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FLUIDOMAT LTD., INDORE

Twentyfourth Annual Report

1999 - 2000 Certified True Copy

FOR FLUIDOMAT LIMITED.
H. S. J. J.
Chairman & Managing Director.

BOARD OF DIRECTORS:

ASHOK JAIN

CHAIRMAN AND MANAGING DIRECTOR

D.K. KEMKAR

SHANTILAL KOTHARI

L.N. DUBE

S.C. CHHAJED

K.A. SIVARAM (NOMINEE OF IFCI)

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

RAGISTAR & SHARE TRANSFER AGENT :

ANKIT CONSULTANCY SERVICES PVT. LTD.

Alankar Point, Geeta Bhawan Chouraha,

A.B. Road INDORE 452 001.

WORKS & HEAD OFFICE:

7C-8J, Industrial Area,

Agra - Bombay Road,

DEWAS (M.P.) 455 001

Tel.: 58582,58583

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 24th Annual General Meeting of the Members of the **FLUIDOMAT LIMITED** will be held at the Registered Office of the Company at 117, 1st Floor, Navneet Darshan, 16/2, Old Palasia, Indore (M.P.) on Tuesday, the 26th day of September, 2000 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, 2000 and the report of the Directors & Auditors thereon.
2. To appoint a Director in place of Shri L.N.Dube, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

II. SPECIAL BUSINESS BY ORDINARY RESOLUTION.:

4. To consider if thought fit to pass with or without modification(s) if any, the following Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 198, 269, 302, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) the consent of the members of the Company be and is hereby granted for the re- appointment of Shri Ashok Jain as the Chairman & Managing Director of the Company for a period of five years w.e.f. 1st July, 2000 on the following remuneration & perquisites.

- (a) Salary: Rs.47,500/- per month, with the annual increment of Rs.5,000/- p.a. due on 1st July, every year only.
- (b) Perquisites: Subject to the ceiling of Rs.6,00,000/- p.a.:

CATEGORY:A

- (i) House Rent Allowance subject to a maximum of 50 % of the salary or house accommodation shall be provided by the Company and 10 % of salary shall be recovered by way of rent. Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10 % of salary.
- (ii) Re-imbursement of medical expenses of the Chairman & Managing Director and his family, the total cost of which to the Company shall not exceed one month's salary in the year or three months salary in a block of three years.
- (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club Fees: subject to a maximum of two clubs, this will not include admission and life membership.
- (v) Personal accident insurance premium not exceeding Rs.4,000/- p.a.
- (vi) Contribution to Provident Fund & Family Benefit Funds: As per Rules of the Company.

CATEGORY B:

- (i) Car : The Company shall provide car for the Company's business and if no car is provided reimbursement of the conveyance shall be as per actual on the basis of claims made by him.
- (ii) Gratuity : As per rules of the company, subject to a maximum ceiling as may prescribed under the Payment Of Gratuity Act from time to time.
- (iv) Earned Privelege Leave : As per rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.
- (iv) Telephone : Free use of telephone at his residence provided that personal long distance calls on the telephone shall be billed by the Company to the CMD.

NOTE : For the purpose of perquisites stated in Category "A" above, "Family" means the spouse, the dependent children and dependent parents of the appointee.



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FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Ashok Jain shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Ashok Jain the Chairman & Managing Director shall also be entitled for the reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/ amenities and other privileges, as may from time to time, be available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, may consider necessary, expedient or desirable and to vary, modify the terms and conditions and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to hold the increments, decide break up of the remuneration within the above said maximum permissible limit, in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

III. SPECIAL BUSINESS BY SPECIAL RESOLUTION.:

To consider if thought fit to pass with or without modification(s) if any, the following Special Resolution:
ALTERATION IN ARTICLES OF ASSOCIATION.:

RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and all other applicable provisions if any, the articles of the Company be and is hereby amended and altered by inserting the following definition and short titles after the existing Clause No. 1 of the Articles of Association.:

'Beneficial Owner' means a person or persons whose name is recorded as such with the depository.

'SEBI' means the Securities and Exchange Board of India established under Securities and Exchange Board of India, Act, 1992.

'Depository' means a Company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a Depository under the SEBI Act, 1992.

'Depositories Act' means the Depositories Act, 1996 or any statutory modification or re enactment thereof.

