



FLUIDOMAT

LIMITED



ANNUAL REPORT 2002-2003◆ **Board of Directors :**

ASHOK JAIN
Chairman and Managing Director
D.K. KEMKAR
S.M. KOTHARI
L.N. DUBE
M.K. SHAH
S.C. CHHAJED
B.K. CHAKRABORTY
(IFCI Nominee upto 06.06.2003)
V. K. SUNIL
(IFCI Nominee from 06.06.2003)

◆ **Asstt. Company Secretary**
PANKAJ PABAIYA◆ **Auditors :**

J.P. SARAF & CO.
Chartered Accountants

◆ **Corporate Law Advisor :**
D.K. JAIN & COMPANY
Company Secretaries◆ **Bankers /Financial Institution :**
CENTRAL BANK OF INDIA
IFCI LTD.◆ **Registered Office :**

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

◆ **Share Transfer Agent :**

For Dematerialised & Physical Shares
ANKIT CONSULTANCY SERVICES PVT. LTD.
Alankar Point, Geeta Bhawan Chouraha,
A.B. Road, Indore
Ph. : 91-731-2491298
Fax : 91-731-5065798

◆ **Works & Head Office :**

7C-8J, Industrial Area,
Agra-Bombay Road,
DEWAS - 455 001(M.P.)
Tel.: 07272-258582, 258583
Fax: 07272-258581
E-mail : fludomat@sancharnet.in

27th Annual General Meeting

Date : 29th August, 2003
Day : Friday
Time : 2.00 p.m.
Place : 117, 1st Floor,
"Navneet Darshan"
16/2, Old Palasia,
Indore - 452 001 (M.P.)
Book Closure
Dates : 25/08/2003 to 30/08/2003
(Both day inclusive)

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NOTICE

Notice is hereby given that 27th Annual General Meeting of the members of Fluidomat Limited is scheduled to be held on **Friday, the 29th day of August, 2003, at 2.00 P.M. at the Registered Office of the Company at 117, 1st Floor, "Navneet Darshan", 16/2, Old Palasia, Indore - 452 001 (M.P.), to transact the following business :**

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2003 and Profit & Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. L. N. Dube who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

AS SPECIAL BUSINESS BY ORDINARY RESOLUTION :

4. To consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. V. K. Sunil, who was appointed as nominee Director of the IFCI Limited, and holds office upto the date of this Annual General Meeting and is eligible for re-appointment in respect of whom the Company has received notice in writing from a member of the Company, pursuant to the provisions of section 257 of the Companies Act, 1956 signifying intention to propose his candidature for the Office of Director, be and is hereby appointed as a Director of the Company, not liable to retire by rotation".

5. To Consider and if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION** :

"RESOLVED THAT the Authorised Share Capital of the Company be and is hereby increased and reclassified from Rs. 5,00,00,000/- (Rupees Five Crores) divided into 47,50,000 (Forty Seven Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 25,000 (Twenty Five Thousand) Preference Shares of Rs. 100/- (Rupees One Hundred) each to Rs. 6,00,00,000/- (Rupees Six Crores) consisting of Equity Shares of Rs. 5,50,00,000/- ((Rupees Five Crores Fifty Lacs only) divided into 55,00,000 (Fifty Five Lacs) Equity Shares of Rs.10/- (Rupees Ten) each and 50,000 (Fifty Thousand) 10% (carrying dividend of Ten Percent p.a.) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred)".

AS SPECIAL BUSINESS BY SPECIAL RESOLUTION :

6. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby substituted as under :

V. "The Authorised Share Capital of the Company is Rs. 6,00,00,000/- (Rupees Six Crores) consisting of Equity

Shares of Rs. 5,50,00,000/- (Rupees Five Crores Fifty Lacs only) divided into 55,00,000 (Fifty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,000 (Fifty Thousand) 10% (carrying dividend of Ten Percent p.a.) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) with right, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with the powers to increase or reduce its capital and to divide the shares into the capital for the time being into other classes thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such right, privilege, conditions or restrictions in such manner as may be permitted by the Articles of the Company or the legislative provisions for the time being in force in that behalf".

7. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT the existing Clause 3(a) of the Articles of Association of the Company be and is hereby substituted as under :

3(a) : "The Authorised Share Capital of the Company is Rs. 6,00,00,000/- (Rupees Six Crores) consisting of Equity Shares of Rs. 5,50,00,000/- ((Rupees Five Crores Fifty Lacs only) divided into 55,00,000 (Fifty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,000 (Fifty Thousand) 10% (carrying dividend of Ten Percent p.a.) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) with right, privileges and conditions attaching thereto as are provided by the regulations of the Company for the time being, with the powers to increase or reduce its capital and to divide the shares into the capital for the time being into other classes thereto respectively such preferential, deferred, qualified or other special rights, privileges, conditions or restrictions, as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such right, privilege, conditions or restrictions in such manner as may be permitted by the Articles of the Company or the legislative provisions for the time being in force in that behalf".

8. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT the consent, approval and authority of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as "the Board" which expression shall include any committee thereof) in accordance with the provisions of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and in accordance with the provisions of the Memorandum of Association of the Company and the listing agreements entered into by the Company with the Stock Exchanges, where the shares of

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the Company are listed and/or the Central Listing Authority and subject to the existing guidelines of the SEBI/RBI/ Government of India or any other consents and permissions as may be required by the law and subject to such conditions and modifications as may be imposed upon and accepted by the Board, to offer and issue the following Equity Shares, Preference Shares and Optional Fully Convertible Debentures (OFCDs) to the IFCI Ltd. in consideration of the restructuring of the loan liabilities as per the terms and conditions mentioned in the sanction letter No. E/118/2003/ 4126 dated 12th May, 2003 received from the IFCI Ltd. and details/disclosures given in the Explanatory Statement annexed to the notice on private placement/preferential basis in one or more tranches as may be deemed appropriate by the Board.

DETAILS OF THE ALLOTTEES/ACQUIRERS

Sr. No.	Names of the Proposed Allottees	No. of Shares	Amount Rs.
A.	Promoters/Directors & their relatives.	NIL	NIL
B.	Body Corporates/Acquirers.	NIL	NIL
C.	Mutual Funds	NIL	NIL
D.	Banks	NIL	NIL
E.	Financial Institutions : IFCI Ltd.		
	(i) Equity Shares	631000	6310000
	(ii) 10% Redeemable Preference Shares	30900	3090000
	(iii) 10% Optional Fully Convertible Debentures	64300	6430000
F.	NRI/OCBs/ Foreign Institution	NIL	NIL
G.	General Public	NIL	NIL
	TOTAL		15830000

1. Equity Shares :

6,31,000 (Six Lacs Thirty one Thousand) Equity Shares of Rs. 10/- each, aggregating Rs. 63.10 Lacs (Rupees Sixty Three Lacs Ten Thousand) at a value of Rs. 10/- (Rupees Ten) each for otherwise than in cash to the IFCI Ltd. and such Equity Shares shall rank in all respects pari passu with the existing Equity Shares of the Company, save and except, to participate in any dividend if any declared by the Company in respect of the financial year ending on 31/03/ 2004 which will be paid on pro-rata basis and in the normal manner thereafter.

2. Preference Shares :

30,900 (Thirty Thousand Nine Hundred) Redeemable Preference Shares of Rs. 100/- (Rupees One Hundred) each, aggregating of Rs. 30.90 Lacs (Rupees Thirty Lacs Ninety Thousand) at a face value of Rs. 100/- (Rupees One Hundred only) each, carrying dividend @ 10% p.a. (Ten percent p.a.) for otherwise than in cash to the IFCI Ltd. and the same be redeemable at par immediately after repayment of loan liabilities of the IFCI Ltd. i.e. 1st April, 2012.

