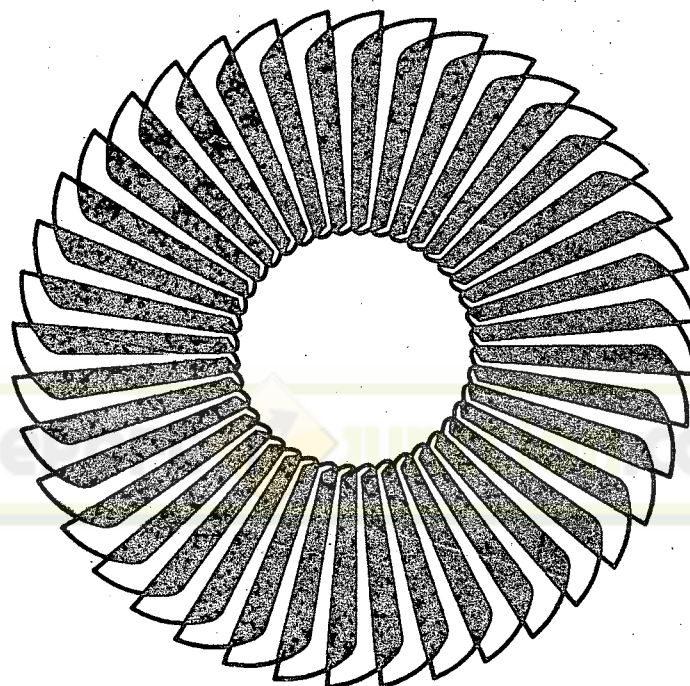




An ISO 9001-2000 Certified Company



FLUIDOMAT LIMITED

33rd Annual Report

2008 - 09

- # **Board of Directors :**
ASHOK JAIN *Chairman and Managing Director*
KUNAL JAIN *Executive Director*
D.K. KEMKAR
M.K. SHAH
K.C. JAIN
NARENDRA KATHED
PRAFUL R. TURAKHIA
JAGDISH GARWAL *(Nominee of IFCI)*
- # **Dy. Vice President and Compliance officer :**
PRAMOD JAIN

33rd Annual General Meeting

Date : 25th September, 2009
 Day : Friday
 Time : 2.00 p.m.
 Place : 117, 1st Floor
 'Navneet Darshan'
 16/2, Old Palasia,
 Indore - 452 018 (M.P.)
 Book Closure : 22.09.2009 to 25.09.2009
 (Both days inclusive)

- # **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 Pvt. Ltd.
 Alankar Point, Geeta Bhawan Chouraha,
 A.B. Road, Indore
 Ph. : 91-731-2491298
 Fax : 91-731-4065798

- # **Works & Head Office :**
 7C-8J, I.S. Gajra Industrial Area,
 Agra-Bombay Road,
 DEWAS-455 001 (M.P.)
 Tel.: 07272-258582, 258583, 268100
 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 33rd 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 Friday the 25th day of Sept., 2009 at 2.00 P.M. to transact the following businesses:

I. ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and the Profit & Loss Account of the Company for the year ended 31st March 2009 and the report of the Directors and Auditors thereon.
- To appoint a Director in place of Shri Ashok Jain, who retires by rotation and being eligible, offers himself for re-appointment.
- 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:

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

RESOLVED THAT Shri Praful R.Turakhia, who was appointed by the Board as an Additional Director 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 Praful R.Turakhia, as a candidate for the office of the Director be and is hereby elected and appointed as a Director of the Company, as an Independent Director in terms of the Listing Agreement and be liable to retire by rotation.

III. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

- 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 the Companies Act, 1956 and other applicable provisions, if any, including any statutory modifications or re-enactment thereof for the time being enforced. The approval of the members of the Company be and is hereby granted for the revision of remuneration payable to Shri Kunal Jain, the Executive Director of the Company w.e.f. 1st August, 2009 for the remaining part of his tenure till 30th April, 2012.

- Salary in the scale of Rs.60,000/- per month with a annual increment of Rs. 10,000/- per year.
- Allowances/perquisites: As under

CATEGORY:A

- The Company shall provide House Rent Allowance subject to a maximum of 50% of the salary or house accommodation 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.

