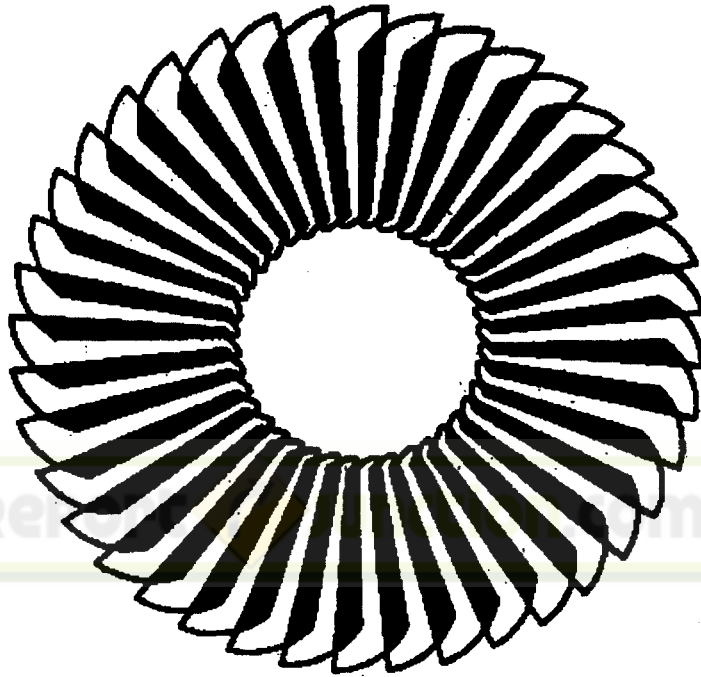


*An ISO 9001-2000 Certified Company*



**FLUIDOMAT LIMITED**  
*Twenty Ninth Annual Report*

**2 0 0 4 - 0 5**



- # **Board of Directors :**  
**ASHOK JAIN** *Chairman and Managing Director*  
**D.K. KEMKAR**  
**L.N. DUBE**  
**M.K. SHAH**  
**K.C. JAIN**  
**NARENDRA KATHED**  
**A.K. SINHA** *(Nominee of IFCI)*

- # **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 : 91-731-5065798

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

### **29th Annual General Meeting**

Date	: 22nd September, 2005
Day	: Thursday
Time	: 2.00 p.m.
Place	: 117, 1st Floor 'Navneet Darshan' 16/2, Old Palasia, Indore - 452 018 (M.P.)
Book Closure	: 19.09.2005 to 23.09.2005 (Both days inclusive)

<b>Contents</b>	<b>Page No.</b>
Board of Directors & Other Informations	02
Notice	03
Directors' Report	07
Management Discussion & Analysis	08
Annexure to Director's Report	10
Corporate Governance Report	11
Auditors' Report	15
Balance Sheet	18
Profit & Loss Account	19
Schedules to the Accounts	20
Notes on Accounts	25
Balance Sheet Abstract	29
Cash Flow Statement	30
Attendance Slip & Proxy Form	31





# FLUIDOMAT LIMITED

# ANNUAL REPORT 2004-05



## NOTICE

NOTICE is hereby given that 29th 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 22nd day of September, 2005 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, 2005 and the Profit & Loss Account of the Company for the year ended 31st March, 2005 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri L.N.Dube, 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 Narendra Kumar Kathed 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 Narendra Kumar Kathed 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.

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

**RESOLVED THAT** Shri A.K.Sinha, who was nominated by the IFCI Ltd. as 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 A.K.Sinha, as a candidate for the office of the Director be and is hereby elected and appointed as Nominee Director of the Company, in terms of the Loan Agreement executed with the IFCI Ltd. and he shall not be liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modification(s) if any, the following Ordinary 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 five years w.e.f. 1st July, 2005 on the following remuneration & perquisites :

- (a) Salary : Rs.70,000/- per month, with the annual increment of Rs.7,500/- p.a. due on 1st July, every year only.
- (b) Perquisites : Subject to the ceiling of Rs.6,50,000/- 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.  
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.
- (ii) 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.
- (iii) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (iv) Club Fees: subject to a maximum of two clubs, this will not include admission and life membership.
- (v) 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 the 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 Chairman and Managing 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 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.