3. 10% Optional Fully Convertible Debentures :

64,300 (Sixty Four Thousand Three Hundred) 10% (Ten Percent) Optional Fully Convertible Debentures (OFCDs) of Rs. 100/- (Rupees One Hundred only) aggregating Rs. 64.30 Lacs (Rupees Sixty Four Lacs Thirty Thousand only)

at a value of Rs. 100/- (Rupees One Hundred only) each otherwise than in cash to the IFCI Ltd. and the same be redeemable at par in two equal installments of Rs. 50/- (Rupees Fifty each) on 31st March, 2011 and 31st March, 2012 or may be converted into the Equity Shares of Rs. 10/- each at such price as may be determined by the Board as per the guidelines for the same as may be applicable at that time.

FURTHER RESOLVED THAT the Board be and is hereby authorized on or before redemption of the said Preference Shares and/or the OFCDs issued pursuant to this resolution, to issue fresh shares upto the nominal amount of the Preference Shares or OFCDs about to be redeemed, as if those shares had never been issued to persons and in a manner and on the terms as may be decided by the Board.

FURTHER RESOLVED THAT the Board be and is hereby authorized to settle all the questions and matters arising out of and incidental to the proposed offer and issuance of the above said securities to the IFCI Ltd. and to take all steps including, executing all writings, deeds and agreements, which the Board, in its absolute discretion consider necessary, proper or expedient for giving effect to the above resolution.

FURTHER RESOLVED THAT the Board be and is hereby authorized to make on its own accord to accept such amendments, modifications, variations and alterations as the Government of India, SEBI/RBI/Stock Exchanges and/or Central Listing Authority may stipulate in that behalf."

9. To consider and if thought fit, to pass with or without modification(s), if any, the following resolution as **SPECIAL RESOLUTION** :

"RESOLVED THAT pursuant to the provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956 and Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 or any amendment or modification thereof, and subject to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals which may be agreed by the Board for Voluntary Delisting of Shares from the Stock Exchanges, the consent, approval and authority of the Company be and is hereby accorded to the Board of Directors to delist the Equity Shares of the Company from Madhya Pradesh Stock Exchange and the Delhi Stock Exchange Association Ltd.

RESOLVED FURTHER THAT the Board be and is hereby authorized to settle all the questions and matters arising out of and incidental to the proposed voluntary delisting of the equity shares of the Company from the above said stock exchanges and to take all steps including executing all writings, which the Board, in its absolute discretion consider necessary, proper or expedient for giving effect to the above resolution".

Indore
30th July, 2003

By order of the Board

Pankaj Pabaiya
Asstt. Company Secretary

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING DULY STAMPED AND SIGNED.
2. The Register of Members and Share Transfer Books will remain closed from 25th August, 2003 to 30th August, 2003 (both day inclusive).
3. As per the provisions of Section 109 of the Companies Act, 1956, facility of making nomination is now available to the shareholders in respect of the shares held by them. Nomination forms can be obtained from the Registered Office of the Company.
4. Shareholders seeking any information with regard to the accounts are requested to write to the Company at least 7 days before the meeting so as to enable the management to keep the information ready.
5. Members attending the meeting are requested to bring with them their copy of the Annual Report to the meeting.
6. The Company has connectivity from 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 number for the Equity Shares of the Company is INE 459 C01016.
7. The Explanatory Statement pursuant to the provisions of section 173(2) of the Companies Act, 1956 is enclosed hereto.

ANNEXURE TO THE NOTICE

Explanatory statement in pursuant to the provisions of section 173(2) of the Companies Act, 1956 in respect of the special business.

ITEM NO : 4

The Board of Directors of the Company appointed Mr. V. K. Sunil, as the Nominee Director of the IFCI Ltd. in its meeting held on 6th day of June, 2003 in place of Mr. V. K. Chakraborty. The Company has received a notice in writing from a member of the Company along with Rs. 500/- proposing the candidature of Mr. V. K. Sunil for the Office of Director under the provisions of section 257 of the Companies Act, 1956. Keeping in view of the conditions of IFCI Ltd., your Directors consider it in the interest of the Company if Mr. Sunil is appointed, as Director of the Company not liable to retire by rotation as per the provisions of the Companies Act.

Your directors therefore recommend the said resolution for your approval.