- Re-imbursment of medical expenses of the Executive 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.
- Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- Club Fees: subject to a maximum of two clubs, this will not include admission and life membership.
- 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:

- Employers Contribution: to Provident Fund As per the Rules of the Company.
 - 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.
 - Leave encashment: up to 15 days salary for every one year completed service as per the rules of the Company.
- Provided that the above said perquisites shall not be counted for the purpose of Calculation of the remuneration payable to the Executive Director.

CATEGORY C:

- 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.
- 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 Executive 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 by the Company.

FURTHER RESOLVED THAT there shall be clear relation of the Company with Shri Kunal Jain as "the Employer-Employee" and each party may cancel the above said appointment with the six months notice in writing or salary in lieu thereof.

RESOLVED FURTHER THAT Shri Kunal Jain the Executive 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 authorized 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.

- 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 the Companies Act, 1956 and other applicable provisions, if any, including any statutory modifications or re-enactment thereof for the time being enforced. The approval of the members of the Company be and is hereby granted for the revision of remuneration payable to Shri Ashok Jain, the Chairman and Managing Director of the Company w.e.f. 1st August, 2009 for the remaining part of his tenure till 30th June, 2010.

- Salary Rs.1,25,000/- per month.
- Allowances/Perquisites: As under

CATEGORY:A

- 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.

2. 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.
3. Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
4. Club Fees: subject to a maximum of two clubs, this will not include admission and life membership.
5. 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:

1. Employers Contribution: to Provident Fund As per the Rules of the Company.
 2. 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.
 3. Leave encashment: up to 15 days salary for every one year completed service as per the rules of the Company.
- Provided that the above said perquisites shall not be counted for the purpose of Calculation of the remuneration payable to the Chairman & Managing Director.

CATEGORY C:

1. 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.
2. 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 Chairman and Managing Director.

FURTHER RESOLVED THAT in the event of their 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.

FURTHER RESOLVED THAT there shall be clear relation of the Company with Shri Ashok Jain as "the Employer-Employee" and each party may cancel the above said appointment with the six months notice in writing or salary in lieu thereof.

RESOLVED FURTHER THAT Shri Ashok Jain the Chairman & Managing 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 authorized 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 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 enforced. The approval of the Members of the Company be and is hereby granted for the re-appointment of Shri Ashok Jain as the Chairman Cum Managing Director of the company for a further period of three years w.e.f. 1st July 2010 on the following remuneration & perquisites:

(a) Salary: Rs.1,45,000/- per month.

(b) Perquisites/Allowances: As under

CATEGORY A:

1. 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.

2. 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.
3. Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
4. Club Fees: subject to a maximum of two clubs, this will not include admission and life membership.
5. 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:

1. Employers Contribution: to Provident Fund & Family Benefit Funds as per the Rules of the Company.
2. 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.
3. 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 Chairman and Managing Director.

CATEGORY C:

1. 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.
2. 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 Chairman and Managing Director.

FURTHER RESOLVED THAT in the event of their 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.

FURTHER RESOLVED THAT there shall be clear relation of the Company with Shri Ashok Jain as "the Employer-Employee" and each party may cancel the above said appointment with the six months notice in writing or salary in lieu thereof.

RESOLVED FURTHER THAT Shri Ashok Jain the Chairman Cum Managing 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.

BY ORDER OF THE BOARD

ASHOK JAIN

PLACE:INDORE **CHAIRMAN AND MANAGING DIRECTOR**
DATE: 31st, July 2009

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 22.09.2009 to 25.09.2009 (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 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 Agents 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 loaded from the website of the Ministry of Company affairs.
9. 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.
10. The Company is not having unpaid/unclaimed dividend upto the financial year 2008-09.

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name and Designation	Age/ Years	Qualification	Expertise/Experience	Date of Appointment	Other Directorships	No. of shares held in the Company & %
Shri Ashok Jain (CMD) Promoters	60 years	BE (Elec.)	39 years in manufacturing of fluid couplings	01.12.1975	Red Wood Packaging Pvt. Ltd.	1004741 Shares 20.30%
Mr. Kunal Jain (WTD) Promoters	29 years	B.Com	7 Years in the commercial matters	01.05.2007	Red Wood Packaging Pvt. Ltd.	527510 Shares 10.66%
Mr. Praful R. Turakhia Independent/NED	61 years	B.E. (Mech.)	36 years in Engineering, Pharma Bulk Drugs & Chemical Industries	30.01.2009	Ratilal Chemark Pvt. Ltd.	Nil

**ANNEXURE TO THE NOTICE
EXPLANATORY STATEMENT IN PURSUANT TO THE
PROVISIONS OF SECTION 173 OF THE COMPANIES ACT,
1956 IN RESPECT TO THE SPECIAL BUSINESS**

ITEM NO.4:

Shri Praful R. Turakhia was appointed by the Board at their meeting held on 30th Jan., 2009 as an Additional Director of the Company and categorised as an Independent Director pursuant to clause 49 of the Listing Agreement. 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 Directors of the Company.