**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."

#### III. SPECIAL BUSINESS BY SPECIAL RESOLUTION :

8. To consider and if thought fit to pass the following Resolution with or without modification if any, as a 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 appointment of Shri Sundeep Sharma as the Dy. General Manager of the Company on a total remuneration not exceeding Rs.20,000/- p.m., who is a relative of directors of the Company and that he will also be entitled for the reimbursement of travelling,

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

Place : Indore

Date : 30th July, 2005

**Ashok Jain**

Chairman & Managing  
Director

#### 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 19.09.2005 to 23.09.2005 (both days inclusive).
3. (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.
4. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately :
  - (a) the 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
5. 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.
6. 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.
7. 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.

8. 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.).

9. 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.
10. Pursuant to the Clause No.49 of the Listing Agreement, profile of the directors proposed for appointment/re-appointment being given in a

#### STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

Name and Designation of Appointee	Age/ years	Qualifications	Expertise Experience	Date of Appointment	Other Directorships if any
Shri Ashok Jain Chairman & Managing Director	57	BE(Electricals)	More than 30 years experience in the manufacturing of fluid couplings.	11.12.1975	-
Shri M.K.Shah Director (NED/Independent)	47	Chartered Accountant	More than 20 years experience in the project finance, auditing and taxation	26.09.2000	Aawas Finance Ltd. (Director)
Shri L.N.Dube Director (NED/Independent)	73	Chartered Accountant	More than 40 years experience in the auditing & Taxation	05.12.1985	-
Shri Narendra K. Kathed Director (NED/Independent)	53	B.Com	More than 30 years experience in Industry & Trade	28.01.2005	-
Shri A.K.Sinha Director (NED/Independent/ Nominee of IFCI)	52			28.01.2005	Harig Crank Shaft Ltd. (Nominee Director)

#### 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. 5 & 6

Shri Narendra Kumar Kathed, was appointed by the Board as an Additional Director w.e.f. 28th January, 2005 to hold office till the date of the ensuing Annual General Meeting. Company have 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 Narendra Kathed a commerce graduate has alround experience of industries and trade since past 30 years and is well versed with government dealings. He has successfully run many trades and government

supplies in diverse fields and commodities. His presence on the board will have important and valuable contribution in the operation and running of company's business.

Shri A.K.Sinha (Dy.G.M. of nominee) was nominated by the IFCI Ltd. as a Director of the Company and the Board has recorded his nomination at their meeting held on 28th January, 2005. 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 Sinha is a nominee of the IFCI Ltd. and having





through experience in the Financial Institutions and his presence in the Board will help in the financial planning of the Company.

The Board recommended for the appointment of Shri Narendra Kathed and Shri A.K.Sinha and proposes to pass the resolutions as set out in item No 5 and 6 of the Notice as Ordinary Resolution.

Except, Shri Narendra Kathed and the IFCI Ltd., nominating authority of Shri A.K.Sinha, none of the directors of the Company are interested or concerned in the resolution.

#### ITEM NO.7

Shri Ashok Jain was re-appointed as the Chairman & Managing Director of the Company w.e.f. 01.07.2000 for a period of five years by the members at their 24th Annual General Meeting held on 26th September 2000 therefore, his tenure has expired on 30th June, 2005 and needs to be re-appointed.

Shri Ashok Jain, is a professionally qualified Engineer and has wide and varied knowledge and experience in engineering and Industrial Management of more than 35 years and has traveled all around the world for export marketing of the Company's product. He possess the complete design, production and other technical know-how of this high-tech Engineering product. He has further unto his credit, through sustained and continuous research and developments made, additions of new ranges and types of Fluid Coupling, incorporating the latest technology. Due to his pains taking efforts, your Company is foremost and pioneer in the world for the manufacture of almost all types of Fluid Coupling. Besides Fluid Coupling, he has also added product that is, Flexible Coupling of various types after a great deal of research.

Shri Ashok Jain, the Chairman & Managing Director is fully dedicated to achieve all round growth in the best interest of the Company's progress, upon the recommendation of the Remuneration Committee, your Board of Directors has considered for his reappointment at their meeting held on 30th June, 2005 for a further period of five year w.e.f. 1st July, 2005 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into by the Company with Shri Ashok Jain, submitted to the meeting, which agreement is hereby specifically sanctioned with 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 Chairman & Managing Director, Shri Ashok Jain. 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 recommend to pass necessary resolution as set out in item no. 7 of the notice.

This should be considered also 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 reappointment as required u/s 302 of the Companies Act, 1956.

