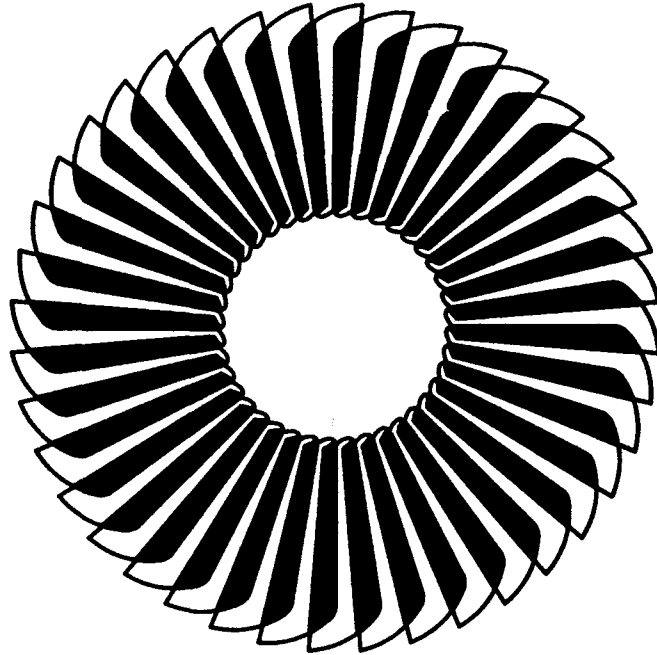


ISO 9001:2008



FM 82849

*An ISO 9001:2008 Certified Company*



**FLUIDOMAT LIMITED**

*34th Annual Report*

**2009 - 10**



# **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**

# **Company Secretary :**  
**SURABHI PAWAR**

# **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

# **Registrar and Transfer Agents :**  
 Ankit Consultancy Pvt. Ltd.  
 Alankar Point, Geeta Bhawan Chouraha,  
 A.B. Road, Indore  
 Tel. : 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 : fludomat@sancharnet.in  
 info@fluidomat.com  
 Website : www.fluidomat.com

## **34th Annual General Meeting**

Date : 24th September, 2010  
 Day : Friday  
 Time : 2.00 p.m.  
 Place : 117, 1st Floor  
           'Navneet Darshan'  
           16/2, Old Palasia,  
           Indore - 452 018 (M.P.)  
 Book Closure : 20.09.2010 to 24.09.2010  
                   (Both days inclusive)

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**NOTICE**

NOTICE is hereby given that 34th 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 24th day of September, 2010 at 2.00 P.M. to transact the following businesses:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2010 and the Profit & Loss Account of the Company for the year ended 31st March 2010 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Khushal Chandra Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Mahendra Kumar Shah who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Kunal Jain who retires by rotation and being eligible, offers himself for re-appointment.
5. 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.
2. Register of Members and Share Transfer Book shall remain closed from 20th September, 2010 to 24th September, 2010 (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.

BY ORDER OF THE BOARD

**ASHOK JAIN**

CHAIRMAN & MANAGING DIRECTOR

Place: Indore

Date: 30th July, 2010

**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.
6. Members desiring of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
7. 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 there to 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 load 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 2009-10.

**STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT**

Name and Designation	Age/ Years	Qualification	Expertise/Experience	Date of Appointment	Other Directorships
Mr. K. C. Jain Independent/NED	67 years	M.Com. DIT	46 years Corporate experience in the field of Accounts, Finance Taxation and Industrial Management	01.02.2004	-
Mr. M. K. Shah Independent/NED	52 years	Chartered Accountant	More than 25 years experience in Auditing and Taxation	26.09.2000	Aawas Finance Ltd.
Mr. Kunal Jain (WTD) Promoters	28 years	B.Com	8 years in commercial matters	01.05.2007	Red Wood Packaging Pvt. Ltd.

BY ORDER OF THE BOARD

Place: Indore  
Date: 30th July, 2010

**ASHOK JAIN**  
CHAIRMAN & MANAGING DIRECTOR



## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

**Dear Members,**

Your Directors are pleased to present the 34th Annual Report of the company alongwith the Audited Accounts for the year ended 31st March, 2010.

