



## **NATIONAL FITTINGS LIMITED** **(FORMERLY INTERFIT TECHNO PRODUCTS LIMITED)**

### **BOARD OF DIRECTORS**

**Mr. A.V. Palaniswamy**, Managing Director  
**Mr. M. Loganathan**, Non-Executive Independent Director  
**Mr. R. Alagar**, Non-Executive Independent Director  
**Mrs. A. Panath Anitha**, Executive Woman Director  
**Mr. Jayaram Govindarajan**, Executive Director  
(w.e.f 12.08.2016)

### **BANKERS**

**BANK OF INDIA**  
Main Branch  
324, Oppanakara Street  
Coimbatore - 641 001

### **AUDITORS**

**KRISHAAN & CO.**  
10'C, Wing, 6th Floor, Parsn Manere,  
Flat No. 442, Anna Salai, Chennai - 600 006

### **REGD. OFFICE & WORKS**

SF No.112, Madhapur Road  
Kaniyur, Sulur Taluk  
Karumathampatti Via - 641 659  
Coimbatore District

### **SHARE TRANSFER AGENTS**

**SKDC CONSULTANTS LTD.,**  
Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road  
Ganapathy  
Coimbatore - 641 006



**NATIONAL FITTINGS LIMITED**

Registered Office: 112, Madhapur Road, Kaniyur Village,  
Karumathampatti (via), Coimbatore - 641 659

CIN No. : L29199TZ1993PLC008034 Tel : +91 99432 93000 / 99439 93001  
email : admin@naionalfitting.com web : www.nationalfitting.com

**NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS**

Notice is hereby given that the 24th ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at SF No.112, Madhapur Road, Kaniyur Village, Sulur Taluk, Karumathampatti (via), Coimbatore - 641 659 on Saturday the 12th day of August 2017 at 10.30 AM to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited statements of accounts for the year ended 31st March 2017 together with Reports of the Directors and Auditors thereon.
2. To approve the Interim Dividend declared on Equity Shares for the financial year 2016-2017
3. To declare a final dividend on Equity shares for the financial year ended 31st March, 2017.
4. To appoint a Director in place of Mr A V Palaniswamy, who retires by rotation and being eligible offers himself for re-appointment
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution

“RESOLVED that pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, as amended from time to time, the company hereby appoint V Krish & Associates (Firm Registration No: 001452S) Chartered Accountants as Auditors of the company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 25th AGM of the Company to be held in the year 2018 at such remuneration plus service tax, reimbursement of travelling and other out-of-pocket expenses incurred by them in connection with the audit as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

**SPECIAL BUSINESS**

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:  
  
“RESOLVED that Mr Jayaram Govindarajan (DIN No: 02178416), be and hereby appointed as Director of the Company, liable to retire by rotation.”
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

“RESOLVED that pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under read with Schedule V to the said Act and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded for the appointment of Mr Jayaram Govindarajan as Whole Time Director of the Company with effect from 14th December, 2016 with the following terms of appointment.

Term: Two years with effect from 14th December, 2016

Salary: Rs 1,00,000/- per month

“RESOLVED further that in the event in any financial year during the tenure of the Wholetime Director, the Company does not earn any profits or earns inadequate profits the Company may pay to the Wholetime Director, the above remuneration as the minimum remuneration”

/ By order of the Board /

Place : Coimbatore  
Date : 27.05.2017

For NATIONAL FITTINGS LIMITED  
Sd/- **A.V. Palaniswamy**  
DIN No. 01817391  
Managing Director

**NOTES :**

- 1) **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and such a Proxy need not be a member. The Proxy form duly stamped and executed should be deposited at the Registered Office of the Company at least forty-eight hours before the time fixed for the commencement of the meeting.**
- 2) Members/Proxies should bring the Attendance slip, duly filled in, to the meeting.
- 3) Pursuant to Clause 16 of the listing agreement with the Stock Exchanges, the Register of Members and Share Transfer Register will remain closed from 07th August, 2017 to 12th August 2017 (both days inclusive) in connection with the 24th Annual General Meeting of the Company.
- 4) The final Dividend Rs 2.00 per Equity shares has been recommended by the Board of Directors for the year ended 31st March, 2017 and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on and after 08.09.2017.
- 5) Members wishing to claim unclaimed dividends are requested to correspond with the Company Secretary. The Dividend which are not claimed within seven years from the date of transfer to the Unpaid Dividend Account will as per Section 124 of the Companies Act, 2013, be transferred to Investor Education and Protection Fund. The Company has uploaded the details of the unpaid and unclaimed dividend amounts on the website of the Company as also on the website of the Ministry of the Corporate Affairs.
- 6) This notice and Annual Report will be available on the website of the Company.
- 7) The route map of the venue of the meeting is given in the Notice



- 8) Members holding shares in electronic form are hereby informed that Bank Account details registered against their depository accounts will be used by the Company for payment of dividend. Any changes of Bank particulars are to be advised to their Depository Participants
- 9) In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- 10) Voting through electronic means:
  - i) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide to the members the facility to exercise their right to vote on resolutions proposed to be considered at the 24th Annual General Meeting by electronic means and the business may be transacted through e-Voting Services The facility of casting the votes by the members using an electronic voting system from a place other than venue of the Annual General Meeting "remote e-voting" will be provided by National Securities Depository Limited (NSDL):
  - ii) The facility for voting through ballot paper shall be made available at the Annual General Meeting and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper
  - iii) The members who have cast their vote by remote e-voting prior to the Annual General Meeting may also attend the Annual General Meeting but shall not be entitled to cast their vote again.
  - iv) The remote e-voting period commences on 09th August, 2017 (9:00 am) and ends on 11th August, 2017 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 05th August, 2017, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
  - v) The process and manner for remote e-voting are as under:
    - A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)] :
      - I. Open the email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
      - II. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
      - III. Click on Shareholder – Login.
      - IV. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
      - V. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- VI. Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - VII. Select “EVEN” of National Fittings Limited.
  - VIII. Now you are ready for e-voting as Cast Vote page opens.
  - IX. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - X. Upon confirmation, the message “Vote cast successfully” will be displayed.
  - XI. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - XII. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [bkcacbe@gmail.com](mailto:bkcacbe@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of Annual General Meeting [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- I. Initial password is provided at the bottom of the attendance slip : EVEN (E Voting Event Number) USER ID PASSWORD/PIN  
**EVEN (Remote e-voting Event Number) USER ID PASSWORD/PIN**
  - II. Please follow all steps from serial no. (II) to serial no. (XII) above, to cast vote.
  - vi) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available in the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free No. :1800-222-990.
  - vii) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
  - viii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
  - ix) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 06th August, 2017.
  - x) Any person, who acquires shares of the Company and become a member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 06th August, 2016, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@skdc-consultants.com](mailto:info@skdc-consultants.com)

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or contact NSDL at the following toll free No.: 1800-222-990.



- xi) A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
  - xii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper.
  - xiii) Mr. B Krishnamoorthy, Chartered Accountant (Membership No. 20439) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
  - xiv) The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" or "Polling Paper" for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.
  - xv) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
  - xvi) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.nationalfitting.com](http://www.nationalfitting.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
- 11) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.

12) All communications should be addressed to:

The Secretarial Department

**NATIONAL FITTINGS LIMITED**

**(CIN No. : L29199TZ1993PLC008034)**

**Registered Office**

SF No 112, Madhapur Road

Kaniyur, Sulur Taluk

Karumathampatti - Via Coimbatore - 641 659

Ph: 99432 93000 / 99439 93001

Email id: [accounts@nationalfitting.com](mailto:accounts@nationalfitting.com), [nationalfittingsltd@gmail.com](mailto:nationalfittingsltd@gmail.com)

**SHAREHOLDER INFORMATION****A) Stock Exchanges on which the Company's shares are listed:****The Bombay Stock Exchange Limited**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001

**B) Share Transfer Services:**

Share Transfer Agents/Registrars for Physical and Demat Segments:

**M/s. SKDC Consultants Ltd.**

Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road  
Ganapathy  
Coimbatore - 641 006  
Ph : 0422 - 4958995, 2539835  
email : [info@skdc-consultants.com](mailto:info@skdc-consultants.com)



## EXPLANATORY STATEMENT (PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013)

As required by Section 102 of the Companies Act, 2013 ("Act"), the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 6 & 7 of the accompanying Notice

### **Agenda 6: Appointment of Director, Mr Jayaram Govindarajan**

Mr Jayaram Govindarajan was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 by the Board of Directors at the meeting held on 12.08.2016 under Section 149 (1) of the Companies Act; He holds office as Director up to the date of the forthcoming Annual General Meeting. It is proposed to appoint him as Director of the Company at the forthcoming Annual General Meeting. The Company has received a notice in writing from a member signifying her intention to propose Mr Jayaram Govindarajan as a candidature for the office of Director.

Mr Jayaram Govindarajan has over 15 years of extensive multi-faceted experience in manufacturing, startup management and operations across the world. His industry experience ranges from automotive and engineering to healthcare.

Mr Jayaram Govindarajan is not related to any other Director of the Company. The relevant particulars concerning Mr Jayaram Govindarajan as required are set out in the statement attached to the Notice.

Except Mr Jayaram Govindarajan none of the Directors of the Company or Key Managerial Personnel and their Relatives have any interest, financially or otherwise, in the proposed resolution.

### **Agenda 7: Appointment of Whole Time Director**

The Board of Directors had appointed Mr Jayaram Govindarajan as Whole Time Director for a period of two years with effect from 14.12.2016 subject to compliance of applicable provisions of the Companies Act, 2013 and subject to the approval of the members of the Company on the terms and conditions detailed in the resolution.

Mr Jayaram Govindarajan is an MBA in entrepreneurship from Babson College, MA, USA. He was the recipient of the prestigious Roger W Babson Award and the Olin Scholar Award. Mr Jayaram Govindarajan has also been featured as an All American Scholar and was a recipient of the Academic Achievement in Management Award.

Mr Jayaram Govindarajan has over 15 years of extensive multi-faceted experience in manufacturing, startup management and operations across the world. His industry experience ranges from automotive and engineering to healthcare.

The approval of the members is sought for the proposed resolution

Your Board recommends that his appointment be confirmed by the members of the Company.

Except Mr Jayaram Govindarajan none of the Directors is concerned or interested in this resolution.



## Details of Director seeking appointment/re-appointment at the Annual General Meeting

Name of the Director	Mr. A V Palaniswamy	Mr Jayaram Govindarajan
Date of Birth	02.03.1942	06.09.1979
Date of Appointment	16.09.1994	12.08.2016
Qualification	B E (Electrical)	Degrees in Industrial Relations and in Computer Application Information Systems from the University of Bridgeport in CT, USA and an MBA in entrepreneurship from Babson College, MA, USA.
Expertise in specific functional areas	A qualified engineer with more than 40 years of experience in manufacturing technologies, expertise in achieving best production and marketing levels.	He has over 15 years of extensive multi-faceted experience in manufacturing, startup management and operations across the world. His industry experience ranges from automotive and engineering to healthcare.
Directorship held in other companies (excluding foreign companies and section 8 companies)	Merit Industries Limited Haitima India Private Limited	Womens Center and Hospitals Private Ltd Center for Perinatal Care Private Limited Drak Systems India Private Limited
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee.	Member of, i) Audit Committee ii) Nomination and Remuneration Committee iii) CSR Committee iv) Share holders relationship Committee	NIL
Number of shares held in the company	756,472 Equity Shares	NIL

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2017

**FINANCIAL RESULTS**

The operating results for the year 2016-2017 are given below :

	(₹ in Lakhs)	
Profit before Interest and Depreciation and Other adjustments		<b>1798.36</b>
Less: Interest	<b>97.38</b>	
Depreciation	<b>104.95</b>	<b>202.33</b>
Net Profit before Tax		<b>1596.03</b>
Provision for Tax :		
Current Tax	<b>584.61</b>	
Deferred Tax (income) / expenses	<b>(3.03)</b>	
		<b>581.58</b>
Net Profit after Tax		<b>1014.45</b>
Amount brought forward from previous year		<b>456.63</b>
Amount available for appropriation		<b>1471.08</b>
<b>Appropriations</b>		
General Reserve		<b>75.00</b>
Interim Dividend on Equity Shares		<b>166.40</b>
Final Dividend on Equity Shares*		<b>—</b>
Dividend Distribution Tax		<b>33.88</b>
Surplus carried over to Balance Sheet		<b>1195.80</b>

\* Will be recognised as a liability on approval by the shareholders at the Annual General Meeting.

**FINANCIAL PERFORMANCE:**

The Company's gross income for the financial year ended 31st March, 2017 was Rs. 6,950.22 lacs compared to Rs.5,398.72 lacs in the previous year. The profit before tax for the Company is Rs. 1,596.03 lacs as against Rs. 1,110.27 lacs in the previous year. The depreciation for the year is Rs.104.95 lacs compared to Rs.121.37 lacs in the previous year.

After providing Taxation, the Company's net profit stands at Rs.1,014.45 lacs against Rs.738.79 lacs in the previous year.

Your company proposes to transfer Rs. 75 lacs to General Reserve out of the amount available for appropriation Rs.1,471.08 lacs and an amount of Rs. 1195.80 lacs is to be carried over to Balance Sheet after appropriation of Dividend on Equity Shares including Dividend Tax.