The aforesaid Director may be deemed to be concerned or interested in the resolution relating to his appointment.

None of the other Directors are, in any way, concerned or interested in the said resolution.

ITEM NO : 5 TO 7 :

The existing authorised share capital of the Company is Rs. 500.00 Lacs (Rupees Five Crores) consisting of into 47,50,000 (Forty Seven Lacs Fifty Thousand) Equity Shares of Rs. 10/- (Rupees Ten) each and 25,000 (Twenty Five Thousand)

Preference Shares of Rs. 100/- (Rupees One Hundred) each. Out of this authorised capital, the Company has already allotted 44,78,500 Equity Shares of Rs. 10/- each, aggregating Rs. 447.85 Lacs (Rupees Four Crores Forty Seven Lacs Eighty Five Thousand).

In terms of the sanction obtained for restructuring of the loan liabilities of the IFCI Ltd., the Company has to allot Equity Shares, Preference Shares and Optional Fully Convertible Debentures to the IFCI Ltd. as proposed in the item No. 8 of the notice by way of preferential allotment. Therefore, to consider the above said allotment of capital, it is required to increase/reclassify the authorised share capital of the Company suitably.

Your Directors considers that the authorised share capital should be increased and reclassified to Rs. 600.00 Lacs (Rupees Six Crores) consisting of 55,00,000 (Fifty Five Lacs) Equity Shares of Rs. 10/- (Rupees Ten) each and 50,000 (Fifty Thousand) Redeemable Non Cumulative Preference Shares of Rs. 100/- (Rupees One Hundred) each, is carrying dividend @ 10% (Ten Percent p.a.).

The proposal for increase in the authorised share capital and alteration in the Capital Clause of the Memorandum and Articles of Association of the Company, requires approval of members in General Meeting. Therefore the Board recommend to pass necessary ordinary/special resolutions as set out in item No. 5 to 7 in the notice convening the meeting.

The draft amended copy of the Memorandum and Articles of Association of the Company is available for inspection during the business hours till the conclusion Annual General Meeting.

None of the Directors of the Company are concerned or interested in the above said resolutions, except as a member of the Company.

ITEM NO. 8 :

1. The Company has obtained ECS (Equipment Credit Scheme) Loan of Rs. 270.00 Lacs carrying rate of interest @ 20.09% p.a. from the IFCI Ltd. in terms of the loan documents executed on 26/03/1993, to met out the part of the financial requirements of its expansion project which was implemented in the year, 1994. Due to adverse market scenario, the Company's projected sales and profitability has been effected adversely, resulting its loan account with the IFCI Ltd. become irregular and the Company has to obtain reschedulment for repayment of loan and the first reschedulment was granted vide IFCI Letter No. BPL/E-118/97-1764 dated 16/12/1997 without reduction in the rate of interest. Since the recession in the economy continued and took a very long phase, the Company again approached the IFCI for reduction in the rate of interest reschedulment of the Loan, in response thereof the IFCI has sanctioned the reschedulment of the loan vide letter No. BPL/E-118/2000-2220 dated 10/02/2000 and granted reduction in the rate of interest from the very high rate of interest 20.09% p.a. to 17.00 p.a. and also waived overdue interest, damages and penal charges and as such granted the relief of Rs. 47.09 lacs, subject to the terms and conditions for reversal of relief in case of defaults in repayment of loan amount as per received schedule. Because of the policies of the Government of India and RBI towards continuing soft interest rate, it was not possible for the Company to stand in cut throat competition and with no possible improvement in the turnover due to severe demand and recession country wide, the Company was not able to regularize its IFCI loan account, due to accumulation of heavy losses and critical liquidity crises and financial crunch, the Company again

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approached IFCI for restructuring of loan and reduction in the rate of interest. After continuous efforts by the management, the IFCI Ltd. has agreed and sanctioned the restructuring proposal to grant relief to the Company w.e.f. 1st April, 2002 subject to the terms and conditions contained in the sanction letter No. E/118/2003/4126 dated 12th May, 2003 received from the IFCI Ltd. The Board has considered the terms and conditions contained therein.