'Registered Owner' means a Depository whose name is entered as such in the records of the Company.

'Security' means such security as may be specified by the SEBI from time to time.

'Register and Index of Beneficial Owners' means such Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and index of members and other security holders for the purposes of these Articles.

RESOLVED THAT pursuant to Section 31 of the Companies Act, 1956 and all other applicable provisions if any, the articles of the Company be and is hereby amended and altered by inserting the following new Sub Clauses after the Existing Clauses of the Articles of Association.:

After existing Clause No. 4 :

4 A. Notwithstanding anything contained in the Act or these Articles, where the securities are dealt with in or by a Depository, the Company shall intimate the details of allotment of relevant securities to the depository immediately on allotment of such securities.

4 B. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for Securities issued by the Company shall apply to Securities held with a depository.

After existing Clause No. 13

13 A. Notwithstanding anything contained in these Articles, the Company shall also be entitled to dematerialise/ rematerialise its securities and to offer securities in the dematerialised form pursuant to the Depositories Act, 1996.



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After existing Clause No. 14

14 A. (i) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with a Depository. Such a person who is the beneficial owner of the Securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act, 1996 as may be amended from time to time and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of the securities.

(ii) If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of the information, the depository shall enter in its record, the name of the allottee as the beneficial owner of the security.

14 B. All securities held by depository shall be dematerialised and shall be in fungible form. No certificates shall be issued for the securities held by the Depository. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372 of the Companies Act, 1956 shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

14 C. Notwithstanding anything contained in the Act or these Articles to the contrary where the Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of Electronic mode or by delivery of floppies or discs.

After existing Clause No. 37:

37 A. Nothing contained in Section 108 of the Companies Act, 1956 or these Articles shall apply to a transfer of securities effected by means of electronic or by delivery in floppy or disc the transferor and transferee, both of whom are entered as beneficial owners in the records of a depository.

37 B. Notwithstanding anything to the contrary contained in the Companies Act, 1956 or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.

After existing Clause No. 43:

43A (i) Subject to the provisions of Section 109 of the Companies Act, 1956 every shareholder or debenture holder of the Company, may at any time, nominate in the prescribed manner a person to whom his/her share in, or debentures of the Company shall vest in the event of his/her death.

(ii) Where the shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner a person to whom all the rights in the shares or debentures of the Company as the case may be, shall vest in the event of the death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, in respect of such shares in or debentures of the company where the nomination made in the prescribed manner purports to confer on any the right to vest the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder, as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures or as the case may be, all the joint holders, in relation to such shares or debentures, to the exclusion of all other person, unless the nomination is varied, cancelled in the prescribed manner.

(iv) Where the nominee is minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint, in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his/ her death, during the minority.

After existing Clause No. 44:

44 A. A nominee, upon production of such evidence as may be required by the Board as per the relevant laws and subject as hereinafter provided, elect either :

(i) To be registered himself/herself as holder of the share or debenture, as the case may be or
(ii) To make such transfer of the share or debenture, as the case may be, as the deceased share holder or debenture holder, could have made;

(iii) If the nominee elects to be registered as holder of the share or debenture, himself / herself, as the case may be, he/she shall deliver or send to the Company, a notice in writing signed by him/her stating that he/she



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so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;

(iv) A nominee shall be entitled to the same dividends and other advantage to which she/he would be entitled to if he/she were the registered holder of the share or debenture except that he/she shall not, before being registered as a member in respect of his/her share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company. Provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself/herself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of such share or debenture, until the requirements of the notice have been complied with.

After existing Clause No. 52:

52 A. Notwithstanding anything contained in these Articles, but subject to provisions of Sections 77A and 77B of the Act, the Company may purchase its own shares or other specified securities (hereinafter referred to "Buy-Back") out of-

- a) its Free Reserve ; or
 - b) the Securities Premium Account ; or
 - c) the proceeds of any Shares or other specified securities.
- in accordance with the provisions of Section 77A and 77B and Rules prescribed by the Central Government and/or by Securities Exchange Board of India in this behalf."

After existing Clause No. 79:

79 A. Save as otherwise provided in Article 79 above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the Securities held by it.