Shri Praful R. Turakhia is Graduate in Engineering from GSITS, Indore in 1970 and did M.B.A. in 1972 from BITS, Pilani. He is having experience of more than 36 years in Engineering, Pharma Bulk Drugs and Chemicals. He is also connected with various professional, technical and social organisations and held various positions like President, Hon. Secretary, etc. in these organisations. He is actively connected with the Institute of Engineers of India, All India Manufacturers Organisations and Chemical Traders Associations and held position of member of Regional Advisory Committee of Central Excise & Customs, advisory committee for design and implementation of VAT of M.P. Government.

Your Directors are of the view that company would be immensely benefited by the wealth of experience and expert advice of Shri Praful R. Turakhia and therefore recommends for his appointment and proposes to pass the resolution as set out in Item No.4 of the notice as an Ordinary Resolution.

Except, Shri Praful R. Turakhia, none of the directors of the Company are interested or concerned in the resolution.

ITEM NO. 5:

Shri Kunal Jain was appointed as the Whole-time Director of the Company w.e.f. 01.05.2007 for a period of five years, and designated as the Executive Director on the (a) Salary: Rs.25,000/- per month, with the annual increment of Rs.5,000/- p.a. due on 1st May, every year only and (b) Perquisites subject to the ceiling of Rs.3,00,000/- p.a.

Looking into his contributions and experience gained in the management of the Company, his remuneration is inadequate and needs to be revised suitably. The Remuneration Committee of the Board has considered and approved the revision in his remuneration as set out in the resolution covered under Item No. 5 of the notice of the annual general meeting.

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 revision of his remuneration w.e.f. 1st August, 2009 for his remaining tenure upto 30th April, 2012 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 agreement is hereby specifically sanctioned with liberty to the Board 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 the Executive Director Shri Kunal Jain. The proposed remuneration is within the limit specified in Schedule XIII of the Companies Act, 1956.

The Board considered that the terms and conditions of the agreement, the salary & perquisites as given in the notice of the meeting, which is commensurate with his sincere efforts and high

responsibilities, status and image of the Company. The Board recommends to pass necessary special Resolution as set out in item no.5 of the notice.

This should also be considered 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 and Shri Kunal Jain none of the other directors are concerned or interested in this Resolution.

ITEM NO.6 & 7:

Shri Ashok Jain was re-appointed by the approval of Members at their Annual General Meeting held on 22nd Sept., 2005 as the Chairman cum Managing Director for a period of 5 years w.e.f. 1st July 2005 on the following remuneration:

(a) Salary: Rs.70, 000/- per month, with the annual increment of Rs.7, 500/- p.a. due on 1st July, every year only and (b) Perquisites: Subject to the ceiling of Rs.6, 50,000/- p.a.

However, no increment/increase was given to Shri Ashok Jain during the previous 3 years. Shri Ashok Jain is a technocrat and is a qualified graduate electrical engineer with more than 39 years around experience of design, development of fluid couplings and management of industry. He has developed the fluid coupling technology indigenously and brought India amongst few select companies in the world possessing this technology. At present he is considered best expert in India on fluid couplings including its application, usages and energy saving. He is also recognized internationally by all the competitors and many users/buyers of fluid couplings in many places of world. He is thus key asset of the company and is fully capable to take the company on progressive path with his knowledge and management skills. The Fluid coupling industry in the Country is having special category and the Company's activities cannot be compared with others.

The employed capital of the company is in the range of Rs. 5 Crores to Rs. 25 Crores. As per the provisions of schedule XIII of the Companies Act, 1956, company may remunerate to the Chairman cum Managing Director, remuneration not exceeding Rs. 250000/- p.m. for a period of 3 years by way of approval through special resolution in case of inadequate or in absence of profits.