The Net worth of the company is at Rs.2,772.60 lacs as on 31.03.2017 as against Rs.1,958.44 lacs in the previous year.

**DIVIDEND**

The Board of Directors declared an interim dividend of Rs 2/- per Equity Share on 83, 20,000 equity shares of Rs 10/- each aggregating to Rs 166.40 lacs on 09.02.2017 and the dividend had been distributed to the shareholders. The approval of the shareholders has been perused in this Annual General Meeting.

The Board of Directors has recommended a final dividend of Rs. 2/- per Equity share on 83,20,000 equity shares Rs 10/- each aggregating to Rs 166.40 lacs for the financial year ended 31st March, 2017, which if approved in the ensuing Annual General Meeting will be paid to all the equity shareholders, whose names appear in the Register of Members as on 05th August, 2017.

With the approval of the final dividend the total dividend for the financial year ended 31st March 2017 has been Rs. 4/- per share (Rs. 332.80 lacs).

**PERFORMANCE:**

The Company continued to manufacture and market high quality castings meeting international standards. Sales and margins were increased due to the continuing outsourcing of castings from reliable outsources and by effective control over costs.

The Company hopes to improve the margins further during the current year unless any changes in the international scenario affect the Company results.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT TRENDS & DEVELOPMENT**

Domestic market has been improving for the products manufactured by our Company. We have been able to convince customers like L & T, Voltas, Wipro etc to specify our Brand into their buying specification. We are hoping to have the Government to introduce "Made in India" products on most of the infrastructure projects where Government fund is involved.

We hope to generate sizable volume of business with the new products developed during the second half of the year.

**DIRECTORS**

Mr Jayaram Govindarajan, was appointed as Additional Director on 12.08.2016 and holds the said office till the date of Annual General Meeting. A notice has been received from a member proposing his candidature for his appointment.

Mr A V Palaniswamy, Managing Director, who retires by rotation, and being eligible, offers himself for reappointment.

**KEY MANAGEMENT PERSONNEL**

Mr. A.V. Palaniswamy, Managing Director, Mrs Panath Anitha, Whole Time Director, Mr. J. Saravanan, Chief Financial Officer and Mr. S. Aravinthan, Company Secretary of the Company are the Key Management Personnel as per the provisions of the Companies Act, and rules made there under.

Mr Jayaram Govindarajan, was appointed as the Whole Time Director with effect from 14.12.2016

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The company does not have any Subsidiary, Joint Venture or Associate Company



## COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company is committed to develop, manufacture and supply effective products to meet the customer requirements Striving towards continuous improvement in total quality and keeping abreast of the latest technologies have been enabling the Company to achieve its goal.

The focus on training and development of the employees' skills has well bearing results in the goal attainment.

The ultimate benefit of these efforts has been aimed in enrichment of the value to the shareholders.

The environment and Community has been well recognized while moving towards the goal.

## DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors further report that

- (i) in the preparation of annual accounts the applicable accounting standards have been followed and there were no material departures;
- (ii) the accounting policies selected have been applied consistently, prudent judgments and estimates have been made to give a true and fair view of the state of affairs of the company as at 31st March 2017 and of the Profit of the company and the cash flow statement for the year ended 31.03.2017.
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively

Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## CODE OF CONDUCT

All Directors and senior management of the Company have affirmed Compliance with the Code of Conduct of National Fittings Limited for the financial Year ended 31st March 2017.

## DECLARATION OF INDEPENDENT DIRECTORS

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and the relevant rules.

## POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR, KEY MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

The company shall have such person on the Board who complies with the requirements of the Companies Act, 2013. Directors/KMPs shall be persons of sound integrity and honesty, apart from knowledge, experience etc in the respective fields.

No person less than the age of 21 years shall be appointed as the director of the Board. Composition of the Board shall be in compliance with the requirements of the Companies Act, 2013. The Executive Directors are paid with remuneration as approved by the members but are not paid sitting fees. Managing Director, Whole Time Director, Company Secretary and Chief Financial Officer shall be the Key Management Personnel (KMPs) of the Company. All persons who are Directors, KMPs, members of Senior Management and all the employees shall be abide by the code of conduct. Independent directors are not entitled for ESOPs

**MANNER IN WHICH FORMAL ANNUAL EVALUATION HAS BEEN MADE BY THE BOARD OF ITS OWN PERFORMANCE AND THAT OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

1. Nomination and Remuneration Committee of the Board prepared and sent through its Chairman Draft feedback form for evaluation of the Board and independent directors.
2. Independent Directors at a meeting of themselves considered and evaluated the Board's performance, performance of the Chairman and other non-independent Directors.
3. The Board subsequently evaluated performance of the Board, the Committees and Independent Directors.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

All the related party transactions that were entered during the financial year were in the ordinary course of the business of the Company.

There were no materially significant related party transactions entered by the Company with its promoters, Directors, Key Management Personnel and other persons which may have a potential conflict with the interest of the Company.

All the related party transactions are placed before the Audit Committee for approval. For the business transactions with the related parties which are of repetitive nature as well as for the normal business transactions which cannot be foreseen prior omnibus approval from the Audit Committee are obtained and accordingly required disclosures are made to the Committee on quarterly basis in terms of the approval of the Committee.

The Policy on materiality of related party transactions and also on dealing with the related party transactions as approved by the Audit Committee and Board of Directors is uploaded on the Company's web-site and the link for the same is <https://www.nationalfitting.com>.

The particulars of Contracts or Arrangements with the related parties made under Section 188 of the Companies Act, 2013 are furnished in Annexure – 1 and are attached to this report.

**LISTING OF SHARES IN EXCHANGE AND DELISTING**

The shares are listed in Bombay Stock Exchange and will be continued to be listed in Bombay Stock Exchange which has extensive networking and the investors have access to on-line dealings with the company's securities across the country.

The Company duly paid the necessary listing fees with Bombay Stock Exchange.



## SHARES

There was no issue of fresh equity shares during the financial year. No Bonus Shares were issued. The Company has not issued any Sweat Equity Shares and not provided any Employee Stock Option Scheme. The Company has not bought back any of its securities during the year under review.

## INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has implemented adequate procedures and internal controls which provide reasonable assurance regarding reliability of financial reporting and preparation of financial statements.

The Company also assures that internal controls are operating effectively.

## MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year and the date of the report.

## RISK MANAGEMENT POLICY

Potential risk for the business of the Company and steps to be adopted by the Company to handle the risks has been reviewed regularly. Following are the few risks and the methods to be adopted by the Company to handle them.

### 1) Market Risk

Due to the continuing low crude oil prices the countries In the Middle East have reduced their spending on infrastructure like high rise residential buildings, shopping malls, hotels and convention halls where our products are being used in Fire Protection and Air Conditioning systems. Competitive prices from China have made it difficult to get approvals on new projects.

Backlog of orders for the existing projects will allow us to maintain our sale at reduced margin during the next 10 months. Company is working with the component suppliers to improve productivity and reduce costs. Steps have been taken by replacing the older equipments with relatively higher production machines to improve productivity in house and reduce costs.

### 2) Exchange Risk

Indian currency has appreciated 6% during the last 12 months where as the Chinese the major competitor have benefited by the depreciation of their currency by almost 7% during the same period.

Company may experience a reduction of margin during the current financial year, but we are hoping to improve the sales volume and quantum of margin to maintain the earning per share.

### 3) Power

Power situation has improved substantially during the year and do not expect any power cut during the current financial year.

### 4) Manpower Requirement

Company and Component Suppliers are depending on expat labor from the northern states for most of the operations. Frequent change of man power in critical operations are presenting a challenge in training of unskilled new labor.

Company has been increasing the salary and other benefit structure substantially to retain local and expat labor. Also steps have been taken to mechanize more of the operations, to improve productivity and utilizing semi-skilled labor.



**5) Product Development**

Most of the competitors have developed and started supplying all the items in our line of production for the fire protection markets at competitive prices.

Company has developed larger size fittings to HVAC market. Also the Company has developed and will be getting approval from testing agencies for new products to stay ahead of competition.

**CORPORATE SOCIAL RESPONSIBILITY (CSR)**

A Board level Committee of CSR has been constituted and the Board has adopted a CSR Policy as recommended by the Committee.

The Company envisaged a project of constructing a school building at a Government Municipal School at Madhapur village at a cost of Rs 27 lacs. At present, the Company is pursuing the project.

The Annual Report on the Company's CSR activities is furnished in **Annexure 2** and attached to this report

**ANNUAL RETURN**

The extracts of Annual Return pursuant to the provisions of Section 92 read with Rule 12 of the Companies (Management and administration) Rules, 2014 is furnished in **Annexure 3** and is attached to this Report.

**LEGAL COMPLIANCE**

There were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The Company has unclaimed dividend amounting to Rs. 42,32,323/-

No amount is required to be transferred to Investor Education and Protection Fund for this financial year.

**DEPOSITS**

The Company has neither accepted nor renewed any deposits during the financial year.

**PARTICULARS OF EMPLOYEES**

The information required under Section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

(i) & (ii) The ratio of the remuneration of each Director to the median and mean remuneration of the employees of the company for the financial year and the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name of Directors/Key Management Personnel	Ratio to Median Remuneration (times)	% Increase / Decrease in Remuneration
Mr A V Palaniswamy, Managing Director	13.96	10.42
Mr Jayaram Govindarajan	2.11	
Mr M Loganathan	0.13	NA



## NATIONAL FITTINGS LIMITED

Name of Directors/Key Management Personnel	Ratio to Median Remuneration (times)	% Increase / Decrease in Remuneration
Mr R Alagar	0.95	8.70
Mrs A PanathAnitha	1.65	20.00
Mr J Saravanan (Chief Financial Officer)	3.39	25.36
Mr S Aravinthan (Company Secretary)	2.76	17.12

- iii) The percentage increase in the median remuneration of employees in the financial year: 13%
- iv) The number of permanent employees on the rolls of the Company: 85
- v) Explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an increase of 22% during the financial year 2016-17. The remuneration components include a fair proportion of fixed and variable pay. The increase in remuneration is in line with the market. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

- vi) Comparison of the remuneration of the key managerial personnel against the performance of the Company:

Aggregate remuneration of key managerial personnel (KMP) in FY 2016-17	45,31,142
Revenue	67,06,54,122
Remuneration of KMPs (as % of revenue)	0.68
Profit before Tax (PBT)	15,96,03,357
Remuneration of KMP (as % of PBT)	2.84

- vii) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

(In Lacs)

Particulars	As at 31.03.2017	As at 31.03.2016	% Increase
Closing price of share at BSE (Rs.)	240	72.45	231.263
Market Capitalisation (Rs.)	19968.00	6027.84	231.263
Price Earnings ratio	19.68	8.159	141.31
Net worth	2572.33	1958.43	31.35

- viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in salaries of employees other than managerial personnel in 2016-17 was 23%. Percentage increase in the managerial remuneration for the year was 19%.

- ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company:



	Mr. A V Palaniswamy Managing Director	Mr. Jayaram Govindarajan Whole Time Director	Mrs. A Panath Anitha, Woman Director	Mr. J Saravanan Chief Financial Officer	Mr. S Aravinthan Company Secretary
Remuneration in FY2016-17	26,50,000	4,00,000	3,13,642	6,43,000	5,24,500
Revenue	67,06,54,122	67,06,54,122	67,06,54,122	67,06,54,122	67,06,54,122
Remuneration as % of Revenue	0.40	0.06	0.05	0.10	0.08
Profit before Tax (PBT)	15,96,03,357	15,96,03,357	15,96,03,357	15,96,03,357	15,96,03,357
Remuneration (as % of PBT)	1.66	0.25	0.20	0.40	0.33

- x) The key parameters for any variable component of remuneration availed by the directors: Not applicable.
- xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year: Not applicable.
- xii) Affirmation that the remuneration is as per the remuneration policy of the company.

The Company affirms that remuneration is as per the remuneration policy of the Company

**The information required under Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2015 are given below:**

During the period under review, there was no employee drawing remuneration in excess of the limits prescribed under Section 197 of the Companies Act, 2013 and Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**STATUTORY AUDITORS**

The term of the Statutory Auditor M/s Krishnaan & Co, has expired due to the stipulation of rotation of Auditors in the Companies Act, 2013 and M/s V Krish & Associates, Chartered Accountants, Chennai (Firm Registration No: 001452S) will be appointed as the Statutory Auditor until the conclusion of the 25th Annual General Meeting.

The Company has received a certificate from the Auditors for the appointment of them as statutory auditors and to the effect that if they are appointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Their appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting.

**SECRETARIAL AUDIT REPORT**

Pursuant to the requirements of the Companies Act, 2013, the Company has appointed Mr M R L Narasimha, B.Com, FCS, Practicing Company Secretary (Cop No: 799) as the Secretarial Auditor for the financial year 2017 whose report on 27th May, 2017 is attached separately to this report. **Annexure 4.**

## EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS

There were no qualifications, reservations or adverse remarks made either by the Auditors or by the Practicing Company Secretary in their respective reports.

