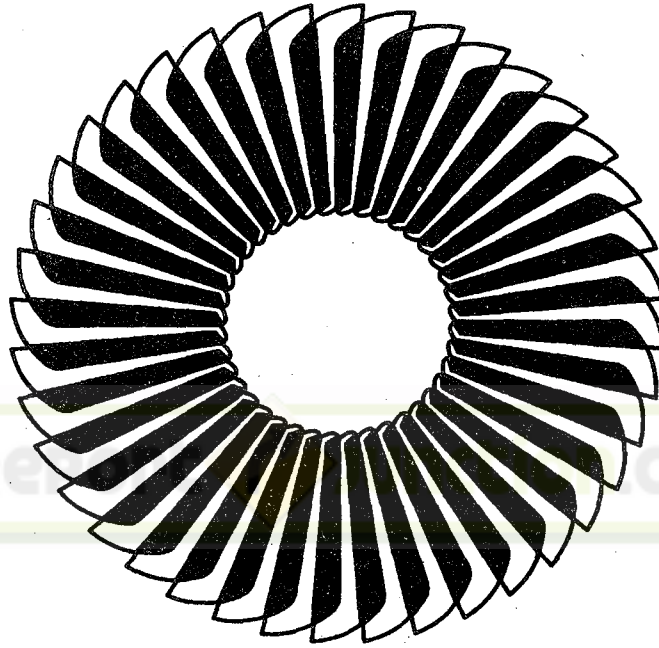




An ISO 9001-2000 Certified Company



FLUIDOMAT LIMITED

31st Annual Report

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Board of Directors :

ASHOK JAIN *Chairman and Managing Director*
KUNAL JAIN *Executive Director (w.e.f. 01.05.2007)*
D.K. KEMKAR
M.K. SHAH
K.C. JAIN
NARENDRA KATHED
A.K. SINHA *(Nominee of IFCI)*

31st Annual General Meeting

Date : 20th September, 2007
 Day : Thursday
 Time : 2.00 p.m.
 Place : 117, 1st Floor
 'Navneet Darshan'
 16/2, Old Palasia,
 Indore - 452 018 (M.P.)
 Book Closure : 17.09.2007 to 20.09.2007
 (Both days inclusive)

Compliance officer and D.G.M.- Finance :
PRAMOD JAIN

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-452 018 (M.P.)
 Tel.: 0731-2564820

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 : 91-731-4065798

Works & Head Office :

7C-8J, Industrial Area,
 Agra-Bombay Road,
 DEWAS-455 001 (M.P.)
 Tel.: 07272-258582, 258583, 258680
 Fax : 07272-258581
 e-mail : fluidomat@sancharnet.in
 info@fluidomat.com
 Website : www.fluidomat.com

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NOTICE

NOTICE is hereby given that 31st 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 Thursday the 20th September, 2007 at 2.00 P.M. to transact the following businesses:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 and the Profit & Loss Account of the Company for the year ended 31st March 2007 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.C. Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M.K.Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the 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:

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

RESOLVED THAT Shri Kunal Jain who was appointed as 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 have been received from a member signifying his intention to propose, Shri Kunal Jain as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.

III. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

6. To consider and if thought fit, to pass with or without modification(s) if any, the following SPECIAL 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 on the recommendation of the Remuneration Committee of the Company the approval of the members of the Company be and is hereby granted for the appointment of Shri Kunal Jain as the Whole-time Director and be designated as the Executive Director of the Company for a period of five years w.e.f. 1st May, 2007 on the following remuneration & perquisites:

- (a) Salary: Rs.25,000/- per month, with the annual increment of Rs.5,000/- p.a. due on 1st May, every year only.
- (b) Perquisites: Subject to the ceiling of Rs.3,00,000/- 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.
- (ii) 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.
- (iii) Re-imbursement of medical expenses of the Whole-time 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.
- (iv) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (v) Club Fees: subject to a maximum of two clubs this will not include admission and life membership.
- (vi) Personal accident insurance premium not exceeding Rs. 8,000/- p.a.

