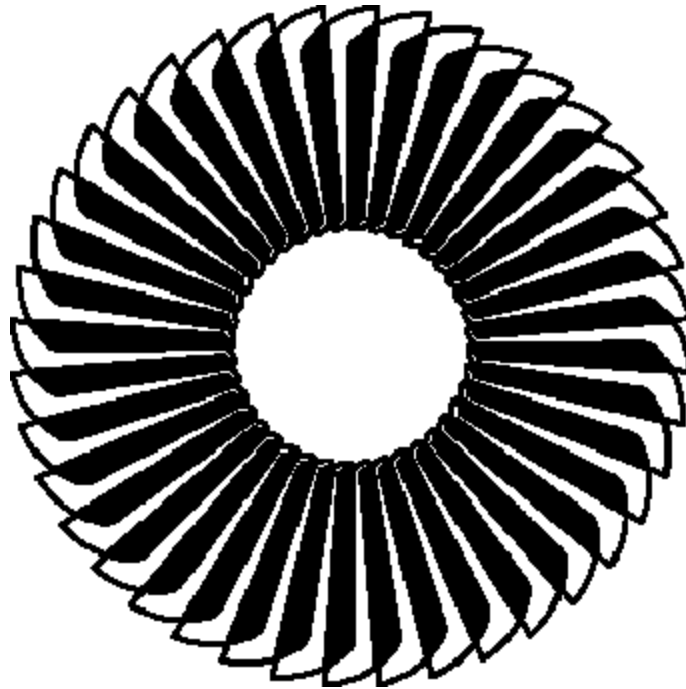




An ISO 9001-2000 Certified Company



FLUIDOMAT LIMITED

31st Annual Report

2 0 0 6 - 0 7



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

31st Annual General Meeting	
Date	: 20th September, 2007
Day	: Thursday
Time	: 2.00 p.m.
Place	: 117, 1st Floor 'Navneet Darshan' 16/2, Old Palasia, Indore - 452 018 (M.P.)
Book Closure	: 17.09.2007 to 20.09.2007 (Both days inclusive)

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

- # **Auditors :**
J.P. SARAF & CO.
Chartered Accountants

- # **Corporate Law Advisor :**
D.K. JAIN & COMPANY
Company Secretaries

- # **Bankers/ Financial Institution :**
CENTRAL BANK OF INDIA
IFCI LTD.

- # **Registered Office :**
117, 1st Floor, 'Navneet Darshan',
16/2, Old Palasia, INDORE-452 018 (M.P.)
Tel.: 0731-2564820

- # **Share Transfer Agent :**
For Dematerialised & Physical Shares
Ankit Consultancy Services Pvt. Ltd.
Alankar Point, Geeta Bhawan Chouraha,
A.B. Road, Indore
Ph. : 91-731-2491298
Fax : 91-731-4065798

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

Contents	Page No.
Board of Directors & Other Informations	02
Notice	03
Directors' Report	06
Management Discussion & Analysis	07
Annexure to Director's Report	08
Corporate Governance Report	09
Auditors' Report	13
Balance Sheet	16
Profit & Loss Account	17
Schedules to the Accounts	18
Notes on Accounts	23
Balance Sheet Abstract	27
Cash Flow Statement	28
Attendance Slip & Proxy Form	29

**NOTICE**

NOTICE is hereby given that 31st Annual General Meeting of the Members of FLUIDOMAT LIMITED will be held at the Registered Office of the Company at 117, 1st Floor, "NAVNEET DARSHAN", 16/2 Old Palasia, Indore (M.P.) on Thursday the 20th September, 2007 at 2.00 P.M. to transact the following businesses:

I. ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2007 and the Profit & Loss Account of the Company for the year ended 31st March 2007 and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.C. Jain who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri M.K.Shah, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint the Auditors to hold office from conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

II. SPECIAL BUSINESS BY ORDINARY RESOLUTION:

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

RESOLVED THAT Shri Kunal Jain who was appointed as Additional Director by the Board to hold office upto the date of this Annual General Meeting, and in respect of whom a notice under section 257 of the Companies Act, 1956 have been received from a member signifying his intention to propose, Shri Kunal Jain as a candidate for the office of the Director be and is hereby elected and appointed as Director of the Company, liable to retire by rotation.

III. SPECIAL BUSINESS BY SPECIAL RESOLUTION:

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

RESOLVED THAT pursuant to the provisions of section 198, 269, 302, 309 & 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof for the time being enforce on the recommendation of the Remuneration Committee of the Company the approval of the members of the Company be and is hereby granted for the appointment of Shri Kunal Jain as the Executive Director of the Company for a period of five years w.e.f. 1st May, 2007 on the following remuneration & perquisites:

- (a) Salary: Rs.25,000/- per month, with the annual increment of Rs.5,000/- p.a. due on 1st May, every year only.
- (b) Perquisites: Subject to the ceiling of Rs.3,00,000/- p.a.

CATEGORY: A

- (i) House Rent Allowance subject to a maximum of 50% of the salary or house accommodation shall be provided by the Company and 10% of salary shall be recovered by way of rent.
- (ii) Expenditure incurred by the Company on his electricity, water and furnishing shall be evaluated as per Income Tax Rules, 1962 subject to a ceiling of 10% of salary.
- (iii) Re-imbusement of medical expenses of the Whole-time Director and his family, the total cost of which to the Company shall not exceed one month's salary in the year or three months salary in a block of three years.
- (iv) Leave travel assistance: Expenses incurred for self and family in accordance with the Rules of the Company.
- (v) Club Fees: subject to a maximum of two clubs this will not include admission and life membership.
- (vi) Personal accident insurance premium not exceeding Rs. 8,000/- p.a.

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

CATEGORY B:

- (i) Employers Contribution: to Provident Fund & Family Benefit Funds As per Rules of the Company.
- (ii) Gratuity: As per rules of the company, subject to a maximum ceiling as may be prescribed under the Payment of Gratuity Act from time to time.
- (iii) Earned Privilege Leave: As per the rules of the Company subject to the condition that the leave accumulated but not availed of will be allowed to be encashed for 15 days salary for every year of completed services at the end of the tenure.

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

CATEGORY C:

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

FURTHER RESOLVED THAT in the event of there being loss or inadequacy of profit for any financial year, the aforesaid remuneration payable to Shri Kunal Jain shall be the minimum remuneration payable to him in terms of the provisions of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT Shri Kunal Jain the Whole-time Director shall also be entitled for the reimbursement of actual entertainment, traveling, boarding and lodging expenses incurred by him in connection with the Company's business and such other benefits/amenities and other privileges, as may



from time to time, be available to other Senior Executives of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as in its absolute discretion, may consider necessary, expedient or desirable and to vary, modify the terms and conditions and to settle any question, or doubt that may arise in relation thereto and the Board shall have absolute powers to hold the increments, decide break up of the remuneration within the above said maximum permissible limit, in order to give effect to the foregoing resolution, or as may be otherwise considered by it to be in the best interest of the Company.

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

BY ORDER OF THE BOARD

ASHOK JAIN

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

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO

ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.

2. Register of Members and Share Transfer Book shall remain closed from 17th September, 2007 to 20th Sept., 2007 (both days inclusive).
- a) Members are requested to notify immediately any change of address;
- (i) to their Depository Participants (DPs) in respect of their electronic share accounts; and
- (ii) to the Company or to its Share Transfer Agents in respect of their physical share folios, if any.
- b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
3. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
- a) Change in the residential status on return to India for permanent settlement.
- b) The particulars of NRE Account with Bank in India, if not furnished earlier.
4. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
5. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
6. Members desires of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
7. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/ investors having their depository account. The ISIN No. for the Equity Shares of the Company is INE459C01016. In case of any query/difficulty in any matter relating thereto may be addressed to the Share Transfer Agent Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha, A.B. Road, Indore (M.P.).
8. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down load from the website of the Ministry of Company affairs.
9. An Explanatory Statement pursuant to Section 173(2) of the Companies act, 1956 setting out material facts in respect of Special Business specified in paragraph 1 to 3 is annexed hereto.