### BOARD MEETINGS

#### I. BOARD OF DIRECTORS

##### a) Composition of Board of Directors:

Executive Promoter Director	1
Executive Non-Promoter Director	2
Non-Executive Independent Director	2

##### b) Non-Executive Directors Compensation

There are no pecuniary relationship/transactions with the Non-Executive Directors vis-à-vis the Company.

##### c) Board Meetings

Dates of Board meetings are fixed in advance and agenda papers are circulated to directors seven days before the meeting

##### d) Number of Board meetings conducted on the year under review

The Company had five Board meetings during the financial year under review as on 28.05.2016, 12.08.2016, 24.10.2016, 14.12.2016 and 09.02.2017. The AGM was held on 12.08.2016.

##### e) Attendance of Board of Directors at Board Meetings and AGM are:

S No	Name of the Directors	No of Board Meetings attended	Last AGM Present/Absent
1	Mr. A. V. Palaniswamy	5	Present
2	Mr. M. Loganathan	5	Present
3	Mr. R. Alagar	5	Present
4	Mrs. A. Panath Anitha	5	Present
5	Mr. Jayaram Govindarajan	3	Present

### COMMITTEES OF THE BOARD

#### (A) AUDIT COMMITTEE:

##### (i) Composition

The Audit Committee of the Board comprises three directors, namely M.R. Alagar, Chairman, Mr. A.V. Palaniswamy and Mr. M. Loganathan, are members. The composition of Audit Committee meets the requirement of Section 177 of the Companies Act, 2013

Members of the Audit Committee have requisite financial and management expertise

**(ii) Terms of reference**

- Recommendation for appointment, remuneration and term of appointment of the auditors of the Company.
- Discussion and review of periodic audit reports and discussion with external Auditors about the scope of audit including the observations of Auditors.
- Review and monitor the auditor's independence and performance
- Approving Internal Audit Plans and reviewing efficacy of the function.
- Overseeing Financial Reporting Process
- Reviewing periodic financial results, financial statements and auditors' report thereon.
- Approval or modification of transaction of the company with related parties
- Scrutiny of inter-corporate loans and investments
- Evaluation of internal financial controls and risk management systems.
- Valuation of undertakings or assets of the Company.

**(iii) Attendance**

The committee met 4 times during the period on the following dates: 28.05.2016, 12.08.2016, 24.10.2016 and 09.02.2017

The Statutory Auditors, Internal Auditor and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

**VIGIL MECHANISM**

The Company has established a vigil mechanism and overseas through the committee the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

**(B) SHAREHOLDERS RELATIONSHIP COMMITTEE**

The Shareholders / Investors Grievances Committee have been reconstituted as Shareholders Relationship Committee in line with Section 178 (5) of the Companies Act, 2013 and are headed by Mr M Loganathan, Non-Executive Director.

The Committee monitors re-dressal of complaints received from shareholders/investors with respect to transfer of shares, non-receipt of dividend, non-receipt of Annual Report etc. The Committee also take note on number of transfers processed, issue of fresh share certificates, dematerialization of share certificates, report about top shareholders, share holding pattern etc.

There were no complaints received for this financial year. No instrument of transfers was pending on 31st March, 2017.

All the communication received from shareholders was satisfactorily complied with, within the stipulated time.



During the year the Committee met 7 times.

S Aravinthan, Company Secretary is the Compliance Officer.

The Company has appointed M/s. SKDC Consultants Limited, Coimbatore as Share Transfer Agent. Transfer/transmissions, issue of duplicate certificates etc as well as requests for de-materialization are approved/ confirmed, as the case may be, within the prescribed period through the above Share Transfer Agent. No valid transfer request remained pending for transfer to the transferees as on 31.03.2017.

## **(C) NOMINATION AND REMUNERATION COMMITTEE**

The Company has a Remuneration Committee consists of Mr R Alagar, Independent Director, M Loganathan, Independent Director and Mr A V Palaniswamy, Non-Independent Director as members. Functions of the remuneration committee are

- 1) Level and composition of remuneration which is reasonable and attractive to retain and motivate quality directors
- 2) Monitoring the performance and remuneration of the directors, key managerial personnel and other employees of the Company.

The Remuneration of Whole Time Director is determined by the Remuneration Committee consists of only Non-Executive Directors. The recommendation of the remuneration committee are considered and approved by the Board subject to the approval of the Shareholders.

The company has not paid any remuneration to any of its Non Executive Directors, except the Sitting Fees for attending the meetings of the Board of Directors and Audit Committee

## **CORPORATE GOVERNANCE**

SEBI relaxed the applicability of Corporate Governance for certain companies (companies having paid up equity share capital not exceeding 10 crores and net worth not exceeding 25 crores as on the last day of the previous financial year) by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The equity share capital of the company is 8.32 crores and net worth is 19.58 crores and as such Corporate Governance Report has not been submitted along with the Board Report.

The Board of Directors assuring that the Corporate Governance as stipulated in the Companies Act, 2013 have been fully complied with.

## **CONSERVATION OF ENERGY**

- a) Company has replaced most of the less efficient machines with newer and less power consuming equipments in all the areas of manufacturing.
- b) Long term contract has been executed with wind energy suppliers there by reducing costs and less dependency on fossil fuel energy. Nearly 80% of the energy requirement will be from wind energy.
- c) Company is also exploring the economic viability of installing its own wind mills to reduce cost of power.

**TECHNOLOGY ABSORPTION INDUSTRIAL RELATIONS**

Company has taken steps to introduce newer technology machines in production and inspection areas to increase productivity and reduce rejection levels.

Computer generated models for tooling, data collection and manufacturing processes have been introduced to improve productivity.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign exchange inflow (actual) : Rs. 57,75,49,322/-

Foreign exchange used (actual) : Rs. 1,63,81,365/-

**INDUSTRIAL RELATIONS**

Relationship with the employees/labor was cordial during the year under review.

**ACKNOWLEDGEMENT**

Your Directors take this opportunity to thank M/s. Bank of India for the support extended during the period. Your Directors also wish to thank all the suppliers, employees, Government Departments/Agencies and others for their valuable contribution and assistance during the year.

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore  
Date : 27.05.2017

Sd/- **A.V. PALANISWAMY**  
DIN No. 01817391  
Managing Director

Sd/- **JAYARAM GOVINDARAJAN**  
DIN No. 02178416  
Whole-Time Director

**Form No. AOC – 2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2015)

**DISCLOSURE OF PARTICULARS CONTRACTS / ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN 188 (1) OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARMS LENGTH TRANSACTION UNDER THIRD PROVISION THERETO****1) Name of the related Party and Nature of relationship :**

- a) Interfit India Limited, the Holding Company of National Fittings Limited
- b) Merit Industries Limited, an Enterprise in which director has significant influence.

**2) Nature of Contracts/arrangements/transactions**

- a) Contracts for the purchase of rough iron castings (Interfit India Limited – Rs 19,75,91,004/- and Merit Industries Limited - Rs 12,97,50,290/-)
- b) Leasing of land and factory building (from Interfit India Limited – Rs 61,20,000/-)

**3) Duration of Contracts/arrangements/transactions**

Contracts of purchase of rough iron castings are made regularly and these are transactions entered in the ordinary course of business.

Lease of land and factory buildings by Interfit India Limited has been extended for a tenure of two years from 01.04.2017

**4) Salient terms of the contracts or arrangements or transactions including the value, if any:**

Based on the requirement the orders have been placed on regular basis. The supplies are as per quality standard stipulated for which the invoices have been raised at arm's length rates complying with local and state laws.

**5) Date(s) of approval by the Board, if any**

Based on the agreement for procurement approved by the Board, regular approval is not required as the contracts have been entered in arms length price. However the Register of contracts or arrangements in which directors are interested is noted in Board meetings at regular intervals.

**6) Amount Paid as advances, if any:**

Advances have been made ongoing basis (Interfit India Limited -Nil- and Merit Industries Limited Rs 99,50,261/-) for the supply of rough iron castings and have been adjusted with regular supplies.

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore  
Date : 27.05.2017

Sd/- **A.V. PALANISWAMY**  
DIN No. 01817391  
Managing Director

Sd/- **JAYARAM GOVINDARAJAN**  
DIN No. 02178416  
Whole-Time Director



**ANNUAL REPORT ON CSR ACTIVITIES**

**1) A Brief outline of the Company’s CSR policy:**

At National Fittings Limited CSR shall remain a priority along with business activities. The Company shall take steps to ensure development of people and communities.

The Company’s CSR projects focused on

- i) Environmental care
- ii) Needs of the local community
- iii) Energy and water conservation
- iv) Promotion of education and employment opportunities
- v) Primary and preventive health care.

**2) Composition of CSR Committee:**

A Board level Committee of CSR has been constituted with Mr M Loganathan as the Chairman, Mr A V Palaniswamy and Mr R Alagar as members. The Board has adopted a CSR Policy as recommended by the Committee.

**3) Average Net Profit of the Company for the last three financial years for the purpose of computation of CSR: Rs 749.87 lacs**

**4) Prescribed CSR Expenditure (2% of the Average Net Profit): Rs. 16.66 lacs**

**5) Details of CSR spent during the financial year:**

- a) Total amount to be spent for the financial year: Rs. 16,65,863/-
- b) Unspent in Previous year Rs. 1,11,337/-
- c) Total amount to be spent Rs 17,77,200/-
- d) Amount spent this financial year Rs. 12,26,000/-
- e) Amount unspent, if any Rs. 5,51,200/-



## f) Manner in which the amount spent during the financial year

Sl No	CSR Project/ activity identified	Section in which the project is covered	Projects or programs (Local area or other) (State/District where they have been undertaken)	Amount outlay (budget) Project or programs wise	Cumulative expenditure up to the reporting period	Amount Spent (Direct or through implementing agency)
1	Community Development	Schedule VII (x)	Local Area (Kaniyur Village)	1,00,000/-	1,00,000/-	Direct
2	Community Development Promotion of education	Schedule VII (i)	Local Area (Madhapur Village) Government School	27,00,000/-	26,000/-	Direct
3	Contribution to Indian Red Cross, W A School, Siruthuli	Schedule VII (iv)	Pan India	11,00,000/-	11,00,000/-	Direct
			Total	39,00,000/-	12,26,000/-	

## g) Reason for not spending the amount:

The Company is in the process of executing a C S R project by way of constructing class rooms along with toilets and other added facilities in a Government School located at Madhapur Village with the total outlay of Rs 27,00,000/- The unspent amount will be get absorbed in the execution of this project. As against the unspent amount of 5.21 lacs the company has already spent 3.76 lacs towards the project as on the date of the report.

**RESPONSIBILITY STATEMENT BY THE CSR COMMITTEE**

"In accordance with the Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 we hereby confirm that the implementation and monitoring of the CSR Policy, is in compliance with the CSR objectives and Policy of the Company"

Place : Coimbatore  
Date : 27.05.2017

Sd/- **A.V. PALANISWAMY** Sd/- **M. LOGANATHAN**  
Managing Director Chairman, CSR Committee



**EXTRACT OF THE ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED  
31ST MARCH 2017**

**FORM NO. MGT-9**

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE  
COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	<b>CIN: L29199TZ1993PLC008034</b>
ii)	Registration Date	21-04-1993
iii)	Name of the Company	<b>NATIONAL FITTINGS LIMITED (formerly INTERFIT TECHNO PRODUCTS LIMITED)</b>
iv)	Category/sub category of the Company	Public Company
v)	Address of the Registered office and contact details	SF 112, Madhapur Road, Kaniyur Village, Karumathampatti via, Coimbatore - 641659 Tamil Nadu, INDIA Tel: +91 99432 93000 Fax No: 0421-2333317 email id: nationalfittingsltd@gmail.com website: www.nationalfitting.com
vi)	Whether shares listed on recognized Stock Exchange(s)	Yes; Listed in Bombay Stock Exchange Ltd (BSE)
vii)	Name, Address Contact details of Registrar and Transfer Agents (RTA)	S K D C Consultants Limited, Kanapathy Towers, 3rd floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641006 Tamil Nadu, INDIA 0422 – 4958995, 2539835 email id: info@skdcconsultants.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

S. No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Stainless Steel Pipe Fittings	7,307	5.00
2	S G Cast Fittings	7,307	95.00

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

S. No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	Interfit India Limited	U02411TZ1981PLC001129	Holding	56.46%	2(87)(ii)

