



NATIONAL FITTINGS LIMITED

BOARD OF DIRECTORS

Mr. A.V. Palaniswamy, Managing Director

Mr. M. Loganathan, Non-Executive Independent Director
(Resigned w.e.f. 13.12.2017)

Mr. R. Alagar, Non-Executive Independent Director

Mrs. A. Panath Anitha, Executive Woman Director

Mr. Jayaram Govindarajan, Executive Director

Mr. Arjunaraj Dhananjayan, Non-Executive Independent Director
(Appointed w.e.f. 13.12.2017)

Mr. Chenniappan Selvakumar, Non-Executive Independent Director
(Appointed w.e.f. 13.12.2017)

BANKERS

BANK OF INDIA

Main Branch
324, Oppanakara Street
Coimbatore - 641 001

AUDITORS

V KRISH & ASSOCIATES

M 22/4, 27Th Cross Street,
Besant Nagar, Chennai – 600 090

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@nationalfitting.com web : www.nationalfitting.com

NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

Notice is hereby given that the 25th 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 Friday the 10th day of May 2019 at 10.30 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March 2018 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mrs Panath Anitha (DIN: 07059205), who retires by rotation and being eligible offers herself for re-appointment

3. Appointment of Auditors

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 twenty-eighth AGM of the Company to be held in the year 2021 at such remuneration plus 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

4. Appointment of Mr Arjunaraj Dhananjayan as a Director

To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

“RESOLVED that Mr Arjunaraj Dhananjayan (DIN No: 08043947), be and hereby is appointed as Director of the Company under the Category of Non-Executive Independent Director not liable to retire by rotation.”

5. Appointment of Mr Chennaiappan Selvakumar as a Director

To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:

“RESOLVED that Mr Chennaiappan Selvakumar (DIN No: 01777983), be and hereby is appointed as Director of the Company, under the Category of Non-Executive Independent Director not liable to retire by rotation.”

6. Appointment of Mr A V Palaniswamy as Managing Director

To consider and if thought fit, to pass with or without modification(s) the following resolution as an special 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 A V Palaniswamy (holding DIN : 01817391) as Managing Director of the Company with effect from 1st January, 2019 with the following terms of re-appointment.

Term	Five years with effect from 1st January, 2019
Salary	Rs.2,00,000/- per month
Perquisites	Perquisites as detailed below are allowed in addition to Salary. However, Perquisites shall be restricted to 50% of salary per annum
'CATEGORY A'	
i) Housing	The Company shall provide Housing rent of Rs. 14,000/- per month. The expenditure incurred for providing accommodation will be valued as per Income-tax Rules 1962.
ii) Medical Reimbursement	Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months' salary over a period of 3 years.
iii) Leave and Leave Travel Concession:	Leave as per Rules of the Company. Leave Travel Concession for self and family once in a year incurred in accordance with the Rules of the Company.
iv) Club Fees	Fees of Clubs subject to a maximum of two clubs. This will not include life membership and admission fees.
v) Personal Accident Insurance	Personal Accident Insurance for an amount, the annual premium of which does not exceed Rs.5000/-
vi) Health Insurance	The Health Insurance/Medical Policy for an amount, the annual premium of which does not exceed Rs.15,000/-
'CATEGORY B'	
i) Gratuity	Gratuity payable shall not exceed one half month's salary for each completed year of service subject to a ceiling of Rs.100,000/-
'CATEGORY C'	
i) Car	Provision of Car for use on Company's business will not be considered as perquisites. Use of Car for private purpose shall be billed by the Company.
ii) Telephone	Provision of telephone at residence will not be considered as perquisites but personal long distance calls shall be billed by the Company.
iii) Entertainment Expenses	Reimbursement of entertainment expenses actually and properly incurred for the purpose of the business of the Company subject to a reasonable ceiling as may be fixed from time to time by the Company.



“RESOLVED FURTHER that where in any financial year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director such remuneration as minimum remuneration as may be prescribed in Section II of Part II of the Schedule V to the Companies Act, 2013, from time to time.

7. Appointment of Mrs Panath Anitha as Whole Time Director

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 Mrs Panatha Anitha as Whole Time Director of the Company with effect from 14th February, 2018 with the following terms of re-appointment.

Term : Three years with effect from 14th February, 2018
Salary : Rs 30,000/- per month

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

8. Borrowing Limits

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 180(1)(c) and all other applicable provisions, if any, of the Companies Act, 2013 read with relevant Rules thereof, consent and approval of the Company be and hereby accorded to the Board of Directors to borrow from time to time in one or more trenches, for the purpose of the Company’s business, such sum or sums of money, as they in their absolute discretion think fit, notwithstanding that the monies to be borrowed with that already borrowed by the Company (apart from the temporary loans obtained from the company’s bankers in the ordinary course of business) and remaining outstanding will exceed the aggregate paid-up share capital and free reserves, provided that the total amount up to which monies may be borrowed by the Board of Directors (apart from the temporary loans obtained from the company’s bankers) shall not exceed of Rs 35 crores. (Rupees Thirty Five Crores only)”

9. Creation of charges on the assets

To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

“RESOLVED that pursuant to the provisions of Section 180(1)(a) and all other applicable provisions of the Companies Act, 2013 read with relevant Rules thereof, members of the Company hereby accord their consent to the Board of Directors, including any committee thereof for the time being exercising the powers conferred on them by this resolution, to mortgage or otherwise, dispose or to create charge, to modify the charge, mortgage and or hypothecate the whole or substantially the whole of the undertakings of the Company of the Company at such terms and conditions as the Board may deem fit, in the best interest of the Company”



“RESOLVED further that the Board shall have the power to mortgage or to otherwise offer as collateral, substantial property, assets, and/or undertakings of the Company (both present and future) in certain events, to banks/financial institutions, other lending agencies to secure any rupee or foreign currency loans.”

“RESOLVED further that the Board of Directors of the Company be and hereby authorised to finalize the terms and conditions for creating the aforesaid mortgage and/or charge and to execute the documents and such other documents and also agree to any amendments there to from time to time as it may think fit for the aforesaid purpose and to do all such acts. Deeds, matters and things as may be necessary and expedient for giving effect to the above resolution”

/ By order of the Board /

Place : Coimbatore
Date : 30.03.2019

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 3rd May, 2019 to 10th May 2019 (both days inclusive) in connection with the 25th Annual General Meeting of the Company.
- 4) 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.
- 5) This notice and Annual Report will be available on the website of the Company.
- 6) The route map of the venue of the meeting is given in the Notice
- 7) 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
- 8) 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.



9) 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 25th 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 07th May, 2019 (9:00 am) and ends on 09th May, 2019 (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 03rd May, 2019, 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.

10) How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.



4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
- c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.



7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle is in active status.
3. Select “EVEN” of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
 - I. Please follow all steps above, to cast vote.
 - i) 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.nsd.com or call on toll free No.: 1800-222-990.
 - ii) 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.
 - iii) 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).
 - iv) 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 03rd May, 2019
 - v) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 03rd May, 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or 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 or contact NSDL at the following toll free no.: 1800-222-990.

- vi) 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.
 - vii) 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.
 - viii) Mr. B Krishnamoorthy, Chartered Accountant (Membership No. 20439) has been appointed for 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.
 - ix) 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.
 - x) 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.
 - xi) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company 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.
- 0) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.
- 11) 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, 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

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. 4 to 9 of the accompanying Notice:

Agenda 4: Appointment of Director, Mr Arjunaraj Dhananjayan

Mr Arjunaraj Dhananjayan was appointed as an Additional Director of the Company and also an Independent Director, not liable to retire by rotation, by the Board of Directors at the meeting held on 13.12.2017 for a period of five years with effect from 13.12.2017 to 12.12.2022 subject to the approval of members. Pursuant to Section 161 of the Companies Act, 2013, Mr Arjunaraj Dhananjayan shall hold office up to the date of this AGM and eligible to be appointed as a Director. The Company has, in terms of Section 160 of the Companies Act, 2013 received a notice in writing from a member proposing his candidature for the office of Director.

It is proposed to appoint him as Director of the Company under the Category of Non-Executive Independent Director not liable to retire by rotation at the forthcoming Annual General Meeting.

Mr Arjunaraj Dhananjayan is a Fellow Member of the Institute of Chartered Accountants of India and presently a Partner in A Arjunaraj & Co, Chartered Accountants, Coimbatore and having his professional practice in various fields of finance, accounting, taxation, audit, advisory and M&A.

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

Except Mr Arjunaraj Dhananjayan none of the Directors of the Company or Key Managerial Personnel and their respective relatives have any interest, financially or otherwise, in the proposed resolution.

Agenda 5: Appointment of Director, Mr Chenniappan Selvakumar

Mr Chenniappan Selvakumar was appointed as an Additional Director of the Company and also an Independent Director, not liable to retire by rotation, by the Board of Directors at the meeting held on 13.12.2017 for a period of five years with effect from 13.12.2017 to 12.12.2022 subject to the approval of members. Pursuant to Section 161 of the Companies Act, 2013, Mr Chenniappan Selvakumar shall hold office up to the date of this AGM and eligible to be appointed as a Director. The Company has, in terms of Section 160 of the Companies Act, 2013 received a notice in writing from a member proposing his candidature for the office of Director.

It is proposed to appoint him as Director of the Company under the Category of Non-Executive Independent Director not liable to retire by rotation at the forthcoming Annual General Meeting.

Mr Chenniappan Selvakumar is an Industrialist having Master degree in Business Management and having fifteen years in production and marketing experience in foundry management. He is at present having Directorship in P C Sons Castings Private Limited, Coimbatore.

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

Except Mr Chenniappan Selvakumar 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 6: Appointment of Managing Director, Mr A V Palaniswamy

The Board of Directors had re-appointed Mr A V Palaniswamy as Managing Director for a period of five years with effect from 01.01.2019 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 A V Palaniswamy is highly qualified engineer with more than 45 years of experience in manufacturing technologies and his appointment will strengthen the company in achieving best production and marketing levels. Considering the need to have a Managing Director your Board has appointed Mr A V Palaniswamy as Managing Director.

Since the age of Mr A V Palaniswamy exceeds seventy a special resolution is required for his appointment U/s 196 (3) (a) of the Companies Act, 2013

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

Except Mr A V Palaniswamy 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, Mrs Panath Anitha

The Board of Directors had re-appointed Mrs Panath Anitha as Whole Time Director for a period of three years with effect from 14.02.2018 to 13.02.2021 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.

Mrs Panath Anitha is not related to any other Director of the Company.



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

Except Mrs Panath Anitha none of the Directors of the Company or Key Managerial Personnel and their relatives have any interest, financially or otherwise, in the proposed resolution.

The approval of the members is sought for the proposed resolutions.

The relevant particulars concerning the Directors as required are set out in the statement attached to the Notice.

Agenda 8 & 9: Borrowing Limits and Creation of charges on the assets

The Scheme of Amalgamation of Interfit India Limited (IIL) and Merit Industries Limited (MIL) with the Company was sanctioned by the Hon'ble NCLT, Chennai Bench on 25th March, 2019 and the Scheme was given effect to on 29th March, 2019 by filing the order with the Registrar of Companies. The borrowing limits and to mortgage or otherwise dispose of or to create charge, mortgage and/or hypothecate the whole or substantially the whole of the undertakings of the Company for the merged entity have been revised after considering the increased needs of servicing the obligations for the Transferor Companies.

It is proposed to ratify the borrowing limit upto Rs 35,00,00,000/- (Rupees Thirty Five Crores Only)

The Board recommends the Special Resolution as set out in item nos. 8 & 9 of the Notice for approval by the shareholders.

None of the Directors of the Company or Key Managerial Personnel and their relatives have any interest, financially or otherwise, in the proposed resolution at Item No. 8 & 9 of the Notice.



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

Name of the Director	Mrs. Panath Anitha	Mr. Arjunaraj Dhananjayan	Mr.Chenniappan Selvakumar	Mr A V Palaniswamy
Date of Birth	27.01.1972	22.08.1980	04.12.1974	02.03.1942
Date of Appointment	14.02.2018	13.12.2017	13.12.2017	01.01.2019
Qualification	M.Com	FCA	MBA	B E (Electrical)
Expertise in specific functional areas	She started her career in National Fittings Limited and held various positions over the past 20 years in manufacturing, marketing and administration.	Mr Arjunaraj Dhananjayan is a Fellow Member of the Institute of Chartered Accountants of India and presently a Partner in A Arjunaraj & Co, Chartered Accountants, Coimbatore and having his professional practice in various fields of finance, accounting, taxation, audit, advisory and M&A.	Mr Chenniappan Selvakumar is an Industrialist having Master degree in Business Management and having fifteen years in production and marketing experience in foundry management. He is at present having Directorship in P C Sons Castings Private Limited, Coimbatore.	A qualified engineer with more than 40 years of experience in manufacturing technologies, expertise in achieving best production and marketing levels
Directorship held in other companies (excluding foreign companies and section 8 companies)	Nil	Nil	P C Sons Castings Private Limited	Haitima India Private Limited
Memberships / Chairmanships of committees of the company (includes only Audit Committee and Stakeholders' Relationship Committee.)	i) Share holders relationship Committee	i) Audit Committee	Nil	(i) Audit Committee (ii) Shareholder Relationship Committee
Memberships / Chairmanships of committees of the public company (includes only Audit Committee and Stakeholders' Relationship Committee.)	Nil	Nil	Nil	Nil
Number of shares held in the company	15,200 Equity Shares	Nil	Nil	30,92,093 Equity Shares

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Twenty Fifth Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2018.

FINANCIAL RESULTS

The operating results for the year 2017-2018 are given below :

	(₹ in Lakhs)	
Profit before Interest and Depreciation and Other adjustments		1658.53
Less: Interest	168.00	
Depreciation	268.54	436.54
Net Profit before Tax		1221.99
Provision for Tax :		
Current Tax	380.30	
Deferred Tax (income) / expenses	50.28	
MAT credit utilized	16.37	
		446.95
Net Profit after Tax		775.04
Amount brought forward from previous year		1973.73
Amount available for appropriation		2748.77
Appropriations		
Add : Transfer from Revaluation Reserve		1.30
Les : Interim and Final Dividend on Equity Shares		(181.66)
Dividend Distribution Tax		(36.98)
Surplus carried over to Balance Sheet		2531.43

FINANCIAL PERFORMANCE:

The Financial Statements for the year ended March 31, 2018 have been prepared under Ind AS (Indian Accounting Standards) for the first time by the Company. To ensure comparative figures, the financial statements for the year ended March 31, 2017 have been restated in accordance with Ind AS.

Members aware a Scheme of amalgamation with appointed date being 1st April, 2017 whereby the Holding Company, Interfit India Limited and 100% Wholly Owned Subsidiary Company, Merit Industries Limited were to be merged was submitted for sanction with the Hon'ble National Company Law Board, Chennai Bench pending sanction the Company could not circulate the audited merged accounts earlier. Now since the Scheme of Amalgamation has been approved by the Hon'ble National Company Law Board, Chennai Bench by their order dated 25th March, 2019 with effective date being 29th March, 2019 the duly audited merged accounts are being presented before the members for their approval. Your directors confirm that the directives of Hon'ble National Company Law Tribunal, Chennai Bench have complied with.

ALLOTMENT OF SHARES AND CHANGES IN CAPITAL STRUCTURE**INCREASE IN AUTHORIZED SHARE CAPITAL**

The Authorised Share Capital of the Company has increased from Rs. 13.75 Crores comprising of 87,50,000 equity shares of Rs. 10/- each and 5,00,000 preference shares of Rs. 100/- each to Rs. 29.50 Crores comprising of 2,45,00,000 equity shares of Rs. 10/- each and 5,00,000 preference shares of Rs. 100/- each by virtue of the Order on Scheme of Amalgamation passed by Hon'ble National Company Law Tribunal, Chennai Bench.

INCREASE IN PAID-UP SHARE CAPITAL

Pursuant to the Order on Scheme of Amalgamation passed by Hon'ble National Company Law Tribunal, Chennai Bench, 3 (three) equity shares of Rs. 10/- each of the Company shall have to be allotted for every 2 (two) equity shares of Rs. 10/- each held by the Shareholders of Interfit India Limited, the Transferor Company - 1. Consequently, the paid-up share capital of the Company shall increase from 83,20,000 equity shares of Rs. 10/- each to 90,83,182 equity shares of Rs. 10/- each valuing Rs 9,08,31,820/-

Pursuant to the Order on Scheme of Amalgamation passed by Hon'ble National Company Law Tribunal, Chennai Bench, 1 (one) 9% Non-Convertible Non-Cumulative Redeemable Preference Share of Rs. 100/- each of the Company shall have to be allotted for every 1 (one) preference share of Rs. 100/- each held by the Preference Shareholders of Merit Industries Limited, the Transferor Company- 2. Consequently, the paid-up preference share capital of the Company shall increase to Rs. 4,00,00,000.