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

CATEGORY B:

- (i) Employers Contribution: to Provident Fund & Family Benefit Funds As per Rules of the Company.
- (ii) Gratuity: As per rules of the company, subject to a maximum ceiling as may be prescribed under the Payment of Gratuity Act from time to time.
- (iii) Earned Privilege Leave: As per the 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.

Provided that the above said perquisites shall not be counted for the purpose of calculation of the remuneration payable to the Whole-time Director.

CATEGORY C:

- (i) Car: The Company shall provide car with driver for the Company's business and if no car is provided reimbursement of the conveyance shall be made as per actual on the basis of claims submitted by him.
- (ii) Telephone & Cell: Free use of telephone at his residence and Cell phone, provided that the personal long distance calls on the telephone shall be billed by the Company to the Whole-time Director.

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Kunal 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 Kunal Jain the Whole-time Director shall also be entitled for the reimbursement of actual entertainment, traveling, 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.

7. To consider and if thought fit, to pass with or without modification(s) if any, the following SPECIAL RESOLUTION:
RESOLVED THAT consent of the Company pursuant to the provisions of section 314 (1)(b) and other applicable provisions if any of the Companies Act, 1956, be and is hereby accorded for the revision in the terms and conditions for appointment of Shri Sundeep Sharma as the General Manager of the Company on a total remuneration not exceeding Rs.50,000/- p.m., who is a relative of directors of the Company and that he will also be entitled for the reimbursement of traveling, conveyance and other actual out of pocket expenses as per the rules of the Company as applicable to other executives of the same grade for the attending the works/assignments of the Company.
8. To consider and if thought fit, to pass with or without modification(s) if any, the following SPECIAL RESOLUTION:
RESOLVED THAT consent of the Company pursuant to the provisions of section 314 (1)(b) and other applicable provisions if any of the Companies Act, 1956, be and is hereby accorded for the revision in the terms and conditions for appointment of Mrs. Radhica Sharma as the General Manager of the Company on a total remuneration not exceeding Rs.50,000/- p.m., who is a relative of directors of the Company and that she will also be entitled for the reimbursement of traveling, conveyance and other actual out of pocket expenses as per the rules of the Company as applicable to other executives of the same grade for the attending the works/assignments of the Company.

BY ORDER OF THE BOARD

ASHOK JAIN

PLACE:INDORE **CHAIRMAN AND MANAGING DIRECTOR**
DATE: 31st July 2007

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 Members and Share Transfer Book shall remain closed from 17th September, 2007 to 20th Sept., 2007 (both days inclusive).
 - a) Members are requested to notify immediately any change of address;
 - (i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
 - (ii) to the Company or to its Share Transfer Agents in respect of their physical share folios, if any.
 - b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
3. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
 - a) Change in the residential status on return to India for permanent settlement.
 - b) The particulars of NRE Account with Bank in India, if not furnished earlier.
4. 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 between 11.00 A.M. to 1.00 P.M.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
6. Members desires 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. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/ investors having their depository account. The ISIN No. for the Equity Shares of the Company is INE459C01016. In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agent Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha, A.B. Road, Indore (M.P.).
8. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Ministry of Company affairs.
9. An Explanatory Statement pursuant to Section 173(2) of the Companies act, 1956 setting out material facts in respect of Special Business specified in paragraph 1 to 3 is annexed hereto.



10. All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and the same will be available for inspection at the Annual

General Meeting.