By this restructuring of the loan liabilities, the Company's interest burden will be reduced from 17.00% p.a. to 12.50% p.a. w.e.f. 1st April, 2002 as well as the overdue amount of outstanding funded interest term loan (FITL) of Rs. 64.30 lacs into 10% OFCDs and conversion of net present value (NPV) amounting to Rs. 30.90 Lacs representing loss on account of reduction in the rate of interest on term loan into the 10% Preference Share Capital. In case of reversal of the relief which was earlier granted for Rs. 47.10 Lacs while rescheduling of loan and reduction in the rate of interest will be convertible into the fully paid up Equity Shares of the Company. The Company has also submitted request to the IFCI for conversion of interest of Rs. 15.80 lacs on FITL of Rs. 64.29 lacs for the period from 16/10/1999 to 31/03/2002 into equity shares, the Company may further offer the same to the IFCI and subject to their consent.

Therefore, looking into the benefit made available to the Company by reduction in the rate of interest to 12.50% p.a. and regularization of earlier loan account, will save the Company from heavy interest burden, which will improve the profitability and repayment capacity of loan liabilities of the Company.

2. To avail the said proposed restructuring of loan liability, the Company is required to issue new fully paid up Equity Shares, 10% Preference Shares and 10% OFCDs to the IFCI Ltd. in consideration of otherwise then in cash. The Company has already obtained necessary approval from IFCI Ltd. and remaining formalities being complied in that matter.

3. The Company is taking necessary steps to obtain the required approvals from the SEBI/Stock Exchange and/or Central Listing Authority or any other regulatory agency as may be applicable, for the proposed preferential issue of securities to the IFCI Ltd.

4. The Company proposes to make allotment of the above said securities to the IFCI Ltd., which is an All India Public Financial Institution and the terms of the loan agreement originally executed on 26/03/1993, the SEBI guidelines for Preferential Issue of Securities are not applicable to the Company.

5. The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, also require certain disclosures to be made in the notice containing the Special resolution for Preferential allotment of securities, so that Regulation 10 relating to acquisition of 15% or more of the Equity Shares or voting rights of any company. Regulation 11 relating to the consolidation of holdings and Regulation 12 relating to the acquisition of control over a company do not apply. Accordingly, the following disclosures are made for the preferential allotment :

6. The promoters do not intend to increase their own share holding by way of this issue. Rather, the promoters intend to regularize the ECS Loan to get benefit for reduction in the rate of interest on the loan from IFCI Ltd. in the interest of the Company.

7. There will be no allotment to any promoter, body corporate, mutual funds, banks, NRIs or general public as such. The Company proposes to issue the following securities to the IFCI

Ltd., a Public Financial Institution on Preferential Basis for otherwise than in cash the 6,31,000 Equity Shares of Rs. 10/- each at par, aggregating Rs. 63.10 lacs representing 12.35% post issue capital, it also proposes to 30,900, 10% Redeemable Preference Shares of Rs. 100/- each and 64,300, 10% OFCDs, which is totally new types of securities, and has not issued earlier by the Company.

DETAILS OF THE ALLOTEES/ACQUIRERS

Sr. No	Names of the Proposed Allottees	No. of Shares	Amount Rs.	% of the Post Issue
A.	Promoters/Directors & their relatives	NIL	NIL	-
B.	Body Corporates/Acquirers	NIL	NIL	-
C.	Mutual Funds	NIL	NIL	-
D.	Banks	NIL	NIL	-
E.	Financial Institutions :			
	IFCI Ltd.			
	(i) Equity Shares	631000	6310000	12.35%
	(ii) 10% Redeemable Preference Shares	30900	3090000	100%
	(iii) 10% Optional Fully Convertible Debentures	64300	6430000	100%
F.	NRIs/CBCs/ Foreign Institution	NIL	NIL	-
G.	General Public	NIL	NIL	-
	TOTAL		15830000	

8. The Company proposes to issue Equity Shares @ Rs. 10/- each, 10% Redeemable Preference Shares of Rs. 100/- each and 10% OFCDs of Rs. 100/- each at their respective face value. In view of that the Equity Shares being issued to the IFCI Ltd., a public financial institute, the formula for pricing of securities as given in the SEBI Guidelines for the Preferential Issue dated 4th August, 1994 is not applicable.

