carry on its business more economically or more efficiently or to attain its main purpose by new or improved means or to carry on some business which under the existing circumstances may conveniently or advantageously be combined with the existing business of the Company.

The Board of Directors of the company think that proposed change in Main Objects satisfies the requirements mentioned under Section 17 of the Companies Act read with other applicable provisions. Accordingly, the proposed special resolution is being placed for your approval through Postal Ballot.

A copy of each of the existing Memorandum of Association and a new set of the Memorandum of Association after incorporating the proposed alterations in its Object Clause will be available for inspection of the members at the Registered Office of the Company on all working days, between 10.00 a.m. to 1.00 p.m. upto the last day fixed for receipt of the Postal Ballots.

None of the Directors of the Company is any way concerned or interested in the aforesaid Special Resolution, except as members of the Company.

Your Directors consider the above said resolution in the interest of the Company and therefore recommend the same for your approval.

ITEM NO. 2

Mrs. Seema Jain was re-appointed as Whole Time Director of the Company w.e.f. 01.04.2008 for a period of three years and her current tenure is due for completion on 31.03.2011. She is looking after Finance & Accounts Department of the Company. As the Company is growing with a decent rate and with the increase in operations of the Company her duties and responsibilities have increased significantly. Considering above, the Remuneration Committee and the Board felt it necessary to keep continue her services. Therefore, in the respective meetings held on 07.02.2011, the Remuneration Committee recommended her re-appointment on the same remuneration and the Board of Directors re-appointed her as Whole Time Director for another term of three years w.e.f. 01.04.2011 subject to approval of the members of the Company.

Mrs. Seema Jain is wife of Mr. J.K. Jain, Chairman & Managing Director and mother of Ms. Aanchal Jain, Whole Time Director and Mr. Rahul Jain, Director of the Company. Hence, all 4 are related to each other. Further, these are promoters and major shareholders of the Company, therefore, deemed to be concerned or interested in this resolution.

As the remuneration to Mrs. Seema Jain as Whole Time Director is as per provisions of Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 1956, hence the other required information are also annexed to this Explanatory Statement and Notice.

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

ITEM NO. 3

Ms. Aanchal Jain was re-appointed as Whole Time Director of the Company w.e.f. 01.04.2008 for a period of three years and her current tenure is due for completion on 31.03.2011. She is looking after Human Resources affairs of the Company. During recent years the Company has witnessed good growth and also expanding its manufacturing capabilities. With the increase in operations of the Company the manpower of the Company has increased substantially and accordingly her duties and responsibilities have increased significantly. Considering above, the Remuneration Committee and the Board felt it necessary to keep continue her services. Therefore, in the respective meetings held on 07.02.2011, the Remuneration Committee recommended her re-appointment on the same remuneration and the Board of Directors re-appointed her as Whole Time Director for another term of three years w.e.f. 01.04.2011 subject to approval of the members of the Company.

Ms. Aanchal Jain is daughter of Mr. J.K. Jain, Chairman & Managing Director and Mrs. Seema Jain, Whole Time Director and sister of Mr. Rahul Jain, Director. Hence, all 4 are related to each other. Further, these are promoters and major shareholders of the Company, therefore, deemed to be concerned or interested in this resolution.

As the remuneration to Ms. Aanchal Jain as Whole Time Director is as per provisions of Schedule XIII of the Companies Act, 1956 read with other applicable provisions of the Companies Act, 1956, hence the other required information are also annexed to this Explanatory Statement and Notice.

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

The explanatory statement together with Notice and other information are to be treated as abstracts of the change in terms of the appointment and Memorandum of concern or interest about Mrs. Seema Jain and Ms. Aanchal Jain 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: Delhi
Date : 07.02.2011

– ANNEXURE:

Information pursuant to Clause 1(B) of Section II of Part II of Schedule XIII to the Companies Act, 1956 in connection with re-appointment of Mrs. Seema Jain and Ms. Aanchal Jain as Whole Time Directors of the Company:

(i) The remuneration of both these whole time directors on their re-appointment has been approved by the resolutions passed by the Remuneration Committee.

(ii) The Company has not made any default in repayment of any of its debts or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date(s) of re-appointment of above whole time directors.