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

General Meeting.

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

STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

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

ANNEXURE TO THE NOTICE

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

ITEM NO.6:

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

Shri Kunal Jain is young and graduate in Commerce and attending commercial operations of the Company in the best interest of the Company's progress, upon the recommendation of the Remuneration Committee, your Board of Directors has considered for appointment for a period of five years w.e.f. 1st May, 2007 on the terms and conditions including remuneration as are set out in the draft agreement to be entered into by the Company with Shri Kunal Jain, submitted to the meeting, which provide liberty to the Board of Directors to alter and vary the terms and conditions of the said appointment and/or agreement so as not to exceed the limit specified in Schedule XIII of the Companies Act, 1956 or any amendment thereto as may be agreed to between the Board of Directors and Whole-time Director, Shri Kunal Jain.

The Board considered that the terms and conditions of the agreement, the salary & perquisites as given in the notice of the meeting is commensurate with his sincere efforts and high responsibilities, status and image of the Company. The Board recommend to pass necessary resolution as set out in item no.6 of the notice.

This should be considered also as an abstract of the terms of the appointment of Shri Kunal Jain as the Whole-time Director of the Company and a memorandum as to the nature of the concern or interest of the Directors in the said re-appointment as required u/s 302 of the Companies Act, 1956.

Except, Shri Ashok Jain being relative and Shri Kunal Jain being appointee none of the other directors are concerned or interested in this Resolution.

ITEM NO.7 & 8:

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

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

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

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

BY ORDER OF THE BOARD

ASHOK JAIN

CHAIRMAN AND MANAGING DIRECTOR

PLACE:INDORE

DATE:31st July 2007



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

Dear Members,

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

FINANCIAL RESULTS

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

DIVIDEND

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

OVERALL REVIEW AND FUTURE PROSPECTS

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

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

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

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

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

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

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

DIRECTORS

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

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

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

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



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

AUDITORS

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

INSURANCE

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

DEPOSITS

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

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of section of 217(2AA) of the Companies Act, 1956, your directors state that:

- ⌘ In the preparation of accounts, the applicable accounting standards have been followed.
- ⌘ Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company as at the end of March 31, 2007 and the profit of the company for the year ended on that date.
- ⌘ Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- ⌘ The annual accounts of the company have been prepared on a going concern basis.

INDUSTRIAL RELATIONS

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

CORPORATE GOVERNANCE

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**A. Financial Review:**

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

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

B. Industry structure and developments:

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

C. Quality Management System:

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

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

D. Internal control systems and their adequacy:

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



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

E. Risks and concerns:

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

F. Cautionary statement:

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

ACKNOWLEDGEMENTS:

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

For & On Behalf of the Board

ASHOK JAIN

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

Annexure to the Directors' Report:

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

A. CONSERVATION OF ENERGY:

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

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

B. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT:

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

C. FOREIGN EXCHANGE EARNING AND OUTGO:

Information in respect of Foreign Exchange Earning & Outgo is:

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

D. PARTICULARS OF THE EMPLOYEES:

As required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975, are not applicable since, none of the employee of the company is drawing more than Rs.24,00,000/- p.a. or Rs.2,00,000/- p.m. for the part of the year, during the year under review.

For & On Behalf of the Board

PLACE: INDORE
Dated: 31st July 2007

ASHOK JAIN
CHAIRMAN & MANAGING DIRECTOR



REPORT ON CORPORATE GOVERNANCE

Under Clause 49 of the Listing Agreement

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

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

2. BOARD OF DIRECTORS AND THEIR MEETINGS:

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

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

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

3. AUDIT COMMITTEE:

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

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

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

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



appointment of the external auditors and fixation of their audit fee and also approval for payment of any other services.

a) Composition of the Audit Committee:

The Audit Committee of the company comprises of the following independent directors:

Shri M.K.Shah (FCA) : Chairman
 Shri A K Sinha (Nominee IFCI) : Member
 Shri D.K.Kemkar (B.E.) : Member
 Shri K.C. Jain (M.Com.,D.I.T.) : Member
 Shri Pramod Jain, (Dy. G.M.) the Compliance officer is also functioning as the Secretary to the Committee.

b) Meetings of the Audit Committee:

During the financial year 2006-07 the Audit Committee met 4 (four) times on the 30th May 2006; 28th July 2006, 31st Oct., 2006 and 30th January, 2007 under the Chairmanship of Shri M.K.Shah, in which proper quorum were present. One meeting of the Committee 30th May 2007 was also attended by Shri J.P.Saraf, the Auditors of the Company. The Committee considered the draft Annual Accounts for the year 2006-07. The Committee also reviewed financial and risk management policy of the Company and defaults, if any in payment to the creditors, financial institutions and reasons thereof.

4. SHAREHOLDERS GRIEVANCE COMMITTEE:

The shareholders Grievances Committee facilitate prompt and effective redressal of the complaints of the shareholders and reporting the same to the Board periodically. The Shareholders Grievance Committee of the company was constituted comprising of the following independent directors:
 Shri M.K Shah (Independent/NED) : Chairman
 Shri D.K.Kemkar (Independent/NED): Member
 Shri K. C. Jain (Independent/NED): Member
 Shri Pramod Jain, (Dy. G.M.) the Compliance officer also acting as the Secretary to the Committee.

As there no reference was given to the Committee therefore no meeting of the committee was required to be held during the year 2006-07.

5. REMUNERATION COMMITTEE:

a) Composition of the Remuneration Committee:

Composition of the Remuneration Committee is as under:

Shri M.K. Shah (Independent/NED) : Chairman
 Shri D.K.Kemkar (Independent/NED) : Member
 Shri K. C. Jain (Independent/NED) : Member
 Shri Pramod Jain, (Dy.G.M.) the Compliance officer also acting as the Secretary to the Committee.

b) Meeting and recommendation of the remuneration committee during the year:

No Meeting of the Committee was held during the year 2006-07.

c) Payment of non-executive directors and composition

of the Committee:

The Company is not paying any remuneration to the non-executive/independent Directors except, sitting fees for the attending of the Board or the committee meetings.

d) Remuneration paid to directors during the year:

S. No.	Name of Director	Status	Sitting fee	Salary/ remuneration
(1)	Mr.Ashok Jain	Chairman & MD	0	15,39,700
(2)	Mr.S.C.Chajjed	Director/NED	0	0
(3)	Mr.K.C Jain	Director/NED	5,000	0
(4)	Mr.D.K.Kemkar	Director/NED	3,000	0
(5)	Mr.M.K.Shah	Director/NED	5,000	0
(6)	Mr.Narendra K.Kathed	Director/NED	3,000	0
(7)	Mr.A.K.Sinha	NED/Nominee IFCI	2,000	0

6. VENUE AND TIME OF THE LAST THREE ANNUAL GENERAL MEETINGS:

Date of AGM	Venue	Time	No. of resolution passed other than ordinary businesses	No.of resolution passed by Postal Ballot
28.09.04	117, 1st Floor, Navneet Darshan, 16/2 Old Palasiya Indore (M.P.)	2.00 P.M.	Two	Nil
22.09.05	-- do --	-- do --	Four	Nil
28.07.06	-- do --	-- do --	None	Nil

7. DISCLOSURES:

There are no materially significant related party transactions i.e. transactions material in nature, with its promoters, the directors or the management, their subsidiaries or relatives, etc. having potential conflict with the interest of the company at large.