9. The Company proposes to issue the following securities to the IFCI Ltd. to avail the benefit of the restructuring of term loan liabilities and reduction in the rate of interest burden to the IFCI Ltd. w.e.f. 1/4/2002 subject to the terms and conditions as per letter No. E/118/2002/4126 dated 12th May, 2003 received from IFCI Ltd.

(i) Amount on issuance of 64,300, 10% OFCDs of Rs. 100/- each aggregating Rs. 64.30 lacs at a value of Rs. 100/- will be credited to the overdue amount of out standing funded interest term loan (FITL) of Rs. 64.30 lacs.

(ii) Amount on issuance of 30,900, 10% Redeemable Preference Shares of Rs. 100/- each, aggregating Rs. 30.90 lacs at a value of Rs. 100/- each, carrying dividend @ 10% p.a. will be credited to the IFCI Ltd. for consideration of conversion of net present value (NPV) amounting to Rs. 30.90 lacs.

(iii) Amount on issuance of 6,31,000 Equity Shares of Rs. 10/- each, aggregating Rs. 63.10 lacs at a value of Rs. 10/- each, will be credited to the IFCI Ltd. on account of the reversal of the relief granted to the company earlier for while rescheduling of loan and reduction in the rate of interest and conversion of interest of Rs. 15.80 lacs on FITL (subject to the consent of IFCI Ltd.)

Therefore there will be no receipt of proceedings on issuance of these securities to the Company as such.

10. By the above said proposed issue of securities to the IFCI Ltd., no change in Board of Directors of the company is envisage and the above said allotment would not result in change in control over the management of the Company.

11. The shareholding pattern of the Company before and after the issuance shall be as under :

Particulars	Pre-issue of shares				Post-issue of shares			
	Equity Shares		Prefe. Shares		Equity Shares		Prefe. Shares	
	No.	%	No.	%	No.	%	No.	%
1. Promoters/Directors and person acting in concert	1641190	36.646	-	-	1641190	32.12	-	-
2. Public Financial Institution : IFCI Ltd.	-	-	-	-	631000	12.35	30900	100
3. Mutual Funds	-	-	-	-	-	-	-	-
4. Banks	-	-	-	-	-	-	-	-
5. FII/NRI/OCBs	226900	5.066	-	-	226900	4.44	-	-
6. Body Corporate	503210	11.236	-	-	503210	9.85	-	-
7. General Public	2107200	47.051	-	-	2107200	41.24	-	-
TOTAL	4478500	100.000	-	-	5109500	100.00	30900	100

The post allotment holding has been calculated based on the current share holding of the entities as increased by the proposed Preferential Offer.

12. Consequential changes, if any, in voting rights shall as under :

1. Promoter Group	: Details same as item No. 11 above
2. Public Financial Institution	: --do--
3. Mutual Funds	: --do--
4. Banks	: --do--
5. FII/NRI/OCBs	: --do--
6. Body Corporate	: --do--
7. General Public	: --do--

The voting rights would change in terms with share holding patterns on exercise of the option which may be given to the allottees on OFCDs proposed for allotment as per the terms of the issue.

13. The above said preferential allotment to the IFCI Ltd. shall be completed within a period of three months.

14. In terms of provisions of section 81(1A) of the Companies Act, 1956 Listing Agreement, the approval of the shareholders of the Company is being sought to issue equity shares to the IFCI Ltd., public financial institution on preferential basis, other than the existing shareholders of the Company.

15. The Company shall create substantive security in favour of the IFCI Ltd. for security the 10% OFCDs by way of extension of the existing first charge on the fixed assets of the company.

16. A copy of the sanction letter containing the terms and conditions as per letter No. E/118/2003/4126 dated 12/05/2003 have been placed at the Registered Office of the Company and shall be available for inspection during the business hours till the conclusion of the meeting.