### FINANCIAL RESULTS

	(Rupees in Lacs)	
<u>Particulars</u>	<u>2009-10</u>	<u>2008-09</u>
Net Sales	1812.77	1431.77
Other income	11.86	7.48
Total income	<b>1824.63</b>	<b>1439.25</b>
Total Expenses	1481.81	1167.17
<b>Operating Profit (PBITD)</b>	<b>342.82</b>	<b>272.08</b>
Interest	14.17	22.65
Depreciation	33.99	30.62
<b>Profit before Taxation</b>	<b>294.66</b>	<b>218.81</b>
(a) Current Tax	102.42	80.33
(b) Deferred Tax	0.10	(1.55)
(c) Fringe Benefit Tax	0.00	2.64
Extra Ordinary/ Exceptional Items (Net)	(0.19)	(2.26)
<b>Net Profit after Interest,</b>	<b>192.33</b>	<b>139.65</b>
<b>Depreciation &amp; Tax</b>		
Paid up Equity Share Capital	492.70	494.95
Reserves	365.24	171.78
<b>Earning per share - Basic</b>	<b>3.90</b>	<b>2.83</b>
<b>Diluted</b>	<b>3.53</b>	<b>2.58</b>

### DIVIDEND :

Your Company continued to demonstrate improved business and profitability performance in the year 2009-10 too, 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.

### OPERATING RESULTS AND BUSINESS:

Despite global financial crisis in last two three years, India's Economic growth is steadily gaining momentum, led by encouraging sustained growth in Industrial activity during the year under report.

In these challenging times, your Company's performances reflects continuous substantial growth year after year.

Your company has achieved an over all turnover growth of 26.6% while the operating profit and profit before taxes recorded growth of 26.1% & 34.7% respectively during the year under report over the previous year. To meet the increasing demand of Co.'s product, the company has increased skilled manpower in all section, besides various steps taken for vendors development.

During the first quarter of the current year (2010-11), the company has secured orders worth Rs. 793 Lacs as against Rs. 476 Lacs during the previous year. Dispatches during the 1st quarter is Rs. 433 lacs against Rs. 202 lacs during the previous year. The pending orders as on 01.07.2010 under execution is Rs. 1442 lacs with 9 months remaining of the financial year for further order bookings.

The company has track record of growth during last five years.

### 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 K.C. Jain, Shri M.K. Shah and Shri Kunal Jain, retires by rotation at the forthcoming Annual General Meeting and being eligible, offers themselves for re-appointment.

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, 2010 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.**

Indian economy is now world's second fastest growing economy and has managed to pass through the Global crises, mainly due to following reasons viz it was not at the centre of the crises and its growth was well balanced and controlled and reliant

on domestic drivers. Government fiscal policies, stimulus packages to various Industrial Sectors and reduction in Taxes and Duties, wherever necessary, alongwith increased Government Expenditure on infrastructure and social sector created domestic demand-consumption, which resulted in increased production and GDP Growth.

At the beginning of the year 2009-10, there was a great deal of uncertainty about the world-economy due to financial crises in USA and European Countries together with one of the deepest downturns and severe recessionary trends being faced by these countries since past 2-3 years. The events however turned out to be better than expected for developing economies, more particularly in India and China and other Asian countries. Developed nation shall continue to thrive more on Government stimulus packages rather than on domestic consumption driven demands.

For the country, recent trends, worth mentioning are acceleration in GDP Growth, turnaround in Export, strong recovery in industrial production, revival of stock market activities, revival in capital inflows and indications of better corporate results. As per RBI's Annual monetary and credit policies our economy is expected to grow by 8.50% in 2010-11, having grown by over 7.2% in the year 2009-10. This is a commendable achievement in the present Global scenario. However, failure to control rising inflation in all sectors is great set back and a major concern for the Government and industry. This may affect the demand and hence market adversely.

The challenge before nation is to strike a balance between controlling rising inflation and maintaining growth and stability. Increasing costs of inputs and inflationary trend is a challenge before the company. Company is taking all possible steps to meet the challenge.

Our Government has taken various steps towards development of infrastructure sector, which is the back bone of growth. Financing has grown four fold in recent years, by various special infrastructure Financing companies under Public-Private Partnership. Power Sector is accounted for major share in growth because of huge energy deficit in the country. Capacity addition in 2009-10 was 9585 MW, which is the highest in one year, so far. The private sector is now playing a major role. The mid-term appraisal of the 11th plan indicates that as against a target of 15000MW, the private sector will be adding close to 20000MW. The Government



modified the Mega Power policy which makes available various fiscal benefits to large power projects (For thermal projects above 700 - 1000 MW.) They are our major customers hence our growth is associated with their growth, besides, growth in Transportation, ports, Road etc. will also increase the demand of core Industries like Cement, Steel and Engineering products. All these sectoral growth, offer opportunity to your company for continuous business growth.