There has not been any non-compliance by the company and no penalties or strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

8. MEANS OF COMMUNICATION:

The company regularly intimates un-audited as well as audited financial results to the Stock Exchange immediately after these are taken on record by the Board. These financial results are normally published in the Free Press Journal (English) and in Chautha Sansar (Hindi), the vernacular newspaper and simultaneously posted on the Electronic Data Information filing and Retrieval website namely www.sebiedifar.nic.in The website is also accessible through a hyperlink "EDIFAR" from SEBI's official website, www.sebi.gov.in

9. GENERAL INFORMATION TO SHAREHOLDERS & INVESTORS



- (i) **Date, Time and Venue of Annual General Meeting** : 20.09.2007
at 2.00 P.M. at the Regd.Off. at 117, 1st Floor, Navneet Darshan, 16/2, Old Palasia, Indore (M.P)
- (ii) **Financial Calendar** : April to March
First Quarter Results On or Before 31st July, 2007
Second Quarter Results On or before 31st Oct., 2007
Third Quarter Results On or before 31st Jan., 2008
Last Quarter Results On or before 30th June, 2008
- (iii) **Dates of Book Closure** : From 17.09.2007 to 20.09.2007
- (iv) **Board meeting for consideration of Annual Accounts** : 30th June, 2007
- (v) **Posting of Annual Report** : 20th August, 2007
- (vi) **Last date for receipt of Proxy** : 18th Sept., 2007
- (vii) **No. of Shares holders as on 31.03.2007** : 5167
- (viii) **Listing on Stock Exchanges** : The BSE, Mumbai
The Company is regular in payment of annual listing fee and has also paid the same for the year 2007-08.
- (ix) **Scrip Code** : 522017
- (x) **Demat ISIN No. for CDSL & NSDL** : INE459CO1016
- (xi) **Stock Market Data** : Stock Exchange, Mumbai

High and low during each month in the financial year 2006-07

Month	Highest (Rs.)	Lowest (Rs.)	Total volume of shares
April	11.02	7.89	148382
May	12.69	7.85	189788
June	9.70	6.04	98009
July	9.15	6.90	147778
August	9.15	7.60	55467
September	8.75	6.90	60169
October	11.75	7.01	94329
November	12.90	9.06	215342
December	20.00	10.05	615053
January	18.40	14.80	141521
February	17.20	11.30	337919
March	12.69	9.05	165752

(xii) Share Transfer System:

Shareholders/Investors' Grievance Committee also approves share transfers and meets at frequent intervals. The Company's Share Transfers Agent, Ankit Consultancy Pvt. Ltd. process these transfers. Share transfers are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. In cases where shares are transferred after sending notice to the transferors, in compliance of applicable provisions, the period of transfer is reckoned from the date of expiry of the notice.

(xiii) Status of the investors/shareholders complaints:

- (i) Number of complaints received during the year : 8
- (ii) Number of complaints solved during the year : 8
- (iii) Number of complaints pending at the end of the year : NIL

(xiv) Dematerialisation/Rematerialisation

The shares of the company are traded in dematerialised form. As on 31st March, 2007, the Company's 38,02,456 shares are held by shareowners in dematerialised form, aggregating 73.44% of the Equity Share Capital.

No. of shares in physical, NSDL and CDSL as on 31st March, 2007:

(a) In physical Form	: 11,54,844
(b) In CDSL	: 9,54,120
(c) in NSDL	: 28,40,536

(xv) Distribution of Shareowning as on 31st March, 2007:

Shareholding of Nominal Value of Rs.	No. of Owners	% of Share holders	Share Amount (Rs.)	% to Total
Upto 1000	2976	57.60	2911010	5.88
1001 -2000	562	10.88	1108940	2.24
2001 -3000	237	4.59	690100	1.39
3001 -4000	126	2.44	498450	1.01
4001 -5000	491	9.50	2446900	4.94
5001 -10000	403	7.80	3493550	7.06
10001-20000	166	3.21	2633700	5.32
20001-30000	69	1.33	1765220	3.57
30001-40000	24	0.46	865340	1.75
40001-50000	37	0.72	1744560	3.53
50001-100000	30	0.58	2267510	4.58
100001- Above	46	0.89	29069720	58.73
Total	5167	100.00	4,94,95,000	100.00

(xvi) Shareholders pattern as on 31st March, 2007:

Sr.	Category	No. of Shares held	% of share holding
A Promoter Holding			
1	Promoters		
	Indian Promoters	1371184	27.70
	Foreign Promoters	0	0
2	Persons Acting in Concert	0	0
	Sub Total	1371184	27.70
B Non Promoters Holding			
3.	Institutional investors	0	0
(a)	Mutual Funds and UTI	0	0
(b)	Bank, financial Institutions, companies (Central/State Govt./ Non- Govt. Institutions)	460000	9.29
(c)	FII's	0	0
	Sub Total	460000	9.29
4	Others	0	0
(a)	Private corporate Bodies	661524	13.37
(b)	Indian Public	2407965	48.65
(c)	NRI/OCBs	48827	0.99
(d)	Any other	0	0.000
	Sub Total	3118316	63.01
	TOTAL	4949500	100.00

(xvii) Address for Communication : Shareholders should address their correspondence to the Company's Share Transfer Agent Ankit Consultancy Pvt. Ltd. Alankar Point, Gita Bhawan Chouraha, A.B. Road, Indore (M.P.) or may contact at the Regd. office of the Company.



(xviii) Name and Designation of the Compliance Officer : Shri Pramod Jain
Dy. General Manager

(xix) Plant Location, Head Office & Address for correspondence : 7C-8J, Industrial Area, No.1
A.B.Road,
Dewas (M.P.) 455001
Phone No. 0091 7272
258582, 258583
Fax No. 0091 7272 258581
Email : fludomat@sancharnet.in

For & On Behalf of the Board

Place : INDORE
Date : 31st July 2007

ASHOK JAIN
CHAIRMAN & MANAGING DIRECTOR

MANAGEMENT RESPONSIBILITY STATEMENT

The Management of Company accepts responsibility for the integrity and objectivity of these financial statements, as well as, for estimates and judgements relating to matters not concluded by the year-end. The management believes that the financial statements reflect fairly the form and substance of transactions and reasonably presents the company's financial condition, and results of operations. To ensure this, the company has installed a system of internal controls, which is reviewed, evaluated and updated on an ongoing basis. Our internal auditors have conducted periodic audits to provide reasonable assurance those company's established policies and procedures have been followed. However, there are inherent limitations that should be recognized in weighing the assurances provided by any system of internal controls.

These financial statements have been audited by M/s J.P.Saraf & Co., Chartered Accountants, the Statutory Auditors of the Company.

For & On Behalf of the Board

ASHOK JAIN
CHAIRMAN & MANAGING DIRECTOR

Place : INDORE
Dated : 31.07.2007

PRAMOD JAIN
D.G.M. Finance & Accounts

**CERTIFICATE OF STATUTORY AUDITORS
ON CLAUSE 49 OF THE LISTING
AGREEMENT WITH THE STOCK EXCHANGES**

To
The Board of Directors
Fluidomat Limited

We have examined the compliance of conditions of Corporate Governance procedures as stipulated in Clause 49 of Listing Agreement entered into by the company with the Stock Exchanges, for the financial year beginning 1st April, 2006 and ending on 31st March, 2007.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have conducted our review on the basis of the relevant records and documents maintained by the company and furnished to us for review and the information and explanations given to us by the company. Based on such review, in our opinion, the Corporate Governance Report of the company, referred to above, reflects on a fair basis the status of compliance by the company with the Clause 49 of the Listing Agreement of the Stock Exchanges, relating to Corporate Governance, for the F.Y. 2006-07 and that no investors grievances is pending for a period exceeding one month against the Company as per the records mentioned by the Share Department/Share Transfer Agent of the Company.