The total paid up capital of the Company is Rs 13,08,31,820/-

FINANCIAL PERFORMANCE:

The Company's gross income for the financial year ended 31st March, 2018 was Rs. 6467.03 lacs compared to Rs.6,960.83 lacs in the previous year. The profit before tax for the Company is Rs. 1221.99 lacs as against Rs. 1,596.03 lacs in the previous year. The depreciation for the year is Rs.268.54 lacs compared to Rs.104.95 lacs in the previous year. After providing Taxation, the Company's net profit stands at Rs.775.04 lacs against Rs.1,014.45 lacs in the previous year.

An amount of Rs 2531.43 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.4716.06 lacs as on 31.03.2018 as against Rs.2,772.61 lacs in the previous year.

DIVIDEND

The Company has not declared any interim dividend during the year under review and is not proposing to declare any final dividend. Further the Company has not transferred any amount to reserves during the year.

PERFORMANCE:

The Company continued to manufacture and market high quality piping products meeting international standards. The Sales was increased in volume term; but both sales and margins were lowered in value term due to price reduction to with stand the Chinese competition and subdued exchange rate conditions.

The Company hopes to improve the margins during the current year unless any changes In the international scenario affect the Company results and also considering favorable exchange rates.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

TRENDS & DEVELOPMENT

Domestic market has been improving for the products manufactured by our Company. The export market has also showing some strength amidst the competition by China.

We hope to generate sizable volume of business this year and the new products developed and likely to be introduced during the second half of the year will also help us to have strong domestic market revenue.

Material Developments during the year under review that occurred between end of the financial year and date of this report - Scheme of Amalgamation of Interfit India Limited and Merit Industries Limited with the Company

The Scheme of Amalgamation of Interfit India Limited and Merit Industries Limited with the Company, which was initiated in January, 2018 reached the major stages during September, 2018.

Taking into consideration this scenario, the Board decided to apply for extension of time to hold the Twenty Fifth Annual General Meeting to the Registrar of Companies so that the merged accounts can be presented for approval of shareholders. The Registrar of Companies granted an extension of three months i.e. till 31st December, 2018, to hold the Twenty Fifth Annual General Meeting.

The meeting of shareholders of the Company was convened on 5th December, 2018 as directed by the Hon'ble National Company Law Tribunal, Chennai Bench for approving the scheme and the scheme was duly approved with the requisite majority. More than 90% of the value of the unsecured creditors of the Company gave their consent for the amalgamation and so the meeting of unsecured creditors of the Company has been dispensed with.

Based on the approvals of share holders and creditors the petitions by the Companies were filed before the Hon'ble National Company Law Tribunal, Chennai on 14.01.2019.

The Scheme was sanctioned by Hon'ble National Company Law Tribunal, Chennai by an **order dated 25th March 2019** and came into effect on **29th March, 2019**.

DIRECTORS

Mr M Loganathan, Director, resigned from Directorship on 13.12.2017 due to his professional pre-occupation.

Mrs Panath Anitha, Whole Time Director, who retires by rotation, and being eligible, offered herself for reappointment.

Mr Arjunaraj Dhananjyan, was appointed as an Additional and Independent Director with effect from 13.12.2017

Mr Chenniappan Selvakumar, was appointed as an Additional and Independent Director with effect from 13.12.2017

KEY MANAGEMENT PERSONNEL

Mr. A.V. Palaniswamy, Managing Director, Mrs Panath Anitha, Whole Time Director, Mr Jayaram Govindarajan, 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.

Mrs Panath Anitha, was re-appointed as the Whole Time Director with effect from 14.02.2018

Mr A V Palaniswamy, was re-appointed as the Managing Director with effect from 01.01.2019

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

Pursuant to the provisions of Section 129(3) of the Act, a statement containing salient features of the Financial Statements of your Company's Subsidiaries, Associates and Joint Ventures in **Form AOC-1** is attached to the Financial Statements of your Company as **Annexure 1**.

Pursuant to the provisions of Section 136 of the Act, the Financial Statements of your Company, Financial Statements along with relevant documents are available on the website of your 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 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 2018 and of the Profit of the company and the cash flow statement for the year ended 31.03.2018.
- (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 2018.

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.

NUMBER OF BOARD MEETINGS

During the year, 7 (Seven) Board Meetings were convened and held, the details of which are given in Corporate Governance Report.



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.

Composition of the Board shall be in compliance with the requirements of the Companies Act, 2013.

No person less than the age of 21 years shall be appointed as the director of the Board.

The Executive Directors are paid with remuneration as approved by the members but are not paid sitting fees.

Independent directors are not entitled for ESOPs

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.

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

Investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review are given in para 2.2 of Notes forming part of the financial statements.

There were no loans, guarantees made by the Company under Section 186 of the Companies Act, 2013 during the year.

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 – 2** and are attached to this report.

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

Input costs have increased nearly 20% resulting in the total cost increase by 10-12%. Due to the increased competition from China and other companies using China as a manufacturing base has resulted in reduction of selling price nearly 20% from last year prices. Cost increase and the reduction in selling price has eroded our margin substantially. Export market is becoming more and more unviable.

Company is taking effective steps to increase our domestic market share by appointing distribution network and regional sales personnel.

2) Exchange Risk

Indian currency did not depreciate enough to offset the input cost increase and to meet the low cost products from China in the international markets. China has depreciated their currency nearly 10% during the last six months.

3) Power

Company has been buying wind power for nearly 10 months of the year and has resulted in reduction of power cost in total cost of production. Grid power supply has improved substantially.

4) Manpower Requirement

Company continuous to rely on expat labour from northern belt for nearly 70% of work force due to non-availability of local labour in production areas. Cost of manpower has nearly doubled in the last one year. Company has installed more automated machine operations to reduce manpower.



5) Product Development

To meet the cost of production, Company has taken steps to re-design the products by optimizing the weight without sacrificing performance and has resulted in input cost reduction.

Company has taken steps to diversify the product base into pumps for domestic and international market requirements. Design will be attractive enough to get a acceptable share of the domestic and export market. Developed models are under testing and will be into production line during the current year. Company will provide the major components like casting in Iron and Stainless Steel. Machining and assembly will be done by outside sources.

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 completed the construction of a school building at a Government Municipal School at Madhapur village at a cost of Rs 34.56 lacs.

The Annual Report on the Company's CSR activities is furnished in **Annexure 3** 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 4** 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.

CORPORATE GOVERNANCE

Your Company is in compliance with the Corporate Governance guidelines, as laid out in the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations). All the Directors and the Senior Management personnel have affirmed in writing their compliance with and adherence to the Code of Conduct adopted by the Company.

The annual report of the Company contains a certificate by the Chief Executive Officer and Managing Director in terms of SEBI Listing Regulations on the compliance declarations received from the Directors and the Senior Management personnel.

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to SEBI Listing Regulations and have certified the compliance, as required under SEBI Listing Regulations. The Certificate in this regard is attached as **Annexure 5** to this Report.

The Chief Executive Officer / Chief Financial Officer (CEO/CFO) certification as required under SEBI Listing Regulations is attached as **Annexure 6** to this Report. Related Party disclosures/transactions are detailed in Note 2.29 of the Notes to the financial statement.

SEXUAL HARASSMENT

Company has a policy on prohibition, prevention and redressal of Sexual Harassment of women at work place and matters connected therewith. During the year ended 31st March, 2018, no complaint was received under the policy.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has unclaimed dividend amounting to Rs. 87,27,590/-

Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013, unclaimed dividend of Rs 1,93,280/, which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund for this financial year..

The details of the unpaid and unclaimed dividend lying with the Company has been uploaded on the website of Ministry of Company Affairs.

Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013, 78780 equity shares accompanying dividend which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund in 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	12.25	-3.77
Mr Jayaram Govindarajan	6.25	160
Mr M Loganathan	0.12	0.00
Mr. Dhananjayan	0.07	100
Mr. Selvakumar	0.14	100
Mr R Alagar	1.08	25
Mrs A PanathAnitha	1.77	17.36
Mr J Saravanan (Chief Financial Officer)	3.48	12.75
Mr S Aravinthan (Company Secretary)	2.84	12.87

iii) The percentage increase in the median remuneration of employees in the financial year: 10%

iv) The number of permanent employees on the rolls of the Company: 111

v) Explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an increase of 19% during the financial year 2017-18. 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



NATIONAL FITTINGS LIMITED

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:

(In Lacs)

Aggregate remuneration of key managerial personnel (KMP) in FY 2017-18	55,35,100
Revenue	61,94,62,042
Remuneration of KMPs (as % of revenue)	0.89
Profit before Tax (PBT)	11,62,05,836
Remuneration of KMP (as % of PBT)	4.76

- 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 31.03.2018	As at 31.03.2017	% Increase
Closing price of share at BSE (Rs.)	201.8	240	-15.917
Market Capitalisation (Rs.)	16789.76	19968	-15.917
Price Earnings ratio	22.60	19.69	14.78
Net worth	3315.50	2772.60	19.58

- 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 2017-18 was 15.28%. Percentage increase in the managerial remuneration for the year was 18.14%

- 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 FY2017-18	25,50,000	13,00,000	3,68,100	7,25,000	5,92,000
Revenue	61,94,62,042	61,94,62,042	61,94,62,042	61,94,62,042	61,94,62,042
Remuneration as % of Revenue	0.41	0.21	0.06	0.12	0.10
Profit before Tax (PBT)	11,62,05,836	11,62,05,836	11,62,05,836	11,62,05,836	11,62,05,836
Remuneration (as % of PBT)	2.19	1.12	0.32	0.62	0.51

- x) The key parameters for any variable component of remuneration availed by the directors:
There are no variable components of remuneration paid to the directors.
- 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; and
Nil
- 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

M/s V Krish & Associates, Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company from the conclusion of the 24th Annual General Meeting held on 12.08.2017 until the conclusion of 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.

Further, the report of the Statutory Auditors for financial year ended 31st March, 2018 is given along with the Financial Statements which is annexed to and forms part of this report. The said report has a matter of emphasis, which does not require any explanation from the Directors.

The unmerged financial statements of the Company for the year ended 31st March, 2018 were earlier approved by the Board of Directors at its meeting held on 30th May, 2018. Those unmerged financial statements have been updated by the Company, so as to give effect to the scheme of amalgamation approved by the Hon'ble National Company Law Tribunal, Chennai Bench, vide its order dated 25th March, 2019, filed by the Company with the Registrar of Companies on 29th March, 2019, with effect from appointed date, i.e 1st April, 2017. As a result, fresh audit report has been issued on the merged financial statements.

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 2017-18 whose report on 30th March, 2019 is attached separately to this report. **Annexure 7.**

EXPLANATION OR COMMENTS OR 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.



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. 51,97,52,059/-

Foreign exchange used (actual) : Rs. 71,86,755/-

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 : 30.03.2019

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

DIN No. 01817391

Managing Director

Sd/- **JAYARAM GOVINDARAJAN**

DIN No. 02178416

Director



ANNEXURE 1

Form No. AOC – 1

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

Statement containing salient features of the Financial Statement of Subsidiaries.

- not applicable -

ANNEXURE 2

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)

A. Details of contracts or arrangements or transactions not at arm’s length basis

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2018, which were not at arm’s length basis.

B. Details of material contracts or arrangement or transactions at arm’s length basis

The Company had a related party contract with Interfit India Limited (IIL) and Merit Industries Limited (MIL) which were material in nature. IIL and MIL have since been merged with the Company pursuant to the Order of Hon’ble NCLT, Chennai Bench dated 25th March, 2019. Since no other material related party contract / transaction exists, disclosure under this section is not applicable:

Name of the Related Party Nature of Relationship	—	Not Applicable
Duration of Contract/ Arrangement/ Transaction	—	Not Applicable
Salient Terms of Contracts or arrangements or transaction including the value, If Any	—	Not Applicable
Date of approval by the Shareholders	—	Not Applicable
Amount	—	Not Applicable

For and on behalf of the Board

Place : Coimbatore
Date : 30.03.2019

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

Sd/- **JAYARAM GOVINDARAJAN**
DIN No. 02178416
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 Chenniappan Selvakumar as the Chairman, Mr A V Palaniswamy and Mr Jayaram Govindarajan 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 1178.68 lacs**4) Prescribed CSR Expenditure (2% of the Average Net Profit): Rs. 23.57 lacs****5) Details of CSR spent during the financial year:**

- a) Total amount to be spent for the financial year: Rs 23,57,377/-
- b) Unspent in Previous year Rs. 5,51,200/-
- c) Total amount to be spent Rs 29,08,577/-
- d) Amount spent this financial year Rs. 34,56,943/-
- e) Amount unspent, if any Rs. Nil



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 (Madhapur Village) Building of class rooms and rest rooms at a Govt. School	34,56,943/-	34,56,943/-	Direct
			Total	34,56,943/-	34,56,943/-	

g) Reason for not spending the amount : Not applicable

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 : 30.03.2019

Sd/- **A.V. PALANISWAMY**
Member, CSR Committee

Sd/- **CHENNIAPPAN SELVAKUMAR**
Chairman, CSR Committee

**EXTRACT OF THE ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31ST MARCH 2018****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:	CIN: L29199TZ1993PLC008034
ii)	Registration Date	21-04-1993
iii)	Name of the Company	NATIONAL FITTINGS LIMITED (formerly INTERFIT TECHNO PRODUCTS LIMITED)
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
	N.A.	N.A.	N.A.	N.A.	N.A.

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-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	46,96,310	700	46,97,010	56.454	—	—	—	—	(56.454)
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
Sub Total	46,96,310	700	46,97,010	56.454	—	—	—	—	(56.454)
2. Foreign									
a) Individuals (NRI / Foreign Individuals)	7,56,472	—	7,56,472	9.092	7,56,472	23,35,621	30,92,093	34.04	24.95
b) Bodies Corp.	—	—	—	—	—	—	—	—	—
c) Institutions	—	—	—	—	—	—	—	—	—
d) Qualified Foreign Investor	—	—	—	—	—	—	—	—	—
Sub Total	7,56,472	—	7,56,472	9.092	7,56,472	23,35,621	30,92,093	34.04	24.95
Total shareholding of Promoter (A+B)	54,52,782	700	54,53,482	65.546	7,56,472	23,35,621	30,92,093	34.04	(31.50)
B. Public Shareholding									
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)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-	600	—	600	0.007	—	600	600	0.007	—
2. Non-Institutions									
a) Bodies Corp.	—	—	—	—	—	—	—	—	—
i) Indian	3,21,428	16,700	3,38,128	4.064	3,43,575	3,55,430	6,99,005	7.70	3.63
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—



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Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% 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. 2 lakh	7,41,467	4,02,410	11,43,877	13.749	9,61,319	17,21,481	26,82,800	29.54	15.79
ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	9,27,439	1,60,050	10,87,489	13.071	7,04,158	4,95,141	11,99,299	13.20	0.13
c) Others - IEPF	—	—	—	—	—	1,18,170	1,18,170	1.30	1.30
Non Resident Indians	92,759	1,60,068	2,52,827	3.04	1,60,068	4,80,896	6,10,964	6.73	3.69
Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
Foreign Nationals	—	—	—	—	—	—	—	—	—
Clearing Members	7956	—	7956	0.096	7809	—	7809	0.094	(0.002)
Directors & Relatives	—	200	200	—	—	55,86,80	55,86,80	6.15	6.15
Trusts	—	—	—	—	—	—	—	—	—
HUF	35,441	—	35,441	0.426	25,113	88,650	1,13,763	1.25	0.83
Foreign Bodies - D R	—	—	—	—	—	—	—	—	—
Sub-total (B)(2):-	21,26,490	7,39,428	28,65,918	34.444	22,02,042	38,18,448	59,90,490	65.96	31.50
Total Public Shareholding (B)=(B)(1)+ (B)(2)	21,26,490	7,40,028	28,66,518	34.454	22,02,042	38,19,048	59,91,090	65.96	31.50
Grand Total (A+B+C)	75,79,272	7,40,728	83,20,000	100.00	29,58,514	61,54,668	90,83,182	100.00	—

(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	Nil	Nil	Nil	Nil
2	A V Palaniswamy	7,56,472	9.092	Nil	30,92,093	34.04	Nil	24.95
	Total	54,53,482	65.546	Nil	30,92,093	34.04	Nil	24.95

(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
	Decrease in Promoters Share holding during the year (due to merger)	(23,61,388)	—	30,92,093	34.04
	At the end of the year	30,92,094	34.04	30,92,093	34.04