The Remuneration Committee and the Board of directors of the Company at their meeting held on 31st July, 2009 considered that the business as well as profitability has been substantially increased over a period of previous 4 years, therefore, the Company should revise the remuneration payable to him w.e.f. 1st August, 2009 for the remaining part of his tenure, i.e upto 30th June, 2010 and re-appoint him for a further period of 3 years w.e.f. 1st July 2010 on the terms and conditions and remuneration as set out in the Item No. 6 & 7 of the notice of the Annual General Meeting and recommend to pass necessary special resolution at the Meeting.

This should also be considered as an abstract of the terms of the re-appointment of Shri Ashok Jain as the 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 and Shri Kunal Jain, none of the other directors are concerned or interested in this Resolution.

BY ORDER OF THE BOARD

ASHOK JAIN

CHAIRMAN AND MANAGING DIRECTOR

PLACE:INDORE

DATE: 31st, July 2009

**DIRECTORS' REPORT
 AND
 MANAGEMENT DISCUSSION AND ANALYSIS**

Dear Members,

Your Directors are pleased to present the 33rd Annual Report of the company alongwith the Audited Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS		
(Rupees in Lacs)		
Particulars	2008-09	2007-08
Sales and income from operation	1591.34	1461.97
Other income	6.04	4.80
Total income	1597.38	1466.77
Total Expenses	1328.43	1224.52
Operating Profit (PBITD)	268.95	242.25
Interest	19.52	25.60
Depreciation	30.62	31.27
Profit before Taxation	218.81	185.38
(a) Current Tax	80.33	33.69
(b) Deferred Tax	(1.55)	33.00
(c) Fringe Benefit Tax	2.64	2.58
Extra Ordinary/ Exceptional Items (Net)	2.26	2.41
Net Profit after Interest, Dep. & Tax	139.65	118.52
Paid up Equity Share Capital	494.95	494.95
Reserves	171.78	32.13
Earning per share - Basic	2.83	2.41
Diluted	2.58	2.20

DIVIDEND :

Though during the year 2008-09 your Company demonstrated improved business and profitability performance but considering the need to conserve resources for capital investment in fixed assets and working capital requirement to meet the envisaged business growth, your Directors do not recommend dividend on equity shares for the year.

OPERATIONS AND BUSINESS PERFORMANCE:

Maintaining the continuity of the business growth and profitability performance your Company again registered growth and higher profitability despite escalating input costs and economic recession.

The Company registered improved performance on all key parameters. The significant operational highlights are as under:

- Order booking grew by 35% to Rs.1925 lacs over the previous year.
- Export sales increased from Rs. 64 lacs to Rs. 118 lacs.
- Despatches increased to Rs. 1591 lacs over the previous year figure of Rs. 1462 lacs thus recording growth of 9%.

A. Operating profit increased by	11%
B. Profit after tax increased by	18%
C. Interest cost reduced by	31%

This year your company has invested in Fixed Assets (including Capital work in progress) to the tune of Rs. 122 lacs from the internal Accruals.

As at 30th June 2009 your company has pending orders under execution valuing over Rs. 1325 lacs.

CORPORATE GOVERNANCE:

Your Company firmly believes and adopts the highest standard of practice under Corporate Governance. A separate section on corporate governance and a certificate from Auditors of the company regarding compliance of the conditions of corporate governance as stipulated under clause 49 of the listing agreement with the stock exchanges form part of this annual report.

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.

In terms of Articles of Association of the Company Shri Ashok Jain, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

The Board has appointed Shri Praful R. Turakhia as the additional director of the Company w.e.f. 30th January, 2009 in the category of Independent Director and the Company has received a notice under section 257 of the Companies Act, for proposing his appointment as a director in the forthcoming Annual General Meeting.

The Board has approved the revision in the remuneration payable to Shri Kunal Jain as the Executive Director of the Company w.e.f. 1st May 2009 for his remaining part of tenure till 30th April 2012.

The Board revised the remuneration payable to Shri Ashok Jain as the Chairman Cum Managing Director w.e.f. 1st August, 2009 to the remaining part of his tenure till 30th June, 2010 and has also re-appointed Shri Ashok Jain as the Chairman Cum Managing Director for a further period of 3 years w.e.f. 1st July 2010.

Your Directors proposes for the approval of the members at the forthcoming Annual General meeting and recommends to pass necessary resolution to that effect as set out in the notice of the annual general meeting.