We further state that such compliance is neither an assurance or as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For J.P.SARAF & Co.
CHARTERED ACCOUNTANTS

Place : INDORE
Date : 31st July 2007

J.P.SARAF
PARTNER

**AUDITORS' REPORT****TO
THE MEMBERS,
FLUIDOMAT LIMITED**

We have audited the Balance Sheet of FLUIDOMAT LIMITED as at 31st March, 2007 and also the Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes, examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further, to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (ii) In our opinion, proper books of accounts as required by law have been kept by the company, so far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit & Loss Account and Cash flow dealt with by this report are in agreement with the books of accounts.
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the directors as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors were disqualified as on 31st March, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of Companies Act, 1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with notes appearing in schedule of significant Accounting Policies and Notes on Accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) In the case of Balance Sheet, state of affairs of the Company as at 31st March, 2007.
 - (b) In case of the Profit & Loss Account, of the PROFIT for the year ended on that date.
 - (c) In the case of the Cash Flow Statement of the cash flows for the year ended on that date.

For **J.P. Saraf & Company**
Chartered Accountants

Place : INDORE
Date : This 30th Day of June, 2007

(J.P. SARAF)
Partner
Memb.: 075319



Annexure to the Auditors Report

Annexure referred to in paragraph 1 of our report of even date to the members of Fluidomat Ltd. For the year ended 31st March, 2007.

- (i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) As explained to us the fixed assets have been physically verified by the management at reasonable intervals, as informed to us by the management no material discrepancies were noticed on such verification;
- (c) No substantial part of fixed assets has been disposed off during the year, to affect the going concern;
- (ii) (a) Physical verification of inventory has been conducted at reasonable intervals by the management;
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;
- (c) The company is maintaining proper records of inventory and as informed to us by the management no material discrepancies were noticed on physical verification;
- (iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. The company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956 except unsecured loan from Shri Ashok Jain (Chairman & Managing Director) and the outstanding as on 31.03.2007 is Rs 23,22,367/-.
- (b) The rate of interest and other terms and conditions of loans taken by the company, secured or unsecured, are not prima facie prejudicial to the interest of the company;
- (c) The company has not given any loan, hence clause (c) and (d) of the order are not applicable;
- (iv) There is adequate internal control procedure commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of Audit we observed no continuing failure to correct major weaknesses in internal control;
- (v) (a) We observed the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered;
- (b) We observed that these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time, Though no such transaction was of the value exceeding Rupee Five Lakh.
- (vi) The company has not accepted deposits from the public;
- (vii) The company has an internal audit system commensurate with its size and nature of its business;
- (viii) To the best of our knowledge and as explanation given to us, maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act for the products of the company;
- (ix) (a) According to the records of the Company, the company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Custom Duty, Excise Duty, cess and any other statutory dues with the appropriate authorities though there has been delay in a payment of Sales Tax. The extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, are Rs. 10,95,666/- (Commercial Tax, Central Sales Tax & Entry Tax).

According to the records of the Company, there are no dues outstanding of custom tax / wealth tax / excise duty / cess etc. on account of any dispute except the following:



Nature of Dues	Period to which the amount relates	Forum where matter is pending	Amount (In Rupees)
Income Tax	1991-92	Commissioner Income Tax	97,823
Sales Tax	1996-97 & 2002-03	The Commissioner M.P. Com. Tax Appellate Board, Bhopal & Deputy Commissioner M.P. Com. Tax division III Indore	1,69,011

- (x) The accumulated losses at the end of the financial year are not more than fifty per cent of its net worth. The company has not incurred cash losses in the financial year ended 31.03.2007 and in the financial year immediately preceding this financial year.
- (xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to Financial Institutions, Banks or Debenture holders as at the Balance Sheet date.
- (xii) In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanation given to us, the company is not a chit fund or a nidhi/ mutual benefit fund/societies. Therefore the provisions of clause 4 (xiii) of the Order are not applicable to the company.
- (xiv) In our opinion and according to the information and explanation given to us, the company is not dealing in or trading in Shares, Securities, Debentures and other investments. Therefore the provisions of clause 4 (xiv) of the Order are not applicable to the company.
- (xv) On the basis of information provided to us by the management the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion and according to information and explanation given to us no term loan raised during the year hence the provisions of clause 4 (xvi) of the Order are not applicable to the company.
- (xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet and cash flow statement of the company, we report that no funds raised on short term basis have been used for long term investment and vice versa (excluding permanent working capital).
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debenture during the year. No money has been raised through the Public Issue during the year under Audit.
- (XX) During the course of our examination of the books & records of the company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company noticed or reported during the year, nor have we been informed of such case by the management.

For J.P. Saraf & Company
CHARTERED ACCOUNTANTS

Place : Indore
Date : This 30th Day of June, 2007

(J.P. SARAF)
PARTNER
Membership No: 075319



BALANCE SHEET AS AT 31st MARCH, 2007

	SCHEDULE	AS AT 31.03.2007 RUPEES	AS AT 31.03.2006 RUPEES
SOURCES OF FUNDS :			
SHARE HOLDERS FUNDS			
Share Capital	1	5,24,72,500	5,24,72,500
Reserves & Surplus	2	<u>9,12,454</u>	<u>9,12,454</u>
		<u>5,33,84,954</u>	<u>5,33,84,954</u>
LOAN FUNDS			
Secured Loans	3	2,78,69,168	3,83,92,447
Unsecured Loans	4	<u>23,22,367</u>	<u>25,22,367</u>
		<u>3,01,91,535</u>	<u>4,09,14,814</u>
DEFERRED TAX LIABILITY (NET)			
(Refer Note 10 on Schedule 19)		23,94,132	0
TOTAL		<u>8,59,70,621</u>	<u>9,42,99,768</u>
APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	5	7,47,96,469	7,39,38,210
Less: Depreciation		<u>4,11,94,338</u>	<u>3,90,30,646</u>
NET BLOCK		3,36,02,131	3,49,07,564
Capital Work-in-progress		<u>2,70,690</u>	<u>35,665</u>
		<u>3,38,72,821</u>	<u>3,49,43,229</u>
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	2,66,97,954	2,07,93,758
Sundry Debtors	7	2,93,61,419	3,10,56,666
Cash & Bank Balances	8	19,37,793	7,26,115
Loans, Advances & Other Current Assets	9	<u>36,43,153</u>	<u>43,60,804</u>
		<u>6,16,40,319</u>	<u>5,69,37,343</u>
Less: CURRENT LIABILITIES & PROVISIONS			
Liabilities	10	1,62,71,202	1,54,93,583
Provisions	11	<u>28,22,475</u>	<u>19,22,872</u>
		<u>1,90,93,677</u>	<u>1,74,16,455</u>
Net Current Assets		4,25,46,642	3,95,20,888
Profit and Loss Account		<u>95,51,158</u>	<u>1,98,35,651</u>
TOTAL		<u>8,59,70,621</u>	<u>9,42,99,768</u>

Significant Accounting Policies,
Notes on Accounts & Contingent Liabilities

As per our report attached of even date

for J.P.SARAF & CO.
Chartered Accountants

(JAI PRAKASH SARAF)
Partner

(ASHOK JAIN)
Chairman & Managing Director

(K.C. Jain)
Director

(M.K. Shah)
Director

Place : Indore
Date : This 30th Day of June, 2007

(Prmod Jain)
D.G.M. Finance & Accounts



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2007

	SCHEDULE	Year Ended 31.03.2007 RUPEES	Year Ended 31.03.2006 RUPEES
INCOME			
Sales	12	11,39,54,662	9,35,23,543
Other Income	13	1,72,903	4,28,346
		<u>11,41,27,565</u>	<u>9,39,51,889</u>
LESS : EXPENDITURE			
Manufacturing, Administrative & Selling exp.	14	<u>9,31,85,370</u>	<u>7,81,11,685</u>
PROFIT BEFORE INTEREST AND DEPRECIATION			
Interest	15	2,09,42,195	1,58,40,204
		<u>39,50,316</u>	<u>43,14,485</u>
PROFIT BEFORE DEPRECIATION			
Depreciation		1,69,91,879	1,15,25,719
		<u>30,88,487</u>	<u>29,96,499</u>
PROFIT BEFORE TAXATION			
PROVISION FOR TAXES		1,39,03,392	85,29,220
a) Current Tax (MAT)		9,43,110	0
b) Deferred Tax		23,94,132	0
c) Fringe Benefit Tax		<u>2,08,688</u>	<u>2,14,359</u>
PROFIT AFTER TAXATION			
Income Tax paid for earlier years		1,03,57,462	83,14,861
Previous year adjustment		0	2,07,916
		<u>-72,969</u>	<u>-65,475</u>
NET PROFIT			
Balance as per last Account		1,02,84,493	80,41,470
BALANCE CARRIED TO BALANCE SHEET		<u>-1,98,35,651</u>	<u>-2,78,77,121</u>
		<u>-95,51,158</u>	<u>-1,98,35,651</u>
EARNINGS PER SHARE (RS.)			
Basic		2.08	1.63
Diluted		1.96	1.56
(Refer note No. 09 of schedule No. 19)			