17. None of the Directors of the Company are concerned or interested in the proposed resolution, however, Mr. V.K. Sunil, being the nominee of the IFCI Ltd., may be deemed to be interested to the extent of the securities being allotted to the IFCI Ltd.

ITEM NO. 9 :

The Company's Equity Shares are listed with the Mumbai Stock Exchange, the Delhi Stock Exchange Association Ltd. and Madhya Pradesh Stock Exchange and there are no trading or very few trading of equity shares since, 1994 at the Madhya Pradesh and Delhi Stock Exchange, moreover of there are infrequent trading at the Mumbai Stock Exchange also.

In terms of the SEBI (Delisting of Securities) Guidelines, 2003, recently announced by the SEBI, now the Company's have been permitted to voluntary delisting of shares including Regional Stock Exchange, subject to the compliance of the terms and conditions of the said guidelines. The Board considered that

the Mumbai Stock Exchange is having nationwide trading terminals and the investors have access to trade and deal in Company's equity shares across the country. Equity Shares of the Company listed on the Delhi & Madhya Pradesh Stock Exchange is not providing any significant tangible advantage to the shareholders of the Company.

Therefore, the Board has considered at their meeting held on 6th day of June, 2003 to recommend for voluntary delisting of the Company's Equity Shares from the Delhi and Madhya Pradesh Stock Exchange and continue the listing with the Stock Exchange Mumbai only to avoid unnecessary financial and administrative burden on multiple compliance of the various clauses of the Listing Agreement from time to time and to provide better services to the investors through the nationwide Stock Exchange.

Your Directors recommend to pass a Special Resolution as set out in item No. 9 of the notice, for voluntary delisting the shares of the company from the Delhi and Madhya Pradesh Stock Exchange.

None of the Directors of the Company are concerned or interested in the above said resolution, except as a member of the Company.

By order of the Board

Indore
30th July, 2003

Pankaj Pabaiya
Asstt. Company Secretary

Information relating to the appointment of directors given under the requirement of the Listing Agreement

As required under Clause 49 of the Listing Agreement, the particulars of directors who are proposed to be appointed/re-appointed are given below :

- Name** : Shri L. N. Dube
Age : 71 years
Qualifications : Chartered Accountant
Experience : Senior practitioner since last more than 40 years in taxation & audit.
Other Directorship:
Name of Company : NIL
- Name** : Shri V. K. Sunil (Nominee of IFCI)
Age : 54 year
Experience : Asstt. General Manager of IFCI Ltd.
Other Directorship:
Name of Company : Minwool Rock Fibres Ltd.
(Nominee of IFCI)

By order of the Board

Indore
30th July, 2003

Pankaj Pabaiya
Asstt. Company Secretary

ANNUAL REPORT 2002-2003**REPORT OF DIRECTORS AND MANAGEMENT DISCUSSIONS & ANALYSIS**

To the members,

Your Directors hereby present the 27th Annual Report on the business and operations of your Company together with the audited accounts for the year ended 31st March, 2003.

1. Financial Results :

	(Rs. In Lacs)	
	2002- 03	2001-02
Sales & Income from operation	488.92	479.37
Other income	3.48	7.37
Total income	492.40	486.74
Total expenditure	426.67	428.83
Operating profit (PBIDT)	65.73	57.91
Interest	60.57	74.10
Depreciation	28.17	27.72
Profit/Loss before Tax	(-) 23.01	(-) 43.91
Provision for Tax	-	-
Previous year adjustment	(-) 27.97	(-) 13.07
Net Profit/Loss after Depreciation & Tax	(-) 50.98	(-) 56.98
Reserves excluding Revaluation reserves	9.12	9.12

2. Dividend

In view of losses incurred by the Company during the current financial year and heavy accumulated losses, your Board of Directors do not recommend any dividend for the year under review. (previous year : NIL)

3. Overall Review

The financial year 2002-03 saw various adversities which adversely affected the growth. Poor agricultural output, monsoon failure, global economic slowdown, Iraq war and poor financial position of State Governments with changed and misplaced priorities of spending.