(iii) The re-appointment of both these whole time directors is for three years at one time and proposed to be approved by way of special resolutions through Postal Ballots.

(iv) Statement pursuant to proviso to Clause 1(B) (iv) of Section II of Part II of Schedule XIII to the Companies Act, 1956 in connection with re-appointment of above whole time directors of the Company is as under :

I.	**GENERAL INFORMATION :**	
(1)	Nature of Industry	Auto Components: Automotive Lighting, Signalling Equipments, Rear View Mirrors and Sheet Metal Components etc.
(2)	Date or expected date of commencement of commercial production:	The Company is already in operations since the year of incorporation i.e. 1989 and Commercial Production had started in that year.
(3)	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the Prospectus	Not Applicable, as the Company is already in operations.
(4)	Financial performance based on given indicators	See table below
(5)	Export performance and net foreign exchange Collaborations.	The Company don't have any net foreign exchange Collaboration. The Export Sale on FOB value was Rs. 12.72 Crore during FY 2009-10 and Rs. 11.32 Crore during FY 2008-09.
(6)	Foreign Investments or collaborators, if any.	The Company have Technical Support Agreement with Ichikoh Industries Limited of Japan.
II.	**INFORMATION ABOUT THE APPOINTEE (S):**	
1.	**Mrs. Seema Jain**	
(1)	Background Details	Mrs. Seema Jain is a B.Sc. from Lady Irwin College of Delhi. She hails from a business family and engaged into day-to-day business activities of her family business since her college days. She is the founder promoter of the Company and looking after Accounts & Finance functions of the Company since beginning.
(2)	Past Remuneration	Since April 1, 2007 Rs. 2,00,000/- per month.
(3)	Recognition & Awards	Nil.
(4)	Job profile and her suitability	Mrs. Seema Jain is looking after Finance & Accounts functions of the Company since beginning. As the Company is growing with a decent pace and with the increase in operations of the Company her duties and responsibilities have increased significantly. Considering above, the Board felt it necessary to keep continue her services and on the recommendation of Remuneration Committee re-appointed her as Whole Time Director subject to approval of the members of the Company.
(5)	Remuneration Proposed	As per Resolution in the Notice for Postal Ballot.

Particulars	FY 2009-10	FY 2008-09	Change(+/-)
Net Sales (Rs. Crores)	294.19	219.29	+34%
PAT (Rs. Crores)	10.75	4.61	+133%
PAT/Net Sales	3.65%	2.10%	+1.55

(6)	Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person.	The Company operates in Automotive Lighting and Mirrors segment of the Auto components Industry. Information about remuneration of Whole Time Directors of other companies of **comparable size** is not available in public domain. Hence no information could be provided in this regard.
(7)	Pecuniary relationship directly or indirectly with the Company, relationship with the managerial personnel, if any.	Mrs. Seema Jain is wife of Mr. J.K. Jain, Chairman & Managing Director and mother of Ms. Aanchal Jain, Whole Time Director and Mr. Rahul Jain, Director of the Company. Hence, all 4 are related to each other. Further, these are promoters and promoters group hold around 68% of the shareholding of the Company. Being shareholders, they receive dividend as and when the Company declares the same. Further, Fiem Auto & Electrical Industries, a sole proprietorship of Mr. J.K. Jain is receiving Brand Royalty from the Company. The directors also receive interest as and when provide loan to the company. The details of all these transactions are disclosed under "Related Party Disclosure" in the Financial Statements of each year's Annual Report.
2.	**Ms. Aanchal Jain**	
(1)	Background Details	Ms. Aanchal Jain completed her B.Sc. in Management from the Indian Institute of Learning Management (IILM), New Delhi and Masters in Business Administration in Human Resource and Management from Indiana Institute of Technology, USA. She is presently actively involved in Human Resource Management functions of the Company.
(2)	Past Remuneration	Since April 1, 2007 Rs. 1,00,000/- per month.
(3)	Recognition & Awards	Nil
(4)	Job profile and her suitability	She is looking after Human Resources Management functions of the Company. During recent years the Company has witnessed good growth and also expanding its manufacturing capabilities. With the increase in operations of the Company, the Manpower of the Company has increased substantially and accordingly her duties and responsibilities have increased significantly. Hence, the Board of Directors of the Company felt it necessary to keep continue her services and on the recommendation of Remuneration Committee have re-appointed her as Whole Time Director subject to approval of the members of the Company.
(5)	Remuneration Proposed	As per Resolution in the Notice for Postal Ballot.
(6)	Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person.	The Company operates in Automotive Lighting and Mirrors segment of the Auto components Industry. Information about remuneration of Whole Time Directors of other companies of **comparable size** is not available in public domain. Hence no information could be provided in this regard.
(7)	Pecuniary relationship directly or indirectly with the Company, relationship with the managerial personnel, if any.	Ms. Aanchal Jain is daughter of Mrs. Seema Jain, Whole Time Director and Mr. J.K. Jain, Chairman & Managing Director and sister of Mr. Rahul Jain, Director of the Company. Hence, all 4 are related to each other. Further, these are promoters and promoters group hold around 68% of the shareholding of the Company. Being shareholders, they receive dividend as and when the Company declares the same. Further, Fiem Auto & Electrical Industries, a sole proprietorship of Mr. J.K. Jain is receiving Brand Royalty from the Company. The directors also receive Interest as and when provide loan to the company. The details of all these transactions are disclosed under "Related Party Disclosure" in the Financial Statements of each year's Annual Report.