Significant Accounting Policies,
Notes on Accounts & Contingent Liabilities

19

As per our report attached of even date

for J.P.SARAF & CO.
Chartered Accountants

(ASHOK JAIN)
Chairman & Managing Director

(JAI PRAKASH SARAF)
Partner

(K.C. Jain)
Director

(M.K. Shah)
Director

Place : Indore
Date : This 30th Day of June, 2007

(Prmod Jain)
D.G.M. Finance & Accounts



SCHEDULES TO THE ACCOUNTS

	AS AT 31.03.2007 RUPEES	AS AT 31.03.2006 RUPEES
SHARE HOLDER'S FUNDS		
1. SHARE CAPITAL		
Authorised :	5,50,00,000	5,50,00,000
5500000 Equity Shares of Rs.10/-each (Previous year 5500000 Equity Shares of Rs.10/-each)		
50000 10% Redeemable Preference Shares of Rs. 100/- each	<u>50,00,000</u>	<u>50,00,000</u>
	<u>6,00,00,000</u>	<u>6,00,00,000</u>
Issued, Subscribed & Paid up		
4478500 Equity Shares of Rs. 10/- each (fully paid-up-in cash)	4,47,85,000	4,47,85,000
Less: Calls in Arrears(Other than from Directors)	-1,12,500	-1,12,500
 471000 Equity Shares of Rs. 10/- each are allotted to IFCI Ltd. as fully paid up pursuant to the restructuring package for a consideration other than cash.	47,10,000	47,10,000
 30900 10% Redeemable Preference Share of Rs. 100/- each are allotted to IFCI Limited as fully paid up pursuant to the restructuring package for a consideration other than cash.	30,90,000	30,90,000
	<u>5,24,72,500</u>	<u>5,24,72,500</u>
2. RESERVES AND SURPLUS		
Capital Reserve (Balance as per last year)	9,12,454	9,12,454
	<u>9,12,454</u>	<u>9,12,454</u>
LOAN FUNDS		
3. SECURED LOANS		
(A) Term Loans :		
IFCI Limited - Term Loan	1,28,62,026	1,55,78,026
ICICI Bank Ltd.-Car Loan	5,82,317	10,72,360
Maruti Country Wide Auto Finance Ltd.- Car Loan	1,31,825	2,82,950
(B) Debentures :		
64300 Fully paid up 10% optionally fully convertible Debentures of Rs. 100/- each allotted to IFCI Ltd. (as fully paid up pursuant to the restructuring package for a consideration other than cash.)	64,30,000	64,30,000
(C) Working Capital Loans :		
Central Bank of India	<u>78,63,000</u>	<u>1,50,29,111</u>
	<u>2,78,69,168</u>	<u>3,83,92,447</u>
4. UNSECURED LOAN		
From Director	<u>23,22,367</u>	<u>25,22,367</u>
	<u>23,22,367</u>	<u>25,22,367</u>

NOTES :

- Term Loan from IFCI Limited is secured by exclusive mortgage and charge on all immovable assets both present and future of new unit & assets of existing unit subject to charges of other loan stated in this schedule.
- Term loan from IFCI Limited is also secured by hypothecation of all movable assets subject to prior charge of Central Bank of India.
- Various working capital facilities from Central Bank of India including Bank Guarantees etc., are secured by way of hypothecation of inventories, stores & raw material & components finished and semi-finished goods, book debts including documentary bills and other movable assets and are further secured by mortgage of Land & Building and Plant & Machinery by way of second charge.
- Loan from ICICI Bank Ltd. are secured against Lancer Car & Toyota Innova & loan from Maruti countrywide is secured against Maruti Esteem .
- The above mentioned loans are also secured by Personal Guarantee of Mr. Ashok Jain, Chairman & Managing Director of the Company (For Central Bank of India Smt. Pramila Jain has also given personal guarantee).



Schedule to the Accounts (Continued..)

5. FIXED ASSETS :

(Amount in Rs.)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	COST AS AT 01.04.2006	ADDITION 01.04.2006- 31.03.2007	SALES ADJUST- MENTS	COST AS AT 31.03.2007	UPTO 31.03.2006	PERIOD 01.04.2006- 31.03.2007	WRITTEN BACK ADJ- USTMENT	UPTO 31.03.2007	AS AT 31.03.2007	AS AT 31.03.2006
LAND (LEASE HOLD)	357959	0	20622	337337	0	0	0	0	337337	357959
SITE DEVELOPMENT	861080	0	0	861080	160354	14035	0	174389	686691	700726
BUILDING	13157174	81373	0	13238547	4892346	382589	0	5274935	7963612	8264828
PLANT & MACHINERY	51468744	1291544	42398	52717890	29775377	2105068	40618	31839827	20878063	21693367
COMPUTER	2202435	150439	915168	1437706	1638633	138805	870318	907120	530586	563802
FURNITURE	2647013	283286	0	2930299	1855068	138704	0	1993772	936527	791945
VEHICLES	3243805	44393	14588	3273610	708868	309286	13859	1004295	2269315	2534937
TOTAL	73938210	1851035	992776	74796469	39030646	3088487	924795	41194338	33602131	34907564
CAPITAL WORK IN PROGRESS									270690	35665
GRAND TOTAL	73938210	1851035	992776	74796469	39030646	3088487	924795	41194338	33872821	34943229
PREVIOUS YEAR	71027559	2971196	60545	73938210	36059675	2996499	25528	39030646	34943229	-

**AS AT
31.03.2007
RUPEES** **AS AT
31.03.2006
RUPEES**

CURRENT ASSETS, LOANS & ADVANCES

6. INVENTORIES

(As taken, valued and certified by the Management)

Stores and Spares	17,43,882	12,65,728
Raw Materials & Components	59,89,161	59,34,184
Stock in Process	1,20,98,180	1,13,16,028
Finished Goods	68,27,553	22,55,888
Scrap	39,178	21,930
	<u>2,66,97,954</u>	<u>2,07,93,758</u>

7. SUNDRY DEBTORS

(Unsecured ,Considered good)

Debts outstanding for a period exceeding six months	20,12,127	15,12,351
Other Debts	2,73,84,888	2,96,81,648
	2,93,97,015	3,11,93,999
Less : Provision for Doubtful Debts	35,596	1,37,333
	<u>2,93,61,419</u>	<u>3,10,56,666</u>

8. CASH AND BANK BALANCES

Cash in hand (As certified by the management)

Balances with scheduled Banks :

In Current Account

2,50,774	42,759
16,87,019	6,83,356
<u>19,37,793</u>	<u>7,26,115</u>



Schedule to the Accounts (Continued ...)