(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	1.80	1,50,000	1.80
	Less: 02.02.2018 Market Sales	1,50,000	1.80	NA	NA
	At the end of the year	NA	NA	NA	NA
2	Kumudha Palaniswamy	1,52,700	1.83	1,52,700	1.84
	Less: 08.09.2017 Market Sales	6706	0.08	1,45,994	1.76
	Less: 27.10.2017 Market Sales	3603	0.04	1,42,391	1.71
	Add: 31.03.2018 Merger	5,43,480	5.98	6,85,871	7.55
	At the end of the year	NA	NA	6,85,871	7.55
3	Mina Pruthviraj Parikh	1,10,982	1.51	1,10,982	1.51
	Add: 31.03.2018 Merger	76,836	0.84	1,87,818	2.07
	At the end of the year	NA	NA	1,87,818	2.07
4	P Shunmugavelu	78,250	0.94	78,250	0.94
	Add: 31.03.2018 Merger	97,457	1.07	1,75,707	1.93
	At the end of the year	NA	NA	1,75,707	1.93
5	Euclid Wealth Management LLP	NA	NA	NA	NA
	Add: 02.02.2018 Market Purchase	1,50,000	1.80	1,50,000	1.80
	At the end of the year	NA	NA	1,50,000	1.65



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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
6	Pruthviraj Somchand Parikh		52,980	0.64	52,980	0.63
	Add: 31.03.2018	Merger	90,450	0.99	1,43,430	1.57
	At the end of the year		NA	NA	1,43,430	1.57
7	Deepinder Singh Poonian		1,26,044	1.52	1,26,044	1.51
	At the end of the year		NA	NA	1,26,044	1.39
8	Pravin Chandra Batavia		1,25,000	1.50	1,25,000	1.50
	At the end of the year		NA	NA	1,25,000	1.38
9	Amoha Traders Private Limited		1,28,794	1.55	1,28,794	1.55
	Less: 21.07.2017	Market Sales	2175	0.03	1,26,859	1.52
	Less: 28.07.2017	Market Sales	323	0.004	1,26,266	1.52
	Less: 04.08.2017	Market Sales	750	0.009	1,25,516	1.51
	Less: 11.08.2017	Market Sales	958	0.012	1,24,578	1.497
	Less: 27.10.2017	Market Sales	1393	0.017	1,23,185	1.481
	At the end of the year		NA	NA	1,23,185	1.36
10	Shishir Vasant Dalal		1,00,000	1.202	1,00,000	1.202
	Less: 09.02.2018	Market Sales	43	0.001	99,957	1.10
	At the end of the year		NA	NA	99,957	1.10
11	Aditya P Parikh		59,897	0.72	59,897	0.72
	At the end of the year		NA	NA	59,897	0.66

(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	30,92,093	34.04
	At the end of the year	NA	NA	30,92,093	34.04
2	A Panath Anitha	200	0.001	15,200	0.17
	At the end of the year	NA	NA	15,200	0.17
3.	J Saravanan	50	0.00	11,270	0.12
	At the end of the year	NA	NA	11,270	0.12
4	S Aravinthan	50	0.00	11,270	0.12
	At the end of the year	NA	NA	11,270	0.12

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	5,10,84,410	—	—	5,10,84,410
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	5,10,84,410	—	—	5,10,84,410
Change in Indebtedness during the financial year				
* Addition	7,63,81,244	—	—	7,63,81,244
* Reduction	—	—	—	—
Net Change	7,63,81,244	—	—	7,63,81,244
Indebtedness at the end of the financial year				
i) Principal Amount	12,74,65,654	—	—	12,74,65,654
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	12,74,65,654	—	—	12,74,65,654

Note: Additions includes transfer of liabilities on account of Merger (Ref. Note No. 2.31)

VI. Remuneration of Directors and Key Management Personnel
(A) Remuneration to Managing Director / Whole Time 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	25,50,000	3,68,100	13,00,000	42,18,100
	(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 Vehicle Maintenance and Local conveyance	2,15,723	—	6,58,036	8,73,759
	Total (A)	27,65,723	3,68,100	19,58,036	50,91,859
	Ceiling as per the Act (@ 5% of Profits calculated u/s198 of the Companies Act, 2013)	—	—	—	60,31,453

(B) Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		M Loganathan	R Alagar	Arjunaraj Dhanajayan	Chenniappan Selvakumar	
1	Independent Directors					
	Fee for attending board committee meetings	25,000	2,25,000	15,000	30,000	2,95,000
	Commission	—	—	—	—	—
	Others, please specify Travelling expense, Local Conveyance	15,890	51,267	—	—	67,157
	Total (1)	40,890	2,76,267	15,000	30,000	3,62,157

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		M Loganathan	R Alagar	Arjunaraj Dhanajayan	Chenniappan Selvakumar	
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	—	—	—	—	—
	Commission	—	—	—	—	—
	Others, please specify	—	—	—	—	—
	Total (2)	—	—	—	—	—
	Total Managerial Remuneration	40,890	2,76,267	15,000	30,000	3,62,157
	Ceiling as per the Act (@ 1% of Profits calculated u/198 of the Companies Act, 2013)					12,06,291

(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	—	5,92,000	7,25,000	13,17,000
	(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)	—	1,20,980	5,356	1,26,336
	Total		7,12,980	7,30,356	14,43,336



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)
A. COMPANY					
Penalty			Nil		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			Nil		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			Nil		
Punishment					
Compounding					

REPORT ON CORPORATE GOVERNANCE

I PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company 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.

The Company is in compliance with the requirements stipulated under Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as applicable, with regard to corporate governance, the disclosure requirements of which are given below:

II BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2018 the Company had six Directors consisting of three Executive Directors including one Woman Director and three Non-Executive independent Directors.

The Managing Director is an Executive and Promoter Director.

The Board's composition is in compliance with the requirements of Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Board Meetings, Attendance of Directors and other Directorships held by them

The Board meetings are generally held at the Corporate Office. The Board meets at least once in a quarter and additional meetings are held, when necessary. The agenda, explanatory notes and related papers are circulated at least seven days prior to the date of the Board meeting for consideration by the Board. Adequate information is circulated as part of the agenda papers and also placed at the table to enable the Board to take an informed decision.

The Board periodically reviews the compliance of all applicable laws by the Company as well as steps taken by the Company to rectify instances of non-compliances, if any. Committees of the Board usually meet on the day of the Board meeting or whenever the need arises for transacting the business. The recommendations of the Committees are placed before the Board for necessary approval.



NATIONAL FITTINGS LIMITED

The Board met 7 (seven times) during the year and the gap between two meetings did not exceed the stipulated 120 days. The said meetings were held on 27.05.2017, 21.07.2017, 12.08.2017, 13.011.2017, 13.12.2017, 17.01.2018 and 10.02.2018. The necessary quorum was present for all the meetings.

Composition of Board of Directors								
Name and Designation of Directors	Category	Number of Board Meeting during 2017-18		Whether attended last AGM	No of Directorships in other Companies		No of Committee positions held on other Public companies	
		Held	Attended	Yes/No	Chairman	Member	Chairman	Member
A. V. Palaniswamy (Managing Director)	Promoter – Executive Director	7	7	Yes	Nil	2	Nil	Nil
R Alagar	Non Executive - Independent Director	7	7	Yes	Nil	1	Nil	Nil
A Panath Anitha (Whole Time Director)	Executive - Woman Director	7	7	Yes	Nil	Nil	Nil	Nil
Jayaram Govindarajan (Whole Time Director)	Executive Director	7	7	Yes	Nil	3	Nil	Nil
M Lognathan*	Non Executive - Independent Director	3	3	Yes	Nil	3	Nil	Nil
Arjunaraj Dhananjayan**	Non Executive - Independent Director	2	1	Not Applicable	Nil	Nil	Nil	Nil
Chenniappan Selvakumar**	Non Executive - Independent Director	2	2	Not Applicable	Nil	1	Nil	Nil

* resigned with effect from 13.12.2017

** appointed with effect from 13.12.2017

None of the Directors are related to each other. For the Purpose of membership/Chairmanship in committees, only the Audit Committee and Shareholder's Relationship Committee are considered.

The minimum information as required under Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is made available to the Board.

The Board has complete access to all information pertaining to the Company inter-alia the following information viz

- Annual operating plans, budgets
- Quarterly/Annual results
- Minutes of the meetings
- Materially important show cause, demand, prosecution and penalty notices
- Recruitment and remuneration of senior officers including appointment and removal of CFO or Company Secretary
- Fatal and serious accidents, any material default in financial obligations



- Any issue which involves public or product liability claims of substantial nature
- Significant labour problems and developments
- Sale of material nature, of investments, subsidiaries, assets which are not in the normal course of business
- Non-compliance of regulatory, statutory nature or listing requirements or shareholders service such as payment of dividend, share transfers etc

Information is regularly provided to the Board, wherever applicable and materially significant information either as part of agenda papers well in advance of the Board Meetings or tabled in the course of Board meetings or tabled before the appropriate committees of the Board.

None of the Non-Executive Directors hold shares in the Company as on 31st March, 2018

III AUDIT COMMITTEE

The Audit Committee plays an important role in overseeing the internal control and the financial reporting system of the Company. The Company has an independent audit committee constituted in line with the provisions of Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013

The Audit Committee comprising of three members including two Non-Executive Independent Directors. The Audit Committee at present comprised of Mr R Alagar, who is a Fellow member of Institute of Company Secretaries of India, as its Chairman, Mr A V Palaniswamy, Mr Arjunaraj Dhananjayan, who is a Fellow member of Institute of Chartered Accountants of India, as its members. All members of the Audit Committee have financial and accounting knowledge. The Company Secretary acts as the Secretary of the Committee.

The Committee met 5 (five) times during the year on 27.05.2017, 12.08.2017, 13.11.2017, 17.01.2018 and 10.02.2018. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

Attendance Record of Audit Committee				
Name of the Member	Category	Status	No of meetings	
			Held	Attended
R Alagar	Independent	Chairman	5	5
A V Palaniswamy	Non-Independent	Member	5	5
M Loganathan*	Independent	Member	3	3
Arjunaraj Dhananjayan**	Independent	Member	2	1

* resigned with effect from 13.12.2017

** appointed as member with effect from 13.12.2017

The functions of the Audit Committee include:

- 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.
- Carrying on any other functions as are mentioned in the terms of reference of the Audit Committee

Audit Committee is empowered to investigate any activity within its terms of reference, seek any information from any employee, obtain outside legal, or other professional service, secure attendance of outsiders with relevant expertise, if it considers necessary

IV NOMINATION AND REMUNERATION COMMITTEE

The Company has a Remuneration Committee consisting of Mr R Alagar, Independent Director, Mr Arjunaraj Dhananjayan, Independent Director and Mr Chenniappan Selvakumar, Independent Director as members.

Functions of the remuneration committee are:

- Setting the level and composition of remuneration which is reasonable and attractive to retain and motivate quality directors
- Monitoring the performance and remuneration of the directors, key managerial personnel and other employees 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, 2018

Director	Salary	Perquisites and other benefits	Sitting Fees	Total
A V Palaniswamy (Managing Director)	25,50,000	2,15,723	—	27,65,723
Panath Anitha (Whole Time Director)	3,68,100	—	—	3,68,100
Jayaram Govindarajan (Whole Time Director)	13,00,000	6,58,036	—	19,58,036
R Alagar	—	51,267	2,25,000	2,76,267
Arjunaraj Dhananjayan	—	—	15,000	15,000
Chenniappan Selvakumar	—	—	30,000	30,000
M Loganathan*	-	15,890	25,000	40,890
Total	42,18,100	9,40,916	2,95,000	54,54,016

* resigned with effect from 13.12.2017

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company

V STAKE HOLDERS' RELATIONSHIP COMMITTEE

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

Mr. S Aravinthan, Company Secretary is the Compliance Officer

The Committee monitors redressal of complaints received from shareholders/investors with respect to

- transfer of shares
- non-receipt of dividend
- non-receipt of Annual Report, notices
- change of address for correspondence etc

The Company has appointed M/s S K D C Consultants Limited, Coimbatore as Share Transfer Agent. Transfers/transmission, issue of new share certificates after split or consolidation/duplicate share certificates, requests for dematerialization of share certificates are approved/confirmed, issue and allot shares subject to the approval of the Board, report about top shareholders, share holding pattern, all other matters incidental or related to shares, debentures and other securities of the Company, as the case may be, within the stipulated time through the Share Transfer Agent. There were no complaints received for this financial year. No instrument of transfers was pending on 31st March, 2018.

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

Investor complaints on non-receipt of dividend, annual reports etc forwarded by SEBI are periodically resolved and uploaded in SCORES website (SEBI Complaints Redressal System) and no complaints were pending during the year under review.

During the year the Committee was met **5** times.

VI CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

A Board level Committee of CSR has been constituted with Mr Chenniappan Selvakumar as the Chairman, Mr A V Palaniswamy and Mr Jayaram Govindarajan as members. The Board has adopted a CSR Policy as recommended by the Committee.

One meeting of the members of CSR Committee was held during the financial year on 27.05.2017 and the members attended.

VII INDEPENDENT DIRECTORS MEETING

During the year, a separate meeting of Independent Directors was held on March 17, 2018 to review the performance of Non-Independent Directors and the Board as a whole. The process for evaluation of Board performance, Non-Independent Non-Executive Directors and the Board Chairman is detailed in the Board's Report.

**VIII GENERAL BODY MEETINGS****Annual General Meeting**

DATE, TIME AND VENUE OF THE LAST THREE YEARS			
Financial Year	Date	Time	Venue
2014-15	14.08.2015	09.30 AM	S F No: 112, Madhapur Road, Kaniyur Village, Karumathampatti (via), Coimbatore - 641659
2015-16	12.08.2016	09.30 AM	
2016-17	12.08.2017	10.30 AM	

Extra-Ordinary General Meeting

There was no Extra-Ordinary General Meeting of the Company held during the year.

Special Resolutions

At the AGM dated 14.08.2015, 5 (five) Special Resolutions were passed for i) adoption of Article of Association ii) re-appointment of Mr A V Palaniswamy as Managing Director iii) borrowing powers u/s 180 (1)(a) iv) borrowing powers u/s 180 (1)(c) and v) related party transactions u/s 188.

No special resolution was passed at the Annual General Meeting of the Company held on 12.08.2016 and 12.08.2017

Postal Ballot

There was no business transacted at the AGMs requiring a special resolution passing through postal ballot.

Means of Communication

The Company follows a robust process of communicating with its stakeholders. The Company uses multiple channels of communications viz. on-line portals of stock exchanges and SEBI, annual reports, website, newspapers, etc.

The quarterly unaudited and annual audited financial results are disseminated to the BSE Limited, where the shares of the Company are listed, within the time limit prescribed in the SEBI (LODR) Regulations. They are also published in the English/Hindi newspapers having Country wide circulation, i.e., Financial Express and also in newspapers having wide circulation in the Tamil Nadu, where registered office of the Company is situated. The said results are also posted on the Company's website, i.e., www.nationalfitting.com

The Company also communicates the dates of Board meetings and General meetings and e-voting, etc. as per the requirements of the Companies Act, 2013 and SEBI (LODR) Regulations through Stock Exchanges, newspaper publications and by posting on the Company's website.

IX DISCLOSURES**Related Party Transactions**

The disclosures in compliance with the Accounting Standard on "Related Party Disclosure" are given at Note No. 2.29 of the Financial Statements.

No materially significant related party transactions, having potential conflict with the interests of the Company have been entered into during the Financial Year 2017-18.

The Related Party Transactions Policy is posted at <http://www.nationalfitting.com/investors/policies/>

Compliance

The Company is fully compliant with the applicable mandatory requirements of SEBI (LODR) Regulations, and also with other regulatory requirements on capital markets. No penalties/strictures have been imposed on it by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital markets during last three years. The Company is complying with all the corporate governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (LODR) Regulations.

Adoption of non-mandatory requirements

In terms of Regulation 27(1) read with Part E of Schedule II of SEBI (LODR) Regulations, the Company has adopted the following discretionary requirements –

- 1) The Chairman of the Board is an Executive Director who is entitled to managerial remuneration as approved by the Shareholders.
- 2) The Company regularly does statutory filings as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the Stock Exchanges and also update the website of the Company on regular basis. The financial results as when approved by the Board are hosted in the investor column of the Company's website from which any shareholders can easily access and obtain the requisite information on the Company.
- 3) There are no Audit qualifications during the year under review
- 4) The Company has appointed separate persons to the post of Chairman, Managing Director and Chief Executive Officer as under: a. Mr Jayaram Govindarajan – Chairman and Whole Time Director b. Mr A V Palaniswamy – Managing Director
- 5) The Internal Auditors' Report is placed before the Audit Committee during its quarterly meetings and Internal Auditors has full access to the Audit Committee to report any findings during their audit.

Policies of the Company**Whistle Blower Policy**

The Company has framed Whistle Blower Mechanism and the same is posted at <http://www.nationalfitting.com/investors/policies/>

All Stakeholders, Directors and Employees can have the direct access to the Audit Committee Chairman in appropriate cases.

Policy on Material Subsidiary Companies

The Audit Committee periodically reviews the financial statements, the investment made by the unlisted subsidiary. The annual financial statements are tabled at the Audit Committee and Board meetings of the Company.

The copies of minutes of the Board meetings of subsidiary company are circulated to the Directors.

The Company has a Policy on Material Subsidiary Companies and the same is posted on the Company's website at <http://www.nationalfitting.com/investors/policies/>



Policy on determination of materiality for disclosures

The Company has adopted a policy on determination of materiality for disclosures to facilitate timely and adequate disclosure of material information or events which are unpublished and price sensitive, have a bearing on performance or operations of the Company and the same is posted on the Company's website at <http://www.nationalfitting.com/investors/policies/>

Policy for preservation of documents

The Company has adopted a policy for preservation of documents to preserve Documents /Records maintained by the Company either in Physical Mode or Electronic Mode and the same is posted on the Company's website at <http://www.nationalfitting.com/investors/policies/>

Code of Conduct

The Company has laid down a Code of Conduct for its members and Senior Management Personnel of the Company. This Code of Conduct is available on the website of the Company, www.nationalfitting.com.

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March, 31, 2018.

The Managing Director has affirmed to the Board that this Code of Conduct has been complied by all the Board Members and Senior Management Personnel.

Code for Prevention of Insider Trading Practices

In compliance with the SEBI Regulation on Prevention of Insider Trading, the Company has instituted a comprehensive Code of Conduct and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company and cautioning them of the consequences of violations. Dealings in Company's shares by the Board Members and Senior Management Personnel have been reported to the Board of Directors periodically.

Reconciliation of Share Capital Audit Report

A qualified Practicing Company Secretary carried out a share capital audit to reconcile the total admitted equity share capital with the National Securities Depository Limited ("NSDL") and the Central Depository Services Limited ("CDSL") and the total issued and listed equity share capital. The audit report confirms that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL and CDSL.

Disclosure of accounting treatment in preparation of Financial Statements

The accounting treatment(s) in preparation of Financial Statements is/are the same as prescribed in the Accounting Standards.

CEO and CFO certification

The CEO and CFO certificate on the Financial Statements for the financial year 2017-18 is attached at the end of the report.



X GENERAL SHAREHOLDER INFORMATION

Annual General Meeting for the Financial Year 2017-18

Date : May 10, 2019
 Time : 10.30 a.m.
 Venue : Registered Office at 112, Madhapur Road, Kaniyur Village, Coimbatore - 641 659

Financial Year

The financial year followed by the Company is from 1st April to 31st March.

Date of Book Closure/ Record Date

3rd May, 2019 to 10th May 2019

Listing

The Company's equity shares continue to be listed on the BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400001 (Code: 531289). The Company has paid the listing fees for the financial year 2018-19 to BSE Limited

Stock Market Data

The market price data as per quotations of BSE Limited i.e., high, low and close during each month during the financial year 2017-18

Month	No of shares traded	High	Low
April 2017	77,953	248.00	228.00
May 2017	77,952	274.50	227.50
June 2017	91,941	256.00	225.85
July 2017	88,592	275.00	229.00
August 2017	80,546	285.00	232.70
September 2017	74,277	247.80	220.00
October 2017	1,37,116	250.00	195.00
November 2017	95,832	239.90	201.00
December 2017	66,491	220.95	201.10
January 2018	73,058	244.00	207.90
February 2018	70,919	233.00	194.90
March 2018	54,719	213.25	190.00

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.

Shareholding as on March, 31, 2018:
a. Distribution of shareholding as on 31.03.2018

Shareholding Range	No of Holders	% of Holders	No of Shares	% of Shares
1 - 500	4837	81.05	713168	7.85
501 – 1000	541	9.07	417391	4.60
1001 – 2000	295	4.94	433205	4.77
2001 – 3000	113	1.89	297708	3.28
3001 – 4000	33	0.55	117455	1.29
4001 – 5000	22	0.37	98946	1.09
5001 – 10000	46	0.77	320220	3.53
10000 above	81	1.36	6685089	73.60
Total	5968	100.00	9083182	100.00

b. Category wise shareholding pattern as on 31.03.2018

	Category	No. of Shares	%
a.	Promoters holdings		
1.	Promoters		
	Indian Promoters	—	—
	Foreign Promoters	30,92,093	34.04
2.	Person acting in concert	Nil	Nil
	Sub Total	30,92,093	34.04
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) FII's	—	—
	sub total	600	0.01
4.	Others		
	a) Directors and Relatives	5,58,680	6.15
	b) Private Corporate Bodies	6,99,005	7.7
	c) Indian Public	38,89,907	42.83
	d) NRI-NRE / NRI-NRO/OCBs	6,10,964	6.73
	e) Any other (HUF)	1,13,763	1.25
	f) Any other (HUF)	1,18,170	1.3
	Sub total	59,90,489	65.96
	Grand total	90,83,182	100

a. Top ten equity shareholders of the Company as on March, 31, 2018

S L No	Name of the Share holder	Number of equity shares held	Percentage of holding
1	Kumudha Palaniswamy	6,85,871	7.55
2	Mina Pruthviraj Parikh	1,87,818	2.07
3	P Shunmugavelu	1,75,707	1.93
4	Euclid Wealth Management LLP	1,50,000	1.65
5	Prithviraj Somchand Parikh	1,43,430	1.57
6	Deepinder Singh Poonian	1,26,044	1.39
7	Pravin Chandra Batavia	1,25,000	1.38
8	Amoha Traders Private Limited	1,23,185	1.36
9	Shishir Vasant Dalal	1,00,000	1.10
10	Aditya P Parikh	59,897	0.66
		18,76,952	20.66

b. 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.

Dematerialization of shares and Liquidity	
Total No. of Shares	90,83,182 Equity shares of ₹ 10/- each
Physical Shares	61,60,320 (67.82%)
Dematerialized	
Central Depository Securities Limited	5,66,072 (6.23%)
National Securities Depository Limited	23,56,790 (25.95%)

c. The Company has not issued any GDR/ADRs/warrants or any convertible instruments in the past and so on March, 31, 2018, the Company does not have any outstanding GDR/ADRs/warrants or any convertible instruments

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:

(a) M/s. SKDC Consultants Ltd.,
Kanapathy Towers, 3rd Floor,
1391/A-1, Sathy Road,
Ganapathy
Coimbatore - 641 006
Ph : 0422 - 6549995, 2539835

The Compliance Officer
National Fittings Limited
SF No. 112, Madhapur Road, Kaniyur
Karumathampatti
Coimbatore - 641 659
Ph : 9943293000 / 9943993001

Investor Education and Protection Fund

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

Plant Location:

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



AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of National Fittings Limited

We have examined the compliance of conditions of Corporate Governance by National Fittings Limited (the Company), for the year ended 31st March 2018, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the listing agreement of the said Company with BSE Limited

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. 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 explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the listing agreement of the said Company with BSE Limited

We further state that this certificate 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 **V Krish & Associates**
Chartered Accountants,
Firm's Registration No. 01452 S
Sd/- **B. SATHISHKUMAR**
Partner
Membership No. 218445

Place : COIMBATORE
Date : 30.03.2019

Annexure 6**Compliance Certificate by Chief Executive Officer and Chief Financial Officer Under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015**

We, A V Palaniswamy, Managing Director of National fittings Limited and J Saravanan, Chief Financial Officer of National Fittings Limited, certify that

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) Significant changes in internal control over financial reporting during the year;
 - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place : COIMBATORE
Date : 30.03.2019

Sd/- **A V Palaniswamy**
Managing Director

Sd/- **J Saravanan**
Chief Financial Officer



SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[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]

SF No: 112, Madhapur Road

Kaniyur Village, Suler 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, 2018 and also after 31st March, 2018 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 2018 (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) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 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, 2018 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - (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.

I further report that during the audit period following major events have happened which are deemed to have major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc:

The merger of Interfit India Limited and Merit Industries Limited with the Company was approved by the NCLT, Chennai Bench with the order on 25th March, 2019 and the certified copy of the Order was filed with Registrar of Companies, Coimbatore, on 29th March, 2019 from which date the Scheme of Amalgamation has become effective.

Place : Coimbatore
Date : 30-03-2019

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]
SF No: 112, Madhapur Road
Kaniyur Village, Sular TK
Karumathampatti (Via) - 641659

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31ST March, 2018 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, 2018 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 : 30-03-2019

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 Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of National Fittings Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements in terms of the requirement of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the state of affairs, profit (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The Board of Directors of the company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Ind AS financial statements by the directors of the Company.

Auditor's Responsibility

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

While conducting the 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 thereunder.

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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made, as well as evaluating the overall presentation of the Ind AS 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 Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 of the state of affairs of the Company as at 31 March 2018, its profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Other Matter

The financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these financial statements, are based on the previous issued statutory financial statements for the years ended March 31, 2017 & March 31, 2016 prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by other auditor and whose report has been furnished to us by the Management. The financial statements of Interfit India Limited and Merit Industries Limited were audited by other auditor and whose report has been furnished to us by the Management which were included in the financial statements pursuant to amalgamation with the Company (refer Note 2.32) and our opinion on the merged financial statements, in so far as it relates to the amounts and disclosure included in respect of Interfit India Limited and Merit Industries Limited is based solely on the reports of the other auditor.

Emphasis of Matter

As per the Order of the National Company Law Tribunal, Chennai bench (“NCLT”) on the scheme of Amalgamation of Interfit India Limited and Merit Industries Limited (the Transferor Companies) with National Fittings Limited (the Transferee Company”), the financials have been restated with effect from April 1, 2017 being the appointed date for coming into force of the scheme. The Order of the NCLT dated 25th March 2019 was received on 25th March 2019 and the effect of amalgamation have been given by incorporating all the transactions in the books of accounts of Transferee Company with effect from April 1, 2017, to comply with the Order.

The financial statements of erstwhile Interfit India Limited (the Transferor Company - 1) as audited by other auditor, were included in the financial statements pursuant to amalgamation with the Company (refer Note 2.32) , which constitute total assets of 2227.26 Lakhs as at March 31, 2017, total revenue of 2159.36 Lakhs and net profit of 362.52 Lakhs for the period then ended.

The financial statements of erstwhile Merit India Limited (the Transferor Company - 2) as audited by other auditor, were included in the financial statements pursuant to amalgamation with the Company (refer Note 2.32) , which constitute total assets of 1913.21 Lakhs as at March 31, 2017, total revenue of 1405.05 Lakhs and net profit of 37.18 Lakhs for the period then ended.

Report on other Legal and Regulatory Requirements

1. 1. As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 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 of the aforesaid Company’s IND AS financial statements

- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Company's IND AS financial statements have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account maintained for the purpose of the aforesaid Company's IND AS financial statements
- (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Company, which is incorporated in India, as on 31 March 2018 and taken on record by the Board of Directors, none of the directors of the Company incorporated in India is disqualified as on 31 March 2018 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 with reference to financial statements of the Company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (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 did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses;
 - ii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;
 - iii. The Company has no pending litigation as at 31st March 2018; and
 - iv. The disclosure regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For **V Krish & Associates**
Chartered Accountants,
Firm's Registration No. 01452 S

Sd/- **B. SATHISHKUMAR**
Partner
Membership No. 218445

Place : COIMBATORE
Date : 30.03.2019

Annexure – A to the Independent Auditors’ Report

With reference to the Annexure A referred to in the Independent Auditor’s Report to the members of the Company on the Ind AS financial statements for the year ended 31 March 2018, we report the following:

- (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 all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (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 included in fixed assets are held in the name of the Company.

In respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the Ind AS financial statements, the lease agreements are in the name of the Company.

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (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 within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (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, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues have generally 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, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2018, 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 based on Management representation, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added taxes which have not been deposited by the Company on account of disputes.
- (c) According to the information and explanations given to us and also based on the Management representation, the disputed statutory dues in respect of erstwhile Interfit India Limited, that have not been deposited on account of matters pending before Appropriate authorities are as under:

Name of the Statute	Nature of Dues	Amount (Rs. Lacs)	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty	0.12	High Court
Central Excise Act, 1944	Excise Duty	75.74	CESTAT
Employees State Insurance Act, 1948	Insurance Premium	1.53 (Against 6.80 demanded 5.27 has been paid)	The Honourable Employees State Employee's State Insurance Court

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material 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) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all 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 Ind AS financial statements as required by the applicable accounting standards.



- (xiv) According to the information and explanations given 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. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (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 to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **V Krish & Associates**
Chartered Accountants,
Firm's Registration No. 01452 S
Sd/- **B. SATHISHKUMAR**
Partner
Membership No. 218445

Place : COIMBATORE
Date : 30.03.2019

Annexure - B to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company which are incorporated in India, are 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 ("ICAI"). 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 the 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 Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's which are incorporated in India, 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") issued by the ICAI and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 control 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 Ind AS 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 which are incorporated in India, 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 which is incorporated in India have, 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 31 March 2018, 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 issued by the ICAI.

For **V Krish & Associates**
Chartered Accountants,
Firm's Registration No. 01452 S
Sd/- **B. SATHISHKUMAR**
Partner
Membership No. 218445

Place : COIMBATORE
Date : 30.03.2019

Balance Sheet as at 31st March 2018, 2017 and 1st April 2016

Particulars	Note No.	As at	As at	As at	As at
		31.03.2018 (Merged) ₹	31.03.2018 (Unmerged) ₹	31.03.2017 ₹	01.04.2016 ₹
A ASSETS					
Non-current assets					
(a) Property, plant and equipment	2.1	40,72,20,606	13,01,11,799	10,42,88,621	5,80,30,309
(b) Capital work in progress		1,32,59,959	51,01,817	56,10,017	13,91,267
(c) Financial Assets					
(i) Investments	2.2	1,59,81,340	2,04,29,718	1,03,25,000	—
(ii) Other Financial Assets - Non-Current	2.3	1,65,43,179	18,70,863	16,02,406	14,50,089
Total non-current assets		<u>45,30,05,084</u>	<u>15,75,14,197</u>	<u>12,18,26,043</u>	<u>6,08,71,665</u>
Current Assets					
(a) Inventories	2.4	11,24,13,134	8,02,73,118	7,84,16,511	6,61,77,127
(b) Financial Assets					
(i) Trade Receivables	2.5	3,00,54,618	2,91,19,566	2,64,33,638	2,57,42,281
(ii) Cash and Cash Equivalents	2.6	15,73,98,839	13,86,07,347	12,44,70,496	10,19,61,278
(iii) Short-Term Loans and Advances	2.7	4,18,10,118	7,40,08,092	4,36,59,152	6,30,43,620
(iv) Other Current Assets	2.8	3,44,683	4,164	1,725	2,000
Total current assets		<u>34,20,21,391</u>	<u>32,20,12,287</u>	<u>27,29,81,521</u>	<u>25,69,26,306</u>
TOTAL ASSETS		<u>79,50,26,475</u>	<u>47,95,26,484</u>	<u>39,48,07,564</u>	<u>31,77,97,971</u>
B. EQUITY AND LIABILITIES					
EQUITY					
(a) Share Capital	2.9	9,08,31,820	8,32,00,000	8,32,00,000	8,32,00,000
(b) Other Equity	2.10	38,07,74,390	24,83,49,812	19,40,60,791	11,26,43,646
Total of equity		<u>47,16,06,210</u>	<u>33,15,49,812</u>	<u>27,72,60,791</u>	<u>19,58,43,646</u>
LIABILITIES					
Non-Current Liabilities					
(a) Financial Liabilities					
(i) Long-term borrowings	2.11	9,08,37,605	—	—	—
(a) Deferred Tax Liabilities (Net)	2.12	1,62,49,294	52,43,905	26,90,226	29,92,906
(b) Employee Benefit Obligations	2.13	54,61,546	24,42,746	28,41,648	18,26,416
Total of non-current liabilities		<u>11,25,48,445</u>	<u>76,86,651</u>	<u>55,31,874</u>	<u>48,19,322</u>
Current Liabilities					
(a) Financial Liabilities					
(i) Short-term borrowings	2.14	12,74,65,654	9,80,59,414	5,10,84,410	6,13,79,816
(ii) Trade and other Payables	2.15	4,81,23,296	1,65,68,329	3,64,81,407	2,13,78,552
(b) Other Current Liabilities	2.16	4,18,59,347	2,39,70,080	1,65,79,196	1,56,47,621
(c) Current Tax Liabilities (Net)	2.17	(69,76,889)	15,57,293	77,36,897	86,71,691
(d) Provisions	2.18	—	—	—	1,00,13,786
(e) Employee Benefit Obligations	2.19	4,00,412	1,34,905	1,32,990	43,537
Total current liabilities		<u>21,08,71,819</u>	<u>14,02,90,020</u>	<u>11,20,14,900</u>	<u>11,71,35,003</u>
Total Equity and Liabilities		<u>79,50,26,475</u>	<u>47,95,26,484</u>	<u>39,48,07,564</u>	<u>31,77,97,971</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1&2

As per our report of even date annexed

for **V Krish & Associates**

Chartered Accountants

Firm Regn. No. 01452-S

Sd/- **B. SATHISH KUMAR**

Partner, M.No. 218445 Place : Coimbatore

Date : 30.03.2019

For and on behalf of the Board

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

Managing Director

DIN No. 01817391

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **JAYARAM GOVINDARAJAN**

Whole-Time Director

DIN No. 02178416

Sd/- **J. SARAVANAN**

Chief Financial Officer



NATIONAL FITTINGS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

Particulars	Note No.	For the year ended 31 March, 2018 31 (Merged) ₹	For the year ended 31 March, 2018 31 (Unmerged) ₹	For the year ended 31 March, 2017 ₹
1 Revenue from operations (Net of duties and taxes)	2.20	61,92,56,567	61,94,62,042	67,17,15,754
2 Other income	2.21	2,74,46,653	2,45,06,202	2,43,67,837
3 Total revenue (1+2)		<u>64,67,03,220</u>	<u>64,39,68,244</u>	<u>69,60,83,591</u>
4 Expenses				
(a) Cost of Raw materials consumed	2.22(a)	16,58,37,492	33,70,36,031	37,25,54,832
(b) Purchases of traded goods	2.22(b)	—	—	—
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.22(c)	(97,35,966)	(37,39,444)	(1,05,64,780)
(d) Employee benefits expense	2.23	7,53,14,044	4,10,96,397	3,53,29,324
(e) Finance costs	2.24	1,68,00,932	92,70,732	97,38,214
(f) Depreciation and amortisation expense	2.01	2,68,53,710	1,28,74,597	1,04,95,226
(g) Other expenses	2.25	24,94,34,188	13,12,24,096	11,89,27,419
Total expenses		<u>52,45,04,399</u>	<u>52,77,62,408</u>	<u>53,64,80,234</u>
5 Profit / (Loss) before exceptional items and tax (3 - 4)		12,21,98,821	11,62,05,836	15,96,03,357
6 Tax expense:				
(a) Current tax expense for current year		3,80,29,910	3,93,35,564	5,66,36,028
(b) Tax for Earlier years		—	25,53,679	18,25,293
(c) Deferred tax (Income)/Expenses	2.30	50,27,807	—	(3,02,680)
		<u>4,30,57,717</u>	<u>4,18,89,243</u>	<u>5,81,58,641</u>
Less: MAT Entitlement Credit utilised		16,37,145	—	—
7 Profit / (Loss) after Tax (5-6)		<u>7,75,03,959</u>	<u>7,43,16,593</u>	<u>10,14,44,716</u>
8 Earnings per share (of ₹10/- each):				
(a) Basic	2.29	8.53	8.93	12.19
(b) Diluted	2.29	8.53	8.93	12.19

Significant accounting policies and Notes on Accounts 1 & 2

As per our report of even date annexed for **V Krish & Associates**

Chartered Accountants

Firm Regn. No. 01452-S

Sd/- **B. SATHISH KUMAR**

Partner, M.No. 218445 Place : Coimbatore

Date : 30.03.2019

For and on behalf of the Board

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

Managing Director

DIN No. 01817391

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **JAYARAM GOVINDARAJAN**

Whole-Time Director

DIN No. 02178416

Sd/- **J. SARAVANAN**

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018

Particulars	As at 31.03.2018	As at 31.03.2017
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	12,22,04,067	15,96,03,357
<i>Adjustments for:</i>		
Depreciation and amortisation	2,68,53,710	1,04,95,226
(Profit) / loss on sale / write off of Property	17,28,075	(25,247)
Diminution in the value of investments	—	—
Finance costs	1,67,95,686	97,38,214
Interest income	(1,00,42,628)	(78,96,572)
Dividend income	(6,14,966)	(2,554)
Rental income from Machineries	—	(6,81,666)
Liabilities / provisions no longer required written back	(12,67,911)	—
Bad Debts written off	19,01,376	3,53,53,342
	<u>3,53,53,342</u>	<u>7,15,330</u>
Operating profit / (loss) before working capital changes	15,75,57,409	17,19,46,087
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(1,36,16,790)	(1,22,39,384)
Trade receivable	1,38,14,047	(14,06,687)
Short-term loans and advances	(3,78,68,647)	1,93,84,469
Long-term loans and advances	(16,90,646)	(1,52,317)
Other current asset	11,42,823	275
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	11,30,467	1,51,02,855
Other current liabilities	1,10,96,788	9,31,575
Other long-term liabilities	1,17,35,400	—
Employee Benefit Obligations	(10,53,930)	11,04,685
Current Tax Liabilities	3,47,106	—
Provisions	—	(1,00,13,786)
	<u>(1,49,63,383)</u>	<u>1,27,11,685</u>
Cash flow from extraordinary items	—	—
Cash generated from operations	14,25,94,026	18,46,57,772
Net income tax (paid) / refunds	(5,29,97,834)	(5,93,96,115)
Net cash flow from / (used in) operating activities (A)	<u>8,95,96,192</u>	<u>12,52,61,657</u>
B. Cash flow from investing activities		
Capital expenditure on Property, plant and equipment	(7,97,07,942)	(6,15,04,500)
Proceeds from sale of Property, plant and equipment	34,98,007	5,57,460
Proceeds from sale of Non-Current Investment	(18,94,470)	—
Interest received	1,00,42,628	78,96,572
Dividend received (Others)	6,14,966	2,554
Rental from Machineries	—	6,81,666
	<u>(6,74,46,811)</u>	<u>(5,23,66,248)</u>
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) investing activities (B)	<u>(6,74,46,811)</u>	<u>(5,23,66,248)</u>



NATIONAL FITTINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2018 (Contd.)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
C. Cash flow from financing activities		
Repayment of Preference Share Capital	—	—
Investment in Mutual fund	(1,98,45,832)	(1,03,25,000)
Proceeds from Long-Term borrowings	(2,26,04,666)	—
Proceeds from Short-Term borrowings	6,42,96,474	(1,02,95,406)
Proceeds from sale of investment	93,27,916	—
Repayment of other short-term borrowings	(11,14,487)	—
Finance cost	(1,56,81,199)	(97,38,214)
Interim Dividend paid including Dividend Distribution Tax	(1,12,31,121)	(2,00,27,571)
Dividend paid including Dividend Distribution Tax	(1,06,33,551)	—
Cash flow from extraordinary items	<u>(74,86,465)</u>	<u>(5,03,86,191)</u>
Net cash flow from / (used in) financing activities (C)	<u>74,86,465</u>	<u>(5,03,86,191)</u>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	<u>1,46,62,916</u>	<u>2,25,09,219</u>
Cash and cash equivalents at the beginning of the year	12,44,70,496	10,19,61,278
Add: Additions on account of Merger (Refer Note No. 2.32)	1,82,65,427	—
Cash and cash equivalents at the end of the year	<u>15,73,98,839</u>	<u>12,44,70,496</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 2.6)	15,73,98,839	12,44,70,496
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 2.6	<u>15,73,98,839</u>	<u>12,44,70,496</u>
Cash and cash equivalents at the end of the year*		
* Comprises:		
(a) Cash on hand	3,45,752	1,10,805
(b) Balances with banks		
(i) In current accounts	1,86,75,356	1,08,38,481
(ii) In deposit accounts	13,83,75,604	11,28,18,432
(iii) In Margin Money account (Earmarked fund) (Refer Note below)	2,128	7,02,779
	<u>15,73,98,839</u>	<u>12,44,70,496</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	—	7,00,000
b) In Bank Guarantee Margin Account	2,128	2,799
	<u>2,128</u>	<u>7,02,779</u>

See accompanying notes forming part of the financial statements

As per our report of even date annexed
for **V Krish & Associates**

Chartered Accountants

Firm Regn. No. 01452-S

Sd/- **B. SATHISH KUMAR**

Partner, M.No. 218445 Place : Coimbatore

Date : 30.03.2019

For and on behalf of the Board

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

Managing Director

DIN No. 01817391

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **JAYARAM GOVINDARAJAN**

Whole-Time Director

DIN No. 02178416

Sd/- **J. SARAVANAN**

Chief Financial Officer

Statement of Changes in Equity

Particulars	Equity Share Capital	Reserves and Surplus						Other Comprehensive Income			Total Equity attributable to equity shareholders of the company
		Securities Premium Reserve	Retained Earnings	Capital Reserve	Capital Redemption Reserve	Revaluation reserve	General Reserve	Equity instruments through other comprehensive income	Exchange Difference on translating the financial statement of a foreign operations	Other items of other comprehensive income / (loss)	
Balance as at April 1, 2016	8,32,00,000	10,00,000	4,56,63,646	15,00,000	5,00,00,000	—	1,44,80,000	—	—	—	19,58,43,646
Profit for the year	—	—	10,14,44,716	—	—	—	—	—	—	—	10,14,44,716
Dividends (Including Dividend Distribution Tax)	—	—	(2,00,27,571)	—	—	—	—	—	—	—	(2,00,27,571)
Transfer to General Reserve	—	—	(75,00,000)	—	—	—	75,00,000	—	—	—	—
Balance as at March 31, 2017	8,32,00,000	10,00,000	11,95,80,791	15,00,000	5,00,00,000	—	2,19,80,000	—	—	—	27,72,60,791
Balance as at April 1, 2017	8,32,00,000	10,00,000	11,95,80,791	15,00,000	5,00,00,000	—	2,19,80,000	—	—	—	27,72,60,791
On Account of Merger (Refer Note No. 2.32)	76,31,820	3,90,75,360	7,77,92,785	(78,95,971)	19,38,600	3,67,545	1,97,95,993	—	—	—	13,87,06,132
Profit for the year	—	—	7,75,09,205	—	—	—	—	—	—	—	7,75,09,205
Transfer from Revaluation Reserve	—	—	1,30,690	—	—	(1,30,690)	—	—	—	—	—
Dividends (Including Dividend Distribution Tax)	—	—	(2,18,64,672)	—	—	—	—	—	—	—	(2,18,64,672)
Transfer from/to General Reserve	—	—	—	1,00,00,000	—	—	(1,00,00,000)	—	—	—	—
Balance as at March 31, 2018	9,08,31,820	4,00,75,360	25,31,48,800	36,04,029	5,19,38,600	2,36,855	3,17,75,993	—	—	—	47,16,11,457

As per our report of even date annexed for **V Krish & Associates**

Chartered Accountants

Firm Regn. No. 01452-S

Sd/- **B. SATHISH KUMAR**

Partner, M.No. 218445 Place : Coimbatore

Date : 30.03.2019

For and on behalf of the Board

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

Managing Director

DIN No. 01817391

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **JAYARAM GOVINDARAJAN**

Whole-Time Director

DIN No. 02178416

Sd/- **J. SARAVANAN**

Chief Financial Officer

**Notes forming part of the financial statements for the year ended 31.03.2018.**

Note	Particulars
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1 Corporate Information

National Fittings Limited (referred to as “the Company”) manufacture and sells SG Iron Grooved and Screwed Pipe Fittings, Stainless Pipe Fittings and Ball Valves for industrial and non-industrial applications.

The Company is a Public limited company incorporated and domiciled in India.

2 Significant accounting policies**a) Statement of compliance**

These financial statements have been prepared in accordance with the Indian Accounting Standards (refer. to as “ Ind-AS”) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.

b) Basis of Preparation

These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (‘Indian GAAP’) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value.

c) Use of estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialise.

d) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives based on technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.

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 Building and Plant and Machinery for which the Management estimates the useful lives as follows:

- a) Building(1) 30-40 Years
- a) Plant and Machinery(1) 5-10 Years
- b) Patterns and Moulds 3 Years

Notes forming part of the financial statements for the year ended 31.03.2018.

Note 2 Significant accounting policies (Contd.)

Note	Particulars
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(1) For these Building and 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 is not recorded on capital work In progress until construction and installation is complete and the asset is ready for its intended use.

e) Intangible assets

Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.

f) Leases

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.

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.

g) Impairment

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.

h) Investments

Long-term investments , are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

Investment in subsidiary are measured at cost less impairment, if any.

i) Employee benefits

Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the services are recognized in the period in which the employee renders the related service.

Notes forming part of the financial statements for the year ended 31.03.2018.

Note 2 Significant accounting policies (Contd.)

Note	Particulars
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Post Employment / Retirement Benefits

Defined Contribution Plans such as Provident Fund etc., are charged to the Profit and Loss account as incurred.

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.

Other Long Term Employee Benefits are recognized in the same manner as Defined Benefit Plans.

Termination Benefits

Termination Benefits are recognized as and when incurred.

j) Revenue recognition

National Fittings Ltd., (referred as Company) earns revenue primarily from sale of SG Iron Grooved and Screwed Pipe Fittings, Stainless Pipe Fittings and Ball Valves for industrial and non-industrial applications.

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. Revenue is net of Indirect taxes (Excise duty, VAT, GST).

Benefit on account of entitlement under the Duty Entitlement Pass Book scheme, accounted on estimated basis and recognised in the year of export.

Revenue from Export Sales are recognised based on date of dispatch.

k) Income Taxes

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.

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.

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

Notes forming part of the financial statements for the year ended 31.03.2018.

Note 2 Significant accounting policies (Contd.)

Note Particulars

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.

l) Foreign currency transactions and translations

- 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

m) 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.

n) Provisions, Contingent Liabilities and Contingent Assets

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. Contingent assets are neither recognised or disclosed in the financial statements.

o) Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Financial asset and liabilities are initially measured at fair value. Cash comprises cash on hand and demand deposits with banks.

p) Cash and cash equivalents

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.

q) Stock of Tools

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.

Notes forming part of the financial statements for the year ended 31.03.2018.

Note 2 Significant accounting policies (Contd.)

Note	Particulars
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r) Earnings per share

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.

s) Segment reporting

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.

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.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

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".

t) Cost recognition

Cost and expenses are recognised when incurred and have been classified according to their nature. The borrowing cost represents interest payable on loans taken for carrying out business operations and the same is charged to revenue.

Notes forming part of the financial statements for the year ended 31.03.2018.