The industrial sector however recorded marginal growth over the previous year level. The industries were showing negative growth/no growth since 1994-95 and the growth dipped to a bottom of around 1%. Now it has shown growth from that level. The overall sentiments seems to be improving with Government allocation of funds on infrastructure development. However the power sector growth and improvement need immediate and focussed attention of State and Central Governments. If continued to be neglected it can create catastrophic situation for the country.

Your Company operates in only one segment i.e. manufacturing and sale of hi- tech product "Fluid Couplings and Flexible Coupling", which are mainly used in large Thermal Power Plants and Core Sector Industries like Cement, Coal Mines, Steel, Chemical, Fertilizer, Defense etc. The profitability and growth of your Company mainly depends upon new projects and growth in these sectors. There are hardly any new project in the sectors of Power Generation, Cement and Steel which are important for your Company's business growth.

For an engineering based Company like ours, economic growth has a direct impact on its performance.

4. Management Discussion and Analysis**Turnover :**

The performance of your Company in terms of the turnover has slightly increased from Rs. 479.37 lacs to Rs. 488.92 lacs during the year ended 31st March, 2003. The profitability has improved due to increase in sales of spares from Rs. 122.75

lacs to Rs. 166.35 lacs. Order booking has also increased from Rs. 427.69 lacs to Rs. 521.48 lacs.

The Company's strategy of building strong delivery capability for its customers, has resulted not only in increased business from existing customers but also in getting new customers.

Operating Performance :

Operating expenditures for the year under review has slightly reduced over the same period of last year. The drop in expenditure is primarily due to continuous cost reduction measures.

The PBIDT during the year was increased by Rs. 8 lacs as compared to previous year.

Export Performance :

During the year under review company has executed Export orders of Rs. 10 lacs against Rs. 5 lacs in the previous year, besides your company has also received export order for manufacture of casting of Fluid Coupling parts from Flender Germany.

Continues efforts are being made to increase and establish exports.

Financial Review :

The interest burden during the year has reduced by Rs. 13.50 lacs as compared to previous year. The management & Company has made their maximum possible efforts to reduce heavy interest burden and had made a request to IFCI for restructuring the term loan.

After continuous efforts by the management, the IFCI Limited has agreed and sanctioned the restructuring proposal to grant relief to the Company w.e.f. 1st April, 2002, subject to the terms and conditions contained in the sanctioned Letter No. E/118/2003/4126 dated 12th May, 2003 received from the IFCI Limited.

By this restructuring of the loan liabilities, the Company's interest burden is reduced from 17.00% p.a. to 12.50% p.a. w.e.f. 1st April, 2002, as well as the overdue amount of outstanding funded interest term loan (FITL) of Rs. 64.30 lacs converted into 10% OFCDs to be redeemed in two equal installments during 2010-11 and 2011-12, (The effect of conversion shall be given during the current year after allotment) and conversion of net present value (NPV) of Rs. 30.90 lacs representing loss on account of reduction in the rate of interest on term loan into the 10% Preference Share Capital and conversion of earlier relief and concessions of Rs. 47.09 lacs into Equity Shares of Rs. 10/- each with the first right of refusal to buy back by the Company/promoters at a return of 10% p.a. or market value, whichever is higher, after repayment of entire dues to IFCI besides immediate payment of Rs. 15.80 lacs (or shall be converted the same into equity shares as per the consent of the IFCI), being interest on FITL from 15/10/1999 to 31/03/2002 to IFCI and Rs. 5.50 lacs towards documentation/processing & restructuring fees. The Board of directors at their meeting held on 6th day of June, 2003 consider to the above terms & conditions and after detailed discussion approved the same and now being placed for your approval at the Annual General Meeting.

The Company had submitted the review proposal to the Central Bank of India for the revision in the Working Capital Limits and the company had received sanction from the above bank. The effect of the revision is that bank reduce the interest rate from PLR+4% to PLR+2.5% and will be effective for the financial year 2003-04.