	AS AT 31.03.2007 RUPEES	AS AT 31.03.2006 RUPEES
9. LOANS AND ADVANCES		
(Unsecured, considered good unless otherwise specified)		
Sundry Advances (Recoverable in cash or in kind or for value to be received)	14,13,917	17,59,223
Accrued Interest	1,27,746	85,801
Balance with Central Excise	1,72,529	2,89,318
Advance Income Tax payment and Income Tax deducted	45,335	26,463
Deposit with Government Department	4,38,692	4,29,191
Other Deposits	3,03,486	3,57,659
In Margin Money Account (Central Bank of India)	<u>11,41,448</u>	<u>14,13,149</u>
	<u>36,43,153</u>	<u>43,60,804</u>
10. CURRENT LIABILITIES		
Sundry Creditors	93,33,178	88,62,970
Dues of small scale Industrial undertakings	2,34,541/-	
Outstandings due to Other Creditors	<u>90,98,637/-</u>	
Other liabilities	66,03,260	62,25,158
Interest Accrued but not Due	<u>3,34,764</u>	<u>4,05,455</u>
	<u>1,62,71,202</u>	<u>1,54,93,583</u>
11. PROVISIONS		
For Bonus	9,96,542	3,83,732
For Gratuity to Chairman & Managing Director	3,50,000	3,50,000
For Leave Encashment	<u>14,75,933</u>	<u>11,89,140</u>
	<u>28,22,475</u>	<u>19,22,872</u>
12. SALES & SERVICES		
Sales of finished goods (including spares & components)	11,38,15,948	9,33,87,355
Miscellaneous Sales (Scrap)	<u>1,38,714</u>	<u>1,36,188</u>
	<u>11,39,54,662</u>	<u>9,35,23,543</u>
13. OTHER INCOME		
Miscellaneous receipt	1,72,903	2,13,250
(Tax deducted at source Rs.1763/- (1024/-)		
Sales Tax Set off/Refund	<u>0</u>	<u>2,15,096</u>
	<u>1,72,903</u>	<u>4,28,346</u>



Schedule to the Accounts (Continued ...)

	Year Ended 31.03.2007 RUPEES	Year Ended 31.03.2006 RUPEES
14. MANUFACTURING, ADMINISTRATIVE & SELLING EXPENSES		
Purchase of Finished Goods		
Raw Material & Components Consumed :		
(a) Aluminium & Others (Schedule'17')	2,56,31,995	2,02,78,562
(b) Components (Schedule'18')	1,56,78,985	1,26,99,214
Stores and Spares Consumed	38,05,853	32,49,483
Excise duty	1,44,98,304	1,21,10,254
Power & Fuel	42,37,117	35,00,784
Machining charges	16,47,318	15,36,193
Salaries & Wages	1,56,32,442	1,20,74,312
Contribution to Provident & Other Funds	15,32,355	13,92,191
Employees Welfare	1,38,758	1,14,974
Rent	3,57,071	3,87,913
Lease Rent & Hire Charges	73,858	88,522
Rates and Taxes	1,48,519	1,01,789
Insurance	2,27,774	1,97,105
Postage Telephone & Courier Expenses	5,81,415	5,49,529
Bank Charges (including Bank Guarantee Commission Rs.76690/-(179439/-)	6,89,351	6,93,479
Travelling & Conveyance	22,64,550	20,73,474
Vehicle Running & Maintenance Expenses	2,64,804	2,20,165
Factory Expenses	4,44,694	4,85,908
Subscription & Membership	76,340	74,453
Advertisement & publicity	69,385	77,890
Printing & Stationery	3,50,878	2,51,712
Legal & Professional Charges	1,77,150	3,01,636
Miscellaneous expenses	2,30,556	1,91,873
<u>REPAIRS :</u>		
to Building	3,24,012	75,589
to Plant & Machinery	4,53,874	3,35,942
to Other Assets	1,00,511	2,14,564
<u>AUDITORS REMUNERATION :</u>		
Audit Fees	35,000	35,000
Out of pocket expenses	5,375	7,685
<u>SELLING AND DISTRIBUTION:</u>		
Selling & Distribution expenses	13,46,839	12,89,031
Commissions to Selling Agents	20,63,910	16,57,352
<u>OTHER EXPENSES :</u>		
Sales Tax	51,82,942	39,32,871
Loss on sale/write off of Fixed Assets	46,630	2,911
Bad Debts	2,37,870	3,59,623
	<u>9,85,56,435</u>	<u>8,05,61,983</u>
Add : Decrease/(Increase) in Stock (Schedule'16')	<u>-53,71,065</u>	<u>-24,50,298</u>
	<u>9,31,85,370</u>	<u>7,81,11,685</u>



Schedule to the Accounts (Continued ...)

	Year Ended 31.03.2007 RUPEES	Year Ended 31.03.2006 RUPEES
15. INTEREST		
On Term Loans	20,45,467	24,73,213
On Debenturs to IFCI	6,43,000	6,43,000
To Bank & Others	<u>13,52,580</u>	<u>12,64,714</u>
	40,41,047	43,80,927
Less: Received (Gross) Tax deducted at source Rs.16998/- (14989/-) from Bankers & Others	<u>90,731</u>	<u>66,442</u>
	<u>39,50,316</u>	<u>43,14,485</u>
16. DECREASE/(INCREASE) IN STOCK		
OPENING STOCK:		
Stock in Process	1,13,16,028	91,28,355
Finished goods	22,55,888	19,90,315
Scrap	<u>21,930</u>	<u>24,878</u>
	<u>1,35,93,846</u>	<u>1,11,43,548</u>
Less : CLOSING STOCK:		
Stock in Process	1,20,98,180	1,13,16,028
Finished goods	68,27,553	22,55,888
Scrap	<u>39,178</u>	<u>21,930</u>
	<u>1,89,64,911</u>	<u>1,35,93,846</u>
Decrease/Increase in stock	<u>-53,71,065</u>	<u>-24,50,298</u>
17. RAW MATERIAL CONSUMED (Aluminium & Others)		
Opening Stock	19,22,352	16,26,147
Add: Purchase (Less captive consumption of Rs.270386/- (392044/-)	<u>2,82,81,556</u>	<u>2,19,11,890</u>
	3,02,03,908	2,35,38,037
Less: Excise Duty (CENVAT)	<u>23,26,488</u>	<u>13,37,123</u>
	2,78,77,420	2,22,00,914
Less: Closing Stock	<u>22,45,425</u>	<u>19,22,352</u>
	<u>2,56,31,995</u>	<u>2,02,78,562</u>
18. COMPONENT CONSUMED		
Opening Stock	40,11,832	21,55,963
Add: Purchase (Less captive consumption of Rs.23718/- (34390/-)	<u>1,67,72,601</u>	<u>1,58,11,135</u>
	2,07,84,433	1,79,67,098
Less: Excise Duty (CENVAT)	<u>13,61,712</u>	<u>12,56,052</u>
	1,94,22,721	1,67,11,046
Less: Closing Stock	<u>37,43,736</u>	<u>40,11,832</u>
	<u>1,56,78,985</u>	<u>1,26,99,214</u>

**SCHEDULE-19 :****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****(1) SIGNIFICANT ACCOUNTING POLICIES :**

(A) ACCOUNTING CONVENTION : The Company generally follows Mercantile system of accounting and recognises income and expenditure on the accrual basis except those with Significant uncertainties and/or mentioned hereunder in this schedule. The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principal and provisions of Companies Act, 1956 and as adopted consistently by the Company.

(B) INFLATION : Assets and Liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

(C) FIXED ASSETS & DEPRECIATION : Fixed assets are stated at cost net of Cenvat.

Depreciation is being accounted for in the books on Straight Line Method at the rates specified in schedule XIV of the Companies Act, 1956.

Lease hold land is being amortized in equal installments over the period of lease.

(D) INVENTORIES : Raw Materials, Stores & Spares are valued at weighted average and Finished Goods and Stock in Process are valued at lower of cost or realizable value. Scrap is valued at realizable value.

(E) EXCISE DUTY : Excise Duty on goods produced is accounted for at the time of clearance of goods.

(F) RETIREMENT BENEFITS :

Provident Fund: Periodical contribution charged as expenses.

Gratuity: The Company has taken Group Gratuity Policy with LIC of India to secure Gratuity Liability. The Company accounts for gratuity liability equivalent to the premium amount payable as per the actuarial valuation made by LIC of India.

Leave Encashment: The Company has opted to pay the liability out of its own funds and provision for Leave Encashment has been made based on the liability to all employees at the end of the accounting year.

(G) TREATMENT OF CONTINGENT LIABILITIES : Contingent liabilities, which are considered significant and material by the company, are disclosed in the Notes to Accounts.

(H) REVENUE RECOGNITION : Sales are recognized at the point of dispatch to customers and are inclusive of Excise duty, Sales Tax and Packing charges.

(I) GOVERNMENT GRANTS : Capital Subsidy shown under Capital Reserves.

(J) FOREIGN CURRENCY TRANSACTIONS : Transactions in Foreign currency are recorded at the exchange rates existing at the date of Transaction and exchange difference arising from Foreign Currency Transactions are dealt with in Profit and Loss Account. Current Assets and Current Liabilities at the year-end are being translated at Closing Rates and exchange difference dealt with in the Profit & Loss Account.

(K) BORROWING COST : Borrowing cost that are directly attributable to the acquisition of qualifying assets are capitalized for the period until the Assets is ready for its intended use. Other borrowing costs are recognized as an expense in the period for which it is incurred.

(L) TAXES ON INCOME : Current Tax is determined in accordance with the relevant tax regulations applicable to the company. Deferred tax is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversing in one or more subsequent periods. Deferred tax assets are recognised only to the extent there is a virtual certainty of its realization .

(M) IMPAIRMENT OF ASSETS : The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to profit and loss account.



Notes to the Accounts (Continued ...)

	AS AT 31.03.2007 RUPEES	AS AT 31.03.2006 RUPEES
(2) NOTES TO THE ACCOUNTS:	Nil	Nil
01) Estimated amount of contracts remaining to be executed On capital account and not provided for		
02) (I) Contingent liabilities not provided for in respect of: (As certified by the Management) Counter Guarantees given to the Bank in respect of Guarantees given by them on behalf of the company. Margin money Rs. 10,00,000/- (7,00,000/-)	60,34,987	62,01,743
(ii) Demands against the Company being disputed not acknowledged as debt and not provided for in respect of which the Company is in appeal :		
(a) Income Tax Demands	59,354	59,354
(b) Sales Tax Demands	Nil	70,044
(c) Labour Payment	Nil	Nil
03) Fixed deposit receipt pledged with :		
(a) Bankers	10,78,856	7,33,974
04) Advance includes :		
(a) Due from the Director of the company. Maximum Balance outstanding during the year 97180/-(121940/-)	Nil	Nil
05) Miscellaneous Expenses include :		
Charity and Donation	3,100	3,651
06) Auditor's Remuneration:		
(a) Audit Fee	35,000	35,000
(b) Out of Pocket Expenses	5,375	7,686
07) Expenditure on employee drawing remuneration which in the aggregate is not less than Rs. 24,00,000/- per annum where employed throughout the year or not less than Rs. 200,000/- per month where employed for a part of the year.		
(a) Employed throughout the year :		
No. of employees	None	None
Remuneration	Nil	Nil
(b) Employed for a part of the year :	None	None
8) Unpaid amount due to Small Scale Industrial Undertakings are disclosed under schedule No. 10 under Sundry Creditors on the basis of information available with the Company regarding the status of the suppliers. This has been relied upon by the Auditors. Such undertaking to which the Company owes for more than 30 days as at the end of the year are given below :		
S.No.	Name of the Supplier	Amount
01.	Dewas Hydroquip P. Ltd.	18077/-
02.	Technochem Engineers	120773/-
03.	Universal Electrodes P.Ltd.	1874/-

**Notes to the Accounts (Continued ...)****9) Earning Per Share (EPS)**

As per Accounting Standard-20 Basic Earning per share is Rs. 2.08 whereas the diluted earning per share is Rs.1.96. The following is a reconciliation of the equity shares used in computation of basic & diluted earning per equity share :

	<u>31.03.2007</u>	<u>31.03.2006</u>
Basic equity share (Nos.)	49,38,250	49,38,250
Weighted average of Equity Shares (Nos.) for EPS calculation	49,38,250	49,38,250
ADD : Effect of dilutive common equity share :		
(i) Optionally fully convertible Debentures (Nos.)	6,43,000	6,43,000
A Dilutive equity share (Nos.)	55,81,250	55,81,250
Net Profit/(Loss) for the year for basic earning per share	1,02,84,493	80,41,470
Add : Forgo of interest on OFCD on its dilution	6,43,000	6,43,000
B Net Profit/(Loss) for the year for dilutive earning per share	1,09,27,493	86,84,470
Dilutive Earning Per Share	1.96	1.56
Basic Earning per shares	2.08	1.63

10) Deferred Tax :

In accordance with Accounting Standard 22 issued by the ICAI, the company has accounted for deferred taxes during the year .

Deferred Tax Liabilities and Assets are attributable to the following items :

Liabilities :

Difference between book and tax Depreciation 72,75,148

Total Liabilities 72,75,148

Assets :

Unabsorbed Depreciation and loss carried forward for set off in future years 30,27,229

Expenses allowable u/s 43-B for tax purposes when paid 9,10,677

MAT Payment u/s 115JB to be set-off from future year tax liability 9,43,110

Total Assets 48,81,016

Deferred Tax Liabilities (Net) 23,94,132

11) The Company has no separate segment as defined in Accounting Standard, 17, hence no segmentwise reporting.

12) The figures have been rounded off to the nearest rupees.

13) Previous year figures have been regrouped and/or rearranged wherever considered necessary.

14) Additional information pursuant to Part II & III of Schedule VI of the Companies Act, 1956.

A. CAPACITY & PRODUCTION

Class of Goods	Unit	Capacity	* Installed	Production
Fluid Coupling	Nos.	1500	1500	1413
		(1500)	(1500)	(1224)

* As certified by the Management.

B. SALES & STOCKS :

Class of Goods	SALES		OPENING STOCK		CLOSING STOCK	
	Nos.	Rupees	Nos.	Rupees	Nos.	Rupees
Class of Goods	Nos.	Rupees	Nos.	Rupees	Nos.	Rupees
Fluid Couplings	1305	93441493	59	1976522	*169	6605743
	(1220)	(74562480)	(54)	(1775938)	(*59)	(1976522)

*Including 02 (01) Nos. Coupling returned during the year.

Note : Closing stock includes 04 Nos. Fluid Couplings sent to Hannover Messe, 2007 - Trade Fare Germany.

Spares & Components	20374455	279366	221810
(Including Flexible Coupling)	(18824875)	(214377)	(279366)

**Notes to the Accounts (Continued ...)****C. RAW MATERIAL & COMPONENTS CONSUMED :**

Material	Unit	Quantity	Rupees
Aluminum	KG	80043 (64953)	10660404 (6767122)
Other			14971591 (13511440)
Components			15678985 (12699214)

* As the individual value of each item of components and other does not exceed 10% of total consumption, the quantity there of has not been given.