11. Pursuant to the Clause No.49 of the Listing Agreement, profile of the directors proposed for appointment/re-appointment being given in a statement containing details of the concerned directors is attached hereto.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name and Designation	Age/ Years	Qualification	Expertise/Experience	Date of Appointment	Other Directorships
Mr. K.C. Jain	63	M.Com, DIT	Having 33 years corporate experience in the field of accounts, finance, taxation & industrial management.	01.02.2004	P.E.A.C. Education Pvt. Ltd. Indore
Mr. Kunal Jain	25	B. Com.	Having 3 years experience in commercial & Technical field.	01.05.2007	Nil
Mr. M.K.Shah	49	Chartered Accountants	Having more then 22 years experience in auditing and taxation	26.06.2000	Aawas Finance Ltd.

ANNEXURE TO THE NOTICE

Explanatory Statement U/s 173(2) of the Companies Act, 1956.

ITEM NO.6:

Shri Kunal Jain was appointed by the Board at their meeting held on 30th April 2007 as the Whole-time Director of the Company w.e.f. 01.05.2007 for a period of five years, therefore it is required to seek approval of the members by way of special resolution for his appointment.

Shri Kunal Jain is young and graduate in Commerce and attending commercial operations of the Company in the best interest of the Company's progress, upon the recommendation of the Remuneration Committee, your Board of Directors has considered for appointment for a period of five years w.e.f. 1st May, 2007 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into by the Company with Shri Kunal Jain, submitted to the meeting, which provide 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 Whole-time Director, Shri Kunal Jain.

The Board considered that the terms and conditions of the agreement, 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 recommend to pass necessary resolution as set out in item no.6 of the notice.

This should be considered also as an abstract of the terms of the appointment of Shri Kunal Jain as the Whole-time 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 relative and Shri Kunal Jain being appointee none of the other directors are concerned or interested in this Resolution.

ITEM NO.7 & 8:

Shri Sundeep Sharma is a graduate in Business Administration and having diploma in Advance Software Engineering was promoted by the Board w.e.f. 1st April, 2007 from the Dy. General Manager to the General Manager of the Company on a monthly remuneration not exceeding Rs.50,000/- p.m. Shri Sharma is a young and dynamic professional and having adequate exposure to deal with the Corporate Business Affairs of the Company's products.

Mrs. Radhica Sharma is a qualified as BBA and P.G.Diploma in Business Administration was promoted by the Board w.e.f. 1st April, 2007 from the Dy. General Manager to General Manager on a monthly remuneration of Rs.50,000/- p.m. Mrs. Sharma is a young and dynamic professional and having proper exposure to deal with the Corporate Business Affairs of the Company's products.

Since Shri Sundeep Sharma and Mrs. Radhica Sharma, are relatives of Shri Ashok Jain, the Chairman & Managing Director and Shri Kunal Jain, the Whole-time Director of the Company any payment by way of salary/remuneration in excess of Rs.10,000/- p.m. requires approval of the Members in General Meeting by way of Special Resolution in terms of the provisions of section 314(1)(b) of the Companies Act, 1956. Looking into the qualification and experience, your Directors recommend to pass the special resolution as set out in Item No.7 & 8 of the notice.

Except, Shri Ashok Jain, Chairman & Managing Director and Shri Kunal Jain the Whole-time Director being relatives, no other directors of the Company are concerned or interested in the Resolution.

BY ORDER OF THE BOARD

ASHOK JAIN

CHAIRMAN AND MANAGING DIRECTOR

PLACE:INDORE

DATE:31st July 2007

DIRECTORS' REPORT AND

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

Your Directors have pleasure to presenting the 31st Annual Report on the business and operation of the company together with the Audited Accounts for the year ended 31st March, 2007.