Our efforts for exports is focused more towards Pacific countries including Australia and New Zealand. These regions offer great opportunities of business with several new mining projects and power plants. With our continuous efforts in these markets Fluidomat is now a known brand and our efforts are expected to yield good sales in coming years.

As already reported in earlier years the Company Scoop Control Fluid Couplings have earned high reputation with proven performance. The power sector and sea port handling has huge requirement of these SC Couplings and thus offer great opportunity of business.

Fluidomat brand is well established in Indian market with good service backup, technical excellence and good customer relationship. We are thus better placed to achieve continuous growth. Large population of Fluidomat products offers increased sales of spares thus adding to business growth.

To meet the growing demand of Company products your Company has to make heavy investments in plant and machinery by way of CNC Machines, testing facilities and other infrastructure needs.

Company's product quality, own developed indigenous technology, continuous R&D efforts, has earned accreditation and appreciation from our clients and actual users and consultants world wide which is in line of our strategic policies to grow our business competitively, profitably and sustainably.

**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 9001:2008 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, Customers, 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: 30th July 2010

**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 2009-10	Previous Year 2008-09
<b>POWER &amp; FUEL CONSUMPTION:</b>		
1. Electricity (Purchased) Units	695454	639318
Total Amount (Rs.)	3968551	3554401
Rate per Unit (Rs.)	5.71	5.56
2. Electricity (Generated) units	2608	4675
Total Amount (Rs.)	39757	66211
Rate per Unit (Rs.)	15.24	14.16

**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. 91,12,658	Rs. 1,01,01,506
Outgo :	Rs. 1,22,145	Rs. 2,53,235

**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: 30th July, 2010**

**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.

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 discharge 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 Six non-executive directors out of them four directors are independent.

During the financial year 2009-10 the Board of directors met 5 (Five) times on, **28th April 2009; 27th June 2009; 31st July 2009; 31st October 2009 & 29th Jan. 2010.**

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

**2. BOARD OF DIRECTORS AND THEIR MEETINGS:**

Name of the Directors	Category	Designation	No. of Board meetings held during the financial Year 2009-10	No. of Board meetings attended during the Financial Year 2009-10	Whether attended last AGM held on September 25, 2009	No. of other Directorship	No. of Committee Chairmanship/ membership in other Companies
Shri Ashok Jain	Promoter & Executive Chairman	Chairman & Managing Director	5	5	Yes	1	Nil
Shri Kunal Jain	Promoter & Executive Director	Whole- Time Director	5	4	Yes	1	Nil
CA M.K. Shah	Independent/ NED	Director	5	5	Yes	1	Nil
Shri K.C.Jain	Independent/ NED	Director	5	4	Yes	0	Nil
Shri Narendra Kathed	NED	Director	5	1	No	0	Nil
Shri D.K. Kemkar	Promoter/ NED	Director	5	3	No	4	Nil
Shri Jagdish Garwal	Independent/ NED	Nominee Of IFCI	5	5	No	0	Nil
Shri Praful R. Turakhia	Independent / NED	Director	5	5	Yes	1	Nil

**3. INFORMATION AVAILABLE TO THE BOARD :**

The Board has unfettered and complete access to any information within the Company and from any of our employees. At meetings of the Board, it welcomes the presence of concerned employees who can provide additional insights into the items being discussed.

Among others, information regularly supplied to the Board includes:

- ◆ Annual operating plans and updates.
- ◆ Periodical Financial Statements.
- ◆ Minutes of meetings of audit, compensation and investor grievance committee of the Company.
- ◆ General notices of interest.
- ◆ Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary.
- ◆ Materially important litigations, show cause, demand, prosecution and penalty notices, if any.
- ◆ Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems, if any.
- ◆ Any materially relevant default in financial obligations to and by us.
- ◆ Significant development on the human resources front.
- ◆ Sale of material which are not in the normal course of business.
- ◆ Details of foreign exchange exposure and the steps taken by the management to limit risks of adverse exchange rate movement.
- ◆ Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer.