



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

Mr. K. Arunachalam, Non-Executive Independent Director

Mr. Philip K Baby, Executive Non-Independent Director

(Resigned with effect from 13.08.2012)

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



NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

Notice is hereby given that the 20th ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at SF No.112, Madhapur Road, Kaniyur, Suler Taluk, Karumathampatti, Coimbatore - 641 659 on Monday the 12th day of August 2013 at 9.30 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 2013 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr A V Palaniswamy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr R Alagar, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the current financial year and fix their remuneration. M/s. Krishnaan & Co., Chartered Accountants, Chennai, retires and are eligible u/s 224(1A) of Companies Act for re-appointment.

/ By order of the Board /

Place : Coimbatore
Date : 30.05.2013

For INTERFIT TECHNO PRODUCTS LTD.
Sd/- **A.V. Palaniswamy**
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 05th August, 2013 to 12th August 2013 (both days inclusive) in connection with the 20th Annual General Meeting of the Company.
- 4) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.



5) All communications should be addressed to:

The Secretarial Department,
INTERFIT TECHNO PRODUCTS LIMITED,
Registered Office:
SF No 112, Madhapur Road,
Kaniyur, Suler Taluk,
Karumathampatti (Via)
Coimbatore - 641 659
Ph: 99432 93000 / 99439 93001

SHAREHOLDER INFORMATION

A) Stock Exchanges on which the Company's shares are listed:

1. **The Bombay Stock Exchange Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

2. **Madras Stock Exchange Limited**
Exchange Bldg., Post Box No. 183,
No. 11, Second Line Beach,
Chennai - 600 001.

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 - 6549995, 2539835



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twentieth Annual Report together with the Audited Balance Sheet and Profit and Loss Statement for the year ended 31.03.2013.

FINANCIAL RESULTS :

The operating results for the year 2012-2013 are given below :

	(₹ in Lakhs)	
Profit before Interest and Depreciation and Other adjustments		470.60
Less: Interest	64.65	
Depreciation	70.13	134.76
Net Profit before Tax		335.84
Provision for Tax :		
Current Tax	67.84	
Deferred Tax Assets / (Liability)	176.85	244.69
		91.15
Add:		
MAT Credit Entitlement		41.42
Surplus carried over to Balance Sheet		132.57

FINANCIAL PERFORMANCE:

The Company's gross income for the financial year ended 31st March, 2013 was Rs 3169.12 lacs compared to Rs.2910.17 lacs in the previous year. The Profit before tax for the company is Rs.335.84 lacs as against Rs 229.61 lacs in the previous year. The depreciation for the year is Rs.70.13 lacs compared to Rs. 42.98 lacs in the previous year.

After providing for Taxation, the Company's net profit stands at Rs.132.53 lacs as against Rs.232.12 lacs in the previous year.

The net worth of the company is at Rs.1417 lacs as on 31.03.2013 as against Rs 1285.62 lacs in the previous year.

PERFORMANCE:

In spite of the 70% power cut in Tamil Nadu, Company managed to improve the sales and profits due to the favorable value of Indian Currency with respect to US Dollars.

The input costs decreased due to lower raw material prices and better utilization of man power in production.

The Company hopes to improve sales and profits due to improving power situation and continued reduction in raw material prices.

**DIRECTORS:**

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

Mr R Alagar, Director, who retires by rotation, and being eligible, offers himself for reappointment.

Mr. Philip K Baby, Director resigned from Directorship – w.e.f 13.08.2012.

COMPANY SECRETARY:

Mr. S. Aravinthan, ACS, was the Company Secretary and Compliance officer of the Company.

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 by them 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 2013 and of the Profit of the company and the cash flow statement for the year ended 31.03.2013.
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 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.

LISTING OF SHARES IN EXCHANGES 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's shares have not been traded in Madras Stock Exchange for the past few years. Members' approval has already been obtained for De-listing the Company's equity shares from Madras stock Exchange. Company will continue to meet the listing norms in the exchange till such time the delisting approval is obtained.

The Coimbatore Stock Exchange Limited (CSX) has ceased to be a recognized Stock Exchange with effect from 03rd April, 2013 and hence the Company is not required to comply with the terms and conditions of the listing agreements with Coimbatore Stock Exchange Limited any more.

CORPORATE GOVERNANCE :**Company's Philosophy on Code of Corporate Governance:**

Company's policies recognize the importance of Corporate Governance and recognize that the Company's customers and the shareholders are the ultimate beneficiaries of the Company's business profile.

In order to attain the above, your Company constantly endeavors for a system,

- to develop, manufacture and supply most efficiently products that meet the customer requirements;
- to comply with the requirements of quality management systems keeping abreast of the latest technologies;
- to train and develop employees to foster growth and
- to recognize responsibilities to the environment and community.



Some of the Measures included:

- Composition of Board of Directors (e.g. Majority Independent Directors)
- Constitution of various Board Committees for oversight and guidance concerning key decision making process connected with the functioning of the company.
- Code of Conduct
- Timely dissemination of information to Shareholders

I. BOARD OF DIRECTORS:

a) Composition of Board of Directors:

Executive Promoter Director	1
Non-Executive Independent Directors	3

At the beginning of the year the company had one more Executive Non-Independent Director, Mr Philip K Baby, who resigned from Directorship with effect from 13.08.2012.

b) Non Executive Directors compensation and Disclosure

There are no pecuniary relationships or 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.

Attendance of Board of Directors at Board Meetings and Last AGM

Four meetings of the Board of Directors were held during the financial year on 26.05.2012, 13.08.2012, 09.11.2012 and 14.02.2013 and AGM was held on 13.08.2012

Attendance of Directors at the Board Meeting held during the period and last AGM are:

Sl. No.	Name of the Directors	No. of Board Meetings Attended	Last AGM Present / absent
01.	Mr.A.V. Palaniswamy	4	Present
02.	Mr.M Loganathan	4	Present
03.	Mr.R. Alagar	4	Present
04.	Mr.K Arunachalam	3	Present

d) Code of Conduct:

All Directors and senior management of the Company have affirmed Compliance with the Code of Conduct of Interfit Techno Products Limited for the financial Year ended 31st March 2013.

II. COMMITTEES OF THE BOARD

(a) Audit Committee:

(i) Composition :

The Audit Committee of the Board comprises three directors, namely Shri. R. Alagar, Chairman, Shri A.V. Palaniswamy and Shri. M. Loganathan, members. The composition of Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement.



(ii) The terms of reference Include:

- Overseeing Financial Reporting Process
- Reviewing periodic financial results, financial statements and adequacy of Internal control systems.
- Approving Internal Audit Plans and reviewing efficacy of the function.
- Discussion and review of periodic audit reports and discussion with external Auditors about the scope of audit including the observations of Auditors.

(iii) Attendance:

The committee met 4 times during the period on the following dates: 26.05.2012, 13.08.2012, 09.11.2012 and 14.02.2013. The Chairman of the Audit Committee Mr. R. Alagar attended last AGM held on 13.08.2012.

Sl. No.	Name of the Members	No of meetings held during the period 2012-2013	No. of meeting attended
01.	Mr.R. Alagar (Chairman)	4	4
02.	Mr.M Loganathan	4	4
03.	Mr A.V. Palaniswamy	4	4

Members of the Audit Committee have requisite financial and management expertise. The Statutory Auditors, Internal Auditor and the Chief Financial Officer are invited to attend and participate at meetings of the Committee.

(b) Shareholders / Investors Grievances Committee

The Shareholders / Investors Grievances Committee is headed by Mr. R. Alagar, Non-Executive Director.

Mr. S. Aravinthan, Company Secretary is the Compliance Officer.

During the year 2012-13 no complaints were received from the shareholders. As on 31st March 2013 there were no complaints / queries pending reply.

(c) Share Transfer Committee:

The Share Transfer Committee, which also functions as Investors Grievances Redressal Committee consists of Mr. R.Alagar, Independent Director, Mr.M.Loganathan, Independent Director and Mr.A.V.Palaniswamy, Director. The Board had delegated to the Share Transfer Committee to authorize transfers/transmissions, issue of duplicate share certificates and transposition of names of shareholders.

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 31.03.2013.

The Committee monitors the re-dressal of the Investors Grievances. The management provided top priority for grievances and all the communication received from shareholders were satisfactorily complied with, within the stipulated time.

Mr. S Aravinthan, Company Secretary is the compliance officer.

The Share Transfer Committee met 5 times during the financial year 2012-13 for the above purpose.



INTERFIT TECHNO PRODUCTS LIMITED

(d) Remuneration Committee:

The Company has a Remuneration Committee consists of Mr R Alagar, Independent Director, M Loganathan, Independent Director and Mr K Arunachallam, Independent Director as members. Functions of the remuneration committee are monitoring the performance and remuneration of the executives of the Company.

(i) Remuneration of Directors:

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.

(ii) Details of Remuneration paid to Directors during the Financial Year ended 31st March 2013

Director	Salary	Perquisites & Other benefits	Sitting Fees	Total
1. A.V. Palaniswamy	8,46,0000	Nil	Nil	8,46,000
2. R Alagar	Nil	Nil	26,500	26,500
3. M. Loganathan	Nil	Nil	10,500	10,500
4. K Arunachallam	Nil	Nil	8,000	8,000

III. SUBSIDIARY COMPANIES

The Company has no Un-listed subsidiary company.

IV. DISCLOSURES:

There are no materially significant related party transactions with the Company's Promoters, Directors, the Management, the Subsidiaries or Relatives which may have potential conflict with the interest of the Company at large.

There are no instances of non-compliance by the Company on any matters related to capital markets, nor have any penalty/strictures been imposed on the Company by any authority on any matter relating to capital markets during the last three years.

The Company has complied with the prescribed Accounting Standards as stipulated during the year. There has been no differential treatment in Accounting Standards adopted during the year.

The Appointment or reappointment of Directors are made confirming to the stipulations of the clause 49 of the listing Agreement

The independent Non-Executive Directors have confirmed that they meet the criteria of independence as stipulated under clause 49 of the Listing Agreement

Further the Non-Executive Directors do not hold any shares of the company.

GENERAL BODY MEETING :

Location and time for the last three Annual General Meetings held :

Financial Year	Venue	Date	Time
2009-2010	Registered Office of the Company S.F. No. 112, Mathapur Road, Kaniyur, Karumathampatti, Coimbatore - 641 659	07.08.2010	9.30 AM
2010-2011		11.08.2012	9.30 AM
2011-2012		13.08.2012	9.30 AM



For the forthcoming Annual General Meeting, there is no business resolution that requires voting through postal ballot as per the new rule 4 of Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

MEANS OF COMMUNICATION

- (a) The Company regularly intimates unaudited, as well as audited financial results to the Stock Exchanges immediately after these are taken on record by the Board. These financial results are normally published in English and Vernacular newspapers.
- (b) The company from time to time presents all the relevant information as required by the legislation within stipulated time.
- (c) The Management Discussion and Analysis Report forms part of the Report of the Directors.
- (d) All the company information are published in Company's website – www.interfittechno.com and the shareholders can access the same for all their information.

GENERAL SHAREHOLDER INFORMATION

- a) The 20th Annual General Meeting of the Members of the Company will be held on Monday, the 12th day of August 2013 at 9.30 AM at the Registered Office of the Company, SF No.112, Mathapur Road, Kaniyur Village, Karumathampatti Via, Coimbatore - 641 659.
- b) Normal Financial year : 1st April to 31st March
- c) Dates of Book Closure: 05th August, 2013 to 12th of August 2013.
- d) The Company's shares are listed in (i) Madras Stock Exchange (ii) The Stock Exchange, Mumbai
- e) Market Price Data

Market Price data and Number of shares traded for the year 2012-13 in Mumbai Stock Exchange are as below.

Month	No of shares Traded	High (₹)	Low (₹)
April 2012	5548	9.15	8.10
May 2012	28534	9.04	7.61
June 2012	1399	7.90	5.91
July 2012	5676	5.98	4.40
August 2012	5979	6.80	4.63
September 2012	8052	9.70	6.40
October 2012	7144	9.15	7.70
November 2012	29111	9.60	8.12
December 2012	7456	10.55	8.70
January 2013	5098	11.00	8.18
February 2013	6910	8.50	7.36
March 2013	8496	8.25	6.25



INTERFIT TECHNO PRODUCTS LIMITED

- f) Share Transfer Agents : M/s. SKDC Consultants Limited, Coimbatore.

Share Transfer System: All shares have been transferred and returned within 30 days from the date of lodgment, provided the necessary documents were in order.

- g) Dematerialisation of Shares: Trading in the Company's shares in dematerialised form has been made compulsory. The Company entered into an agreement with the Depositories NSDL and CDSL for dematerialised form of shares and the Company provides option to members for dematerialisation. All requests for dematerialisation of shares are processed and confirmed through the Electronic Agent and the concerned depository.

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013

A. PROMOTERS HOLDINGS

		No. of Shares	%
A.	Promoters Holdings		
1.	Promoters		
	Indian Promoters	46,97,810	56.46
	Foreign Promoters	7,56,472	09.09
2.	Person acting in Concert	Nil	Nil
	Sub Total	54,54,282	65.55
B.	Non-Promoters		
3.	Institutional Investors		
	a) Mutual Funds and UTI	500	0.01
	b) Bank, Financial Institutions, Insurance companies (Central / State Government Institutions / Non-Government Institutions)	100	0.00
	c) FIs	200	0.00
	Sub Total	800	0.01
4.	Others		
	a) Directors and Relatives	—	—
	b) Private Corporate Bodies	4,46,232	5.36
	c) Indian Public	21,10,438	25.37
	d) NRI-NRE / NRI-NRO/OCBs	2,55,256	3.07
	e) Any other (HUF)	52,992	0.64
	Sub Total	28,64,918	34.44
	Grand Total	83,20,000	100.00



		No. of Shares	%
NOTE			
1.	Total Foreign Holding	10,11,728	12.16
2.	GDR & ADR Holdings	Nil	Nil
3.	Dematerialization of Shares and Liquity		
	Total No. of Shares	83,20,000 Equity shares of ₹ 10/- each	
	Dematerialized		
	Central Depository Securities Limited	5,25,820 (6.32%)	
	National Securities Depository Limited	60,02,980 (72.15%)	

INVESTORS HELP DESK

Share transfer and all other investor related activities are attended to and processed at the company's Registered Office and at the Office of the Share Transfer Agent, as necessary.

For lodgment of transfer deeds and any other documents or for any grievances/ complaints, kindly contact at the following address:

- | | |
|---|---|
| <p>(a) M/s. SKDC Consultants Ltd.,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road,
Ganapathy
Coimbatore - 641 006
Ph : 0422 - 6549995, 2539835</p> | <p>(b) The Compliance Officer
INTERFIT TECHNO PRODUCTS LIMITED
SF No. 112, Madhapur Road, Kaniyur
Karumathampatti
Coimbatore - 641 659
Ph : 9943293000 / 9943993001</p> |
|---|---|

INVESTOR EDUCATION AND PROTECTION FUND

No amount is required to be transferred to Investor Education and Protection Fund.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

TRENDS AND DEVELOPMENT :

Export demand for the products remains strong, in spite of increased competition from China and the Company will continue to improve sales and profits by reducing input costs and also due to Currency fluctuations. Domestic market has increased substantially due to increased awareness of our products and the Company has been involved with major infrastructure projects. Due to improved power situation, Company expects to increase production, sales and profits.

AUDITORS:

M/s. Krishnaa & Co., Chartered Accountants, Chennai, Statutory Auditors of the Company, will retire at the ensuing Annual General Meeting and are eligible for re-appointment.

DEPOSITS:

The Company has not accepted any deposits from the public.



CONSERVATION OF ENERGY :

- a) Due to continued power cut and interruption no effective steps could be taken to reduce power consumption. As and when the power cut is relaxed or removed and interruptions are reduced, Company will take necessary steps to conserve energy in melting, molding and finishing operations.
- b) Power and fuel consumption;
- i) The Company has consumed 10,37,086 Units of power during the year 31.03.2013.
- ii) Consumption per Unit of Production :
- 5804 Units consumed per MT of Rough Castings as against 6825 units in the last year required for Stainless Steel Pipe Fittings & Ball Valves.
- 298 Units consumed per MT of Finished Goods as against 227 units in the last year required for Stainless Steel Pipe Fittings & SG Iron Pipe Fittings.

TECHNOLOGY ABSORPTION :

The Company has not entered into any Technical Collaboration agreement and hence furnishing of particulars regarding technology absorption does not arise.

FOREIGN EXCHANGE INFLOW AND OUTGO:

Foreign exchange inflow	:	₹ 23,49,95,649/-
Foreign exchange used	:	₹ 1,48,24,511/-

PARTICULARS OF EMPLOYEES :

During the period under review, there was no employee drawing remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956.

INDUSTRIAL RELATIONS :

Relationship with the employees / labour 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 : 30.05.2013

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

Sd/- **M. LOGANATHAN**
Director



AUDITOR'S REPORT

To The Members of Interfit Techno Products Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. INTERFIT TECHNO PRODUCTS LIMITED, which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and 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

Management is responsible for 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 control relevant to the Company's preparation and fair presentation of the financial statements 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 management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2013;
- b) in the case of the Profit and Loss Statement, of the Profit for the year ended on that date;
- c) In so far as it relates to the Cash Flow Statement, of the Cash flows of the company for the year ended on that date.



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - 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, 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 Balance Sheet, Statement of Profit and Loss and Cash Flow statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on behalf of
KRISHAAN & CO.,
Firm Regn. No. 001453S
Chartered Accountants,
Sd/- **K. SUNDAR RAJAN**
Partner
Membership No. 208431

Place : COIMBATORE
Date : 30.05.2013



The Annexure referred to in paragraph 1 of the Our Report of even date to the members of M/s. INTERFIT TECHNO PRODUCTS LIMITED on the accounts of the company for the year ended 31st March, 2013.

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:

- 1) (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, no fixed asset has been disposed during the year and therefore going concern assumption is not affected.
- 2) (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.
(c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- 3) (a) 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 or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii(b), iii(c) and iii(d) of the order are not applicable to the Company.
(b) 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 taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
- 4) In our opinion and according to the information and explanations given to us and having regard to the explanation that certain items purchased / sold are of special nature for which there are no comparable market price / quotation, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. The Company has not sold any service during the year. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- 5) (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
(b) As per information and explanations given to us and in our opinion, the transaction made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of



INTERFIT TECHNO PRODUCTS LIMITED

the Companies Act, 1956 and exceeding the value of Rupees Five Lakhs in respect any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at relevant time.

- 6) The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- 7) As per information and explanations given by the management, the Company has an internal audit system commensurate with its size and the nature of its business.
- 8) As per information and explanation given by the management, The Central Government has not prescribed maintenance of cost records by under clause (d) of sub-section (1) of section 209 of the Act.
- 9) (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 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.

Sl. No.	Name of the Statute	Nature of Dues	Forum where dispute is Pending	Amount (₹ In Lacs)
1	Central Excise Act. 1944	Excise Duty	High Court	2.84

- 10) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- 11) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institutions, bank or debenture holders.
- 12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13) The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- 14) According to information and explanations given to us, the Company is not trading in Shares, Mutual funds and other Investments.
- 15) According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- 16) Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- 17) Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- 18) Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.



- 19) The Company has no outstanding debentures during the period under audit.
- 20) The Company has not raised any money by public issue during the year.
- 21) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of
KRISHAAN & CO.,
Firm Regn. No. 001453S
Chartered Accountants,
Sd/- **K. SUNDAR RAJAN**
Partner
Membership No. 208431

Place : COIMBATORE
Date : 30.05.2013

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE AS PER
CLAUSE 49 OF THE LISTING AGREEMENT**

C E R T I F I C A T E

To
The Members of
M/s Interfit Techno Products Ltd
Coimbatore - 641 659

We have examined the compliance of conditions of Corporate Governance by M/s. INTERFIT TECHNO PRODUCTS LIMITED for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For and on behalf of
KRISHAAN & CO.,
Firm Regn. No. 001453S
Chartered Accountants,
Sd/- **K. SUNDAR RAJAN**
Partner
Membership No. 208431

Place : COIMBATORE
Date : 30.05.2013



INTERFIT TECHNO PRODUCTS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2013

Particulars	Note No.	As at	As at
		31 March, 2013	31 March, 2012
		₹	₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2.1	133,200,000	133,200,000
(b) Reserves and surplus	2.2	<u>8,519,324</u>	<u>(4,737,268)</u>
		141,719,324	128,462,732
2 Non-current liabilities			
(a) Deferred Tax Liability (net)	2.3	2,558,645	(15,126,746)
(b) Other long-term liabilities	2.4	—	301,717
(c) Long-term provisions	2.5	<u>938,067</u>	<u>661,957</u>
		3,496,712	(14,163,072)
3 Current liabilities			
(a) Short-term borrowings	2.6	33,123,203	38,541,507
(b) Trade payables	2.7	7,099,894	15,178,385
(c) Other current liabilities	2.8	4,423,363	2,119,367
(d) Short-term provisions	2.9	<u>241,244</u>	<u>437,739</u>
		44,887,704	56,276,998
TOTAL (1+2+3)		<u>190,103,740</u>	<u>170,576,658</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	2.10	62,949,302	65,480,075
(b) Long-term loans and advances	2.11	<u>11,452,928</u>	<u>8,756,207</u>
		74,402,230	74,236,282
2 Current assets			
(a) Current investments			
(b) Inventories	2.12	40,037,567	47,494,835
(c) Trade receivables	2.13	14,400,264	15,902,543
(d) Cash and cash equivalents	2.14	29,924,647	8,723,460
(e) Short-term loans and advances	2.15	31,335,282	24,216,538
(f) Other current assets	2.16	<u>3,750</u>	<u>3,000</u>
		115,701,510	96,340,376
TOTAL (1+2)		<u>190,103,740</u>	<u>170,576,658</u>

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/- **K. SUNDAR RAJAN**
Partner, M.No. 208431

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

Sd/- **S. ARAVINTHAN**
Company Secretary

Sd/- **M. LOGANATHAN**
Director

Place : Coimbatore
Date : 30.05.2013



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

Particulars	Note No.	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
1 Revenue from operations (gross)	2.17	320,890,850	290,649,488
Less: Excise duty		8,730,868	5,508,528
Revenue from operations (net)		312,159,982	285,140,960
2 Other income	2.18	4,752,245	5,876,220
3 Total revenue (1+2)		<u>316,912,227</u>	<u>291,017,180</u>
4 Expenses			
(a) Cost of Raw materials consumed	2.19(a)	172,704,927	182,848,737
(b) Purchases of traded goods	2.19(b)	497,099	452,455
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.19(c)	5,193,425	(7,291,710)
(d) Employee benefits expense	2.20	18,392,951	16,817,269
(e) Finance costs	2.21	6,463,641	6,339,233
(f) Depreciation and amortisation expense	2.09	7,012,807	4,298,213
(g) Other expenses	2.22	73,063,124	64,592,264
Total expenses		<u>283,327,974</u>	<u>268,056,461</u>
5 Profit / (Loss) before exceptional items and tax (3 - 4)		33,584,253	22,960,719
6 Tax expense:			
(a) Current tax expense for current year		6,784,095	4,604,613
(b) (Less): MAT credit entitlement		4,141,824	4,593,923
(c) Net current tax expense		2,642,271	10,690
(d) Deferred tax (Income) / Expenses	2.28	17,685,391	(384,650)
		20,327,662	(373,960)
7 Exceptional Items			
Less: Excess Provision of MAT earlier year		—	122,793
8 Profit / (Loss) after Tax and Exceptional Items (5-6-7)		<u>13,256,591</u>	<u>23,211,886</u>
9 Earnings per share (of ₹10/- each):			
(a) Basic	2.27	1.59	2.79
(b) Diluted	2.27	1.59	2.79

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/- **K. SUNDAR RAJAN** Partner, M.No. 208431

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

Sd/- **S. ARAVINTHAN**
Company Secretary

Sd/- **M. LOGANATHAN**
Director

Place : Coimbatore
Date : 30.05.2013



INTERFIT TECHNO PRODUCTS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	33,584,253	22,960,719
<i>Adjustments for:</i>		
Depreciation and amortisation	7,012,807	4,298,213
Product development expenditure written off	—	122,798
(Profit) / loss on sale / write off of assets	—	19,327
Finance costs	6,463,641	6,468,315
Interest income	(1,451,627)	(518,761)
Rental income from Machineries	(440,900)	(260,905)
Liabilities / provisions no longer required written back	(622,387)	(14,331)
Bad Debts written off	3,112,120	—
	14,073,654	10,114,656
Operating profit / (loss) before working capital changes	47,657,907	33,075,375
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	7,457,268	(7,134,430)
Trade receivables	1,502,279	2,649,888
Short-term loans and advances	(10,230,863)	(4,489,234)
Long-term loans and advances	1,445,104	(4,401,302)
Other current asset	(750)	—
Adjustments for increase / (decrease) in operating Liabilities:		
Trade payables	(7,456,104)	7,097,318
Other current liabilities	2,303,996	(362,499)
Other long-term liabilities	(301,717)	(89,850)
Short-term provisions/borrowings	(11,623)	3,741,658
Long-term provisions	276,110	79,884
	(5,016,301)	(2,908,565)
Cash flow from extraordinary items		(2,908,565)
Cash generated from operations	42,641,606	30,166,810
Net income tax (paid) / refunds	(6,968,967)	(4,243,118)
Net cash flow from / (used in) operating activities (A)	35,672,639	25,923,692
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(4,482,034)	(27,170,011)
Proceeds from sale of fixed assets	—	45,022
Interest received	1,451,627	518,761
Rental from Machineries	440,900	260,905
	(2,589,507)	(26,345,323)
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) investing activities (B)	(2,589,507)	(26,345,323)



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2013 (Contd.)

Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
C. Cash flow from financing activities		
Repayment of long-term borrowings		
Net increase / (decrease) in working capital borrowings		
Proceeds from other short-term borrowings	(4,776,657)	10,844,859
Repayment of other short-term borrowings	(641,647)	(710,813)
Finance cost	(6,463,641)	(6,468,315)
Cash flow from extraordinary items	(11,881,945)	3,665,731
Net cash flow from / (used in) financing activities (C)	(11,881,945)	3,665,731
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	21,201,187	3,244,099
Cash and cash equivalents at the beginning of the year	8,723,460	5,479,361
Cash and cash equivalents at the end of the year	29,924,647	8,723,460
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 2.14)	29,924,647	8,723,460
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	—	—
Cash and cash equivalents at the end of the year *	29,924,647	8,723,460
* Comprises:		
(a) Cash on hand	313,269	9,987
(b) Balances with banks		
(i) In current accounts	3,615,236	1,026,417
(ii) In deposit accounts with original maturity of less than 3 months	25,202,235	7,095,600
(iii) In Margin Money account (Earmarked fund) (Refer Note below)	793,907	591,456
(c) Others		
	29,924,647	8,723,460
Note:		
These earmarked account balances with banks can be utilised only for the specific identified purposes.		
a) In Letter of Credit Margin Money Account	529,708	505,197
b) In Bank Guarantee Margin Account	264,199	86,259
	793,907	591,456

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/- **K. SUNDAR RAJAN**
Partner, M.No. 208431

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

Sd/- **S. ARAVINTHAN**
Company Secretary

Sd/- **M. LOGANATHAN**
Director

Place : Coimbatore
Date : 30.05.2013

**Notes forming part of the financial statements for the year ended 31.03.2013.**

Note	Particulars
1	Significant accounting policies
1.1	Basis of accounting and preparation of financial statements
	The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention.
1.2	Use of estimates
	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.
1.3	Inventories
	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.
1.4	Cash and cash equivalents (for purposes of Cash Flow Statement)
	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.
1.5	Cash flow statement
	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.
1.6	Depreciation and amortisation
	Depreciation has been provided on the straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of patterns in whose case the value of the patterns written off over the period of three years. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation
1.7	Revenue recognition
	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.



Notes forming part of the financial statements for the year ended 31.03.2013.

Note 1 Significant accounting policies (Contd.)

Note	Particulars
1.8 Other income	Interest income is accounted on accrual basis.
1.9 Tangible fixed assets	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.
1.10 Foreign currency transactions and translations	<ul style="list-style-type: none"> i. The transactions involving Foreign Currencies are accounted for at the rates prevailing on the date of transactions. 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 date of transaction 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
1.11 Government grants, subsidies and export incentives	<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>
1.12 Investments	Investments are stated at cost.
1.13 Deferred Revenue Expenditure	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.
1.14 Employee benefits	<p>Short Term Employee Benefits</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>

**Notes forming part of the financial statements for the year ended 31.03.2013.****Note 1 Significant accounting policies (Contd.)**

Note	Particulars
	<p>Post Employment / Retirement Benefits</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 are recognized in the same manner as Defined Benefit Plans.</p> <p>Termination Benefits</p> <p>Termination Benefits are recognized as and when incurred.</p>
1.15	<p>Borrowing costs</p> <p>The borrowing cost represents interest payable on loans taken for carrying out business operations and the same is charged to revenue.</p>
1.16	<p>Leases</p> <p>The Company has taken premises on lease which is generally non cancellable and the lease payments are recognised in the Profit and Loss Statement under "Rent.</p> <p>For Premises taken on lease, lease rentals payable are charged to revenue.</p> <p>For equipment given on lease, lease rentals receivable are credited to revenue.</p>
1.17	<p>Segment reporting</p> <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>
1.18	<p>Earnings per share</p> <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>



Notes forming part of the financial statements for the year ended 31.03.2013.

Note 1 Significant accounting policies (Contd.)

Note	Particulars
1.19 Taxes on income	<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 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. “</p> <p>Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Profit and Loss Statement.</p>
1.20 Impairment of assets	<p>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.</p>
1.21 Provisions and contingencies	<p>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.</p>
1.22 Insurance claims	<p>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.</p>
1.23 Service tax input credit	<p>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.</p>



Notes forming part of the financial statements for the year ended 31.03.2013.

Note 2.1 Share Capital

	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
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) Issued Subscribed and fully paid up				
Equity shares of ₹ 10 each with voting rights	8,320,000	83,200,000	8,320,000	83,200,000
Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	500,000	50,000,000	500,000	50,000,000
Total	8,820,000	133,200,000	8,820,000	133,200,000

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	Closing Balance
Equity shares with voting rights		
Year ended 31 March, 2013		
- Number of shares	8,320,000	8,320,000
- Amount (₹)	83,200,000	83,200,000
Year ended 31 March, 2012		
- Number of shares	8,320,000	8,320,000
- Amount (₹)	83,200,000	83,200,000
Non-Convertible Non-Cumulative Redeemable 9% preference shares		
Year ended 31 March, 2013		
- Number of shares	500,000	500,000
- Amount (₹)	50,000,000	50,000,000
Year ended 31 March, 2012		
- Number of shares	500,000	500,000
- Amount (₹)	50,000,000	50,000,000

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


Notes forming part of the financial statements (Contd.)

Particulars	Equity shares with voting rights	% of Holding	Redeemable preference shares	% of Holding
	Number of shares			
As at 31 March, 2013				
M/s. Interfit India Limited, the holding company	4,697,810	56.47	500,000	100.00
As at 31 March, 2012				
M/s. Interfit India Limited, the holding company	4,697,810	56.47	500,000	100.00

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

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	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	4,697,810	56.47	4,697,810	56.47
Mr. A.V. Palaniswamy	756,472	9.09	593,862	7.14
9% Redeemable preference shares (non-convertible, non-cumulative)				
M/s. Interfit India Limited	500,000	100.00	500,000	100.00

(iv) Terms / rights attached to shares

- 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. No dividend has been proposed by the board of directors during the year.
- The company has only one class of Preference shares having at par value of Rs.100/- per share which is non-convertible and non-cumulative. The preference shares are entitled to a dividend of 9% and will be redeemable at par subject to the provision of section 80 and other applicable provisions of the Companies Act, 1956 after the expiry of the sixth year but before the expiry of the twelfth year from the date of allotment of the shares by one or more installments at the option of the company by giving 3 month's notice.
- 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, 2013 ₹	As at 31 March 2012 ₹
Note 2.2 Reserves and surplus		
(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	<u>1,500,000</u>	<u>1,500,000</u>
(b) 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	<u>1,000,000</u>	<u>1,000,000</u>
(c) General reserve		
Opening balance	14,480,000	14,480,000
Add: Transferred from surplus in Profit and Loss Statement	—	—
Less: Utilised / transferred during the year	—	—
Closing balance	<u>14,480,000</u>	<u>14,480,000</u>
(d) Surplus / (Deficit) in Profit and Loss Statement		
Opening balance	(21,717,268)	(44,929,154)
Add: Profit / (Loss) for the year	13,256,591	23,211,886
Less: Utilised / transferred during the year	—	—
Closing balance	<u>(8,460,676)</u>	<u>(21,717,268)</u>
Total (a+b+c+d)	<u>8,519,324</u>	<u>(4,737,268)</u>

Note 2.3 Deferred Tax Liability (net)

Deferred Tax Asset (Net)	2,558,645	(15,126,746)
Ref. Additional information Note 2.28(b)		
Closing balance	<u>2,558,645</u>	<u>(15,126,746)</u>

Note 2.4 Other long-term liabilities

Others:		
Advances from customers	—	301,717
Total	<u>—</u>	<u>301,717</u>



Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2013 ₹	As at 31 March 2012 ₹
Note 2.5 Long-term provisions		
Provision for employee benefits:		
(i) Provision for Earned Leave	98,725	53,290
(ii) Provision for gratuity (net) (Refer Note 2.24.b)	839,342	608,667
Total	938,067	661,957

Note 2.6 Short-term borrowings

(a) Loans repayable on demand

From banks

Secured

Export Packing Credit from Bank of India #	27,476,889	24,896,100
Letter of Credit form Bank of India #	5,646,314	8,145,490
Loan against Term Deposit from Bank of India	—	4,858,270

(b) Loans and advances from related parties

Unsecured

Loan from Managing Director	—	16,530
-----------------------------	---	--------

(c) Other loans and advances

Unsecured

Interest Free Sales Tax Loan ##	—	625,117
---------------------------------	---	---------

Total	33,123,203	38,541,507
-------	-------------------	-------------------

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 the equitable mortgage of Block Assets and Hypothecation of Machinery.

Further the above are guaranteed personally by the Managing Director and a relative of the Managing Director and also by 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.

The Company has been granted Eligibility Certificate entitled to the benefit of IFST deferral scheme for manufacturing SS Fittings for nine years ending 30.11.03 for deferral of sales tax not exceeding Rs. 390.45 lakhs against which the company had availed Rs. 25.89 lakhs. Such sales tax deferred has been repaid fully as on November 2012 in stipulated instalments commencing from December 2003 and there is no pending installment payable as on the date of balance sheet.

During the year the company has not defaulted in repayment of IFST Instalments.

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

Particulars	As at 31 March, 2013 ₹	As at 31 March 2012 ₹
-------------	------------------------------	-----------------------------

Note 2.7 Trade Payables

Trade payables:

Other than Acceptances #	7,099,894	15,178,385
Total	<u>7,099,894</u>	<u>15,178,385</u>

Trade payables are dues in respect of goods purchased or services received (including from employees, professionals and others under contract) in the normal course of business.

Note 2.8 Other current liabilities

(i) Statutory remittances	580,903	345,493
(ii) Advances from customers	1,498,617	847,047
(iii) Provision for Expenses	2,343,843	926,827
Total	<u>4,423,363</u>	<u>2,119,367</u>

Note 2.9 Short-term provisions

(a) Provision for tax

(i) Provision for Tax (Net of advance tax Rs. 1,13,25,202) (As at 31st March, 2012 Rs. 61,58,873/-)	204,664	361,495
--	---------	---------

(b) Provision for employee benefits:

(i) Provision for Earned Leave	3,663	6,515
(ii) Provision for Gratuity (Net) (Ref. Note 2.24.b)	32,917	69,729

Total	<u>241,244</u>	<u>437,739</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, 2012	Additions	Disposals	Balance as at 31 March, 2013	Balance as at 1 April, 2012	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2013	Balance as at 31 March, 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Freehold Land	1,218,334	—	—	1,218,334	—	—	—	1,218,334	1,218,334
(b) Buildings	16,902,614	3,152,059	—	20,054,673	8,780,849	639,636	—	10,634,188	8,121,765
(c) Plant and Equipment	115,545,758	1,064,401	—	116,610,159	66,728,706	5,275,872	—	44,605,581	48,817,052
(d) Electrical Installation	6,774,946	—	—	6,774,946	6,257,049	320,228	—	197,669	517,897
(e) Computers	2,602,701	251,574	—	2,854,275	928,106	312,460	—	1,613,709	1,674,595
(f) Furniture and Fixtures	691,025	—	—	691,025	433,664	23,137	—	234,224	257,361
(g) Vehicles	3,240,391	—	—	3,240,391	679,421	300,914	—	2,260,056	2,560,970
(h) Office equipment	3,016,274	14,000	—	3,030,274	704,173	140,560	—	2,185,541	2,312,101
Total	149,992,043	4,482,034	—	154,474,077	84,511,968	7,012,807	—	62,949,302	65,480,075
Previous year	122,887,032	27,170,011	65,000	149,992,043	80,214,406	4,298,213	651	65,480,075	42,672,626

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

Particulars	As at 31 March, 2013 ₹	As at 31 March 2012 ₹
Note 2.11 Long-term loans and advances		
(a) Security deposits		
(Unsecured, considered good)		
Electricity Deposit	631,077	968,182
Telephone and Telex Deposits	54,808	54,808
Deposit for cylinder	13,250	8,150
Rental deposits	78,000	60,000
	<hr/>	<hr/>
	777,135	1,019,140
(b) Fringe Benefits Tax Paid [net of provisions ₹ Nil (As at 31 March, 2012 ₹ Nil)] - Unsecured, considered good	19,153	19,153
(c) Advance income tax [net of provisions ₹ 15610 (As at 31 March, 2012 ₹ 15610)] - Unsecured, considered good	—	97,505
(d) MAT credit entitlement - Unsecured, considered good	10,372,981	6,231,157
(e) Balances with government authorities		
Unsecured, considered good		
(i) Sales Tax Advance (disputed)	—	168,292
(ii) Advance paid against disputed excise duty	283,659	283,659
(f) Other loans and advances		
Unsecured, considered good		
Advances for supplies	—	865,302
Total	<hr/> 11,452,928 <hr/>	<hr/> 8,756,207 <hr/>


Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2013 ₹	As at 31 March 2012 ₹
Note 2.12 Inventories		
(At lower of cost and net realisable value)		
(a) Raw materials	2,663,794	2,983,847
(b) Work-in-progress (Refer Note Below)	26,366,325	31,559,750
(c) Packing Materials	319,353	523,296
(d) Stores and spares	9,878,638	11,519,446
(e) Loose tools	809,457	908,496
Total	40,037,567	47,494,835
Note: Details of inventory of work-in-progress		
SG Iron Fittings	11,739,200	15,676,800
SS Fittings	9,670,975	10,846,625
SS Ball Valves	4,956,150	5,036,325
	26,366,325	31,559,750
Note 2.13 Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Secured, considered good		
Unsecured, considered good	837,232	1,794,238
Doubtful	—	—
	837,232	1,794,238
Other Trade receivables		
Secured, considered good		
Unsecured, considered good	13,563,032	14,108,305
Doubtful	—	—
	13,563,032	14,108,305
Total	14,400,264	15,902,543
Note: Trade receivables include debts due from a related party		
(i) Merit Industries Limited - Company in which a Director of the Company is a Director	1,131,667	1,070,544
(ii) Mem Engineering Private Limited, Company in which a Director of the Company is a Director	63,279	63,279



Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2013 ₹	As at 31 March 2012 ₹
Note 2.14 Cash and Cash Equivalents		
(a) Cash on hand	313,269	9,987
(b) Balances with banks		
(i) On current account with Scheduled Bank	3,615,236	1,026,417
(ii) On deposit accounts with Scheduled Bank (Refer Note below)	25,202,235	7,095,600
(iii) In Margin Money account		
- Balances held as margin money or security against borrowings, guarantees and other commitments	793,907	591,456
Total	29,924,647	8,723,460

Note:

- (i) Balances with banks include deposits amounting to ₹ 2,52,02,235/- (As at 31 March, 2012 ₹ 58,00,000) which have an original maturity of more than 12 months.

Note 2.15 Short-term loans and advances

(a) Loans and advances to related parties		
(i) To related parties @	4,870,387	—
(ii) Others	4,064,568	4,094,245
(b) Loans and advances to employees	21,447	27,000
(c) Prepaid expenses	573,663	588,448
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	7,566,557	6,708,030
(ii) Export Incentives receivable	9,615,526	6,217,968
(iii) VAT credit receivable	1,676,025	2,444,835
(iv) Sales Tax refund receivable	2,947,109	4,136,012
Total	31,335,282	24,216,538

@ Note: Loans and advances to related party include amounts due from:

M/s. Interfit India Limited, the Holding Company	4,870,387	—
	4,870,387	—

Note 2.16 Other Current assets

(a) Accruals		
(i) Interest accrued on deposits	3,750	3,000
Total	3,750	3,000


Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March 2012 ₹
Note 2.17 Revenue from operations		
(a) Sale of products (Refer Note (i) below)	306,386,162	277,724,180
(b) Other operating revenues (Refer Note (ii) below)	14,504,688	12,925,308
	320,890,850	290,649,488
Less:		
(c) Excise duty	8,730,868	5,508,528
Total	312,159,982	285,140,960
(i) Sale of products comprises:		
<u>Manufactured goods</u>		
SG Pipe Fittings	271,455,942	240,075,822
SS Fittings	30,570,379	33,466,208
SS Ball Valves	3,585,230	3,356,422
	305,611,551	276,898,452
Total - Sale of manufactured goods		
<u>Traded goods</u>		
Grooving Machine	774,611	825,728
	774,611	825,728
Total - Sale of traded goods		
Total - Sale of products	306,386,162	277,724,180
(ii) Other operating revenues comprise:		
Scrap sales	1,696,873	2,250,544
Duty drawback and other export incentives net of processing fees	12,807,815	10,674,764
	14,504,688	12,925,308
Total - Other operating revenues		

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

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March 2012 ₹
Note 2.18 Other Income		
(a) Interest income (Refer Note (i) below)	1,451,627	518,761
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	2,041,451	4,839,770
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	1,259,167	517,689
Total	4,752,245	5,876,220
(i) Interest income comprises:		
Interest from banks:		
On deposits	1,344,390	433,467
On LC and BG Margin	55,355	50,391
Other interest	51,882	34,903
Total - Interest income	1,451,627	518,761
(ii) Other non-operating income comprises:		
Rental from Machines	440,900	260,905
Liabilities / provisions no longer required written back	622,387	14,331
Insurance claim received	—	93,553
Labour charges receipt	195,880	148,900
Total - Other non-operating income	1,259,167	517,689
Note 2.19(a) Cost of Raw Materials consumed		
Opening stock	2,983,847	5,668,029
Add: Purchases	172,384,874	180,164,556
	175,368,721	185,832,585
Less: Closing stock	2,663,794	2,983,847
Cost of Raw material consumed	172,704,927	182,848,737



Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March 2012 ₹
Raw Material consumed comprises:		
S G Iron Castings	150,000,909	159,793,610
Nordel	13,261,380	11,462,041
SS Scraps	9,442,638	11,593,086
Total	172,704,927	182,848,737
 Note 2.19(b) Purchase of Traded goods		
Grooving Machine	497,099	452,455
Total	497,099	452,455
 Note 2.19(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year		
Finished goods	—	—
Work-in-progress	26,366,325	31,559,750
Stock-in-trade	—	—
	26,366,325	31,559,750
Inventories at the beginning of the year:		
Finished goods	—	—
Work-in-progress	31,559,750	24,268,040
Stock-in-trade	—	—
	31,559,750	24,268,040
Net (increase) / decrease	5,193,425	(7,291,710)

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

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March 2012 ₹
Note 2.20 Employee benefits expenses		
Salaries and wages	16,915,040	14,125,435
Contributions to provident and other funds	1,063,048	1,327,322
Gratuity expenses	260,901	238,689
Staff welfare expenses	153,602	1,125,822
Total	18,392,951	16,817,269

Note 2.21 Finance costs

(a) Interest expense on:		
(i) Packing Credit	2,618,427	2,285,909
(ii) Bills discounted/ Realised	3,139,853	3,153,746
(iii) Letter of Credit	511,526	658,841
(iv) Overdue bills	—	102,462
(v) Others (Including Interest on Loan against TDR)	193,835	138,275
Total	6,463,641	6,339,233

Note 2.22 Other Expenses

Consumption of stores and spare parts	28,095,963	25,981,602
Consumption of packing materials	4,337,111	4,225,800
Power and fuel	13,919,479	10,570,759
Water	331,006	350,925
Rent	4,924,625	3,794,355
Repairs and maintenance - Buildings	203,900	363,457
- Machinery	1,991,392	2,007,976
- Computer	134,785	87,036
- Vehicle (Including Fuel)	1495,124	1,106,800
- Others	534,947	467,597
Insurance - Export	124,645	286,375
- Product Liability	243,900	253,296
- Others	112,400	113,850


Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March 2012 ₹
Directors sitting fees and Meeting expenses	45,000	65,381
Rates and taxes	680,280	739,207
Watch and Ward expenses	695,228	571,064
Communication	240,548	197,785
Travelling and conveyance	352,666	267,265
Printing and stationery	516,845	418,965
Postage and Telegram	124,911	135,637
Freight and forwarding	6,893,599	7,363,615
Royalty	—	2,343,780
Sales commission	864,237	305,159
Sales Discount	—	136,185
Business promotion including advertisement	12,129	13,217
Donations and contributions	1,000	5,000
Legal and professional	1,217,697	1,334,946
Payments to auditors (Refer Note (i) below)	309,587	304,422
Bad trade and other receivables, loans and advances written off	3,112,120	5,140
Product Development and Tool room expenses written off	213,412	324,943
Loss on fixed assets sold / scrapped / written off	—	19,327
Bank Charges	156,832	129,083
Miscellaneous expenses	1,177,766	302,315
Total	73,063,124	64,592,264

Notes:

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

As auditors - statutory audit	75,000	75,000
For taxation matters	50,000	50,000
For company law matters	80,000	80,000
For other services	15,000	15,000
Reimbursement of expenses	89,587	84,422
Total	309,587	304,422



Notes forming part of the financial statements (Contd.)

Note 2. Additional information to the financial statements

Note	Particulars	As at 31 March 2013 ₹	As at 31 March, 2012 ₹
2.23	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 ₹ 3,85,764/- the CECAT has decided in favour of the department, reducing the claim to ₹ 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 ₹ 2,83,658/- under protest).	2,83,658	2,83,658
	(2) Other money for which the Company is contingently liable		
	a) Sales Tax refund for exports disallowed for invisible loss from Sept'11 to Feb'13 by the Commercial Tax Department but claimed by the company pending decision before High Court of Chennai.	678,333	—
	b) Letter of Credit established by the Bankers and outstanding as on the date of the Balance Sheet	5,646,314	81,45,490
	c) Export bills discounted with Bankers as on the date of the Balance Sheet	21,684,599	2,34,11,940
(b)	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	266,625	—

(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 2013 ₹	For the year ended 31 March, 2012 ₹
(iii)	Value of imports calculated on CIF basis		
	Raw materials	8,680,387	37,08,101
	Components and Consumable	8,224,026	1,19,45,141
	Spare parts		
	Total Components and spare parts	8,224,026	1,19,45,141
(iv)	Expenditure in foreign currency		
	Professional and consultation fees	419,443	3,15,840
(v)	Earnings in foreign currency		
	Export of goods calculated on FOB basis	226,765,488	216,553,993
(vi)	Details of consumption of imported and indigenous items		
	Imported	₹	%
	Raw materials	8,680,387 (4,649,041)	55.50 (29.91)
	Components and Consumable	7,532,969 (10,890,721)	44.50 (70.09)
	Total	15,639,656 (15,539,762)	100 (100)
	Indigenous		
	Raw materials	164,024,540 (178,199,696)	88.59 (92.19)
	Components and Consumable	20,562,994 (15,090,881)	11.41 (7.81)
	Total	185,161,534 (193,290,577)	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
------	-------------

2.24 Employee benefit plans

2.24 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. 4,50,960 (Year ended 31 March, 2012 Rs.8,17,708) towards Provident Fund contribution and Rs.5,82,448 (Year ended 31 March, 2012 Rs.4,79,816) 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.