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### (A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	46,96,310	700	46,97,010	56.454	46,96,310	700	46,97,010	56.454	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
<b>Sub Total</b>	<b>46,96,310</b>	<b>700</b>	<b>46,97,010</b>	<b>56.454</b>	<b>46,96,310</b>	<b>700</b>	<b>46,97,010</b>	<b>56.454</b>	<b>—</b>
<b>2. Foreign</b>									
a ) Individuals (NRI / Foreign Individuals)	7,56,472	—	7,56,472	9.092	7,56,472	—	7,56,472	9.092	—
b ) Bodies Corp.	—	—	—	—	—	—	—	—	—
c ) Institutions	—	—	—	—	—	—	—	—	—
d ) Qualified Foreign Investor	—	—	—	—	—	—	—	—	—
<b>Sub Total</b>	<b>7,56,472</b>	<b>—</b>	<b>7,56,472</b>	<b>9.092</b>	<b>7,56,472</b>	<b>—</b>	<b>7,56,472</b>	<b>9.092</b>	<b>—</b>
<b>Total shareholding of Promoter (A+B)</b>	<b>54,52,782</b>	<b>700</b>	<b>54,53,482</b>	<b>65.546</b>	<b>54,52,782</b>	<b>700</b>	<b>54,53,482</b>	<b>65.546</b>	<b>—</b>
<b>B. Public Shareholding</b>									
1. Institutions	500	—	500	0.006	—	500	500	0.006	—
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	100	—	100	0.001	—	100	100	0.001	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(1):-</b>	<b>600</b>	<b>—</b>	<b>600</b>	<b>0.007</b>	<b>—</b>	<b>600</b>	<b>600</b>	<b>0.007</b>	<b>—</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	—	—	—	—	—	—	—	—	—
i) Indian	3,24,566	16,700	3,41,266	4.102	3,21,428	16,700	3,38,128	4.064	(0.038)
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2016]				No. of Shares held at the end of the year [As on 31-March-2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	5,62,623	4,63,210	10,25,833	12.331	7,41,467	4,02,410	11,43,877	13.749	1.418
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	9,72,473	2,22,550	11,95,023	14.369	9,27,439	1,60,050	10,87,489	13.071	(1.292)
c) Others (specify)	—	—	—	—	—	—	—	—	—
Non Resident Indians	62,225	1,60,068	2,22,293	2.67	92,759	1,60,068	2,52,827	3.04	0.37
Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
Foreign Nationals	—	—	—	—	—	—	—	—	—
Director & Relatives	—	200	200	—	—	200	200	—	—
Clearing Members	27,682	—	27,682	0.333	7956	—	7956	0.096	(0.237)
Trusts	—	—	—	—	—	—	—	—	—
HUF	53,621	—	53,621	0.644	35,441	—	35,441	0.426	(0.218)
Foreign Bodies - D R	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(2):-</b>	<b>20,03,190</b>	<b>8,62,728</b>	<b>28,65,918</b>	<b>34.447</b>	<b>21,26,490</b>	<b>7,39,428</b>	<b>28,65,918</b>	<b>34.447</b>	<b>0.00</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>20,03,190</b>	<b>8,63,328</b>	<b>28,66,518</b>	<b>34.454</b>	<b>21,26,490</b>	<b>7,40,028</b>	<b>28,66,518</b>	<b>34.454</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>74,55,972</b>	<b>8,64,028</b>	<b>83,20,000</b>	<b>100.00</b>	<b>75,79,272</b>	<b>7,40,728</b>	<b>83,20,000</b>	<b>100.00</b>	<b>—</b>

### (B) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Interfit India Limited	46,97,010	56.454	Nil	46,97,010	56.454	Nil	Nil
2	A V Palaniswamy	7,56,472	9.092	Nil	7,56,472	9.092	Nil	Nil
	<b>Total</b>	<b>54,53,482</b>	<b>65.546</b>	<b>Nil</b>	<b>54,53,482</b>	<b>65.546</b>	<b>Nil</b>	<b>Nil</b>

### (C) Change in Promoters' Shareholding (please specify, if there is no change)

SN		Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	54,53,482	65.546	54,53,482	65.546
	Date wise Increase / Decrease in Promoters Share holding during the year	—	—	—	—
	At the end of the year	54,53,482	65.546	54,53,482	65.546

### (D) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs)

SN	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Peppercorn Advisory Private Limited	1,50,000	1.802	1,50,000	1.802
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,50,000</b>	<b>1.802</b>
2	Kumudha Palaniswamy	1,76,900	2.126	1,76,900	2.126
	Less : 02.12.2016 Rectification	24,200	0.29	1,52,700	1.835
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,52,700</b>	<b>1.835</b>
3	Zen Global Finance Limited	1,34,900	1.621	1,34,900	1.621
	Less : 02.12.2016 Market Sales	1,34,900	1.621	Nil	Nil
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>Nil</b>	<b>Nil</b>
4	Deepinder Singh Poonian	1,26,044	1.515	1,26,044	1.515
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,26,044</b>	<b>1.515</b>
5	Pravin Chandra Batavia	1,25,000	1.502	1,25,000	1.502
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,25,000</b>	<b>1.502</b>
6	Mina Pruthviraj Parikh	1,10,982	1.334	1,10,982	1.334
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,10,982</b>	<b>1.334</b>
7	Shishir Vasant Dalal	1,00,000	1.202	1,00,000	1.202
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,00,000</b>	<b>1.202</b>

SN	For Each of the Top 10 Shareholders Name, Date & Reason of change		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
8	Vinithra Sekhar		80,000	0.962	80,000	0.962
	Add: 01.07.2016	Market Purchase	10,395	0.124	90,395	1.086
	Less : 30.09.2016	Market Sales	10,000	0.20	80,395	0.966
	Less : 31.03.2017	Market Sales	1,866	0.022	78,529	0.944
	<b>At the end of the year</b>		<b>NA</b>	<b>NA</b>	<b>78,529</b>	<b>0.944</b>
9	P Shunmugavelu		78,250	0.941	78,250	0.941
	<b>At the end of the year</b>		<b>NA</b>	<b>NA</b>	<b>78,250</b>	<b>0.941</b>
10	Ritu Garg		63,791	0.797	6,3791	0.767
	Add: 08.04.2016 (Market Purchase)		850	0.010	64,641	0.777
	Add: 15.04.2016 (Market Purchase)		859	0.010	65,500	0.787
	Add: 29.04.2016 (Market Purchase)		1,500	0.018	67,000	0.805
	Less: 08.07.2016 (Market Sales)		1,450	0.017	65,550	0.788
	Less: 15.07.2016 (Market Sales)		550	0.007	65,000	0.781
	Less: 19.08.2016 (Market Sales)		5,000	0.060	60,000	0.721
	Less: 26.08.2016 (Market Sales)		11,163	0.134	48,837	0.587
	Less: 02.09.2016 (Market Sales)		3,052	0.037	45,785	0.55
	Less: 09.09.2016 (Market Sales)		2,160	0.026	43,625	0.524
	Less: 30.09.2016 (Market Sales)		18,996	0.228	24,629	0.296
	Less: 07.10.2016 (Market Sales)		6,629	0.079	18,000	0.216
	Less: 14.10.2016 (Market Sales)		2,204	0.026	15,796	0.190
	Less: 21.10.2016 (Market Sales)		968	0.012	14,828	0.178
	Less: 28.10.2016 (Market Sales)		2,923	0.035	11,905	0.143
	Less: 04.11.2016 (Market Sales)		4,232	0.051	7,673	0.092
	Less: 11.11.2016 (Market Sales)		1,423	0.017	6,250	0.075
	Less: 18.11.2016 (Market Sales)		812	0.0098	5,438	0.065
	Less:25.11.2016 (Market Sales)		3,242	0.039	2,196	0.026
	Less: 02.12.2016 (Market Sales)		882	0.10	0	0
	<b>At the end of the year</b>		<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

SN	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
11	Amoha Traders Pvt Ltd	NIL	NIL	NIL	NIL
	Add: 02.12.2016 (Market Purchase)	1,34,900	1.621	1,34,900	1.621
	Less:09.12.2016 (Market Sales)	1,955	0.023	1,32,945	1.598
	Less:16.12.2016 (Market Sales)	1,768	0.021	1,31,177	1.577
	Less:23.12.2016 (Market Sales)	2	0.00	1,31,175	1.577
	Add: 06.01.2017 (Market Purchase)	541	0.0065	1,31,716	1.583
	Less:27.01.2017 (Market Sales)	95	0.001	1,31,621	1.582
	Less:03.03.2017 (Market Sales)	4	0.00	1,31,617	1.582
	Less:10.03.2017 (Market Sales)	2,499	0.030	1,29,118	1.552
	Less:17.03.2017 (Market Sales)	354	0.004	1,28,764	1.548
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,28,764</b>	<b>1.548</b>
12	Aditya P Parikh	59,897	0.72	59,897	0.72
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>59,897</b>	<b>0.72</b>

### (E) Shareholding of Directors and Key Managerial Personnel

SN	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	A V Palaniswamy	7,56,472	9.092	7,56,472	9.092
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>7,56,472</b>	<b>9.092</b>
2	A Panath Anitha	200	0.001	200	0.001
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>200</b>	<b>0.001</b>

**V. INDEBTEDNESS**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	8,71,61,979	—	—	8,71,61,979
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	8,71,61,979	—	—	8,71,61,979
Change in Indebtedness during the financial year				
* Addition	—	—	—	—
* Reduction	94,21,440	—	—	94,21,440
Net Change	94,21,440	—	—	94,21,440
Indebtedness at the end of the financial year				
i) Principal Amount	7,77,40,539	—	—	7,77,40,539
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	7,77,40,539	—	—	7,77,40,539

**VI. Remuneration of Directors and Key Management Personnel**

**(A) Remuneration to Managing Director**

SN.	Particulars of Remuneration	Name of Managing Director	Name of Whole Time Director	Name of Whole Time Director	Total Amount
		A V Palaniswamy	A Panath Anitha	Jayaram Govindarajan	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	26,50,000	3,13,642	4,00,000	33,63,642
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	—	—	—	—
2	Stock Option	—			—
3	Sweat Equity	—	—	—	—

SN.	Particulars of Remuneration	Name of Managing Director	Name of Whole Time Director	Name of Whole Time Director	Total Amount
		A V Palaniswamy	A Panath Anitha	Jayaram Govindarajan	
4	Commission - as % of profit - others, specify...	—	—	—	—
5	Others, please specify Vehicle Maintenance and Local conveyance	2,65,273	—	1,40,689	4,05,962
	<b>Total (A)</b>	<b>29,15,273</b>	<b>3,13,642</b>	<b>5,40,689</b>	<b>37,69,604</b>
	Ceiling as per the Act (@ 5% of Profits calculated u/s198 of the Companies Act, 2013)	—	—	—	73,87,902

### (B) Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		M Loganathan	R Alagar	
1	Independent Directors			
	Fee for attending board committee meetings	25,000	1,80,000	2,05,000
	Commission	—	—	—
	Others, please specify Travelling expense, Local Conveyance	18,237	40,984	59,221
	<b>Total (1)</b>	<b>43,237</b>	<b>2,20,984</b>	<b>2,64,221</b>
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	—	—	—
	Commission	—	—	—
	Others, please specify	—	—	—
	Total (2)	—	—	—
	Total (B)=(1+2)	43,237	2,20,984	2,64,221
	<b>Total Managerial Remuneration</b>	<b>43,237</b>	<b>2,90,984</b>	<b>2,64,221</b>
	Ceiling as per the Act (@ 1% of Profits calculated u/s198 of the Companies Act, 2013)			7,38,890

## (D) Remuneration to Key Management Personnel other than MD / Manager / WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS S Aravinthan	CFO J Saravanan	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	5,24,500	6,43,000	11,67,500
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission	—	—	—	—
	- as % of profit	—	—	—	—
	others, specify...	—	—	—	—
5	Others, please specify (Local Conveyance)	—	53,040	7,763	60,803
	<b>Total</b>		<b>5,77,540</b>	<b>6,50,763</b>	<b>12,28,303</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			Nil		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			Nil		
Compounding					



### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

**National Fittings Limited**

[CIN: L29199TZ1993PLC008034]

SFNO: 112, Madhapur Road

Kaniyur Village, Sullur TK

Karumathampatti (Via) - 641659

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by M/s. National Fittings Limited (hereinafter called "the Company"). I have conducted the Secretarial Audit in a manner that provided me a reasonable basis for evaluating the Company's corporate conducts/statutory compliances and expressing my opinion there on.

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31st March, 2017 and also after 31st March, 2017 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that in my opinion, during the audit period covering the financial year ended on 31st March 2017 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure- A..

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
  - i. The Companies Act, 2013 (the Act), the rules made there under.
  - ii. The Companies Act, 1956.
  - iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
  - iv. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
  - v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
  - vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
    - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; and

- (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of the following Regulations and Guidelines prescribed under the SEBI Act:
- (a) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 2014);
  - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minutes books, forms and returns of which were required to be examined by me for the purpose of this report.
4. i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2017 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
6. I further report that:
- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. There were no changes in the composition of the Board of Directors that took place during the period under review.
  - (ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance
  - (iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.
  - (iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Coimbatore  
Date : 27-05-2017

**M.R.L. NARASIMHA**  
Practicing Company Secretary  
Membership No. F2851  
Certificate of Practice No.799



**Annexure A to Secretarial Audit Report of even date**

To

The Members,

**National Fittings Limited**

[CIN: L29199TZ1993PLC008034]

SFNO: 112, Madhapur Road

Kaniyur Village, Suler TK

Karumathampatti(Via) - 641659

**My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31ST March, 2017 is to be read along with this letter.**

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2017 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide are as on able basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore

Date : 27-05-2017

**M.R.L. NARASIMHA**

Practicing Company Secretary

Membership No. F2851

Certificate of Practice No.799

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL FITTINGS LIMITED**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of M/s. NATIONAL FITTINGS LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
- 2) As required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31 March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.23(i)(a) and Note 2.23(ii)(a) to the financial statements;
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company
    - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note [2.31];

For and on behalf of  
KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants,  
Sd/- **S RATHINAMOORTHY**  
Partner  
Membership No. 233449

Place : COIMBATORE  
Date : 27.05.2017

**Annexure – A to the Independent Auditors’ Report**

**The Annexure referred to in our Independent Auditors’ Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material, which have been properly dealt with in the books of account.
- iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, LLPs or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), iii (b) and iii (c) of the order are not applicable to the Company.
- iv) The Company has not granted any loans, made investments, issued guarantees or provided any security to any Director or any other person as specified in the Act and hence this clause is not applicable to the Company for this year.
- v) The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.
- vi) As per information and explanation given by the management, The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
- vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees’ state insurance, income tax, sales tax, wealth tax, Excise duty, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income tax, sales tax, wealth tax, Excise duty, service tax, duty of customs, value added tax, cess and other material statutory dues were



## NATIONAL FITTINGS LIMITED

in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and also based on the Management representation, the disputed statutory dues, that have not been deposited on account of matters pending before Appropriate authorities are as under.