79 B. Every person holding Securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be member of the Company. The beneficial owners of securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of their securities which are held by the Depository.

6. To consider if thought fit to pass with or without modification(s) if any, the following Special Resolution:

RESOLVED THAT subject to the provisions of the Depository Act, 1996 and other applicable provisions of the Companies Act, 1956 the consent of the members of the Company be and is hereby accorded for voluntarily Dematerialisation of the Equity Shares of the Company and the Board of Directors of the Company be and is hereby authorised to take all such action for voluntarily D-Mat of Shares and to do all such acts, deeds and things as they may consider appropriate from time to time in the interest of the Company and its members & investors.

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

INDORE
29th July, 2000

ASHOK JAIN
CHAIRMAN & MANAGING DIRECTOR

NOTE :

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.
Register of Members and Share Transfer Book of the Company will remain closed from 16.09.2000 to 26.09.2000 (both days inclusive).
3. Documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
4. The Company has appointed M/S Ankit Consultancy Services Pvt. Ltd. having office at 2nd, Floor, Alankar Point, Gita Bhawan Chouraha, A.B.Road, Indore (M.P.). As Register & Share Transfer Agent Members are requested to make all correspondence with the Share Transfer Agent and notify immediately any change in their address.



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5. Members who are holding Equity shares in identical order of names in more than one folio are requested to write to the Registrars and Transfer Agents of the Company to enable the Company to consolidate their holdings in one folio.
6. Members desiring 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.
7. Explanatory Statements setting out the material facts in respect of item nos. 4 to 6 are annexed hereto.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS :

ITEM NO.4:

Shri Ashok Jain was re-appointed as the Chairman & Managing Director of the Company w.e.f. 1.7.95 for a period of five years by the members at their 18th Annual General Meeting held on 26th September 1994 therefore, his tenure has expired on 30th June, 2000 and needs to be re-appointed.

Shri Ashok Jain is a professionally qualified Engineer and has wide and varied knowledge and experience in engineering and Industrial Management of more than 30 years and has travelled all around the world for export marketing of the Company's product. He possesses the complete design, production and other technical know-how of this high-tech Engineering product. He has further unto his credit, through sustained and continuous research and development, additions of new ranges and types of Fluid Coupling, incorporating the latest technology. Due to his pains taking efforts your Company is foremost and pioneer in the world for the manufacture of almost all types of Fluid Coupling. Besides Fluid Coupling, he has also added product that is, Flexible Coupling of various types after a great deal of research.

Shri Ashok Jain who is the only Chairman & Managing Director is fully dedicated to achieve all round growth in the best interest in the Company's progress. Your Directors have considered his re-appointment at their meeting held on 29th May, 2000 for a further period of five years w.e.f. 1st July, 2000 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into by the Company with Shri Ashok Jain, submitted to the meeting, which agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the limit specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board of Directors and Chairman & Managing Director, Shri Ashok Jain. The Board considered that the terms and conditions of the agreement and the salary & perquisites as given in the notice of the meeting is commensurate with his sincere efforts and high responsibilities, status and image of the Company.

The Board recommends to pass necessary resolution as set out in item no. 4 of the notice.

This should also be considered as an abstract of the terms of the re-appointment of Shri Ashok Jain as a chairman & Managing Director of the Company and a memorandum as to the nature of the concern or interest of the Directors in the said re-appointment as required u/s 302 of the Companies Act, 1956.

Except, Shri Ashok Jain being re-appointed and Shri S.M.Kothari being relative none of the other Directors are concerned or interested in this Resolution.

ITEM NO. 5:

Consequent upon the setting up of the Depository System and the introduction of the Depositories Act, 1996, there have been significant amendments in the provisions of the Companies Act, 1956 relating to the issue, holding and transfer of securities in dematerialised form. The Equity Shares of your Company can be dematerialised under the Depository System operated by the National Securities Depository Limited & Central Depository Services Ltd. The Depository system of holding securities in an electronic form is a far safer and more convenient method for holding and trading in securities of a Company. It is therefore proposed to suitably amend the articles as set out in the resolution in order to bring the provisions of the Articles of Association in consonance with the provisions of Companies Act, 1956 and to reflect the provisions introduced by Depositories Act, 1996 and to spell out the rights of the beneficial owner of the securities in such a system.