FINANCIAL RESULTS

	(Rupees in Lacs)	
Particulars	2006-07	2005-06
Sales and income from operation	1139.54	935.24
Other income	1.73	4.28
Total income	1141.27	939.52
Total Expenses	931.85	781.12
Operating Profit (PBITD)	209.42	158.40
Interest	39.50	43.14
Depreciation	30.89	29.97
Profit before Taxation	139.03	85.29
Provision for Income Tax (MAT)	9.43	-
Provision for Deferred Tax	23.94	-
Provision for Fringe Benefit Tax	2.09	2.14
Extra Ordinary Exceptional Items (Net) (0.73)	(2.74)	-
Net Profit after Dep. & Tax	102.84	80.41
Paid up Equity Share Capital	494.95	494.95
Reserves	9.12	9.12
Earning per share		
Basic	2.08	1.63
Diluted	1.96	1.56
Profit & Loss Account	(95.51)	(198.36)

DIVIDEND

Though the company has generated profit during the financial year 2006-07 but keeping in view the accumulated losses of the previous financial years, it is not possible for the Board to recommend any dividend for the year under review.

OVERALL REVIEW AND FUTURE PROSPECTS

Indian Economy continues to register strong fundamentals and growth. With growth of economy your Company has excellent opportunity for sales and profit growth.

During the year under report your company has achieved improvement and growth in all the operations. Select financial data comparison shown below with previous year and with the year 2003-04 shows continuous growth and operating results improvement since past four years:

The Company is envisaging continuous growth on order booking with large number of new or expansion projects in sector of Power Generation, Steel, Aluminium & Cement coming up in the country.

With the high quality of Company products, own technical know - how and strong engineering support, the company products have high potential for exports. With limited players in the world market for fluid couplings, the company has bright opportunities in the export market and can take a quantum jump in its turnover after establishing exports.

The company is making strong and focused efforts to grow its export sales and for the purpose company is participating in different exhibitions along with visits to various countries selected for market development. The company has appointed selling agents in UAE, Indonesia, Thailand & Brazil and is in process of appointing further selling agents in Australia, Newzeland, Malaysia and Africa.

Your company is making continuous efforts to develop additional vendors for supply of components for the company products. This will help in increasing the production and to achieve the envisaged growth.

Your company envisages continuous growth and International recognition of its brand.

DIRECTORS

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning.

Shri Kunal Jain was also appointed by the Board as an Additional Director and further as the Whole-time Director of the company w.e.f.1st May 2007. The Company has received notice in writing from a member under section 257 of the Companies Act 1956, signifying his intention for appointment as a director of the Company at the forthcoming Annual General Meeting.

In terms of the Articles of Assosiation of the Company, Shri M.K.Shah and Shri K.C.Jain Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting.

	(Rupees in Lacs)				
	Year 2006-07	Year 2005-06	% Growth	Year 2003-04	Growth over 2003-04
Sales Turnover	1140	935	22%	615	85%
Export Sales	59	35	69%	25	136%
Operating Profit	209	158	32%	97	115%
Profit before Tax	139	85	64%	12	1058%
Net Profit	103	80	29%	03	3333%
Interest cost	39	43	(-) 10%	56	(-) 30%



Your Directors proposes for the approval of the members at the forthcoming Annual General Meeting and recommend passing necessary resolutions to that effect as set out in the notice of the annual general meeting.

AUDITORS

M/s J.P.Saraf & Co., Chartered Accountants, retires at the close of this Annual General Meeting and is eligible for reappointment. The Company has received confirmation from the Auditors that their appointment will be within the limits prescribed under section 224(1B) of the Companies Act, 1956. The Audit Committee of the Board has recommended their re-appointment. The necessary resolution is being placed before the shareholders for approval.

INSURANCE

The Company has taken adequate insurance cover for all movable & immovable assets for various types of risks.

DEPOSITS

Your Company has not accepted any public deposit within the meaning of provisions of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 and there is no outstanding deposit due for re-payment.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section of 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 judgments 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, 2007 and the profit of the company for the year ended on that date.
- ♦ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- ♦ The annual accounts of the company have been prepared on a going concern basis.

INDUSTRIAL RELATIONS

Your Company continued to enjoy harmonious and cordial relations amongst all its employees. No man-days were lost due to strike & lock out etc. In totality our employees have shown a high degree of maturity and responsibility in responding to the changing environment, economic and the market conditions.