Except, Shri Ashok Jain none of the other directors are concerned or interested in this Resolution.

#### ITEM NO.8

Shri Sundeeep Sharma, is a graduate in Business Administration and having diploma in Advance Software Engineering was appointed by the Board w.e.f.18th Oct., 2004 as Dy.General Manager of the Company on a monthly remuneration not exceeding Rs.20,000/- 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.

Since Shri Sharma, is a relative of Shri Ashok Jain, the Chairman & Managing Director of the Company any payment made 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 his qualification and experience, your Directors recommend to pass the special resolution as set out in Item No.8 of the notice.

Except, Shri Ashok Jain, Chairman & Managing Director, being relative no, other directors of the Company are concerned or interested in the Resolution.

By Order of the Board

Place : Indore  
Date : 30th July, 2005

**Ashok Jain**  
Chairman & Managing  
Director



**FLUIDOMAT LIMITED****ANNUAL REPORT 2004-05****DIRECTORS' REPORT****To the Members,**

Your Directors are pleased to present their 29th Annual Report on the business and operation of the company together with the Audited Balance Sheet & Profit & Loss Accounts for the year ended 31st March, 2005.

**Financial Results**

(Rupees in Lacs)

	<b>As on 31.03.05</b>	<b>As on 31.03.04</b>
Sales and income from operation	<b>731.54</b>	615.16
Other income	<b>3.90</b>	6.06
Total income	<b>735.44</b>	621.22
Total Expenses	<b>615.79</b>	524.60
Operating Profit (PBITD)	<b>119.65</b>	96.62
Interest	<b>48.64</b>	56.18
Depreciation	<b>28.42</b>	28.62
Profit before Tax	<b>42.59</b>	11.82
Previous year adjustment	<b>(1.24)</b>	(8.47)
Profit after Tax	<b>41.35</b>	3.35
Reserves	<b>9.12</b>	9.12
Paid up Equity Capital	<b>494.95</b>	494.95
Basic and diluted EPS for the year	<b>0.84</b>	0.07
Profit & Loss Account	<b>(278.77)</b>	(320.13)

**DIVIDEND**

Looking to the accumulated Losses of the previous financial years, it is not possible for the Board to recommend any dividend for the year under report.

**OVERALL REVIEW AND FUTURE PROSPECTS**

The Indian economy continued to perform well in 2004-2005. Your company has also delivered improved performance across several operating and financial indicators. The last few years have been very challenging and of great significance for your company. We were confronted with intense competition due to severe continued recession for 7-8 years. During all these years we have executed a strategy to revitalize the company to face external challenges of the prevailing market condition. Firstly we have taken various measures to reduce the manufacturing cost without sacrificing the quality and performance of the product. The overall cost reduction was achieved despite unprecedented sharp increase in cost of steel, power and other inputs. We have also effectively controlled various overheads. All this happened due to adoption of various Costing Techniques.

By restructuring of our term liabilities in the year 2002-03 we have reduced interest cost from 10.87% in 2001-2002 to 4.71% in the year under report. Likewise interest cost on working capital finance has also been reduced to 1.85% from 4.58% in the year 2001-2002.

We are pleased to note that this is the first year in which we have achieved the highest turnover in the history of the company. In the current year (2005-2006) also we have already booked orders worth Rs. 328 lacs in the first quarter ended 30.06.2005. Thus we are hopeful to further improve upon the turnover achieved in the year under report.

The Central Government and State Government are taking various policy decisions and measures to create and develop infrastructural facilities with huge investment for the rapid growth. At present all the financial indicators are very positive and favourable hence we envisage good growth in near future as your company's product are basically required by Thermal Power, Steel, Cement, Port Trust, Fertilizer, Chemical, Heavy Engineering projects in Core and Infrastructure sector etc. and various machinery manufacturers.

After restructure of term liabilities your company is regular in paying timely installment to IFCI. There is no overdue liability.

During the year under review, company has executed Export Order worth Rs. 16 Lacs.

The Company has reasonable system of internal control comprising of authority levels and the powers, supervision, checks, policies and the procedures. Audit committee continuously review the adequacy of internal control systems and various compliance.

**ISO-9001:2000 CERTIFICATION**

Your directors are pleased to report that the Company is having status of ISO-9001:2000 certified by British Standard Institution (BSI Management System). The scope of certificate is related to design, manufacture, supply, installation and commissioning of fluid couplings and flexible couplings. The ISO certification will give international recognition and will help boost up export turnover.

