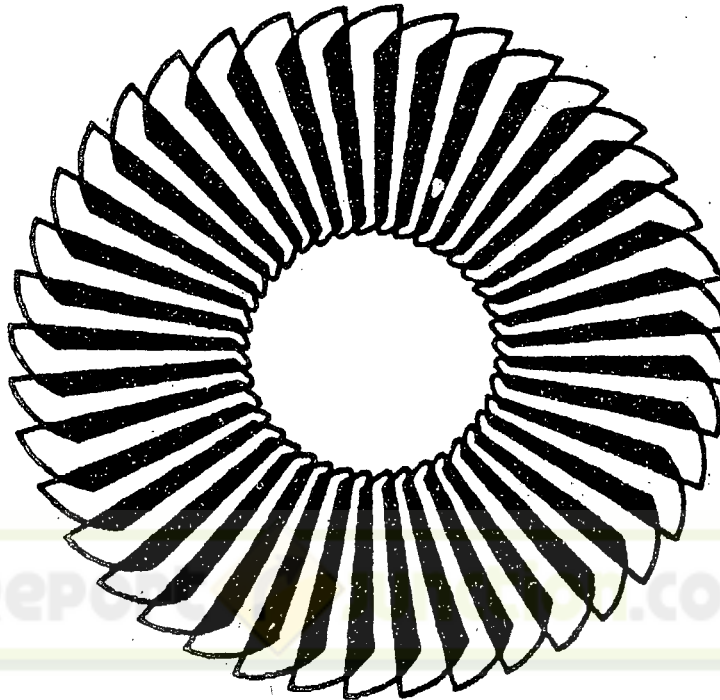


MD	✓		BKC	✓
CS	✓		DPY	NA
RO	✓		DIV	NA
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓



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FLUIDOMAT LTD., INDORE

Twenty Second Annual Report

1997-98

BOARD OF DIRECTORS :

ASHOK JAIN

CHAIRMAN AND MANAGING DIRECTOR

D.K. KEMKAR

SHANTILAL KOTHARI

L.N. DUBE

S.C. CHHAJED

**AUDITORS :
J.P. SARAF & CO.**

**BANKERS :
CENTRAL BANK OF INDIA**

**CORPORATE LAW ADVISOR
D.K. JAIN & COMPANY
COMPANY SECRETARIES**

REGISTERED OFFICE :

117, 1st Floor, Navneet Darshan,
16/2, Old Palasia,
Indore (M.P.) 452 001

WORKS :

7C-8J, Industrial Area,
Agra-Bombay Road,
DEWAS (M.P.) 455 001
Tel. : 75582, 75583
Fax : 07272-75581



FLUIDOMAT LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 22nd Annual General Meeting of the Members of the **FLUIDOMAT LIMITED** will be held at 117, 1st Floor, Navneet Darshan, 16/2, Old Palasia, Indore (M.P.) 452 001 on Saturday, the 26th day of September, 1998 at 2.00 P.M. to transact the following business :

I. ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account of the Company for the year ended 31st March, 1998 and the report of the Directors & Auditors thereon.
2. To appoint a Director in place of Shri D.K. Kemkar, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

BY ORDERS OF THE BOARD
FOR, **FLUIDOMAT LIMITED**

Place : **INDORE**
Date : 30th July, 1998

ASHOK JAIN
Chairman & Managing Director

NOTES :

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member. Proxy in order to be effective must be received by the Company not less than 48 hours before the Meeting.
2. Register of Member and Share Transfer Book of the Company will remain closed from 15.09.1998 to 26.09.1998 (both days inclusive)
3. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturday between 11.00 A.M. to 1.00 P.M.
4. Members desirous of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
5. Registered Office of the Company shall be shifted to 117, 1st Floor, Navneet Darshan, 16/2, Old Palasia, Indore (M.P.) 452 001 w.e.f. 10th August, 1998. You are requested to please make all correspondences at the new address only.



FLUIDOMAT LIMITED

DIRECTORS REPORT TO THE MEMBERS

The Directors present their 22nd Annual Report on the business and operation of the Company together with the Audited Balance Sheet & Profit and Loss Accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS :

	Rupees in Lakhs	
	1997-98	1996-97
Sales and income from operation	469.37	459.60
Other Income	11.13	4.32
Total Income	480.50	463.92
Total Expenses	423.33	439.37
Operating Profit (PBIDT)	57.17	24.55
Interest	78.08	68.56
Depreciation	29.47	29.93
Profit before tax/loss	(-) 50.38	(-) 73.94
Provision for Taxation/Paid for earlier year	-	11.09
Previous year adjustment	0.34	0.02
Profit after Tax	(-) 50.04	(-) 85.01

DIVIDEND:

Since the Company could not earn profit during the year under review, therefore your Directors do not recommend any dividend for this year.

REVIEW OF THE WORKING & FUTURE PROSPECTS:

Business outlook during the year under review continued to be dull, pessimistic and recessionary. Industrial Growth declined from 11% last year to 5% in this year with slow down in the large projects including infrastructure projects. Industrial growth rate declined following restrictive credit policy initiated in 1995-96 together with withdrawal of the Government from developmental capital expenditure. Capital market sentiments remained depressed and bearish. Demand recession of capital goods continued thus building pressure on sale prices and caused heavy discounts.

The confidence of industries continues to be low. Under the present situation and circumstances, the Government needs to take positive measures to boost the economy and take bold steps including the reduction in interest rates, and curbing the delays. A need to integrate the policies with objectives of growth and rebuilding the confidence of industry is very essential and should be the top agenda of political will.

The above facts of the situation are very depressing but your Company took strong measures to sustain in the situation. The overhead costs have been reduced.