Name of the Statute	Nature of Dues	Amount (₹ In Lacs)	Forum where dispute is Pending
Central Excise Act, 1944	Excise Duty	2.84	High Court

- viii) According to the information and explanations given to us, the Company has not defaulted in repayment dues to financial institutions, banks or debenture holders during the year.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan raised during the year have been applied for the purpose for which those are raised.
- x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For and on behalf of  
KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants,  
Sd/- **S RATHINAMOORTHY**  
Partner  
Membership No. 233449

Place : COIMBATORE  
Date : 27.05.2017

**Annexure - B to the Independent Auditor's Report****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of NATIONAL FITTINGS LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and



that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For and on behalf of  
KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants,  
Sd/- **S RATHINAMOORTHY**  
Partner  
Membership No. 233449

Place : COIMBATORE  
Date : 27.05.2017

**BALANCE SHEET AS AT 31ST MARCH 2017**

Particulars	Note No.	As at	As at
		31 March, 2017 ₹	31 March, 2016 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2.1	<b>83,200,000</b>	83,200,000
(b) Reserves and surplus	2.2	<b>194,060,791</b>	112,643,646
		<b>277,260,790</b>	195,843,646
<b>2 Non-current liabilities</b>			
(a) Deferred Tax Liability (net)	2.3	<b>2,690,226</b>	2,992,906
(b) Other long-term liabilities	2.4	<b>—</b>	—
(c) Long-term provisions	2.5	<b>2,841,648</b>	1,826,416
		<b>5,531,874</b>	4,819,322
<b>3 Current liabilities</b>			
(a) Short-term borrowings	2.6	<b>51,084,410</b>	61,379,816
(b) Trade payables	2.7	<b>36,481,407</b>	21,378,552
(c) Other current liabilities	2.8	<b>16,579,196</b>	15,647,621
(d) Short-term provisions	2.9	<b>7,869,887</b>	18,729,014
		<b>112,014,900</b>	117,135,003
<b>TOTAL (1+2+3)</b>		<b>394,807,564</b>	317,797,971
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.10	<b>104,288,620</b>	58,030,309
(ii) Capital Work-in-Progress		<b>15,610,017</b>	1,391,267
(b) Long-term loans and advances	2.11	<b>1,602,406</b>	1,450,089
		<b>111,501,043</b>	60,871,665
<b>2 Current assets</b>			
(a) Current investments	2.12	<b>10,325,000</b>	—
(b) Inventories	2.13	<b>78,416,511</b>	66,177,127
(c) Trade receivables	2.14	<b>26,433,638</b>	25,742,281
(d) Cash and cash equivalents	2.15	<b>124,470,496</b>	101,961,278
(e) Short-term loans and advances	2.16	<b>43,659,152</b>	63,043,621
(f) Other current assets	2.17	<b>1,725</b>	2,000
		<b>283,306,522</b>	256,926,307
<b>TOTAL (1+2)</b>		<b>394,807,564</b>	317,797,971

Significant accounting policies and Notes on Accounts 1 & 2

As per our report of even date annexed for KRISHAAN & CO.,

Firm Regn. No. 001453S

Chartered Accountants

Sd/- **S. RATHINAMOORTHY**

Partner, M.No. 233449 Place : Coimbatore

Date : 27.05.2017

For and on behalf of the Board

Sd/- **A.V. PALANISWAMY**

DIN No. 01817391

Managing Director

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **JAYARAM GOVINDARAJAN**

DIN No. 02178416

Whole - Time Director

Sd/- **J. SARAVANAN**

Chief Financial Officer



# NATIONAL FITTINGS LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.	For the year ended 31 March, 2017 ₹	For the year ended 31 March, 2016 ₹
1 Revenue from operations (Net of Excise Duty Rs. 75,21,510/- Previous year Rs. 92,63,592)	2.18	670,654,122	521,858,665
2 Other income	2.19	<u>24,367,837</u>	<u>18,013,032</u>
<b>3 Total revenue (1+2)</b>		<b><u>695,021,959</u></b>	<b><u>539,871,697</u></b>
<b>4 Expenses</b>			
(a) Cost of Raw materials consumed	2.20(a)	<b>372,554,832</b>	302,179,860
(b) Purchases of traded goods	2.20(b)	—	360,705
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.20(c)	<b>(10,564,780)</b>	(14,936,242)
(d) Employee benefits expense	2.21	<b>35,329,324</b>	26,621,980
(e) Finance costs	2.22	<b>9,738,214</b>	7,569,330
(f) Depreciation and amortisation expense	2.10	<b>10,495,226</b>	12,136,946
(g) Other expenses	2.23	<b>117,865,787</b>	95,272,395
<b>Total expenses</b>		<b><u>535,418,602</u></b>	<b><u>428,844,269</u></b>
<b>5 Profit / (Loss) before exceptional items and tax (3 - 4)</b>		<b>159,603,357</b>	111,027,428
<b>6 Tax expense:</b>			
(a) Current tax expense for current year		<b>56,636,028</b>	39,337,974
(b) Net Current tax expense		<b>56,636,028</b>	39,337,974
(c) Tax for Earlier years		<b>1,825,293</b>	—
(d) Deferred tax (Income) / Expenses	2.28	<b>(302,680)</b>	(2,189,568)
		<b><u>58,158,641</u></b>	<b><u>37,148,406</u></b>
<b>7 Profit / (Loss) after Tax (5-6)</b>		<b><u>101,444,716</u></b>	<b><u>73,879,022</u></b>
<b>8 Earnings per share (of ₹10/- each):</b>			
(a) Basic	2.27	<b>12.19</b>	8.88
(b) Diluted	2.27	<b>12.19</b>	8.88

Significant accounting policies and Notes on Accounts 1 & 2

As per our report of even date annexed  
for KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants  
Sd/- **S. RATHINAMOORTHY**  
Partner, M.No. 233449 Place : Coimbatore  
Date : 27.05.2017

For and on behalf of the Board  
Sd/- **A.V. PALANISWAMY** Sd/- **JAYARAM GOVINDARAJAN**  
DIN No. 01817391 DIN No. 02178416  
Managing Director Whole - Time Director  
Sd/- **S. ARAVINTHAN** Sd/- **J. SARAVANAN**  
Company Secretary Chief Financial Officer

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	159,603,357	111,027,428
<i>Adjustments for:</i>		
Depreciation and amortisation	10,4995,226	12,136,946
(Profit) / loss on sale / write off of assets	(25,247)	23,096
Finance costs	9,738,214	7,569,330
Interest income	(7,896,572)	(6,055,070)
Rental income from Machineries	(6,81,666)	(669,689)
Liabilities / provisions no longer required written back	—	(43,977)
Bad Debts written off	715,330	201,614
	<u>12,345,285</u>	<u>13,162,250</u>
Operating profit / (loss) before working capital changes	171,948,641	124,189,678
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(12,239,384)	(16,255,482)
Trade receivables	(1,406,687)	(2,014,955)
Short-term loans and advances	19,384,469	9,941,920
Long-term loans and advances	(152,317)	(175,610)
Other current asset	275	250
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	15,102,855	8,298,805
Other current liabilities	931,575	5,862,563
Short-term provisions	(9,924,333)	(2,570,875)
Long-term provisions	1,015,232	535,374
	<u>12,711,685</u>	<u>3,621,990</u>
Cash flow from extraordinary items	—	—
Cash generated from operations	184,660,326	127,811,668
Net income tax (paid) / refunds	(59,396,115)	(32,512,833)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b><u>125,264,211</u></b>	<b><u>95,298,835</u></b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(61,504,500)	(19,663,875)
Proceeds from sale of fixed assets	557,460	7,619
Interest received	7,896,572	6,055,070
Rental from Machineries	681,666	669,689
	<u>(52,368,802)</u>	<u>(12,931,497)</u>
Cash flow from extraordinary items	—	—
<b>Net cash flow from / (used in) investing activities (B)</b>	<b><u>(52,368,802)</u></b>	<b><u>(12,931,497)</u></b>



# NATIONAL FITTINGS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
<b>C. Cash flow from financing activities</b>		
Repayment of Preference Share Capital	—	(30,000,000)
Investment in Mutual Fund	(10,325,000)	—
Net increase / (decrease) in working capital borrowings	—	—
Proceeds from Short-Term borrowings	(10,295,406)	13,272,734
Repayment of other short-term borrowings	—	—
Finance cost	(9,738,214)	(7,569,330)
Interim Dividend paid including Dividend Distribution Tax	(20,027,571)	(20,027,571)
Dividend paid including Dividend Distribution Tax	—	(10,013,786)
Cash flow from extraordinary items	<u>(50,386,191)</u>	<u>(54,337,953)</u>
<b>Net cash flow from / (used in) financing activities (C)</b>	<b><u>(50,386,191)</u></b>	<b><u>(54,337,953)</u></b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>22,509,218</b>	<b>28,029,386</b>
Cash and cash equivalents at the beginning of the year	101,961,278	73,931,892
<b>Cash and cash equivalents at the end of the year</b>	<b><u>124,470,496</u></b>	<b><u>101,961,278</u></b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 2.14)	124,470,496	101,961,278
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	—	—
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 2.14	<b><u>124,470,496</u></b>	<b><u>101,961,278</u></b>
<b>Cash and cash equivalents at the end of the year*</b>		
* Comprises:		
(a) Cash on hand	110,805	64,965
(b) Balances with banks		
(i) In current accounts	10,838,481	12,575,465
(ii) In deposit accounts	112,818,432	88,382,831
(iii) In Margin Money account (Earmarked fund) (Refer Note below)	702,779	938,017
	<u>124,470,496</u>	<u>101,961,278</u>
Note:		
These earmarked account balances with banks can be utilised only for the specific identified purposes.		
a) In Letter of Credit Margin Money Account	700,000	615,452
b) In Bank Guarantee Margin Account	2,779	322,565
	<u>702,779</u>	<u>938,017</u>

See accompanying notes forming part of the financial statements

As per our report of even date annexed

for KRISHAAN & CO.,

Firm Regn. No. 001453S

Chartered Accountants

Sd/- **S. RATHINAMOORTHY**

Partner, M.No. 233449 Place : Coimbatore

Date : 27.05.2017

For and on behalf of the Board

Sd/- **A.V. PALANISWAMY**

DIN No. 01817391

Managing Director

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **JAYARAM GOVINDARAJAN**

DIN No. 02178416

Whole - Time Director

Sd/- **J. SARAVANAN**

Chief Financial Officer



## Notes forming part of the financial statements for the year ended 31.03.2017.

Note	Particulars
<b>1 Corporate Information</b>	
	National Fittings Limited (formerly known as Interfit Techno Products Limited) incorporated as a Public Limited Company under the provisions of Companies Act, 1956 to Manufacture and market SG Iron Grooved and Screwed Pipe Fittings, Stainless Pipe Fittings and Ball Valves for industrial and non-industrial applications.
<b>2 Significant accounting policies</b>	
<b>a Basis of accounting and preparation of financial statements</b>	
	These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or are vision to an existing accounting standard requires a change in the accounting policy hitherto in use.
<b>b Use of estimates</b>	
	The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.
<b>c Inventories</b>	
	Inventories of Raw Materials, Stores and Spares parts, Work in progress and Finished goods are valued at the lower of cost ascertained on weighted average cost basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads.  Stock of tools are valued at cost and are written off over a period of ten years.
<b>d Cash and cash equivalents (for purposes of Cash Flow Statement)</b>	
	Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
<b>e Cash flow statement</b>	
	Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

**Notes forming part of the financial statements for the year ended 31.03.2017.**
**Note 2 Significant accounting policies (Contd.)**

Note	Particulars
<b>f</b>	<b>Revenue recognition</b>
	Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Export sales are exclusive of both excise duty and sales tax since exempted. Domestic sales are inclusive of excise duty but exclude sales tax.
<b>g</b>	<b>Other Income</b>
	Interest income is accounted on accrual basis.
<b>h</b>	<b>Tangible fixed assets</b>
	Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.
<b>i</b>	<b>Depreciation and amortisation</b>
	Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and Machinery for which the Management estimates the useful lives as follows:
	a) Plant and Machinery (1)                      5-10 Years
	b) Patterns and Moulds                              3 Years
	(1) For these Plant and Machinery, based on the internal assessment and independent technical evaluation carried out by the management, the useful lives as given above represent the period over which management expects to use these assets. Hence useful lives of these assets is different from the part C of Schedule II of the Companies Act, 2013.
	Depreciation and amortisation method, useful lives and residual values are reviewed periodically, including at each financial year
	Depreciation for assets purchased/sold during a period is proportionately charged.
	Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.
<b>i</b>	<b>Foreign currency transactions and translations</b>
	i. The transactions involving Foreign Currencies are accounted for at the rates prevailing on the date of transactions and accordingly Gains/(Losses) arising out of fluctuation in exchange rates are recognized in the Profit & Loss Statement
	ii In case of forward contracts, if any, the difference between the forward rate and the exchange rate at the prevailing period is recognized in the Profit & Loss Statement over the life of the contract.
	iii. Foreign currency monetary Assets & Liabilities are restated at the exchange rate prevailing at the year end and overall net gain/loss is adjusted to the Profit & Loss Statement.