Note 2.1 Property, Plant and Equipment (Merged)

	Freehold Land	Buildings	Plant and Equipment	Pattern & Tools	Lab Equipment	Electrical Installation	Computers	Furniture and Fixtures	Vehicles	Office equipment	Intangible Asset (FM License)	Capital Work in Progress	Total
Cost as at April 1, 2017	4,17,46,934	2,13,82,654	10,62,02,601	1,03,07,051	32,78,508	44,53,374	38,99,791	9,86,004	1,13,51,076	18,96,886	1,00,00,000	56,10,017	22,11,14,896
Transfer of Assets on Merger (Refer Note No. 2.32)	7,78,31,351	4,80,31,629	8,35,89,785	—	20,72,690	26,45,980	2,78,389	1,42,369	28,35,315	22,962	—	3,95,03,302	25,69,53,772
Additions	99,31,946	1,40,68,034	7,25,62,456	30,25,600	68,190	71,45,291	1,38,490	5,38,787	98,49,910	2,32,598	—	94,54,760	12,70,16,062
Disposals	—	—	66,20,370	—	—	—	—	—	42,19,569	3,45,778	—	4,13,08,120	5,24,93,837
Cost as at March 31, 2018	12,95,10,231	8,34,82,317	25,57,34,472	1,33,32,651	54,19,388	1,42,44,645	43,16,670	16,67,160	1,98,16,732	18,06,668	1,00,00,000	1,32,59,959	55,25,90,893
Accumulated depreciation as at April 1, 2017	—	1,22,24,608	7,21,80,787	86,65,585	19,76,731	44,49,561	29,57,275	5,79,511	30,71,363	12,46,029	38,64,808	—	11,12,16,258
Depreciation for the year	—	34,50,767	1,78,68,160	10,04,293	3,93,242	8,98,732	3,85,926	2,42,233	15,26,624	2,78,706	8,05,027	—	2,68,53,710
Disposals	—	—	44,67,796	—	—	—	—	—	11,75,918	3,15,926	—	—	59,59,640
Accumulated depreciation as at March 31, 2018	—	1,56,75,375	8,55,81,151	96,69,878	23,69,973	53,48,293	33,43,201	8,21,744	34,22,069	12,08,809	46,69,835	—	13,21,10,328
Net carrying amounts as at March 31, 2018	12,95,10,231	6,78,06,942	17,01,53,321	36,62,773	30,49,415	88,96,352	9,73,469	8,45,416	1,63,94,663	5,97,859	53,30,165	1,32,59,959	42,04,80,565

Note : Capital work in progress includes Rs.60,00,000/- expenses on stamp duty and other levies payable on transfer of assets consequent to Merger

	Freehold Land	Buildings	Plant and Equipment	Pattern & Tools	Lab Equipment	Electrical Installation	Computers	Furniture and Fixtures	Vehicles	Office equipment	Intangible Asset (FM License)	Capital Work in Progress	Total
Cost as at April 1, 2016	1,43,39,734	2,13,82,654	8,76,15,859	92,63,512	22,10,347	44,53,374	34,81,801	9,86,004	44,17,301	15,87,896	1,00,00,000	13,91,267	16,11,29,749
Additions	2,74,07,200	—	1,87,86,742	10,43,539	10,68,161	—	4,17,990	—	82,53,128	3,08,990	—	42,18,750	6,15,04,500
Disposals	—	—	2,00,000	—	—	—	—	—	13,19,353	—	—	—	15,19,353
Cost as at March 31, 2017	4,17,46,934	2,13,82,654	10,62,02,601	1,03,07,051	32,78,508	44,53,374	38,99,791	9,86,004	1,13,51,076	18,96,886	1,00,00,000	56,10,017	22,11,14,896
Accumulated depreciation as at April 1, 2016	—	1,13,01,362	6,66,35,550	82,07,817	15,21,509	44,39,425	24,68,371	5,09,221	26,54,259	9,10,878	30,59,780	—	10,17,08,172
Disposals	—	—	1,10,576	—	—	—	—	—	8,76,564	—	—	—	9,87,140
Depreciation for the year	—	9,23,246	56,55,813	4,57,768	4,55,222	10,136	4,88,904	70,290	12,93,668	3,35,151	8,05,028	—	1,04,95,226
Accumulated depreciation as at March 31, 2017	—	1,22,24,608	7,21,80,787	86,65,585	19,76,731	44,49,561	29,57,275	5,79,511	30,71,363	12,46,029	38,64,808	—	11,12,16,258
Net carrying amounts as at March 31, 2017	4,17,46,934	91,58,046	3,40,21,814	16,41,466	13,01,777	3,813	9,42,516	4,06,493	82,79,713	6,50,857	61,35,192	56,10,017	10,98,98,638



Notes forming part of the financial statements for the year ended 31.03.2018.

Note 2.1 Property, Plant and Equipment (unmerged)

	Freehold Land	Buildings	Plant and Equipment	Pattern & Tools	Lab Equipment	Electrical Installation	Computers	Furniture and Fixtures	Vehicles	Office equipment	Intangible Asset (FM License)	Capital Work in Progress	Total
Cost as at April 1, 2017	4,17,46,934	2,13,82,654	10,62,02,601	1,03,07,051	32,78,508	44,53,374	38,99,791	9,86,004	1,13,51,076	18,96,886	1,00,00,000	56,10,017	22,11,14,896
Additions	—	28,35,472	2,58,46,057	30,25,600	68,190	73,600	22,920	4,32,989	92,43,642	2,07,208	—	23,18,143	4,40,73,821
Disposals	—	—	36,33,518	—	—	—	—	—	35,82,263	3,45,778	—	28,26,343	1,03,87,902
Cost as at March 31, 2018	4,17,46,934	2,42,18,126	12,84,15,140	1,33,32,651	33,46,698	45,26,974	39,22,711	14,18,993	1,70,12,455	17,58,316	1,00,00,000	51,01,817	25,48,00,815
Accumulated depreciation as at April 1, 2017	—	1,22,24,608	7,21,80,787	86,65,585	19,76,731	44,49,561	29,57,275	5,79,511	30,71,363	12,46,029	38,64,808	—	11,12,16,258
Disposals	—	—	34,95,140	—	—	—	—	—	6,92,596	3,15,926	—	—	45,03,662
Depreciation for the year	—	8,33,700	80,99,933	10,04,293	1,36,587	3,496	2,91,531	2,14,796	12,14,005	2,71,229	8,05,027	—	1,28,74,597
Accumulated depreciation as at March 31, 2018	—	1,30,58,309	7,67,85,582	96,69,879	21,13,318	44,53,057	32,48,806	7,94,307	35,92,773	12,01,333	46,69,835	—	11,95,87,199
Net carrying amounts as at March 31, 2018	4,17,46,934	1,11,59,817	5,16,29,558	36,62,772	12,33,380	73,917	6,73,905	6,24,686	1,34,19,682	5,56,983	53,30,165	51,01,817	13,52,13,616

Notes forming part of the financial statements (Contd.)

Note: 2.2 Investments consist of the following.

	As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
a) Investment - non-current				
Investment in body corporates	56,53,424	1,05,15,000	3,25,000	—
b) Investment - current				
Mutual Fund units (Quoted)	1,03,27,916	1,03,27,916	1,00,00,000	—

Particulars	As at 31st March, 2018 (Merged)			As at 31 March, 2018 (Unmerged)			As at 31 March, 2017			As at 01st April, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Investments (At cost):												
A Trade												
(a) Investment in Debt Fund												
(i) (As on 31.03.2017 90285.709 units of Rs.22.1519) in M/s DHFL Pramerical Low Duration Fund - Growth As on 31.03.2018 Nil			—				20,00,000		20,00,000			—
(b) Investment in Balanced Fund												
(i) 85138.186 (31.03.2017 8213.587 units) units of Rs.24.9936 in M/s ICICI Prudential Balanced Fund Market value as on 31.03.2018 Rs.20,47,573/-	21,27,910		21,27,910	21,27,910		21,27,910	2,00,000		2,00,000			—
(ii) 104416.899 (31.03.2017 10666.349 units) units of Rs.20.1117 in M/s L&T India Prudence Fund Market value as on 31.03.2018 Rs.20,44,274/-	21,00,001		21,00,001	21,00,001		21,00,001	2,00,000		2,00,000			—
(iii) 82222.128(31.03.2017 8173.365 units) units of Rs.25.5406 in M/s DSP Blackrock Balanced Fund Market value as on 31.03.2018 Rs.19,95,860/-	21,00,002		21,00,002	21,00,002		21,00,002	2,00,000		2,00,000			—
(iv) 12704.636 (31.03.2017 1398.033 units) units of Rs.149.5517 in M/s Birla Sun Life Balanced Fund Market value as on 31.03.2018 Rs.17,71,153/-	19,00,000		19,00,000	19,00,000		19,00,000	2,00,000		2,00,000			—
(v) 67655.813 (31.03.2017 6830.331 units) units of Rs.31.0395 in M/s HDFC Balanced Fund Market value as on 31.03.2018 Rs.20,55,857/-	21,00,003		21,00,003	21,00,003		21,00,003	2,00,000		2,00,000			—
(c) Investment in Liquid Fund												
(i) (as on 31.03.2017 162809.881 units of Rs.18.4264) in M/s Franklin India Low Duration Fund As on 31.03.2018 Nil	—	—	—	—	—	—	30,00,000		30,00,000			—
(ii) (As on 31.03.2017 900.35 units of Rs.2221.3579) in M/s L&T Liquid Fund As on 31.03.2018 Nil	—	—	—	—	—	—	20,00,000		20,00,000			—
(iii) (As on 31.03.2017 7688.446 units of Rs.260.1306) in M/s Birla Sun Life Cash Plus As on 31.03.2018 Nil	—	—	—	—	—	—	20,00,000		20,00,000			—

Notes forming part of the financial statements (Contd.)

Particulars	As at 31st March, 2018 (Merged)			As at 31 March, 2018 (Unmerged)			As at 31 March, 2017			As at 01st April, 2016		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(d) Investment in Equity Shares												
(i) 400 shares of Rs. 10 each fully paid up in M/s. Bank of India Ltd. Market Value as on 31.03.2018 Rs. 41,360/-	18,000		18,000	—	—	—	—	—	—	—	—	—
(ii) 26,667 shares of Rs. 1 each fully paid up in M/s. South Indian Bank Ltd. Market Value as on 31.03.2018 Rs. 6,08,008/-	1,26,924		1,26,924	—	—	—	—	—	—	—	—	—
(iii) 2,000 shares of Rs. 10 each fully paid up in M/s. Rajshree Sugars & Chemicals Ltd. Market Value as on 31.03.2018 Rs.61,400/-	20,000		20,000	—	—	—	—	—	—	—	—	—
(e) Investment in Clover Energy Pvt Ltd												
468850 equity shares (As on 31st March 2017 32500 equity shares) of Rs.10 each Market value as on 31.03.2018 not ascertained	—	46,88,500	46,88,500	—	5,15,000	5,15,000	—	3,25,000	3,25,000	—	—	—
(f) Investment in Mytrah Energy (India) Private Limited												
80000 Equity Shares of Rs.10 Each fully paid up Market value as on 31.03.2018 not ascertained	—	8,00,000	8,00,000	—	—	—	—	—	—	—	—	—
(g) Investment in Merit Industries Limited (WOS)												
1000000 equity shares (as on 31st March 2017 Nil) of Rs.10 each Market value as on 31.03.2018 not ascertained	—	—	—	—	1,00,00,000	1,00,00,000	—	—	—	—	—	—
Total investment	1,04,92,840	54,88,500	1,59,81,340	1,03,27,916	1,05,15,000	2,08,42,916	1,00,00,000	3,25,000	1,03,25,000			
Aggregate amount of quoted investments			1,04,92,840			1,03,27,916			1,00,00,000			—
Aggregate market value of listed and quoted investments			1,06,25,486			99,14,718			1,00,29,076			—
Provision for diminution in the value of investments			—			4,13,198			—			—
Aggregate value of listed but not quoted investments			—			—			—			—
Aggregate amount of unquoted investments			54,88,500			1,05,15,000			3,25,000.00			—

Notes forming part of the financial statements (Contd.)

	As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
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Note 2.3 Other Financial Assets - Non-Current

(a) Security deposits (Unsecured, considered good)				
Electricity Deposit	1,50,38,076	16,96,705	11,65,889	990572
Telephone Deposits	1,06,119	65,408	59,408	59408
Cylinder Deposits	82,350	38,750	23,450	23450
Rental deposits	1,46,050	70,000	70,000	93000
Other Deposits	2,000	—	—	—
(b) Balances with government authorities (Unsecured, considered good)				
(i) Advance paid against disputed excise duty	11,41,559	—	2,83,659	283659
(ii) Advance paid against disputed Employee State Insurance	27,025	—	—	—
Total	1,65,43,179	18,70,863	16,02,406	14,50,089

Note 2.4 Inventories

(At lower of cost and net realisable value)

(a) Raw materials	1,17,07,643	42,53,425	44,91,919	29,60,378
(b) Work-in-progress (Refer Note Below)	8,31,58,586	6,33,56,534	5,96,17,090	4,90,52,310
(c) Packing Materials	1,96,389	1,96,389	2,00,257	3,82,558
(d) Stores and spares	1,67,16,157	1,18,32,411	1,34,79,410	1,31,94,571
(e) Loose tools	6,34,358	6,34,358	6,27,835	5,87,310
Total	11,24,13,134	8,02,73,118	7,84,16,511	6,61,77,127

Note: Details of inventory of work-in-progress

SG Iron Fittings	6,04,56,732	4,06,54,680	3,57,10,690	3,25,13,160
SS Fittings	1,66,70,519	1,66,70,519	2,20,62,525	1,37,16,100
SS Ball Valves	60,31,335	60,31,335	18,43,875	28,23,050
	8,31,58,586	6,33,56,534	5,96,17,090	4,90,52,310



Notes forming part of the financial statements (Contd.)

	As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
Note 2.5 Trade receivables				
Trade receivables				
outstanding for a period exceeding six months from the date they were due for payment				
(Unsecured, considered good)	15,91,730	15,91,730	2,417	97,951
Doubtful	—	—	—	—
	15,91,730	15,91,730	2,417	97,951
Other Trade receivables				
(Unsecured, considered good)	2,84,62,888	2,75,27,836	2,64,31,221	2,56,44,330
Doubtful	—	—	—	—
	2,84,62,888	2,75,27,836	2,64,31,221	2,56,44,330
Total	3,00,54,618	2,91,19,566	2,64,33,638	2,57,42,281

Note 2.6 Cash and Cash Equivalents

(a) Cash on hand	3,45,752	1,80,086	1,10,805	64,965
(b) Balances with banks				
(i) In current account with Scheduled Banks	1,01,31,532	95,65,611	66,07,737	62,90,448
(ii) In deposit accounts with Scheduled Banks (Refer Note below)	13,83,75,604	12,46,28,863	11,28,18,432	8,83,82,831
(iii) In Margin Money accounts				
- Balances held as margin money or security against borrowings, guarantees and other commitments	2,128	2,128	7,02,779	9,38,017
(iv) In Dividend Account with Scheduled Bank	85,43,824	42,30,660	42,30,743	62,85,017
Total	15,73,98,839	13,86,07,347	12,44,70,496	10,19,61,278

Note:

- (i) Balances with banks include deposits with a scheduled bank amounting to Rs.13,83,75,604/- (As at 31 March, 2017 Rs.11,28,18,432/-) which have an original maturity of 12 months.

Notes forming part of the financial statements (Contd.)

	As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
Note 2.7 Short-term loans and advances				
(a) Advance for supplies				
(i) To related parties @	—	4,78,04,123	99,50,261	2,93,81,429
(ii) Others	1,42,49,900	53,21,344	27,61,828	1,20,524
(b) Capital Advance for Land				
(i) To related parties @	—	—	—	50,87,500
(c) Loans and advances to employees	83,42,815	11,55,347	13,65,492	14,38,770
(d) Prepaid expenses	21,50,353	15,66,771	12,00,348	14,77,580
(e) Balances with government authorities Unsecured, considered good				
(i) GST / CENVAT credit receivable	73,83,230	94,39,849	1,34,79,925	1,42,56,890
(ii) Export Incentives receivable	72,28,123	72,28,123	1,32,45,524	1,11,91,929
(iii) VAT credit receivable	—	—	16,42,192	88,999
(f) MEIS License in Hand	1,72,559	1,72,559	13,582	—
(g) Preliminary Expenses	22,83,138	13,19,976	—	—
Total	4,18,10,118	7,40,08,092	4,36,59,152	6,30,43,621

@ Note: Advances against supplies to related party include :

M/s Interfit India Limited	—	1,27,38,549	—	—
M/s Merit Industries Ltd	—	3,50,65,574	99,50,261	2,93,81,429
M/s Haitima India Pvt Ltd	—	—	—	50,87,500
	—	4,78,04,123	99,50,261	3,44,68,929

Note 2.8 Other current assets

(a) Accruals				
(i) Interest accrued on deposits	3,42,583	2,064	1,725	2,000
(ii) Vehicle Tollgate Deposit	2,100	—	—	—
Total	3,44,683	4,164	1,725	2,000

Notes forming part of the financial statements (Contd.)
Note 2.9 Share Capital

	As at 31st March, 2018 (Merged)		As at 31st March, 2018 (Unmerged)		As at 31 March, 2017		As on 1st April, 2016	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
(a) Authorised								
Equity shares of Rs. 10 each								
Opening Balance	87,50,000	8,75,00,000	87,50,000	8,75,00,000	87,50,000	8,75,00,000	87,50,000	8,75,00,000
Changes during the year (on account of Merger) (Refer Note No. 2.32)	1,57,50,000	15,75,00,000						
Closing Balance	2,45,00,000	24,50,00,000	87,50,000	8,75,00,000	87,50,000	8,75,00,000	87,50,000	8,75,00,000
Non-convertible Non-cumulative Redeemable 9% preference shares of Rs. 100 each	5,00,000	5,00,00,000	5,00,000	5,00,00,000	5,00,000	5,00,00,000	5,00,000	5,00,00,000
(b) Issued Subscribed and fully paid up								
Equity shares of Rs. 10 each with voting rights	90,83,182	9,08,31,820	83,20,000	8,32,00,000	83,20,000	8,32,00,000	83,20,000	8,32,00,000
Total	90,83,182	9,08,31,820	83,20,000	8,32,00,000	83,20,000	8,32,00,000	83,20,000	8,32,00,000

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	Issued during the year	Redeemed during the year	Closing Balance
Equity shares with voting rights				
Year period ended 31st March 2018 (Merged)				
- Number of shares	83,20,000	7,63,182	—	90,83,182
- Amount (₹)	8,32,00,000	76,31,820	—	9,08,31,820
Year period ended 31st March 2018 (Unmerged)				
- Number of shares	83,20,000		—	83,20,000
- Amount (₹)	8,32,00,000		—	8,32,00,000
Year ended 31 March, 2017				
- Number of shares	83,20,000		—	83,20,000
- Amount (₹)	8,32,00,000		—	8,32,00,000
As on 1st April 2016				
- Number of shares	83,20,000		—	83,20,000
- Amount (₹)	8,32,00,000		—	8,32,00,000

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
	Number of shares	
As on 31st March 2018 (Merged)		
M/s. Interfit India Limited, the holding company	—	—
As on 31st March 2018 (Unmerged)		
M/s. Interfit India Limited, the holding company	46,97,010	56.45
As on 31 March, 2017		
M/s. Interfit India Limited, the holding company	46,97,010	56.45
As on 1st April 2016		
M/s. Interfit India Limited, the holding company	46,97,010	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, 2018 (Merged)		As at 31 March, 2018 (Unmerged)		As at 31 March, 2017		As at 1st April, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares								
Promoter Group	30,92,093	34.04	54,53,482	65.54	54,53,482	65.54	54,53,482	65.54

(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. No dividend has been proposed by the Board of Directors for the year.
- (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.)