2.24 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, 2013		Year ended 31 March, 2012	
	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
Components of employer expense				
Current service cost	55,208	42,731	47,642	10,579
Interest cost	53,132	4,451	45,579	3,229
Expected return on plan assets	—	—	—	—
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Past service cost	—	—	—	—
Actuarial losses/(gains)	152,562	3,900	145,469	16,936
Total expense recognised in the Statement of Profit and Loss	260,902	51,082	238,690	30,744


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

Note	Particulars			
	Year ended 31 March, 2013		Year ended 31 March, 2012	
Particulars	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
Actual contribution and benefit payments for year				
Actual benefit payments	—	—	—	—
Actual contributions	—	—	—	—
Net asset / (liability) recognised in the Balance Sheet				
Present value of defined benefit obligation	890,883	102,388	697,019	59,805
Fair value of plan assets	18,623	Nil	18623	Nil
Funded status [Surplus / (Deficit)]	—	—	—	—
Unrecognised past service costs	—	—	—	—
Net asset / (liability) recognised in the Balance Sheet	872,260	102,388	678,396	59,805

Particulars	Year ended 31 March, 2013		Year ended 31 March, 2012	
	Gratuity	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	697,019	59,805	676,939	51,234
Current service cost	55,208	42,731	45,579	10,579
Interest cost	53,132	4,451	47,642	3,229
Curtailement cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Plan amendments	—	—	—	—
Acquisitions	—	—	—	—
Actuarial (gains) / losses	152,562	3,900	145,469	16,936



Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Particulars	Year ended 31 March, 2013		Year ended 31 March, 2012	
	Gratuity	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
Past service cost				
Benefits paid	67,038	8,499	218,610	22,173
Present value of DBO at the end of the year	890,883	102,388	697,019	59,805
Change in fair value of assets during the year				
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	
Actuarial assumptions				
Discount rate	8%	8%	8%	8%
Expected return on plan assets	NA		NA	
Salary escalation	0.05	0.05	0.05	0.05
Attrition	3%	3%	3%	3%
Medical cost inflation				
Mortality tables	LIC 94-96	LIC 94-96	LIC 94-96	LIC 94-96
Performance percentage considered	31.03.2013	31.03.2013	31.03.2012	31.03.2012

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
------	-------------

2.25a. Segment information
(Rs. in lakhs)

Particulars	For the year ended 31 March, 2013		
	Business segments		Total
	A	B	
	Outside India	Within India	₹
Revenue	2,431 (2,312)	778 (595)	3,209 (2671.10)
Total	2,431 (2,312)	778 (595)	3,209 (2671.10)
Segment result	451 (273)	145 (93)	596 (366)
Unallocable expenses (net)			308 (194.96)
Other income (net)			48 (58.76)
Profit before taxes			336 (229.61)
Tax expense			203 (42.20)
Net profit for the year			133 (232.12)

2.25 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 31.03.2013 ₹
Americas	4 (0.26)
Europe	Nil
India	690 (594.90)
Others (Middle East)	2,299 (2311.34)

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
2.26 Related party transactions	
Description of relationship	Names of related parties
Holding Company	Interfit India Ltd
Associates	Merit Industries Ltd Mem Engineering Private Limited
Key Management Personnel	A V Palaniswamy (Managing Director) R Alagar (Director) M Loganathan (Director) K Arunachalam (Director) Philip K Baby (Director - up to 13.08.2012)
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, 2013 and balances outstanding as at 31 March, 2013

₹ in lakhs

	Holding Company	Associates	KMP	Relatives of KMP	Total
Purchase of Goods	1,613.64 (1,781.18)	0.94 (—)	— (—)	— (—)	1,614.58 (1781.18)
Sale of goods	6.45 (9.81)	37.94 (26.71)	— (—)	— (—)	44.39 (36.52)
Purchase of fixed assets	— (191.57)	— (33.42)	— (—)	— (—)	— (224.99)
Expenses					
Rent and Services	0.60 (2.10)	— (0.50)	— (—)	— (—)	0.60 (2.60)
Remuneration	— (—)	— (—)	8.46 (14.57)	1.20 (1.20)	9.66 (15.77)
Director sitting Fees	— (—)	— (—)	0.45 (0.37)	— (—)	0.45 (0.37)
Royalty and Lease Rent	48.00 (59.43)	— (—)	— (—)	— (—)	48.00 (59.43)
Other Expenses	— (—)	7.93 (3.06)	4.29 (2.91)	— (—)	12.22 (5.97)


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

Note	Particulars				
	Holding Company	Associates	KMP	Relatives of KMP	Total
Income					
Rent and Services	— (—)	8.38 (3.17)	— (—)	— (—)	8.38 (3.17)
Outstanding at end of the year					
Payable	— (44.75)	— (—)	— (0.17)	— (—)	— (44.92)
Receivable	48.70 (—)	11.95 (10.83)	— (—)	— (—)	60.65 (10.83)

Note : Figures in bracket relates to the previous year.

Note	Particulars	For the year ended 31.03.2013	For the year ended 31.03.2012
2.27	Earning per share		
	Net profit / (loss) for the year from continuing operations (₹ In lakhs) ***	132.57	232.12
	Weighted average number of equity shares	83,20,000	83,20,000
	Par value per share	10	10
	Basic and diluted earnings per share in Rupees	1.59	2.79

*** Since no Preference dividend on non-cumulative preference shares provided for in the books, entire profit after tax is attributed towards equity share holders.

2.28 Taxation

- a. Provision for Income Tax including Minimum Alternate Tax u/s 115 JB of the Income Tax Act, 1961 has been made considering the carried forward losses of earlier years. The MAT credit entitlement of ₹ 41.42 lakhs has been accounted.



INTERFIT TECHNO PRODUCTS LIMITED

b. **Deferred Taxation :**

(₹ in lakhs)

	Accumulated as at 31.03.2012 ₹	Changes/ (credit) in P&L during the year ₹	As at 31.03.2013
Deferred tax Liability on account of			
Fixed Assets	259.36	—	259.36
Total	259.36	—	259.36
Deferred Tax Asset on Account of			
Gratuity	0.74	(0.16)	0.58
Leave Encashment & Bonus	2.54	(0.04)	2.50
Unabsorbed Depreciation and business loss	407.35	(176.65)	230.70
Total	410.63	(176.85)	233.78
Net Deferred Tax Asset	151.27	(176.85)	(25.58)

The Company's financial projections for future years indicate that the unabsorbed depreciation and business losses allowable under Income Tax Act 1961 will be utilized.

In accordance with Accounting Standard 22, the deferred tax Asset of ₹ 176.85 lacs for the year have been recognised in Profit and Loss Statement.



INTERFIT TECHNO PRODUCTS LIMITED.,

Admn.Office : 112, MADHAPUR ROAD, KANIYUR VILLAGE
KARUMATHAMPATTI VIA, COIMBATORE- 641659. TAMILNADU, INDIA
PHONE : 99432 93000, 99439 93001 FAX : 0421 - 2333317
E - Mail : sales@interfitindia.com Visit us : www. interfitindia. com



FORM A

(Format of covering letter of the annual audit report to be filled with the stock exchanges)
as per Clause 31 of Equity Listing Agreement

- | | | |
|---|--|----------------------------------|
| 1 | Name of the Company | Interfit Techno Products Limited |
| 2 | Annual Financial Statements for the year ended | 31.03.2013 |
| 3 | Type of Audit observation | Un-qualified |
| 4 | Frequency of observation | repetitive – since 01.04.2012 |
| 5 | To be signed by | |

• Managing Director

 (A.V. PALANISWAMY)


• CFO

 (J.SARAVANAN)

• Auditor of the Company

 MNO - 208431
(K.SUNDAR RAJAN)

• Audit Committee Chairman

 (C.R. ALAGAR)