**Notes forming part of the financial statements for the year ended 31.03.2017.**

**Note 2 Significant accounting policies (Contd.)**

Note	Particulars
<b>k</b>	<p><b>Government grants, subsidies and export incentives</b></p> <p>Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.</p> <p>Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.</p> <p>Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.</p>
<b>l</b>	<p><b>Investments</b></p> <p>Long term Investments are stated at cost. Short term investments are stated at cost or market price whichever is lower.</p>
<b>m</b>	<p><b>Stock of Tools</b></p> <p>The stocks of Tools including those developed in-house are being written off over a period of 10 years. Expenses incurred on New Product Development are written off over a period of 5 years.</p>
<b>n</b>	<p><b>Employee benefits</b></p> <p><i>Short Term Employee Benefits</i></p> <p>All employee benefits payable within twelve months of rendering the services are recognized in the period in which the employee renders the related service.</p> <p><i>Post Employment / Retirement Benefits</i></p> <p>Defined Contribution Plans such as Provident Fund etc., are charged to the Profit and Loss account as incurred.</p> <p>Defined Obligation Plans - The Present Value of the obligation under such plans, is determined based on an actuary valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss account. In the case of Gratuity, which is partly funded with the Life Insurance Corporation of India under the Group Gratuity (Cash Accumulation) Scheme, the fair value of the plan Asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.</p> <p>Other Long Term Employee Benefits includes Compensated Absences are recognized in the same manner as Defined Obligation Plans.</p> <p><i>Termination Benefits</i></p> <p>Termination Benefits are recognized as and when incurred.</p>
<b>o</b>	<p><b>Borrowing costs</b></p> <p>The borrowing cost represents interest payable on loans taken for carrying out business operations and the same is charged to revenue.</p>

**Notes forming part of the financial statements for the year ended 31.03.2017.**

**Note 2 Significant accounting policies (Contd.)**

Note	Particulars
<b>p Leases</b>	<p>The Company has leased Certain tangible assets and such leases where the company has substantial retained all the risk and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss account on Straight Line Basis over the lease term.</p> <p>Lease in which a significant portion of the risk and rewards of ownership are classified as operating leases. Lease Payments on such operating leases are recognised in the Statement of Profit and Loss account on Straight Line Basis over the period of lease.</p>
<b>q Segment reporting</b>	<p>The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.</p> <p>The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.</p> <p>Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.</p> <p>Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.</p>
<b>r Earnings per share</b>	<p>Basic and diluted earning per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.</p>
<b>s Taxes on income</b>	<p>Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such</p>

assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Profit and Loss Statement.

**t Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**u Provisions and contingencies**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.

**v Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

**w Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

**Notes forming part of the financial statements for the year ended 31.03.2017.**
**Note 2.1 Share Capital**

	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of ₹ 10 each	8,750,000	87,500,000	8,750,000	87,500,000
Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	500,000	50,000,000	500,000	50,000,000
<b>(b) Issued Subscribed and fully paid up</b>				
Equity shares of ₹ 10 each with voting rights	8,320,000	83,200,000	8,320,000	83,200,000
<b>Total</b>	<b>8,320,000</b>	<b>83,200,000</b>	<b>8,320,000</b>	<b>83,200,000</b>

Refer Notes (i) to (iv) below

Notes:

- (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Redeemed during the year	Closing Balance
<b>Equity shares with voting rights</b>			
Year ended 31 March, 2017			
- Number of shares	8,320,000	—	8,320,000
- Amount (₹)	83,200,000	—	83,200,000
Year ended 31 March, 2016			
- Number of shares	8,320,000	—	8,320,000
- Amount (₹)	83,200,000	—	83,200,000
<b>Non-Convertible Non-Cumulative Redeemable 9% preference shares</b>			
Year ended 31 March, 2017			
- Number of shares	—	—	—
- Amount (₹)	—	—	—
Year ended 31 March, 2016			
- Number of shares	300,000	300,000	—
- Amount (₹)	30,000,000	30,000,000	—

**Notes forming part of the financial statements (Contd.)**

(ii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	Equity shares with voting rights	% of Holding	Redeemable preference shares	% of Holding
	Number of shares			
<b>As at 31 March, 2017</b>				
M/s. Interfit India Limited, the holding company	4,697,010	56.45	—	—
<b>As at 31 March, 2016</b>				
M/s. Interfit India Limited, the holding company	4,697,010	56.45	—	—

(iii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2017		As at 31 March, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
M/s. Interfit India Limited	4,697,010	56.45	4,697,010	56.45
Mr. A.V. Palaniswamy	756,472	9.09	756,472	9.09

(iv) Terms / rights attached to shares

- (a) The company has only one class of equity shares having at par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The Board of Directors has declared and paid Rs.2/- per equity share as interim dividend. Additionally, The Board of Directors have recommended a dividend of Rs.2/- per equity share of Rs.10/- each amounting to Rs.166.40 Lacs excluding Dividend Distribution Tax subject to approval of members in the Ensuing Annual General Meeting.
- (b) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

**Notes forming part of the financial statements (Contd.)**

Particulars	As at 31 March, 2017 ₹	As at 31 March 2016 ₹
<b>Note 2.2 Reserves and surplus</b>		
(a) Capital reserve (Backward area subsidy)		
Opening balance	1,500,000	1,500,000
Add: Additions during the year	—	—
Less: Utilised / transferred during the year	—	—
Closing balance	<b>1,500,000</b>	<b>1,500,000</b>
(b) Capital Redemption Reserve		
Opening balance	50,000,000	20,000,000
Add: Transferred from General Reserve	—	30,000,000
Less: Utilised / transferred during the year	—	—
Closing balance	<b>50,000,000</b>	<b>50,000,000</b>
(c) Securities premium account		
Opening balance	1,000,000	1,000,000
Add : Premium on shares issued during the year	—	—
Less : Utilised during the year	—	—
Closing balance	<b>1,000,000</b>	<b>1,000,000</b>
(d) General reserve		
Opening balance	14,480,000	9,480,000
Add: Transferred from surplus in Profit and Loss Statement	75,000,000	35,000,000
Less: Utilised / transferred during the year for redemption of Non-Convertible Non-Cumulative Redeemable 9% Preference Shares	—	30,000,000
Closing balance	<b>21,980,000</b>	<b>14,480,000</b>
(e) Surplus / (Deficit) in Profit and Loss Statement		
Opening balance	45,663,646	36,825,981
Add: Profit / (Loss) for the year	101,444,716	73,879,022
Less: Utilised / transferred during the year		
Interim Dividend on Equity Share (Current year Rs. 2 per share - Previous year Rs.2)	16,640,000	16,640,000
Dividend Distribution Tax on above	3,387,571	3,387,571
Final Dividend on Equity Share	—	8,320,000
Dividend Distribution Tax on above	—	1,693,786
Transfer to General Reserve	75,00,000	35,000,000
Closing balance	<b>119,580,791</b>	<b>45,663,646</b>
Total (a+b+c+d)	<b>194,060,791</b>	<b>112,643,646</b>

**Notes forming part of the financial statements (Contd.)**

Particulars	As at 31 March, 2017 ₹	As at 31 March 2016 ₹
<b>Note 2.3 Deferred Tax Liability (net)</b>		
Deferred Tax Liability (Net)	2,690,226	2,992,906
Ref. Additional information Note 2.29		
Total	<u>2,690,226</u>	<u>2,992,906</u>
<b>Note 2.4 Other long-term liabilities</b>		
Others	—	—
Total	<u>—</u>	<u>—</u>
<b>Note 2.5 Long-term provisions</b>		
Provision for employee benefits:		
(i) Provision for Earned Leave	224,828	144,520
(ii) Provision for gratuity (net) (Refer Note 2.25.b)	2,616,820	1,681,896
Total	<u>2,841,648</u>	<u>1,826,416</u>

**Note 2.6 Short-term borrowings**

**(a) Loans repayable on demand**

From banks

Secured

Export Packing Credit from Bank of India #	51,084,410	46,787,859
Letter of Credit from Bank of India #	—	676,416
Demand Loan against Deposits @	—	13,915,541

Total	<u>51,084,410</u>	<u>61,379,816</u>
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# Working capital loans comprising of cash credit Export Packing Credit and other non fund based limits are secured by hypothecation of stocks and book debts and collaterally secured by Hypothecation of Machinery and equitable mortgage of property situate at Kaniyur Village.

Further the above are guaranteed personally by the Managing Director and a relative of the Managing Director and in addition by a Corporate guarantee of M/s. Interfit India Limited, the holding company. During the year the company has not defaulted in repayment of loan and interest.

@ Demand Loan against Deposits was availed under the lien of Fixed Deposits with Bank of India.

**Notes forming part of the financial statements (Contd.)**

Particulars	As at 31 March, 2017 ₹	As at 31 March 2016 ₹
<b>Note 2.7 Trade Payables</b>		
Trade payables:		
Other than Acceptances #	36,481,407	21,378,552
Total	<u>36,481,407</u>	<u>21,378,552</u>
# Trade payables includes payable to related parties		
a. Interfit India Ltd - The Holding Company	18,660,188	11,413,763
<b>Note 2.8 Other current liabilities</b>		
(i) Unclaimed Dividend	4,251,797	6,304,442
(ii) Other due payable		
(a) Statutory remittances	551,606	446,956
(b) Advances from customers	6,451,160	4,875,943
(c) Provision for Expenses	5,324,633	4,020,280
Total	<u>16,579,196</u>	<u>15,647,621</u>
<b>Note 2.9 Short-term provisions</b>		
(a) Provision for Income tax		
(i) Provision for Tax (Net of advance tax Rs. 13,95,64,855/-) (As at 31st March, 2016 Rs. 8,01,76,370/-)	7,736,897	8,671,691
(b) Provision for Dividend		
(i) Proposed Equity Dividend	—	8,320,000
(ii) Tax on Dividend	—	1,693,786
(c) Provision for employee benefits:		
(i) Provision for Earned Leave	59,791	3,868
(ii) Provision for Gratuity (Net) (Ref. Note 2.25.b)	73,199	39,669
Total	<u>7,869,887</u>	<u>18,729,014</u>



Notes forming part of the financial statements

Note 2.10 Fixed assets

Tangible Assets	Gross Block				Depreciation				Net Block	
	Balance as at 1 April, 2016	Additions	Disposals	Balance as at 31 March, 2017	Balance as at 1 April, 2016	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2017	Balance as at 31 March, 2016	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	
(a) Freehold Land	14,339,734	27,407,200	—	41,746,934	—	—	—	41,746,934	14,339,734	
(b) Buildings	21,382,654	—	—	21,382,654	11,301,362	923,246	—	9,158,046	10,081,292	
(c) Plant and Equipment	87,615,859	18,786,742	200,000	106,202,601	66,635,550	5,655,813	110,576	34,021,814	20,779,309	
(d) Pattern & Tools	9,263,512	1,043,539	—	10,307,051	8,207,817	457,768	—	1,641,466	1,256,695	
(e) Lab Equipment	2,210,347	1,068,161	—	3,278,508	1,521,509	455,222	—	1,301,777	688,638	
(f) Electrical Installation	4,453,374	—	—	4,453,374	4,439,425	10,136	—	3,813	13,949	
(g) Computers	3,481,801	417,990	—	3,899,791	2,468,371	488,904	—	9425,16	1,013,430	
(h) Furniture and Fixtures	986,004	—	—	986,004	509,221	70,290	—	406,493	476,783	
(i) Vehicles	4,417,301	8,253,128	1,319,353	11,351,076	2,654,259	1,293,668	876,564	8,279,713	1,763,042	
(j) Office equipment	1,587,896	308,990	—	1,896,886	910,878	335,151	—	650,857	677,018	
(k) Intangible Asset (FM License)	10,000,000	—	—	10,000,000	3,059,780	805,028	—	6,135,192	6,940,220	
<b>Total Tangible Asset</b>	<b>159,738,481</b>	<b>57,285,750</b>	<b>1,519,353</b>	<b>215,504,878</b>	<b>101,708,172</b>	<b>10,495,226</b>	<b>987,140</b>	<b>104,288,621</b>	<b>58,030,309</b>	
<b>Capital Work In Progress</b>	<b>1,391,267</b>	<b>4,218,750</b>	—	<b>5,610,017</b>	—	—	—	<b>5,610,017</b>	<b>1,391,267</b>	
<b>Total Asset</b>	<b>161,129,748</b>	<b>61,504,500</b>	<b>1,519,353</b>	<b>221,114,895</b>	<b>101,708,172</b>	<b>10,495,226</b>	<b>987,140</b>	<b>109,898,638</b>	<b>59,421,576</b>	
Previous year	141,517,873	19,663,875	52,000	161,129,748	89,592,511	12,126,946	21,285	59,421,576	51,925,362	

Note: Capital Work In Progress includes

- a) Building - Staff & Workers Canteen amounting to Rs.37,40,601/-
- b) Grinding, Production Milling and Weighbridge amounting to Rs. 18,69,416/-

**Notes forming part of the financial statements (Contd.)**

Particulars	As at 31 March, 2017 ₹	As at 31 March 2016 ₹
<b>Note 2.11 Long-term loans and advances</b>		
(a) Security deposits (Unsecured, considered good)		
Electricity Deposit	1,165,889	990,572
Telephone Deposits	59,408	59,408
Cylinder Deposit	23,450	23,450
Rental deposits	70,000	93,000
	1,318,747	1,166,430
(b) Balances with government authorities (Unsecured, considered good)		
(i) Advance paid against disputed excise duty	283,659	283,659
Total	1,602,406	1,450,089



**Notes forming part of the financial statements (Contd.)**  
**Note 2.12 Current investments**

	As at 31 March, 2017			As at 31 March, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
Investments (At cost):						
<b>A. Trade</b>						
<b>(a) Investment in Debt Fund</b>						
(i) 90285.709 (As on 31st March'2016 Nil ) units of Rs.22.1519 in M/s DHFL Pramerical Low Duration Fund - Growth Market value as on 31.03.2017 Rs.20,03,702/-	2,000,000		2,000,000	—		—
<b>(b) Investment in Balanced Fund</b>						
(i) 8213.587 (As on 31st March'2016 Nil ) units of Rs.24.3499 in M/s ICICI Prudential Balanced Fund Market value as on 31.03.2017 Rs.2,02,793/-	200,000		200,000	—		—
(ii) 10666.349 (As on 31st March'2016 Nil ) units of Rs.18.7506 in M/s L&T India Prudence Fund Market value as on 31.03.2017 Rs.2,04,101/-	200,000		200,000	—		—
(iii) 8173.365 (As on 31st March'2016 Nil ) units of Rs.24.4697 in M/s DSP Blackrock Balanced Fund Market value as on 31.03.2017 Rs.2,02,029/-	200,000		200,000	—		—
(iv) 1398.033 (As on 31st March'2016 Nil ) units of Rs.143.0581 in M/s Birla Sun Life Balanced Fund Market value as on 31.03.2017 Rs.2,04,253/-	200,000		200,000	—		—
(v) 6830.331 (As on 31st March'2016 Nil ) units of Rs.29.2812 in M/s HDFC Balanced Fund Market value as on 31.03.2017 Rs.2,00,245/-	200,000		200,000	—		—
<b>(c) Investment in Liquid Fund</b>						
(i) 162809.881 (As on 31st March'2016 Nil ) units of Rs.18.4264 in M/s Franklin India Low Duration Fund Market value as on 31.03.2017 Rs.30,05,943/-	3,000,000		3,000,000	—		—

**Notes forming part of the financial statements (Contd.)**  
**Note 2.12 Current investments (Continued)**

	As at 31 March, 2017			As at 31 March, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
(ii) 900.35 (As on 31st March 2016 Nil) units of Rs.2221.3579 in M/s L&T Liquid Fund Market value as on 31.03.2017 Rs.20,03,070/-	2,000,000	—	2,000,000	—	—	—
(iii) 7688.446 (As on 31st March'2016 Nil) units of Rs.260.1306 in M/s Birla Sun Life Cash Plus Market value as on 31.03.2017 Rs.20,02,942/-	2,000,000	—	2,000,000	—	—	—
<b>(d) Investment in Clover Energy Pvt. Ltd.</b>						
32500 equity shares (As on 31st March'2016 Nil) of Rs.10 each Market value as on 31.03.2017 not ascertained		325,000	325,000	—	—	—
<b>Total - Investments</b>	<b>10,000,000</b>	<b>325,000</b>	<b>10,325,000</b>	—	—	—
Aggregate amount of quoted investments			10,000,000			
Aggregate market value of listed and quoted investments			10,029,076			
Aggregate value of listed but not quoted investments			—			
Aggregate amount of unquoted investments			325,000			

**Notes forming part of the financial statements (Contd.)**

Particulars	As at 31 March, 2017 ₹	As at 31 March 2016 ₹
<b>Note 2.13 Inventories</b>		
(At lower of cost and net realisable value)		
(a) Raw materials	4,491,919	2,960,378
(b) Work-in-progress (Refer Note Below)	59,617,090	49,052,310
(c) Packing Materials	200,257	382,558
(d) Stores and spares	13,479,410	13,194,571
(e) Loose tools	627,835	587,310
Total	<b>78,416,511</b>	<b>66,177,127</b>
<b>Note: Details of inventory of work-in-progress</b>		
SG Iron Fittings	35,710,690	32,513,160
SS Fittings	22,062,525	13,716,100
SS Ball Valves	1,843,875	2,823,050
	<b>59,617,090</b>	<b>49,052,310</b>
<b>Note 2.14 Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	2,417	97,951
Doubtful	—	—
	2,417	97,951
Other Trade receivables		
Unsecured, considered good	26,431,221	25,644,330
Doubtful	—	—
	26,431,221	25,644,330
Total	<b>26,433,638</b>	<b>25,742,281</b>

**Notes forming part of the financial statements (Contd.)**

Particulars	As at 31 March, 2017 ₹	As at 31 March 2016 ₹
<b>Note 2.15 Cash and Cash Equivalents</b>		
(a) Cash on hand	110,805	64,965
(b) Balances with banks		
(i) On current account with Scheduled Bank	6,607,737	6,290,448
(ii) On deposit accounts with Scheduled Bank (Refer Note below)	112,818,432	88,382,831
(iii) In Margin Money account		
- Balances held as margin money or security against borrowings, guarantees and other commitments	702,779	938,017
(iv) In Dividend Account with Scheduled Bank	4,230,743	6,285,017
Total	<b>124,470,496</b>	<b>101,961,278</b>

**Note:**

- (i) Balances with banks include deposits with a scheduled bank amounting to Rs.11,28,18,432/- (As at 31 March, 2016 Rs.8,83,82,831/-) which have an original maturity of 12 months.

**Note 2.16 Short-term loans and advances**

(a) Advance for supplies		
(i) To related parties @	9,950,261	29,381,429
(ii) Others	2,761,828	120,524
(b) Capital Advance for Land		
(i) To related parties @	—	5,087,500
(c) Loans and advances to employees	1,365,492	1,438,770
(d) Prepaid expenses	1,200,348	1,477,580
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	13,493,507	14,256,890
(ii) Export Incentives receivable	13,245,524	11,191,929
(iii) VAT credit receivable	1,642,192	88,999
Total	<b>43,659,152</b>	<b>63,043,621</b>

@ Note: Loans and advances to related party include :

M/s. Merit Industries Ltd.	9,950,261	29,381,429
M/s. Haitima India Pvt. Ltd.	—	5,087,500

**Note 2.17 Other Current assets**

(a) Accruals		
(i) Interest accrued on deposits	1,725	2,000
Total	<b>1,725</b>	<b>2,000</b>

**Notes forming part of the financial statements (Contd.)**

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March 2016 ₹
<b>Note 2.18 Revenue from operations</b>		
(a) Sale of products (Refer Note (i) below)	651,284,399	512,068,619
Less: Excise duty	8,073,200	7,521,510
	643,211,199	504,547,109
(b) Other operating revenues (Refer Note (ii) below)	27,442,923	17,311,556
Total	<b>607,654,122</b>	<b>521,858,665</b>
Notes:		
(i) <b>Sale of products comprises:</b>		
<u>Manufactured goods</u>		
SG Pipe Fittings	611,037,332	471,098,421
SS Fittings	30,863,952	32,063,581
SS Ball Valves	1,175,915	1,310,107
<b>Total - Sale of manufactured goods</b>	<b>643,077,199</b>	<b>504,472,109</b>
<u>Traded goods</u>		
Electric Chain Hoist (Grooving Machine)	134,000	75,000
<b>Total - Sale of traded goods</b>	<b>134,000</b>	<b>75,000</b>
<b>Total - Sale of products</b>	<b>643,211,199</b>	<b>504,547,109</b>
(ii) <b>Geographical Revenue from:</b>		
Domestic	78,863,773	80,010,626
Export	564,347,426	424,536,483
Total	<b>643,211,199</b>	<b>504,574,109</b>
(iii) <b>Other operating revenues comprise:</b>		
Scrap sales	1,510,889	1,422,775
Duty drawback and other export incentives net of processing fees	25,932,034	15,888,781
<b>Total - Other operating revenues</b>	<b>27,442,923</b>	<b>17,311,556</b>

**Notes forming part of the financial statements (Contd.)**

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March 2016 ₹
<b>Note 2.19 Other Income</b>		
(a) Interest income (Refer Note (i) below)	7,896,572	6,055,070
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	6,479,179	2,750,096
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	9,992,086	9,207,866
<b>Total</b>	<b>24,367,837</b>	<b>18,013,032</b>
<b>Notes</b>		
(i) Interest income comprises:		
Interest from banks:		
On Fixed Deposits	7,747,971	5,909,085
On LC and BG Margin Money Deposits	72,296	72,483
Other interest	76,305	73,502
<b>Total - Interest income</b>	<b>7,896,572</b>	<b>6,055,070</b>
(ii) Other non-operating income comprises:		
Sales Tax refund received	8,875,619	8,270,698
Rental from Machines	681,666	669,689
Excess Bonus Provision written back	—	43,977
Dividend Income	2,554	—
Labour charges receipt	—	—
Others	407,000	223,502
<b>Total - Other non-operating income</b>	<b>9,992,086</b>	<b>9,207,866</b>
<b>Note 2.20(a) Cost of Raw Materials consumed</b>		
Opening stock	2,960,378	4,511,750
Add: Purchases	374,086,373	300,628,488
	377,046,751	305,140,238
Less: Closing stock	4,491,919	2,960,378
<b>Cost of Raw material consumed</b>	<b>372,554,832</b>	<b>302,179,860</b>

**Notes forming part of the financial statements (Contd.)**

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March 2016 ₹
<b>Raw Material consumed comprises:</b>		
S G Iron Castings	334,524,914	275,033,435
Nordel	24,861,898	15,112,331
SS Scraps	13,168,020	12,034,094
Total	<u>372,554,832</u>	<u>302,179,860</u>
 <b>Note 2.20(b) Purchase of Traded goods</b>		
	—	360,705
Total	<u>—</u>	<u>360,705</u>
 <b>Note 2.20(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Inventories at the end of the year		
Finished goods	—	—
Work-in-progress	59,617,090	49,052,310
Stock-in-trade	—	—
	<u>59,617,090</u>	<u>49,052,310</u>
Inventories at the beginning of the year:		
Finished goods	—	—
Work-in-progress	49,052,310	34,116,068
Stock-in-trade	—	—
	<u>49,052,310</u>	<u>34,116,068</u>
<b>Net (increase) / decrease</b>	<u><b>(10,564,780)</b></u>	<u><b>(14,936,242)</b></u>

**Notes forming part of the financial statements (Contd.)**

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March 2016 ₹
<b>Note 2.21 Employee benefits expenses</b>		
Salaries and wages	31,450,609	24,156,440
Contributions to provident and other funds	2,022,654	1,391,393
Gratuity expenses	1,040,409	529,899
Staff welfare expenses	815,652	544,248
Total	<b>35,329,324</b>	<b>26,621,980</b>
Salaries and Wages includes Salary paid to		
a) Key Management Personnel	4,006,642	3,199,200
b) Relatives of Key Management Personnel	120,000	120,000
<b>Note 2.22 Finance costs</b>		
(a) Interest expense on:		
(i) Packing Credit	2,371,208	1,537,083
(ii) Bills discounted/ Realised	5,231,010	4,253,516
(iii) Letters of Credit	314,706	313,703
(iv) Overdue bills	150,001	129,516
(v) Others (Including Interest on Loan against Term Deposit Receipt)	1,577,331	1,247,950
(vi) Bank Charges	93,958	87,561
Total	<b>9,738,214</b>	<b>7,569,330</b>
<b>Note 2.23 Other Expenses</b>		
Consumption of stores and spare parts	46,285,144	38,073,269
Consumption of packing materials	9,745,377	7,554,661
Corporate Social Responsibility	1,200,000	1,345,670
Power and fuel	16,533,679	14,625,803
Water	138,600	105,300
Rent	6,318,424	6,191,200
Repairs and maintenance - Buildings	1,012,012	433,627
- Machinery	7,058,829	1,893,131
- Computer	1,439,960	705,079
- Vehicle (Including Fuel)	1,035,129	1,190,282
- Others	2,610,426	1,790,592

**Notes forming part of the financial statements (Contd.)**

Particulars	For the year ended 31 March, 2017 ₹	For the year ended 31 March 2016 ₹
Insurance - Export	526,048	399,957
- Product Liability	233,446	189,868
- Others	106,142	99,349
Directors sitting fees and Meeting expenses	205,000	182,128
Rates and taxes	626,183	495,540
Watch and Ward expenses	678,967	821,874
Communication	302,266	288,333
Travelling and conveyance	475,604	335,464
Printing and stationery	599,321	725,145
Postage and Telegram	413,863	295,344
Freight and forwarding	12,797,962	10,886,128
Business promotion including advertisement	228,246	21,748
Donations and contributions	2,000	1,000
Legal and professional	3,049,287	2,046,891
Payments to auditors (Refer Note (i) below)	471,771	450,681
Bad trade and other receivables loans and advances written off	715,330	201,614
Product Development and Tool room expenses written off	149,785	152,799
Loss on fixed assets sold / scrapped / written off	—	23,096
Miscellaneous expenses	2,906,986	3,386,117
<b>Total</b>	<b>117,865,787</b>	<b>94,911,690</b>

Notes:

**(i) Payments to the auditors comprises (net of service tax input credit):**

As auditors - statutory audit	125,000	125,000
For taxation matters	90,000	75,000
For company law matters	80,000	80,000
For other services	75,000	40,000
Reimbursement of expenses	101,771	130,681
<b>Total</b>	<b>471,771</b>	<b>450,681</b>

**Notes forming part of the financial statements (Contd.)**
**Note 2. Additional information to the financial statements**

Note	Particulars	As at 31 March 2017 ₹	As at 31 March, 2016 ₹
2.24	Contingent liabilities and commitments (to the extent not provided for)		
(i) (a)	Contingent liabilities		
	(1) Claims against the Company not acknowledged as debt ( In respect of the appeal filed by the Central Excise department for the Modvat claim of Rs.3,85,764/- the CECAT has decided in favour of the department, reducing the claim to Rs.2,83,658/- against which the Company has preferred an appeal with the High Court, Chennai. However the Company has paid the duty amount of Rs.2,83,658/- under protest).	283,658	283,658
	(2) Other money for which the Company is contingently liable		
	a) Letter of Credit established by the Bankers and outstanding as on the date of the Balance Sheet	—	676,416
	b) Export bills discounted with Bankers as on the date of the Balance Sheet	26,656,129	26,458,579
	c) Estimated differential Sales Tax liability on account of non-receipt of C-Forms	168,133	256,636
(b)	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	25,878,720	5,912,500

- (ii) Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 As per the information available with the company till date, none of the suppliers have informed the company about their having registered themselves under the "Micro, Small and Medium enterprises development Act, 2006. As such information required under the Act can not be complied and therefore not disclosed for the year.

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

**Notes forming part of the financial statements (Contd.)**

**Note 2. Additional information to the financial statements**

Note	Particulars	For the year ended 31 March 2017 ₹	For the year ended 31 March, 2016 ₹
(iii)	<b>Value of imports calculated on CIF basis</b>		
	Raw materials	—	—
	Components and Consumable	5,209,871	10,525,396
	Total Components and Spare Parts	5,209,871	10,525,396
(iv)	<b>Expenditure in foreign currency</b>		
	Professional and consultation fees	762,478	735,743
(v)	<b>Earnings in foreign currency</b>		
	Export of goods calculated on FOB basis	560,031,006	419,733,617
(vi)	<b>Details of consumption of imported and indigenous items</b>	For the year ended 31 March 2017	
	<b>Imported</b>	₹	%
	Raw materials	— (—)	— (—)
	Components and Consumable	7,113,696 (8,370,648)	100.00 (100.00)
	Total	7,113,696 (8,370,648)	100.00 (100.00)
	<b>Indigenous</b>		
	Raw materials	372,554,832 (302,179,860)	91.51 (92.33)
	Components and Consumable	34,563,785 (13,700,155)	8.49 (7.67)
	Total	407,118,590 (315,880,015)	100 (100)

Note: Figures / percentages in brackets relates to the previous year.

**Notes forming part of the financial statements**
**Note 2. Disclosures under Accounting Standards (contd.)**

Note	Particulars
------	-------------

**2.25 Employee benefit plans**
**2.25 a Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 9,75,811 (Year ended 31 March, 2016 Rs.6,20,109) towards Provident Fund contribution and Rs.8,93,271 (Year ended 31 March, 2016 Rs.7,20,840) towards Employees State Insurance contribution in the Statement of Profit and Loss. The contributions payable are at the rates specified in the rules of the schemes.

**2.25 b Defined benefit plans**

The Company offers the following employee benefit schemes to its employees:

- i. Gratuity
- ii. Leave Encashment

The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	Year ended 31 March, 2017		Year ended 31 March, 2016	
	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
<b>Components of employer expense</b>				
Current service cost	117,878	50,681	68,248	41,638
Interest cost	129,520	11,106	95,335	9,283
Expected return on plan assets	—	—	—	—
Curtailement cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Past service cost	—	—	—	—
Actuarial losses/(gains)	793,011	78,954	3,66,316	(21,541)
<b>Total expense recognised in the Profit and Loss statement</b>	<b>1,040,409</b>	<b>140,741</b>	<b>529,899</b>	<b>29,380</b>

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Note	Particulars			
	Year ended 31 March, 2017		Year ended 31 March, 2016	
Particulars	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
<b>Actual contribution and benefit payments for year</b>				
Actual benefit payments	—	—	—	—
Actual contributions	—	—	—	—
<b>Net asset / (liability) recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	2,708,642	284,619	1,740,188	148,388
Fair value of plan assets	18,623	—	18,623	—
Funded status [Surplus / (Deficit)]	—	—	—	—
Unrecognised past service costs	—	—	—	—
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>2,690,019</b>	<b>284,619</b>	<b>1,721,565</b>	<b>148,388</b>
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	1,740,188	148,388	1,234,194	119,008
Current service cost	117,878	50,681	68,248	41,638
Interest cost	129,520	11,106	95,335	9,283
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Plan amendments	—	—	—	—
Acquisitions	—	—	—	—
Actuarial (gains) / losses	793,011	78,954	366,316	(21,541)
Past service cost	—	—	—	—
Benefits paid	71,955	4,510	23,905	—
Present value of DBO at the end of the year	2,708,642	284,619	1,740,188	148,388

**Notes forming part of the financial statements**
**Note 2. Disclosures under Accounting Standards (contd.)**

Note	Particulars			
	Year ended 31 March, 2017		Year ended 31 March, 2016	
Particulars	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
<b>Change in fair value of assets during the year</b>				
Plan assets at beginning of the year	18,623	—	18,623	—
Acquisition adjustment	—	—	—	—
Expected return on plan assets	—	—	—	—
Actual company contributions	—	—	—	—
Actuarial gain / (loss)	—	—	—	—
Benefits paid	—	—	—	—
Plan assets at the end of the year	18,623	—	18,623	—
Actual return on plan assets				
<b>Actuarial assumptions</b>				
Discount rate	7.50%	7.50%	7.60%	7.80%
Expected return on plan assets	NA	NA	NA	
Salary escalation	10.00%	10.00%	8.00%	8.00%
Attrition	3.00%	3.00%	3.00%	3.00%
Medical cost inflation				
Mortality tables	LIC 94-96	LIC 94-96	LIC 94-96	LIC 94-96
Performance percentage considered	31.03.2017	31.03.2017	31.03.2016	31.03.2016

Estimate of amount of contribution in the immediate next year

**Notes forming part of the financial statements**

**Note 2. Disclosures under Accounting Standards (contd.)**

Note	Particulars
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**2.26a. Segment information**

*(Rs. in lakhs)*

Particulars	For the year ended 31 March, 2017		
	Business segments		Total
	A	B	
	Outside India	Within India	₹
Revenue	5,902.79 (4,404.25)	803.75 (889.55)	6,706.54 (5,293.80)
Total	5,902.79 (4,404.25)	803.75 (889.55)	6,706.54 (5,293.80)
Segment result	1,341.33 (969.53)	214.86 (159.43)	1,556.19 (1,128.97)
Unallocable expenses (net)			203.83 (198.82)
Other income (net)			243.68 (180.13)
Profit before taxes			1,596.03 (1,110.26)
Tax expense			581.59 (371.48)
Net profit for the year			1,014.45 (738.79)

2.26 b. The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Geographic Segment	Revenues For the year ended 31.03.2017 ₹
Americas	Nil
Europe	283.04 (—)
India	803.82 (814)
Others (Middle East)	5,360 (4,245)

Note : Figures in brackets related to the previous year.

**Notes forming part of the financial statements**
**Note 2. Disclosures under Accounting Standards (contd.)**

Note	Particulars
<b>2.27 Related party transactions</b>	
<b>Description of relationship</b>	<b>Names of related parties</b>
Holding Company	Interfit India Ltd
Enterprises in which Directors have Significant influence	Merit Industries Ltd Haitima India Pvt. Ltd.
Key Management Personnel	A V Palaniswamy (Managing Director) Panath Anitha (Executive Director) Jayaram Govindarajan (Whole Time Director) J Saravanan (Chief Financial Officer)
Relatives of Key Management Personnel and their Enterprises	Mrs Kumudha Palaniswamy (wife of Mr A V Palaniswamy)

Note: Related parties as identified by the Management.

**Details of related party transactions during the year ended 31 March, 2017 and balances outstanding as at 31 March, 2017**

₹ in lakhs

	Holding Company	KMP	Relatives of KMP	Others	Total
Purchase of Goods	1,975.91 (1,697.78)	— (—)	— (—)	1,297.50 (965.08)	3,273.41 (2,662.86)
Sale of goods	5.07 (1.04)	— (—)	— (—)	1.34 (2.55)	6.41 (3.59)
Purchase of fixed assets	4.61 (30.54)	— (—)	— (—)	264.05 (116.31)	268.66 (146.85)
<b>Expenses</b>					
Rent and Services	3.65 (2.30)	1.00 (—)	— (—)	4.99 (5.00)	9.64 (7.30)
Remuneration	— (—)	40.07 (31.99)	1.20 (1.20)	— (—)	41.27 (33.19)
Royalty and Lease Rent	61.20 (61.20)	— (—)	— (—)	— (—)	61.20 (61.20)
Other Expenses	— (—)	3.14 (2.63)	— (—)	— (—)	3.14 (2.63)
<b>Income</b>					
Rent and Services	— (—)	— (—)	— (—)	3.90 (10.44)	3.90 (10.44)

**Notes forming part of the financial statements**

**Note 2. Disclosures under Accounting Standards (contd.)**

Note	Particulars				
	Holding Company	KMP	Relatives of KMP	Others	Total
<b>Outstanding at end of the year</b>					
Payable	186.60 (114.14)	— (—)	— (—)	— (—)	186.60 (114.14)
Advances & Receivable	— (—)	— (—)	— (—)	99.50 (338.69)	99.50 (338.69)

Note : Figures in bracket relates to the previous year.

Note	Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
2.28	<b>Earning per share</b>		
	Net profit / (loss) for the year from continuing operations (₹ In lakhs)	1,014.45	738.79
	Net Profit /(Loss) attributable to Equity Shareholders	1,014.45	738.79
	Weighted average number of equity shares	8,320,000	8,320,000
	Par value per share	10	10
	Basic and diluted earnings per share in Rupees	12.19	8.88

**Notes forming part of the financial statements**
**Note 2. Disclosures under Accounting Standards (contd.)**

Note	Particulars
------	-------------

**2.29 Deferred Taxation : (₹ in lakhs)**

	Accumulated as at 31.03.2016 ₹	Changes/ (credit) in P&L during the year ₹	As at 31.03.2017
Deferred tax Liability on account of			
Fixed Assets	215.85	(1.29)	214.56
<b>Total</b>	<b>215.85</b>	<b>(1.29)</b>	<b>214.56</b>
Deferred Tax Asset on Account of			
Gratuity	0.40	(2.80)	3.20
Leave Encashment & Bonus	4.82	1.06	3.76
Unabsorbed Depreciation and business loss	180.70		180.70
<b>Total</b>	<b>185.92</b>	<b>(1.74)</b>	<b>187.66</b>
<b>Net Deferred Tax Asset</b>	<b>(29.93)</b>	<b>(3.03)</b>	<b>(26.90)</b>

In accordance with Accounting Standard 22, the deferred tax Asset of ₹ 3.03 lacs for the year have been recognised in Profit and Loss Statement.

**2.30 Proposed Dividend:**

Final Dividend of Rs.166.40 Lacs (Rs.2 per share) has been recommended by the Board for the year ended 31st march 2017. The Central Government vide notification dated 30.03.2016 has amended the Companies (Accounting Standards) Rules, 2006. According to the amended Rule, the dividend declared after the Balance Sheet date shall not be recorded as a liability in the previous year. Therefore, the company has not recorded Rs.200.28 lacs as liability for proposed dividend including dividend distribution tax as at 31st March 2017. However, the same will be recognized as liability on approval of the shareholders in the Annual General Meeting.

**2.31 Disclosure of Specified Bank Notes (SBNs)**

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBNs*	Other Denomi- nation Notes	Total
Closing cash in hand as on November 8, 2016	1,85,000	2,57,224	4,42,224
(+) Permitted receipts		9,31,000	9,31,000
(-) Permitted payments		(8,86,385)	(8,86,385)
(-) Amount deposited in Banks	(1,85,000)		(1,85,000)
<b>Closing cash in hand as on December 30, 2016</b>	<b>—</b>	<b>3,01,839</b>	<b>3,01,839</b>

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.