



FLUIDOMAT LIMITED

25Th

Annual Report

2000-2001

- ◆ **Board of Directors :**
ASHOK JAIN
Chairman and Managing Director

D.K. KEMKAR
SHANTILAL KOTHARI
L.N. DUBE
S.C. CHHAJED
N.K. JAIN (Nominee of IFCI)
M.K. SHAH
- ◆ **Asst. Company Secretary**
VINEET CHOPRA
- ◆ **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 - 452 001 (M.P.)
- ◆ **Registrar & 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 - 455 001(M.P.)
Tel.: 58582, 58583
Fax: 07272-58581
E-mail : fludomat@sancharnet.in

NOTICE

NOTICE is hereby given that the 25th Annual General Meeting of the Members of 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 18th day of September 2001, at 2.00 P.M. to transact the following business :

I. ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2001 and the Profit & Loss Account of the Company for the year ended 31st March 2001, 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 to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

II. SPECIAL BUSINESS BY ORDINARY RESOLUTION :

4. To consider and if thought fit, to pass with or without modification(s), the following as an Ordinary Resolution :
"RESOLVED THAT Shri M.K. Shah who was appointed as an Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose, Shri M.K. Shah as a candidate for the office of the Director of the Company, be and is hereby elected and appointed as Director of the Company, liable to retire by rotation".

**By Order of the Board
for FLUIDOMAT LIMITED**

**VINEET CHOPRA
Asst. Company Secretary**

Place : INDORE
Date : 31st July, 2001

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 of the Company. Proxy in order to be effective must be received by the Company not less than 48 hours before commencement of the Meeting.
2. Register of Members and Shares Transfer Books shall remain closed from 17.09.2001 to 26.09.2001 (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 Saturdays and holidays 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. The Company has obtained connectivity from the CDSL & NSDL. Equity Shares of the Company may be held in Electronic form with any Depository Participant (DP) with whom the members/Investors have their depository account. The ISIN No. for the Equity Shares of the Company is INE 459 C01016 In case of any query/difficulty/ in any matter they may contact our electronic Share Transfer Agent M/s. Ankit Consultancy Pvt. Ltd., 2nd Floor, Alankar Chambers, Geeta Bhawan Chouraha, A.B. Road, Indore (M.P.)

ANNEXURE TO THE NOTICE

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

ITEM No. 4 :

Shri M.K. Shah was appointed by the Board as an Additional Director w.e.f. 26th Sept., 2000 to hold office till the date of the ensuing Annual General Meeting.

The Company has received a notice u/s 257 of the Companies Act, 1956, from a member proposing his appointment for the office of the Director of the Company. Shri M.K. Shah is a Senior Chartered Accountant and having expertise in the field of Finance, Accounts and Audit. Looking into his experience and qualification, the Board recommend for the appointment of Shri M.K. Shah and propose to pass the resolution as set out in item No. 4 of the Notice as an Ordinary Resolution.

Except Shri M.K. Shah, none of the directors is in any way concerned or interested in the resolution.

**By Order of the Board
for FLUIDOMAT LIMITED**

**VINEET CHOPRA
Asst. Company Secretary**

Place : INDORE
Date : 31st July, 2001

ANNUAL REPORT 2000-2001**DIRECTORS' REPORT TO THE MEMBERS**

The Directors presenting their 25th Annual Report on the business and operations of the company together with the Audited Balance Sheet & Profit and Loss Accounts for the year ended 31st March, 2001

FINANCIAL RESULTS :

	As on 31/03/2001 (Rs. in Lacs)	As on 31/03/2000 (Rs. in Lacs)
Sales and income from operations	472.90	440.66
Other Income	6.54	3.85
Total Income	479.44	444.51
Total Expenses	400.51	431.20
Operating profit (PBIDT)	78.93	13.31
Interest	70.86	66.57
Depreciation	28.03	28.26
Profit/ Loss before tax	(-)19.95	(-)81.52
Previous year adjustment	1.39	41.59
Profit/loss after Tax	(-)18.56	(-)39.93

DIVIDEND :

Looking into the losses incurred by the Company during the year under review and heavy accumulated losses, it is not possible for Board to recommend any dividend for the year under review. (Previous year : NIL)

REVIEW OF THE WORKING AND FUTURE PROSPECTS :

The optimism and "feel good factor" of 1999-2000 without actual recovery of economy was short lived. Sequence of events in past months clouded the industries again with pessimism. Industries continued to remain in recessionary mode.

An overall review of economy reveals that all is not well. Construction activities is not showing required growth. Overall investment is weak and that for investment in manufacturing sector is even weaker. The total quantum of investment in planned manufacturing projects in the data base has dipped over 30% from about Rs. 420000 Crores in April, 1997 to 290000 Crores in April, 2001. Growth in capital goods production has gone down from 12.6% in 1998-99 to 1.4% in 2000-2001. Capacity utilisation rate is declining and cautious Private Sector has put an embargo on capacity expansion. Due to fiscal constraints and demand recession most of expansions and modernization plans are on 'HOLD'. Many new projects are already shelved.

Capital investment in Engineering Sector has declined by 47%. Worst sufferer has been the infrastructure industry. The capital investment in power declined by 52.3% in 99-00 over 98-99. Power projects are not getting implemented. Other greenfield manufacturing projects are also not coming up. Slow down in industrial growth is clearly evident in the industrial production statistics.

Now, it is up to the Industry, Govt. Politicians, Bureaucracy and all concerned to explore the reasons of such adverse situation of economy and provide corrective measures to bring back the growth engine on track.

Your Company business prospects depend on growth of core and infrastructure sectors including Power, Cement, Steel metal, Paper Fertilizer, Machine Building and Coal and Ore Mining etc. All these sectors are under going severe recession with zero new investments thus posing serious threat to speedy revival of your Company.

Your Company focussed on spares/replacement business in this adverse phase of economy. Focus on cost cutting and economizing measures continues.

Your Directors are pleased to report the improved working results with the above measures and shift in focus.

- The order booking increased from 274 lacs to 427 lacs showing increase of 56% over the previous year.
- Turnover increased from 441 lacs to 473 lacs showing increase of 7% over the previous year.
- Operating profits increased from 13.31 lacs to 78.93 lacs before interest and depreciation compared to the previous year.

In view of prevailing recession in the Indian Economy your company has now intensified its focus on the export market and have identified Asia Pacific and Latin America regions to put in the marketing efforts. South Korea has shown promising business potential with numbers of enquiries flowing in. To assess the business prospects the Chairman visited Korea and met various clients and industries and has appointed selling agent for Korea subject to agreement.

Your Company has been exporting to Asia Pacific countries and Italy since past 4 years. However, these exports have been mainly to establish the product quality and performance. With customer satisfaction on these supplies, now it may be possible to increase exports.

★ Fluidomat Limited

Your company has taken the opportunity of participating in the India Trade Exhibition being organised by Indian Trade Promotion Council (ITPO), in Brazil from 25 th to 29th Sept. 2001 to develop business in Latin America. This participation will bring awareness about your company and its products and help in developing business in the region which is quite potential and promising.

As reported earlier, your Directors are taking all necessary steps to improve the turnover, working, profitability and liquidity.

Your company has to meet the threats of very high interest cost, high input costs of raw materials, power, labour and fuel. Pressure on selling prices and thus heavy discounts, demand recession, demand of long credits from buyers etc. are also aggravating the threat leaving little for your company to manoeuvre and belittles all efforts to improve and turn around.

As the members are aware, the Company has accumulated loss of Rs. 215.51 Lacs as on 31/03/2001, during the quarter ended 30/06/2001, it has suffered loss of Rs. 27.14 lacs. It is the Company's general business trend that the first quarter in the financial year always give poor results in comparison of the second and subsequent quarters. Your Directors are hopeful of better results in the remaining period in the financial year 2001-02.

IFCI LTD. vide their letter dated 12/07/2001 has advised the Company to consider Rs. 47.09 Lacs granted as concession and relief vide sanction letter dated 10/02/2000 as contingent liabilities, in view of default in making timely payment of principal and interest as per revised schedule. Your Board is taking suitable steps to regularise the default.

However, your company is fighting against all odds and request full hearted support from financial institutions and share holders of the company. Your company moves ahead with positive attitude.

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 is :

Earnings	:	Rs. 700685.00
Outgo	:	Nil

PARTICULARS OF EMPLOYEES :

None of the employees in the Company was in receipt of remuneration of Rs. 12,00,000 P.A., if employed throughout the financial year or at the rate of Rs. 1,00,000 P.M. if employed for a part of the financial year, therefore the Particulars of employees to be given as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975 are not applicable to the Company.

LISTING OF SECURITIES :

Your Company has made arrangement with CDSL & NSDL and entered into agreement for De-materialization of Company's Securities in accordance with the provisions of the Depository Regulation. Now the Shareholders have the option to hold the shares in the Company in the D-materialized form through both the Depositories. The Company's Shares are listed with the Madhya Pradesh Stock Exchange, (Regional), Mumbai Stock Exchange. and Delhi Stock Exchange and is regular in payment of annual listing fee. There was no suspension of trading of its Shares.

DIRECTORS :

In terms of Article 102 of the Articles of Association, Shri D.K. Kemkar, Director shall retire at the forthcoming AGM and being eligible, offers himself for re-appointment.

IFCI Ltd. has nominated Mr. N.K.Jain w.e.f. June 27, 2001 in place of Mr. K.A. Shivram as a Director in the Board. The Board place on record its deep appreciation for the valuable advice, guidance and support provided by Mr. K.A. Shivram. Your Directors welcome appointment of Mr. N.K.Jain as Nominee Director on its Board.

The Board has appointed Shri M.K.Shah, as Additional Director who is an eminent Chartered Accountant in practice and has wide knowledge in the field of Taxation. Finance, Audit etc, to hold office upto the date of the ensuing AGM. The Company has received a notice under Section 257, of the Companies, Act, 1956 proposing his appointment as Director. The Board recommend his appointment as a Director liable to retire by rotation.

INSURANCE :

The assets of the Company are adequately insured against the loss of fire and other risk as is considered necessary by the Management.

DIRECTORS' RESPONSIBILITY STATEMENT :

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your directors state that :

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgements and estimates were made so as to give a true and fair view of the state of affairs of the Company as at the end of March 31, 2001 and the loss of the Company for the year ended on that date.