Figures in brackets related to previous year ended as at 31.03.2006

D. VALUE OF IMPORTED AND INDIGENOUS MATERIAL CONSUMED :

	31.03.2007	%	31.03.2006	%
Raw Material Imported	1027807	2.49	610546	1.85
Indigenous	40283173	97.51	32367230	98.15

E VALUE OF IMPORTS ON CIF BASIS :

1178400 986391

F EXPENDITURE INCURRED IN FOREIGN CURRENCY :

258923 164877

G EARNING IN FOREIGN CURRENCY ON FOB BASIS :

Export Sales & Services 5117632 3150133

15) Related Party disclosures (As required under Accounting Standard 18)

Name of the person	Relation	Nature of Transactions	2006-07	2005-06
1 Mr. Ashok Jain	Chairman & Managing Director	Remuneration	15,39,700	18,24,628
		Interest on Loan	85,171	82,676
2 Mrs. Pramila Jain	Wife of CMD	Balance Payable at year end	1,06,950	90,990
		Remuneration	3,01,768	2,82,523
3 Mr. Kunal Jain	Son of CMD	Balance Payable at year end	12,268	18,310
		Rent of Registered Office	1,05,071	1,01,002
4 Mr. D. K. Kemkar	Director	Sitting Fee	3,000	5,000
5 Mr. M. K. Shah	Director	Sitting Fee	5,000	5,000
6 Mr. K. C. Jain	Director	Sitting Fee	5,000	6,000
7 Mr. Narendra Kathed	Director	Sitting Fee	3,000	5,000
8 Mr. A. K. Sinha	Nominee Director IFCI Ltd.	Sitting Fee	2,000	4,000
9 Mr. Arvind Jain	Son of Director	Remuneration	1,71,818	1,43,674
		Balance Payable at year end	12,792	10,512
10 Mrs. Radhica Sharma	(Daughter of CMD)	Remuneration	1,95,120	1,58,591
		Balance Payable at year end	14,735	11,868
11 Mr. Sundeep Sharma	(Son in law of CMD)	Remuneration	1,95,120	1,57,093
		Balance Payable at year end	10,543	11,868

16) Schedule 1 to 19 form an integral part of Balance Sheet and Profit and Loss Account and have been duly authenticated.



Notes to the Accounts (Continued ...)

17) Additional information pursuant to Part IV of Schedule VI of the Companies Act, 1956.

I. Registration Details

Registration No	001452	State Code	10
Balance Sheet Date	31.03.2007		

II. Capital Raised during the years :

Public Issue	Right Issue
Nil	Nil
Bonus issue	Private Placement
Nil	Nil

III. Position of Mobilisation and Deployment of Funds (amount in Rs. Thousands)

Total liabilities	Total Assets
8,59,71	8,59,71

Source of Funds :

Paid-up capital	Reserves & Surplus
5,24,73	9,12
Secured loans	Unsecured loans
2,78,69	23,23
Deferred Tax Liability	
23,94	

Application of Funds :

Net Fixed Assets	Investments
3,38,73	Nil
Net current Assets	Misc. Expenditure
4,25,47	Nil
Accumulated Losses	
95,51	

IV. Performance of Company (amount in Rs.Thousands)

* Turnover	Total Expenditure
11,41,27	10,02,24
Profit/Loss Before Tax	Profit/Loss After Tax
1,39,03	1,03,57
Earning Per Shares	Dividend Rate %
2.08	Nil

* (Including Other Income)

V. Generic Names of Three Principal Products/Services of Company (As per monetary terms)

Item Code No.	
(ITC Code)	84833002
Product Description	FLUID COUPLING

Signature to the Schedules '1' to '19'

As per our report attached of even date

for J.P.SARAF & CO.
Chartered Accountants

(ASHOK JAIN)
Chairman & Managing Director

(JAI PRAKASH SARAF)
Partner

(K.C. Jain)
Director

(M.K. Shah)
Director

Place : INDORE
Date : This 30th Day of June, 2007

(Pramod Jain)
D.G.M. Finance & Accounts



CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2007

	2006-07 (Rs.in lacs)	2005-06 (Rs.in lacs)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX	139.03	85.29
Adjustment for :		
Depreciation	30.89	29.96
Loss/ (Profit) on Sale/Discard of Fixed Assets	0.45	0.03
Interest (Net)	39.50	43.14
Lease rental net of lease equalisation	<u>0.21</u>	<u>0.21</u>
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	210.08	158.63
Adjustment for :		
(Increase) / Decrease in trade and other receivable	24.13	(97.64)
(Increase) / Decrease in Inventories	(59.04)	(49.99)
Increase / (Decrease) in Trade Payables & provisions	<u>16.77</u>	<u>29.97</u>
CASH GENERATED FROM OPERATIONS	191.94	40.97
Interest Paid	(13.52)	(11.92)
Income Tax Paid (including Fringe Benefit Tax)	(11.52)	(2.14)
Expenses / Payments related to earlier years	<u>(0.73)</u>	<u>(2.73)</u>
NET CASH FROM OPERATING ACTIVITIES	166.17	24.18
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(20.86)	(29.97)
Sale of Fixed Assets (Net)	0.03	0.11
Interest Received	<u>0.91</u>	<u>0.66</u>
NET CASH (USED IN) FROM INVESTING ACTIVITIES :	(19.92)	(29.20)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Share Capital	0.00	0.00
Proceeds from long term & other borrowings	(109.52)	32.52
Interest paid	<u>(24.61)</u>	<u>(27.71)</u>
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	(134.13)	4.81
NET INCREASE / (DECREASE) CASH & BANK BALANCES (A+B+C)	12.12	(0.21)
CASH & BANK BALANCE OPENING BALANCE	<u>7.26</u>	<u>7.47</u>
CASH & BANK BALANCE CLOSING BALANCE	19.38	7.26

Note :

The previous year's figures have been regrouped & rearranged wherever necessary.

As per our report attached of even date

for J.P.SARAF & CO.
Chartered Accountants

(ASHOK JAIN)
Chairman & Managing Director

(JAI PRAKASH SARAF)
Partner

(K.C. Jain)
Director

(M.K. Shah)
Director

Place : INDORE
Date : This 30th Day of June, 2007

(Prmod Jain)
D.G.M. Finance & Accounts



FLUIDOMAT LIMITED

Registered Office : 117, 1st Floor, 'Navneet Darshan', 16/2, Old Palasia, Indore - 452 018 (M.P.)

ATTENDANCE SLIP

Please fill ATTENDANCE SLIP and hand it over at the entrance of the meeting hall.
Joint shareholders may obtain additional attendance slip on request at the venue.

DP. Id*

Folio No.

Client Id*

No. of Share(s) held

Name and address of the shareholder

I hereby record my presence at the 31st Annual General Meeting of the Company held on Thursday, 20th day of September, 2007 at 2.00 p.m. at the registered office of the Company.

Signature of the shareholder or proxy
* Applicable for investors holding shares in electronic form.

----- Please Tear Here -----

FLUIDOMAT LIMITED

Registered Office : 117, 1st Floor, 'Navneet Darshan', 16/2, Old Palasia, Indore - 452 018 (M.P.)

PROXY FORM

I/We _____ of _____

being a member of above - named Company, hereby appoint the following as my / our Proxy to attend and vote for me/ us and on my / our behalf at the 31st Annual General Meeting of the Company, to be held on Thursday, 20th day of September, 2007 at 2.00 p.m. and at any adjournment thereof :

- 1. Mr./Ms. _____ (Signature), or failing him.
- 2. Mr./Ms. _____ (Signature), or failing him.
- 3. Mr./Ms. _____ (Signature)

Number of shares held

Signed _____ day of _____ 2007

Reference Folio No. / Signature(s) of Members(s)
DP ID & Client ID

- 1. _____
- 2. _____

Affix one
rupee
Revenue
Stamp

NOTE :

- 1. The Proxy must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time of holding the aforesaid meeting.
- 2. The Proxy need not be a member of the Company.
- 3. The submission by a member of the this form of proxy will not preclude such member from attending in person and voting at the meeting.



BOOK - POST

If undelivered please return to :

FLUIDOMAT LIMITED

117, 1st Floor, 'Navneet Darshan',
16/2, Old Palasia, Indore - 452 018 (M.P.)

Tel.: 0731-2564820

Website : www.fluidomat.com