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, 2009 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.

AUDITORS:

M/s J. P. Saraf & Co., Chartered Accountants Indore, the statutory Auditors of the company retires at the close of this Annual General Meeting and is eligible for re-appointment. The Company has received confirmation from the Auditors that their re-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.

AUDITORS' REPORT:

The report of the auditors of the company and notes to the accounts are self explanatory and therefore do not call for any further comments and may be treated as adequate compliance of section 217(3) of the Companies Act, 1956.

INSURANCE:

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

FIXED 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 as such no amount of principal or interest was outstanding as of the balance sheet date.

INDUSTRIAL RELATIONS:

Company's Industrial relations continued to be healthy, cordial and harmonious during the period under review.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, PARTICULAR OF EMPLOYEES AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

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. Business overview and future outlook.**

Financial year 2008-09 experienced economic slowdown after continuous record growth of 5 years. High oil prices and rising domestic inflation which reached to a peak of 13% were a source of major concern. Severe Global economic and demand recession which commenced in last quarter of 2007 continues and recovery is uncertain and not visible in immediate future.

Though inflation in India reversed to slight deflation in May-June 2009 but with decline in demand and investment. The GDP fell down to 6.8%. In the fiscal budget this year the Union Government has higher budget allocation for Power Generation, Road & Railway thus focusing on growth of this sector. This envisaged growth

offers good opportunity for business growth of your Company. Your Company enjoys strength that it serves to all major core Sector Industries including Power, Cement, Steel & Metal, Chemical & Fertilizer and Mining. Thus it is well insulated against recession if one or the other Core Sector activities/growth decline.

Your Company continues its efforts to expand in the international market. The decline in demand in international market due to Global recession will affect the exports. However Company efforts to grow in international market will yield good results though delayed. Company's product quality, indigenous technology, continuous R & D and product development activities with own knowledge base and customer support has won accreditation and appreciation from many of its clients and has therefore helped in increase in business. Now Fluidomat couplings command preference over other brands.

Similarly Company's Scoop Control Couplings type SC have won huge appreciation from clients due to their quality and technology. This accreditation and product track record has helped in winning many new orders from different sector of industries including Power Plants & Sea Port Handling (Harbour handling) facilities and Steel plants.

Your Company has opportunity of good growth in business and management is taking all necessary steps to meet the higher demand of its products in domestic and international market.

B. Industry structure and developments:

Your company deals only in the one segment i.e. manufacturing and sale of the hi-tech products "Fluid Couplings" which are mainly used in various sector of industries including Thermal Power Plants, Steel, Metal, Cement, Paper, Chemical, Fertilizers, 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:

The 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 system:

The Company has adequate internal control system commensurate with its size and business. The internal control systems are supplemented by internal audits. The company has appointed independent outside Internal Auditors to further strengthening of the system. The audit system carries on a continuous basis, the entire gamut of operations, business and functions. The reports of internal auditors are submitted to the audit committee, which further review the adequacy of the internal control system.

E. Risk and Concerns:

Since your company is catering the needs of almost all sector of Industries, if there is recession in any one sector,

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.

G. ACKNOWLEDGEMENTS:

Your Directors place on record their gratitude to the

Central Government, State Governments and company's Bankers and IFCI for the assistance, co-operation and encouragement they extended to the company. Your directors also wish to place on record their sincere thanks and appreciation for the continuing support and unstinting efforts of Investors, Customer, Vendors and Employees in ensuring an excellent all around operational performance.

For & On Behalf of the Board

ASHOK JAIN

CHAIRMAN & MANAGING DIRECTOR

Place: INDORE

Dated: 31st July 2009.

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 2008-09	Previous Year 2007-08
POWER & FUEL CONSUMPTION:		
1. Electricity (Purchased) Units	639318	565645
Total Amount (Rs.)	3554401	3120998
Rate per Unit (Rs.)	5.56	5.52
2. Electricity (Generated) units	4675	5636
Total Amount (Rs.)	66211	77198
Rate per Unit (Rs.)	14.16	13.69

B. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:

R & D activities are an integral part 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. 1,01,01,506	Rs. 46,60,811
Outgo	Rs. 2,53,235	Rs. 3,82,994

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, 2009

ASHOK JAIN

CHAIRMAN & MANAGING DIRECTOR