The production costs were reduced by efficient resource and material management. Your Company has strong R & D base and design capability through which also the costs were reduced. The above steps resulted in:

1. Increased operating profit before interest and depreciation to Rs. 57.17 lacs (previous year 24.55 lacs).
2. The net loss reduced to 50.04 lacs as against previous year loss of Rs. 85.01 lacs. The net loss could have been lower but due to increased interest cost of Rs. 9.5 lacs over the previous year.



ANNUAL REPORT 1997-98

FINANCE:

The facts of recessionary situation were put up before IFCl with request of reschedulement of term loan which was viewed by IFCl in the right perspective and reschedulement was kindly granted.

Your Company has made request to IFCl and bank to consider reduction in interest rate and waiver of overdue interest (of IFCl) and which the Company is following up. Your Directors feel that the request is genuine considering the present market and industrial situation.

Your Company has also disposed off lease hold commercial plot during the year under review to meet out financial commitments.

EXPORT:

Your Company made continuous efforts to export its products. Participation in Hannover Fair in Germany has definitely brought positive results towards credibility and awareness of the Company in European and the US markets. Continuous efforts are being made to appoint sales agents and to have strategic alliances for the European market. The fall of economy in Asia Pacific countries including Korea, Thailand and Indonesia brought a set back to Company's efforts made in this market in the past 3 years and therefore the Company shifted its focus to European countries. Direct Export turnover of Rs. 12.82 Lakhs achieved as against previous year Rs. 3.13 Lakhs.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION :

1. Information in respect of Form 'A' is not applicable to our Unit.
2. Information in respect of R & D and Technology absorption as required to be given is : NIL
3. Information in respect of Foreign Exchange Earning & Outgo:

	1997-98
Earning	Rs. 12,82,297
Outgoing	Rs. 1,06,389

PARTICULARS OF EMPLOYEES:

Particulars of the employees as required under Section 217 (2A) of the companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975 are as under:

Name	: Ashok Jain
Qualification	: B.E. (Electrical)
Date of Employment:	1.7.1982
Designation	: Chairman & Managing Director
Remuneration	: Rs. 7,59,431
Experience	: 28 Years
Last Employment	: —

LISTING OF SHARES:

The Company's equity shares are listed with The M.P.Stock Exchange (Regional) and also with the Stock Exchange, Mumbai, and The Stock Exchange Association Ltd. Delhi. During the period the shares of the Company were permitted for trading and there was no suspension of trading. The Company is regular in payment of Annual Listing fee to all the concerned stock exchanges.

DIRECTORS :

Shri D.K.Kemkar, the Director of Company, who retires by rotation in this Annual General Meeting, being eligible offers himself for re-appointment.



FLUIDOMAT LIMITED

DEPOSITS :

The Company has not accepted any deposits from the Public within the meaning of Section 58 A of the Companies Act, 1956.

AUDITORS REPORT :

The Auditors in their report have referred to the Notes forming part of the Account, considering the principal of the materiality, the Company shall make necessary provisions regarding Interest Free Sales Tax (Deferment) Loan and encashment of leave on cash basis as per policy of the Company. The other notes are self explanatory and need no comments.

AUDITORS :

M/S J.P. Saraf & Company, Chartered Accountants of Indore, retiring at the ensuing Annual General Meeting, being eligible given his letter of consent. Your Directors recommend their re-appointment on such remuneration as may be fixed by the Board .

INDUSTRIAL RELATIONS :

Relation between the workers and management remained cordial during the year. There has been no loss of production on account of industrial relations.

ACKNOWLEDGEMENT :

Your Directors would like to express their appreciation for the support given by the Industrial Finance Corporation of India Ltd. and the Central Bank of India, Bankers to the company. Your Directors also acknowledge the continued support extended by the Investors and confidence of the valued customers. Your Directors also wish to place on record their sense of appreciation for the devoted services rendered by the employees of the Company for its continuous growth and success.

For & On Behalf of the Board

INDORE

Dated : 30th July, 1998

**ASHOK JAIN
CHAIRMAN & MANAGING DIRECTOR**



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AUDITORS' REPORT

TO THE MEMBERS OF M/S FLUIDOMAT LIMITED

We have audited the attached Balance Sheet of M/s FLUIDOMAT LIMITED as at 31st March, 1998 and the annexed Profit & Loss Account of the Company for the year ended on 31st March, 1998 and report that:

1. As required by the Manufacturing and other companies (Auditor's Report) order, 1988 issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, and on the basis of such checks of books and records of the company as were considered appropriate, and on the basis of the information and explanations given to us during the course of our audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further, to our comments in the Annexure referred to in paragraph (1) above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion, proper books of account as required by the law have been kept by the company, so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account of the company.
 - (d) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view subject to :
 - Note No. 1 of Notes on Account regarding non-provision of Sales Tax liability in respect of interest free Sales Tax (Deferment) Loan of Rs.5,37,297.
 - Note No. 10 of Notes on Account regarding non-provision of liability for encashment of earned leave by employees;
 - (i) in so far it relates to the Balance Sheet, of the State of affairs of the Company as at 31st March, 1998. and
 - (ii) in so far it relates to the Profit & Loss Account, of the LOSS of the Company for the year ended on that date.

for **J.P.SARAF & COMPANY.**

CHARTERED ACCOUNTANTS

Place: Indore

Date : This 29th Day of June, 1998

(J.P.SARAF)

Proprietor

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph (1) of our Report of even date on the Statement of Accounts of M/s FLUIDOMAT LIMITED as at and for the year ended 31st March, 1998)

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. According to the information and explanations given to us, the fixed assets of the company have been physically verified by the Management at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
2. None of the Fixed Assets have been revalued during the year.
3. The stock of finished goods, stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals. The stock in possession of third parties have been verified by the Management with reference to the certificates obtained from them and/or other relevant documents.