	As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
Note 2.10 Other Equity				
(a) Capital reserve (Backward area subsidy)				
Opening balance	15,00,000	15,00,000	15,00,000	15,00,000
Add: Additions during the year - On account of Merger	1,09,26,935	-	-	-
Transfer from General Reserves	1,00,00,000			
Less: Utilised / transferred during the year-				
On Impact of Merger (Refer Note No. 2.32)	(1,88,22,906)	-	-	-
	<u>36,04,029</u>	<u>15,00,000</u>	<u>15,00,000</u>	<u>15,00,000</u>
Closing balance	36,04,029	15,00,000	15,00,000	15,00,000
(b) Capital Redemption Reserve				
Opening balance	5,00,00,000	5,00,00,000	5,00,00,000	2,00,00,000
Add: Additions during the year - On account of Merger (Refer Note No. 2.32)	19,38,600			3,00,00,000
Less : Utilised during the year	—	—	—	—
	<u>5,19,38,600</u>	<u>5,00,00,000</u>	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Closing balance	5,19,38,600	5,00,00,000	5,00,00,000	5,00,00,000
(c) Securities Premium account				
Opening balance	10,00,000	10,00,000	10,00,000	10,00,000
Add: Additions during the year - On account of Merger	3,90,75,360		-	-
Less : Utilised during the year	-		-	-
	<u>4,00,75,360</u>	<u>10,00,000</u>	<u>10,00,000</u>	<u>10,00,000</u>
Closing balance	4,00,75,360	10,00,000	10,00,000	10,00,000
(d) General reserve				
Opening balance	2,19,80,000	2,19,80,000	1,44,80,000	1,44,80,000
Add: Additions during the year - On account of Merger (Refer Note No. 2.32)	1,97,95,993			
Add: Transferred from surplus in Profit and Loss Statement	—		75,00,000	—
Less: Utilised / transferred during the year - Capital Reserve	(1,00,00,000)			—
	<u>3,17,75,993</u>	<u>2,19,80,000</u>	<u>2,19,80,000</u>	<u>1,44,80,000</u>
Closing balance	3,17,75,993	2,19,80,000	2,19,80,000	1,44,80,000
(e) Revaluation Reserve				
Opening balance	—	—	—	—
Add: Additions during the year - On account of Merger (Refer Note No. 2.32)	3,67,545			
Less: Transferred to surplus in Profit and Loss Statement	(1,30,690)		—	—
	<u>2,36,855</u>	<u>—</u>	<u>—</u>	<u>—</u>
Closing balance	2,36,855	—	—	—

Notes forming part of the financial statements (Contd.)

	As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
(e) Surplus / (Deficit) in Profit and Loss Statement				
Opening balance	11,95,80,791	11,95,80,791	4,56,63,646	4,56,63,646
Add: Additions during the year - On account of Merger (Refer Note No. 2.32)	7,77,92,785	—	—	—
Add: Profit / (Loss) for the year	7,75,03,959	7,43,16,593	10,14,44,716	—
Transferred from Revaluation Reserve	1,30,690	—	—	—
Less: Utilised / transferred during the year	—	—	—	—
Interim Dividend on Eq. Share (Current year Rs.2 per share (previous year Rs.2))	1,09,20,384	1,66,40,000	1,66,40,000	—
Dividend Distribution Tax on above	3,10,737	33,87,571	33,87,571	—
Final Dividend on Eq. Share	72,45,980	—	—	—
Dividend Distribution Tax on above	33,87,571	—	—	—
Transfer to General Reserve	—	—	75,00,000	—
Closing balance	25,31,43,554	17,38,69,812	11,95,80,791	4,56,63,646
Total (a+b+c+d+e)	38,07,74,390	24,83,49,812	19,40,60,791	11,26,43,646

Note: 2.11 Long term Borrowings

Particulars	As at 31st March,2018 (Merged)	As at 31st March,2018 (Unmerged)	As on 31.03.2017	As on 1st April 2016
Non-convertible Non-cumulative Redeemable 9% preference shares				
4,00,000 Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	4,00,00,000	—	—	—
Secured				
Term Loans from a Bank	5,08,37,605	—	—	—
Total	9,08,37,605	—	—	—

Other Note

Non-convertible Non-cumulative Redeemable 9% preference shares of Rs. 100 each

The reconciliation of number of shares outstanding and the amount of share capital as at March 31, 2018, March 31, 2017 and April 1, 2016

Notes forming part of the financial statements (Contd.)

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Numbers of Shares	Amount	Numbers of Shares	Amount	Numbers of Shares	Amount
No. of Shares at the beginning of the year	4,00,000	4,00,00,000	—	—	—	—
No. of Shares Issued during the year / period	—	—	—	—	—	—
No. of Shares at the End of the year /period	4,00,000	4,00,00,000	—	—	—	—

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	No of shares	% holding	No of shares	% holding	% holding	% holding
Western India Steel Company Private Limited	2,00,000	50.00%	—	0.00%	—	0.00%
Asian Fittings	2,00,000	50.00%	—	0.00%	—	0.00%
Total number of shares outstanding	4,00,000	100.00%	—	0.00%	—	0.00%

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 the Companies Act, 2013 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.

- b) The above credit facilities availed by the company are primarily secured by mortgage of Plant and Machinery and collaterally secured on charge of property situated at SF No.426/2A1,2A2, 426/2B, 2C, Door No. 20/027, Gandhi Nagar, Vadugapalayam Road, Thekkalur Village, Avinashi Taluk, Tiruppur- 641603.
- c) There are no defaults in the repayment of loan and interest during the year.

As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
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Note: 2.12 Deferred Tax Liability (net)

Deferred Tax Liability (Net)	1,62,49,294	52,43,905	26,90,226	29,92,906
Ref. additional information note 2.28				
	1,62,49,294	52,43,905	26,90,226	29,92,906

Notes forming part of the financial statements (Contd.)

	As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
Note 2.13 Employee Benefit Obligation				
(a) Provision for employee benefits:				
(i) Provision for Earned Leave	23,86,227	1,98,823	2,24,828	1,44,520
(ii) Provision for Gratuity (net) (Refer Note 2.26.b)	30,75,319	22,43,923	26,16,820	16,81,896
Total	54,61,546	24,42,746	28,41,648	18,26,416

Note 2.14 Short - term borrowings

(a) Loans repayable on demand

From banks

Secured

Working Capital from HDFC Bank

2,28,34,503

Export Packing Credit from Bank of India #

8,09,22,361 8,09,22,361 5,10,84,410 4,67,87,859

Letter of Credit from Bank of India #

— — — 6,76,416

Demand Loan against Deposits@

2,37,08,790 1,71,37,053 — 1,39,15,541

Total

12,74,65,654 9,80,59,414 5,10,84,410 6,13,79,816

From HDFC BANK:

(a) The above credit facilities availed by the company are primarily secured by Hypothecation by way of First and exclusive charges on all Stocks and Book Debts. and collaterally secured on charge of property situated at SF No.426/2A1,2A2, 426/2B, 2C, Door No. 20/027, Gandhi Nagar, Vadugapalayam Road, Thekkalur Village, Avinashi Taluk, Tiruppur - 641603.

From BANK OF INDIA:

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 of the company. During the year the company has not defaulted in repayment of loan and interest.

@ Demand Loan availed is secured by lien on Fixed Deposits with Bank of India.

Notes forming part of the financial statements (Contd.)

	As at 31st March, 2018 (Merged) ₹	As at 31st March, 2018 (Unmerged) ₹	As at 31st March 2017 ₹	As at 01st April 2016 ₹
Note 2.15 Trade and other payables				
Trade payables:				
Other than Acceptances #	4,81,23,296	1,65,68,329	3,64,81,407	2,13,78,552
Total	4,81,23,296	1,65,68,329	3,64,81,407	2,13,78,552
# Trade payables includes payable to related parties				
a. Interfit India Ltd - The Holding Company	—	—	1,86,60,188	1,14,13,763
b. Haitima (India) Private Ltd	44,095	—	—	—
Note 2.16 Other current liabilities				
(i) Unclaimed Dividend	85,64,961	42,51,797	42,51,797	63,04,442
(ii) Other dues payable				
(a) Statutory remittances	11,24,557	7,09,839	5,51,606	4,46,956
(b) Advances from customers	1,30,77,229	1,30,77,229	64,51,160	48,75,943
(c) Provision for Expenses	1,90,92,600	59,31,215	53,24,633	40,20,280
(d) Redemption of Pre. Share capital payable	-			
Total	4,18,59,347	2,39,70,080	1,65,79,196	1,56,47,621
Note 2.17 Current income tax liabilities (net)				
Provision for tax (net of advance tax)	(69,76,888)	15,57,293	77,36,897	86,71,691
Total	(69,76,888)	15,57,293	77,36,897	86,71,691
Note 2.18 Provisions				
(i) Proposed Equity Dividend	—	—	—	83,20,000
(ii) Tax on Dividend	—	—	—	16,93,786
Total	—	—	—	1,00,13,786
Note: 2.19 Employee benefit obligation				
(i) Provision for Earned Leave	59,734	11,128	59,791	3,868
(ii) Provision for Gratuity (net) (Ref Note 2.26.b)	3,40,678	1,23,777	73,199	39,669
Total	4,00,412	1,34,905	1,32,990	43,537

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2018 (Merged) ₹	For the year ended 31 March, 2018 (Unmerged) ₹	For the year ended 31 March 2017 ₹
Note 2.19 Revenue from operations			
(a) Sale of products (Refer Note (i) below)	58,87,45,391	58,85,05,756	64,32,11,199
	<u>58,87,45,391</u>	<u>58,85,05,756</u>	<u>64,32,11,199</u>
(b) Other operating revenues (Refer Note (iii) below)	3,05,11,176	3,09,56,286	2,85,04,555
	<u>3,05,11,176</u>	<u>3,09,56,286</u>	<u>2,85,04,555</u>
Total - Other operating revenues	<u>61,92,56,567</u>	<u>61,94,62,042</u>	<u>67,17,15,754</u>
Notes:			
(i) Sale of products comprises:			
<u>Manufactured goods</u>			
SG Pipe Fittings	54,47,32,574	54,44,92,939	61,10,37,332
SS Fittings	4,24,81,388	4,24,81,388	3,08,63,952
SS Ball Valves	14,65,429	14,65,429	11,75,915
	<u>58,86,79,391</u>	<u>58,84,39,756</u>	<u>64,30,77,199</u>
Total - Sale of manufactured goods	<u>58,86,79,391</u>	<u>58,84,39,756</u>	<u>64,30,77,199</u>
# Sales includes (Export) cargo stock of Rs.39,43,873/-			
<u>Traded goods</u>			
Electric Chain Hoist (Grooving Machine)	66,000	66,000	1,34,000
	<u>66,000</u>	<u>66,000</u>	<u>1,34,000</u>
Total - Sale of traded goods	<u>66,000</u>	<u>66,000</u>	<u>1,34,000</u>
Total - Sale of products	<u>58,87,45,391</u>	<u>58,85,05,756</u>	<u>64,32,11,199</u>
(ii) Geographical Revenue from:			
Domestic	9,77,68,525	9,75,28,890	7,88,63,773
Export	49,09,76,866	49,09,76,866	56,43,47,426
	<u>58,87,45,391</u>	<u>58,85,05,756</u>	<u>64,32,11,199</u>
Total	<u>58,87,45,391</u>	<u>58,85,05,756</u>	<u>64,32,11,199</u>
(iii) Other operating revenues comprise:			
Scrap Sale	62,95,968	67,41,078	15,10,889
Duty drawback and other export incentives	2,42,15,208	2,42,15,208	2,69,93,666
	<u>3,05,11,176</u>	<u>3,09,56,286</u>	<u>2,85,04,555</u>
Total - Other operating revenues	<u>3,05,11,176</u>	<u>3,09,56,286</u>	<u>2,85,04,555</u>

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2018 (Merged) ₹	For the year ended 31 March, 2018 (Unmerged) ₹	For the year ended 31 March 2017 ₹
Note 2.21 Other Income			
(a) Interest income (Refer Note (i) below)	1,00,42,628	83,02,625	78,96,572
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	61,83,358	61,83,358	64,79,179
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	1,12,20,667	1,00,20,219	99,92,086
Total	2,74,46,653	2,45,06,202	2,43,67,837

Notes

(i) Interest income comprises:

Interest from banks:

On Fixed Deposits	92,49,657	82,03,070	77,47,971
On LC and BG Margin Money Deposits	—	—	72,296
Other interest	7,92,971	1,07,721	76,305

Total - Interest income	1,00,42,628	83,10,791	78,96,572
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(ii) Other non-operating income comprises:

Sales Tax refund received	78,54,752	78,54,752	88,75,619
Rental from Machines	—	3,90,000	6,81,666
Profit on sale of Investment	3,27,916	3,27,916	—
Dividend Income	6,14,966	6,04,300	2,554
Profit on sale of asset (net of)	—	—	25,247
Sundry balance written back	10,98,954	4,43,294	—
Provision no longer required	1,68,957	1,68,957	—
Labour charges receipt	8,94,439	—	—
Others	2,60,683	2,31,000	4,07,000

Total - Other non-operating income	1,12,20,667	1,00,20,219	99,92,086
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Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2018 (Merged) ₹	For the year ended 31 March, 2018 (Unmerged) ₹	For the year ended 31 March 2017 ₹
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Note 2.22(a) Cost of Raw Materials consumed

Opening stock	44,91,919	44,91,919	29,60,378
Add: Opening Stock on Merger (Refer Note No. 2.32)	28,20,245	—	—
Add: Purchases	17,02,32,971	33,67,97,537	37,40,86,373
	<u>17,75,45,135</u>	<u>34,12,89,456</u>	<u>37,70,46,751</u>
Less: Closing stock	1,17,07,643	42,53,425	44,91,919
Cost of Raw material consumed	<u>16,58,37,492</u>	<u>33,70,36,031</u>	<u>37,25,54,832</u>

Note 2.21(b) Purchase of Traded goods

	—	—	—
Total	<u>—</u>	<u>—</u>	<u>—</u>

Note 2.22(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	8,31,58,586	6,33,56,534	5,96,17,090
Stock-in-trade	—	—	—
	<u>8,31,58,586</u>	<u>6,33,56,534</u>	<u>5,96,17,090</u>

Inventories at the beginning of the year:

Finished goods	—	—	—
Work-in-progress	5,96,17,090	5,96,17,090	4,90,52,310
Work-in-progress- On Account Merger(Refer Note No. 2.32)	1,38,05,530	—	—
Stock-in-trade	—	—	—
	<u>7,34,22,620</u>	<u>5,96,17,090</u>	<u>4,90,52,310</u>

Net (increase) / decrease	<u>(97,35,966)</u>	<u>(37,39,444)</u>	<u>(1,05,64,780)</u>
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Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2018 (Merged) ₹	For the year ended 31 March, 2018 (Unmerged) ₹	For the year ended 31 March 2017 ₹
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Note 2.22 Employee benefits expenses

Salaries and wages	6,70,33,458	3,73,08,736	3,14,50,609
Contributions to provident and other funds	40,68,218	24,28,717	20,22,654
Gratuity expenses	20,000	20,000	10,40,409
Staff welfare expenses	41,92,368	13,38,944	8,15,652
Total	7,53,14,044	4,10,96,397	3,53,29,324