III.	OTHER INFORMATION:	
(1)	Reason for loss or inadequacy of the profits	There are no losses in the Company and the Company is earning profits.However, the total Managerial Remuneration is exceeding the 10% of profits of Financial Year (FY) 2009-10 calculated under section 349 & 350 read with section 198 of the Companies Act,1956. Consequent to that, the Remuneration payable to these whole time directors come under Clause 1(B) of Section II of Part II of Schedule XIII to the Companies Act,1956. Hence the information required under this clause are being provided.
(2)	Steps taken or proposed to be taken for Improvement.	The Company is growing with a decent growth rate because of hard work and prudent decisions of the Management of the Company. With the increase in existing operations, the management is also exploring new growth opportunities in LED based lighting. On Operational front, the Company is increasing its manufacturing capabilities and started production in Rai Unit (Unit-VII) and establishing Unit-VIII in Tapukara in Rajasthan. Further, the Company is trying to increase its share in replacement market by opening new depots.
(3)	Expected increase in productivity and profits in Measurable terms.	The growth in Turnover and Net Profit After Tax (PAT) of the company is expected to increase by 15% to 20% on year on year basis.
IV.	**DISCLOSURES:**	
	The shareholders of the company shall be informed of the remuneration package of the managerial person.	This information is being furnished in Notice of Postal Ballot for the appointees and was furnished for other managerial persons in the Corporate Governance Report forming part of the Annual Report for FY 2009-10.
	Disclosures need to be mentioned in Corporate Governance Report forming part of the Annual Report.	Required Disclosures had been made in Annual Report for FY 2009-10 and will also be made in next Annual Report.

Brief Particulars of Directors seeking Appointment / Re-appointment as required under Clause 49 of the Listing Agreement:

Particulars	Mrs. Seema Jain	Ms. Aanchal Jain
Date of Birth	28.08.1954	01.12.1981
Date of Appointment	06.02.1989	02.12.1999
Category/ Designation	Whole-time Director	Whole-time Director
Qualifications	B.Sc.	B.Sc., MBA
Experience and Specialised Field	An Industrialist, with more than 30 years experience in Finance Matters.	Around 5 years experience in Human Resources Management of the Company
Directorships held in Companies, other than Fiem Industries Ltd.	Fiem Auto Pvt. Ltd.	Nil
Chairmanship(C) / Membership (M) of Committees* held in Companies, other than Fiem Industries Ltd.	Nil	Nil
Shareholding in Fiem Industries Ltd. as on 31.03.2010.	16,51,292 (13.80%)	3,12,693 (2.61%)

* Only Audit Committee and Shareholders'/ Investors' Grievance Committee of Public Companies are considered.

By Order of the Board
For Fiem Industries Limited

Sd/-
Arvind K. Chauhan
Company Secretary

Place: Delhi
Date : 07.02.2011