CORPORATE GOVERNANCE

Your Company is committed to good Corporate Governance Practices. Being a value driven organisation, the company's good corporate governance practices and

the disclosures are need based, duly complied with the statutory and the regulatory requirements of the Companies Act, 1956, together with all the relevant clause of the Listing Agreement and all the others applicable laws. The Company's Corporate Governance policies and the practices are also in accordance with the clause 49 of the listing agreement. A report on the Corporate Governance along with the auditors Certificate form part of the Director's report, being annexed herewith.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, PARTICULARS OF EMPLOYEES AND FOREIGN EXCHANGE:

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 have been annexed herewith.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A. Financial Review:

Management is focused on improving the operational performance through various initiatives to achieve savings in both direct & indirect costs. The company's performance during 2006-07 reflects the improved business environment.

Your Company's liquidity position continues to remain strong. There is no overdue liability towards IFCI Term Loan. Company is paying installments regularly & timely. The company has adequate working capital limits from Central Bank of India to meet the increased production requirements.

B. Industry structure and developments:

Your company deals only in one segment i.e. manufacture and sale of the hi-tech products "Fluid Couplings" which are used in various sectors of industries including Thermal Power Plants, Steel, Metal, Cement, paper, Chemical and Fertilizer, Coal and Ore mining and Port handling Facilities etc. New Projects in these sectors have important contribution towards growth and profitability of the Company.

C. Quality Management System:

Your Company continued to be certified under ISO:9001:2000 by British Standard Institution - BSI Management System for the Company's Quality System.

The Quality management System in the Company is well defined and is well in place.

D. Internal control systems and their adequacy:

The Company has developed adequate internal control system commensurate with its size and business. The internal control systems are supplemented by internal audits. The company has an independent internal audit system, covering on a continuous basis, the entire gamut of operations, business & functions. The reports of Internal Auditors are submitted to the management and Audit



Committee, which further review the adequacy of the internal control system.

E. Risks and concerns:

Since your company is catering the needs of almost all sector of Industry, if there is recession in one industry, the other sector industry will continue to generate the revenue for the company. Apart from the normal risk, demand-supply conditions, raw material prices, changes in government regulations, tax regimes, economic developments within the country and globally, no major risks are foreseen.

F. Cautionary statement:

Statement made in the management discussion and analysis report as regards the expectations or predictions are forward looking statements within the meaning of applicable Laws and Regulations. Actual performance may deviate from the explicit or implicit expectations.

ACKNOWLEDGEMENTS:

Your Directors would like to express their grateful appreciation for assistance and cooperation received from the Financial Institutions, Banks, Government Authorities, Customers, Vendors and Members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the Executives, Staff and Workers of the Company.

For & On Behalf of the Board

ASHOK JAIN

PLACE: INDORE **CHAIRMAN & MANAGING DIRECTOR**
 Dated: 31st July 2007

Annexure to the Directors' Report:

[Information as per the Companies (Disclosure of particular in Report of Board of Directors) Rules, 1988]

A. CONSERVATION OF ENERGY:

The Company has taken many steps for the Conservation of Energy.

	Current Year 2006-07	Previous Year 2005-06
POWER & FUEL CONSUMPTION:		
1. Electricity (Purchased) Units	610100	534360
Total Amount (Rs.)	3419985	3023759
Rate per Unit (Rs.)	5.60	5.66
2. Electricity (Generated) units	6787	10593
Total Amount (Rs.)	84412	102407
Rate per Unit (Rs.)	12.44	11.37

B. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:

R & D activities are an integral of operations and all the expenses relating to R & D debited to Profit and Loss Account.

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Information in respect of Foreign Exchange Earning & Outgo is:

	Current Year	Previous Year
Earning :	Rs.51,17,632	Rs. 31,50,133
Outgo :	Rs.14,37,323	Rs. 11,51,268

D. 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 not applicable since, none of the employee of the company is drawing more than Rs.24,00,000/- p.a. or Rs.2,00,000/- p.m. for the part of the year, during the year under review.