**QUALITY POLICY**

The Company's quality policy is to gain trust of and business from customers by delivering products and services which satisfy their requirements. We shall strive for continual improvement in all aspects of our quality management system.



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****A. Financial Arrangements**

The Company is generating profit since the last two years and has increased liquidity position. At the close of the financial year under review, there is no overdue liabilities towards IFCI, Bank and other institutions.

**B. Industry structure and developments**

Our company deals only in the one segment i.e. manufacturing and sale of the hi-tech products "Fluid Couplings" which are mainly used in the large Thermal Plants and the core sector Industries like Cement, Coal Mines, Steel, Chemical, Fertilizers, Defence, etc. The profitability and the growth of the company depends upon the new projects of the Power Generation, Cement, and Steel which are important for your Company's business growth.

**C. Major Indicators of Financial Performance**

The performance of the Company during the year are as under :

- (i) The turnover for the year under review has increased to Rs.731.54 Lacs as compared to previous year turnover of Rs.615.16 Lacs with an increase of 19%.
- (ii) Net profit increased to Rs. 42.59 lacs as against net profit of Rs. 11.82 lacs in the previous year.
- (iii) The company has to build continuously new patterns depending upon new developments, modifications and improvements in the product and for cost savings, accordingly new patterns of value Rs.12.72 Lacs were made/created during the year under review.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has reasonable system of internal control comprising authority levels and the powers, supervision, checks, policies and the procedures commensurate to its size & business. The reports of Internal Auditors are submitted to the Management and Audit Committee which further review the adequacy of internal control systems and the compliance thereof.

Further, the annual financial statement of the company are reviewed and approved by the Committee and placed before the Board for the consideration.

**SHARE CAPITAL AND LISTING**

The equity shares of the company are listed with the Bombay Stock Exchange, Mumbai. Your company is having connectivity from the Central Depository Services Ltd. (CDSL) and National Securities Depository Ltd. (NSDL) and has provided facilities to all members and

investors to hold the Company's shares in dematerialized form. Your company is regular in payment of annual listing fee to the stock exchange and Depositories.

**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 view of impending retirement from the directorship of Shri M.K.Shah and Shri L.N.Dube, by rotation at the forthcoming Annual General Meeting, they being eligible, offers themselves for re-appointment.

Shri Narendra Kumar Kathed, was appointed as an Additional Director by the Board w.e.f 28th January, 2005. Further IFCI Ltd. has nominated Shri A.K.Sinha on 28th January, 2005. They will be appointed as directors of the Company at the ensuing Annual General Meeting.

Shri S.M.Kothari, has resigned from the Board w.e.f. 28th January, 2005 and Shri S.L.Chhajed has also resigned from the Board w.e.f. 30th July, 2005 on their health ground. Your Board appreciate the valuable support and contribution made by the above said directors of the Company.

**AUDITORS AND THEIR REPORT**

Comments of the Auditors in their report and the notes forming part of the Accounts, are self explanatory and need no comments. M/s J.P.Saraf & Co., Chartered Accountants, the Statutory Auditors has to vacate their office at the conclusion of the ensuing Annual General Meeting. The Company has received a certificate from the Auditors, to the effect that their re-appointment, if made, would be in accordance with the provisions of section 224(1) of the Companies Act, 1956.

**INSURANCE**

The Company's assets are adequately insured against the loss of fire and other risk which considered necessary by the Management from time to time.

**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, 2005 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.

**PERSONNEL**

The Company continued to have cordial and harmonious, rooted in the philosophy of bilaterism. 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 regulations of the Listing Agreement and all the others applicable laws. The Company's Corporate Governance policies and the

practices are also in accordance with 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, PARTICULAR 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.

**ACKNOWLEDGEMENTS**

Your directors acknowledge the vital role played by conscientious and hardworking employees of the company at all levels towards its overall success. Your Directors also acknowledge the valuable support extended and confidence shown in the management of the Company by the Central Bank of India, Bankers to the Company and IFCI Ltd. Your directors also acknowledge the support provided by suppliers, vendors and valued customers in its efforts to provide high quality products. Your Board take this opportunity to record their appreciation in this regard including valued investors and shareholders of the Company.

For & On Behalf of the Board

Place : Indore  
Date : 30th July, 2005

**Ashok Jain**  
*Chairman & Managing Director*