For & On Behalf of the Board

PLACE: INDORE
 Dated: 31st July 2007

ASHOK JAIN
CHAIRMAN & MANAGING DIRECTOR

REPORT ON CORPORATE GOVERNANCE

Under Clause 49 of the Listing Agreement

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Our corporate governance policies recognise the accountability of the Board and the importance of its decisions to all our constituents, including customers, investors, employees and the regulatory authorities and to demonstrate that the shareholders are the cause of and ultimate beneficiaries of our economic activities. The functions of the Board and the Executive Management are well defined and are distinct from one another. We have taken a series of steps including the setting up of sub-committees of the Board to oversee the functions of Executive Management. These sub-committees of the Board, which mainly consists of Non-Executive Directors, meet regularly to discharge their objectives.

2. BOARD OF DIRECTORS AND THEIR MEETINGS:

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning. Shri Ashok Jain, the Chairman & Managing Director, is also assisted by Shri Kunal Jain, the whole time director of the Company is overall incharge for the affairs of the Company who exercise his powers and discharges his duties under the superintendence and control of the Board of directors of the Company from time to time. The Board of directors of the company comprises of five non-executive directors out of them four directors are independent.

During the financial year 2006-07 the Board of directors met 5 (five) times on 30th May, 2006; 10th June, 2006; 28th July, 2006; 31st Oct., 2006 and 30th January, 2007:

The composition of the Board of Directors and their attendance at the meetings during the year were as follows;

3. AUDIT COMMITTEE:

As a measure of good Corporate Governance and to provide assistance to the Board of Directors and to meet the requirement of section 292A of the Companies Act, 1956 and the Clause 49 of the Listing Agreement and in fulfilling the Board's overall responsibilities, an Audit Committee is functioning consisting of only independent directors. The Audit Committee inter-alia has the following mandate in terms of the Clause 49 of the Listing Agreement:

1. Oversight of company's financial reporting process and the disclosure of the financial information in the annual accounts.
2. To review and discuss with management, internal audit team and external auditors regarding any significant finding of material nature.
3. To consider and review the adequacy of management control system and internal audit function and frequency of internal audit process.
4. To review with Management the quarterly and annual financial statements before submission to the Board focusing primarily on any change in accounting policies and compliance with accounting standards, requirements of stock exchanges and other legal compliance.
5. To review Balance Sheet & Profit and Loss Accounts to be placed before the Board.
6. To consider and review the financial and risk management policy of the Company.
7. To consider and review the defaults, if any in payment to the creditors, financial institutions and reasons thereof.
8. To consider the directors responsibility statement to be given by the Board in the Directors Report.
9. To consider the matter relating to the recommendation for

Name of Director	Category	Designation	Board meetings held during the Year	Board Meetings attended during the Year	Whether attended last AGM	No. of other Directorship	No. of Committee Chairmanship/ membership in other Companies
Shri Ashok Jain	Promoter & Executive Chairman	Chairman & Managing Director	5	5	Yes	Nil	Nil
Shri Kunal Jain *	Promoter & Executive Director	Executive Director	5	0*	N.A.	Nil	Nil
Shri M.K.Shah	Independent/ NED	Director	5	5	Yes	1	Nil
Shri K.C.Jain	Independent/ NED	Director	5	5	Yes	1	Nil
Shri Narendra Kathed	Independent/ NED	Director	5	3	Yes	Nil	Nil
Shri D.K. Kemkar	Promoter / NED	Director	5	3	Yes	4	Nil
Shri A.K. Sinha	Independent/ NED	Nominee Director	5	2	Yes	Nil	Nil

* Appointed as an Additional Director as well as Whole time Director by the Board w.e.f. 01st May 2007.