Note 2.24 Finance costs

(a) Interest expense on:			
(i) Packing Credit and Cash Credit	42,77,904	24,86,852	23,71,208
(ii) Bills discounted/ Realised	40,26,828	40,26,828	52,31,010
(iii) Letters of Credit	1,65,041	1,65,041	3,14,706
(iv) Overdue bills	—	—	1,50,001
(v) Others (Including Interest on Loan against Term Deposit Receipt)	78,04,990	22,51,685	15,77,331
(vi) Bank Charges	5,26,168	3,40,325	93,958
Total	1,68,00,932	92,70,732	97,38,214

Note 2.25 Other Expenses

Consumption of stores and spare parts	8,83,93,608	4,99,69,570	4,62,85,144
Consumption of packing materials	96,79,489	96,79,489	97,45,377
Corporate Social Responsibility	34,56,943	34,56,943	12,00,000
Power and fuel	7,92,74,509	1,77,10,125	1,65,33,679
Water	9,48,700	1,60,500	1,38,600
Rent	3,53,700	63,74,200	63,18,424
Repairs and maintenance - Buildings	23,17,538	12,24,188	10,12,012
- Machinery	1,46,05,788	83,27,561	70,58,829
- Computer	5,28,739	4,22,341	14,39,960
- Vehicle (Including Fuel)	24,36,510	18,86,829	10,35,129
- Others	68,06,714	36,80,979	26,10,426

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended	For the year ended	For the year ended
	31 March, 2018 (Merged) ₹	31 March, 2018 (Unmerged) ₹	31 March 2017 ₹
Insurance - Export	7,06,650	7,06,650	5,26,048
- Product Liability	2,51,052	2,51,052	2,33,446
- Others	4,00,110	1,11,754	1,06,142
Directors sitting fees and Meeting expenses	3,17,500	2,95,000	2,05,000
Diminution in the value of investment	—	4,13,198	—
Rates and taxes	17,41,129	8,42,547	6,26,183
Watch and Ward expenses	19,95,994	7,31,300	6,78,967
Communication	3,43,595	2,84,917	3,02,266
Travelling and conveyance	16,95,413	9,89,476	4,75,604
Printing and stationery	7,32,049	4,97,057	5,99,321
Postage and Telegram	4,69,803	3,57,377	4,13,863
Freight and forwarding	1,67,33,136	1,48,05,344	1,27,97,962
Loss on sale of License, short realisation and processing charges	19,88,872	19,88,872	10,61,632
Business promotion including advertisement	70,332	58,292	2,30,246
Donations and contributions	4,000	—	—
Legal and professional	44,81,651	22,79,318	30,49,287
Payments to auditors (Refer Note (i) below)	11,44,994	4,47,485	4,71,771
Bad trade and other receivables, loans and advances written off	19,01,376	2,70,725	7,15,330
Product Development and Tool room expenses written off	1,50,635	1,50,635	1,49,785
Loss on fixed assets sold / scrapped / written off	17,28,075	2,05,133	—
Miscellaneous expenses	37,65,585	26,35,240	29,06,986
Total	24,94,34,188	13,12,24,096	11,89,27,419

Notes:

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

As auditors - statutory audit	5,50,000	1,75,000	1,25,000
For taxation matters	2,40,000	90,000	90,000
For company law matters	1,85,000	80,000	80,000
For other services	—	—	75,000
Reimbursement of expenses	1,69,994	1,02,485	1,01,771
Total	11,44,994	4,47,485	4,71,771

Notes forming part of the financial statements (Contd.)
Note 27. Additional information to the financial statements

Note	Particulars	For the year ended 31.03.2018 (Merged) ₹	For the year ended 31.03.2018 (Unmerged) ₹	for the year ended 31.03.2017 ₹
2.24	Contingent liabilities and commitments (to the extent not provided for)			
(i) (a)	Contingent liabilities			
	(a) 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
	(b) Demand raised by Employees Insurance Corporation for claiming damages for the period 2004-2011. The company has preferred an appeal before ESI Court. However the company has paid 15% of the damages for Rs.27,025/- under protest	1,53,425/-	—	—
	(c) Demand of Interest by the Excise Department for certain non compliances has been appealed by the company	12,094	—	—
	(d) Appeal preferred by the company before CESTAT for the duty and penalty demanded by the Customs Department in 2006-07 which has also been paid is pending decision.	98,560/-	—	—
	(e) Appeal preferred by the company before CESTAT for the duty, interest and penalty demanded by the Excise Department for the year 2007-08 for Rs.75,74,834/- and company has paid as pre deposit for Rs.10,00,000/- under protest which is pending decision.	65,74,834/-	—	—
	(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	—	—	—
	b) Export bills discounted with Bankers as on the date of the Balance Sheet	70,72,891	70,72,891	2,66,56,129

Notes forming part of the financial statements (Contd.)

Note 2. Additional information to the financial statements

Note	Particulars	For the year ended 31.03.2018 (Merged) ₹	For the year ended 31.03.2018 (Unmerged) ₹	for the year ended 31.03.2017 ₹
	c) Estimated differential sales tax liability on account of non-receipt of C-Forms	321	321	1,68,133
(b)	Commitments			
	Estimated amount of contracts remaining to be executed on capital account and not provided for.	2,52,77,459	2,52,77,459	2,58,78,720

(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.

Note	Particulars	For the year ended 31.03.2018 (Merged) ₹	For the year ended 31.03.2018 (Unmerged) ₹	for the year ended 31.03.2017 ₹
(iii)	Value of imports calculated on CIF basis			
	Raw materials	—	—	—
	Components and Consumable	21,18,249	21,18,249	52,09,871
	Total Components and Spare Parts	21,18,249	21,18,249	52,09,871
(iv)	Expenditure in foreign currency			
	Professional and consultation fees	6,92,154	6,92,154	7,62,478
(v)	Earnings in foreign currency			
	Export of goods calculated on FOB basis	48,34,78,037	48,34,78,037	56,00,31,006

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

Note	Particulars			
(vi)	Details of consumption of imported and indigenous items	For the year ended 31 March 2018		
		Merged	Unmerged	%
	Imported			
	Raw materials	— (—)	— (—)	— (—)
	Components and Consumable	21,18,249 (71,13,696)	21,18,249 (71,13,696)	100 (100)
	Total	21,18,249 (71,13,696)	21,18,249 (71,13,696)	100 (100)
	Indigenous			
	Raw materials	16,58,37,492 (37,25,54,832)	33,70,36,031 (37,25,54,832)	88.82 (91.51)
	Components and Consumable	9,59,54,848 (3,45,63,758)	4,24,33,668 (3,45,63,758)	11.18 (8.49)
	Total	26,17,92,340 (40,71,18,590)	37,94,69,699 (40,71,18,590)	100 (100)

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

2.27 Employee benefit plans
2.27 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. 19,88,631 (Year ended 31 March, 2017 Rs.9,75,811) towards Provident Fund contribution and Rs.19,55,850 (Year ended 31 March, 2017 Rs.8,93,271) 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.

2.27 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:

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Note	Particulars					
	For the year ended 31.03.2018 (Merged)		For the year ended 31.03.2018 (Unmerged)		for the year ended 31.03.2017	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Employee Profile						
Age of Retirement	58	58	58	58	58	58
No. of Employees	23	50	23	21	23	20
Total monthly relevant salary for gratuity	2,65,845		2,65,845	—	2,43,794	
Total monthly relevant salary for leave		6,17,776	—	3,03,986		2,65,066
Total monthly Cost to Company (CTC) for leave		6,92,208	—	3,41,274		2,97,347
Average Age	44.10	89.90	44.10	43.20	44.10	44.10
Average past service	16.80	39.90	16.80	17.50	17.00	18.40
No. of Leave days (EL)		701.00	—	358.00		423
Estimated Average Future working life	10.10	10.70	—	10.70	10.80	11
Actuarial assumptions						
Discount rate as per para 83 of IND AS19	7.64%	7.50%	7.64%	7.50%	7.50%	7.50%
Rate of increase in compensation levels	8.00%	8.00%	8.00%	8.00%	10.00%	10.00%
Attrition rate fixed by Enterprise	4.00%	4.00%	4.00%	4.00%	3.00%	3.00%
FUNDING MECHANISM	Partly funded	unfunded	Partly funded	unfunded	Partly funded	unfunded
Expected Utilization Pattern of Carried Forward Leave Days						
# Proportion of Leave availment	—	10.00%	—	10%	—	10.00%
# Proportion of encashment during service	—	0.00%	—	0%	—	0.00%
# Proportion of encashment on separation	—	90.00%	—	90%	—	90.00%
SUMMARY OF KEY RESULTS						
PRESENT VALUE OF OBLIGATION (PVO)	54,79,720	3,60,201	23,86,323	2,09,951	27,08,642	2,84,619

2.28a. Segment information

(Rs. in lakhs)

Particulars	For the year ended 31 March, 2018		
	Business segments		Total
	A	B	
	Outside India	Within India	₹
Revenue	5,151.92 (5,902.79)	1,040.64 (803.75)	6,192.57 (6,706.54)
Total	5,151.92 (5,902.79)	1,040.64 (803.75)	6,192.57 (6,706.54)

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

Note	Particulars		
		For the year ended 31 March, 2018	
	Particulars	Business segments	
		A	B
		Outside India	Within India
			Total
			₹
	Segment result	1,140.47 1,341.33)	262.38 (214.86)
			1,402.86 (1,556.20)
	Unallocable expenses (net)		455.28 (203.83)
	Other income (net)		274.47 (243.68)
	Profit before taxes		1,222.04 (1,596.03)
	Tax expense		430.58 (581.59)
	Net profit for the year		791.46 (1,014.45)

2.28 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 31.03.2018 ₹
Americas	Nil
Europe	— (283.04)
India	977.69 (803.82)
Others (Middle East)	4,910 (5,360)

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												
2.29	Related party transactions												
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;">Description of relationship</th> <th style="text-align: left;">Names of related parties</th> </tr> </thead> <tbody> <tr> <td>Holding Company</td> <td>Interfit India Limited (upto 31st March 2017, Merged Subsequently with the company)</td> </tr> <tr> <td>Wholly owned Subsidiary Company</td> <td>Merit Industries Limited (upto 31st March 2017, Merged Subsequently with the company)</td> </tr> <tr> <td>Enterprises in which Directors have Significant influence</td> <td>Haitima India Pvt. Ltd.</td> </tr> <tr> <td>Key Management Personnel</td> <td>A V Palaniswamy (Managing Director) Jayaram Govindarajan, Whole Time Director Panath Anitha (Executive Director) J Saravanan (Chief Financial Officer)</td> </tr> <tr> <td>Relatives of Key Management Personnel and their Enterprises</td> <td>Mrs Kumudha Palaniswamy (wife of Mr A V Palaniswamy)</td> </tr> </tbody> </table>	Description of relationship	Names of related parties	Holding Company	Interfit India Limited (upto 31st March 2017, Merged Subsequently with the company)	Wholly owned Subsidiary Company	Merit Industries Limited (upto 31st March 2017, Merged Subsequently with the company)	Enterprises in which Directors have Significant influence	Haitima India Pvt. Ltd.	Key Management Personnel	A V Palaniswamy (Managing Director) Jayaram Govindarajan, Whole Time Director Panath Anitha (Executive Director) J Saravanan (Chief Financial Officer)	Relatives of Key Management Personnel and their Enterprises	Mrs Kumudha Palaniswamy (wife of Mr A V Palaniswamy)
Description of relationship	Names of related parties												
Holding Company	Interfit India Limited (upto 31st March 2017, Merged Subsequently with the company)												
Wholly owned Subsidiary Company	Merit Industries Limited (upto 31st March 2017, Merged Subsequently with the company)												
Enterprises in which Directors have Significant influence	Haitima India Pvt. Ltd.												
Key Management Personnel	A V Palaniswamy (Managing Director) Jayaram Govindarajan, Whole Time Director Panath Anitha (Executive 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, 2018 and balances outstanding as at 31 March, 2018

₹ in lakhs

Particulars	Holding Company (upto 31.03.2017)	KMP	Relatives of KMP	Others	Total
Purchase of Goods	(1,975.91)	—	—	(1,297.50)	(3,273.41)
Sale of goods	(5.07)	—	—	(1.34)	(6.41)
Purchase of fixed assets	(4.61)	—	—	(264.05)	(268.66)
Expenses					
Rent & Services	(3.65)	(1.00)	—	(4.99)	(9.64)
Remuneration		49.43	1.20	—	50.63
		(40.07)	(1.20)	—	(41.27)

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

Note	Particulars				
	Holding Company (upto 31.03.2017)	KMP	Relatives of KMP	Others	Total
Director sitting Fees	—	0.92	—	—	0.92
	—	(0.74)	—	—	(0.74)
Royalty & Lease Rent	—	—	—	—	—
	(61.20)	—	—	—	(61.20)
Other Expenses	—	12.60	—	—	12.60
	—	(3.14)	(0)	(0)	(3.14)
Income					
Rent & Services	—	—	—	—	—
	—	—	—	(3.90)	(3.90)
Outstanding at end of the year					
Payables	—	—	—	0.44	0.44
	(186.60)	(0)	(0)	(0)	(186.60)
Advances & Receivable	—	—	—	—	—
	—	—	—	(99.50)	(99.50)

Note : Figures in bracket relates to the previous year.

Note	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
2.30	Earning per share		
	Net profit / (loss) for the year from continuing operations (₹ In lakhs)	775.09	1,014.45
	Net Profit /(Loss) attributable to Equity Shareholders	775.09	1,014.45
	Weighted average number of equity shares	90,83,182	83,20,000
	Par value per share	10	10
	Basic and diluted earnings per share in Rupees	8.53	12.19

Note: The weighted average number of shares takes into account the weighted average effect of shares to be issued pursuant to Merger.

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Note	Particulars
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2.31 Deferred Taxation : (₹ in lakhs)

	Opening Balance as on 01.04.2017 ₹	Impact on Account of Merger ₹	Changes/ (credit) in P&L during the year ₹	As at 31.03.2018 ₹
Deferred tax Liability on account of				
Fixed Assets	214.56	562.36	(39.14)	776.92
Total	214.56	562.36	(39.14)	776.92
Deferred Tax Asset on Account of				
Gratuity	3.20	6.93	(5.37)	(3.73)
Leave Encashment & Bonus	3.76	7.82	(5.77)	(4.06)
Unabsorbed Depreciation and business loss	180.70	457.36		638.06
Total	187.66	472.11	(11.14)	630.27
Net Deferred Tax Asset	(26.90)	90.25	(50.28)	(146.65)

In accordance with Accounting Standard 22, the deferred tax Asset of ₹ 50.28 lacs for the year have been recognised in Profit and Loss Statement.

2.32 Note on Scheme of Amalgamation:

The scheme of amalgamation under the Companies Act between Interfit India Limited (“IIL”) and Merit Industries Limited (“MIL”) with the Company has been approved by the NCLT, Chennai vide their order dated March 25, 2019 with April 1, 2017 as the appointed date. Upon necessary filing with the Registrar of Companies (ROC) on 29.03.2019, the scheme has become effective and the effect thereof has been given in these accounts. Consequently, in respect of the merger of Interfit India Limited (“IIL”) and Merit Industries Limited (“MIL”) with the Company –

- a. In terms of the Scheme, the entire business and the whole of the undertaking of IIL and MIL, as a going concern stands transferred to and vested in the Company with effect from April 1, 2017, being the Appointed Date.
- b. In terms of the Scheme, 46,97,010 equity shares of the company held by IIL shall cancelled automatically and Equity Shares of MIL is held by the company shall also stand cancelled.
- c. In consideration of the amalgamation of IIL with the Company, the Company proposes to issue 54,60,192 equity shares of Rs 10/- each aggregating to Rs. 5,46,01,920/- in the ratio of 3 (three) fully paid up Equity shares of the face value of Rs 10/- each of the Company for every 2 (two) fully paid up equity shares of Rs 10/- each held in IIL. The additional Equity share

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

Note	Particulars
	<p>issued pursuant to the scheme by the company to IIL has been adjusted in capital reserves of the company as per the Accounting Standard (AS) -14 read with IND AS 103- Accounting for Business Combinations.</p>
d.	<p>Accounting for Amalgamation:</p> <p>The amalgamation of IIL and MIL with the Company is accounted for on the basis of the Pooling of Interest Method as envisaged in the Accounting Standard (AS) -14 read with IND AS 103- Accounting for Business Combinations issued by the Institute of Chartered Accountants of India.</p> <p>The Order is effective from 29.03.2019 with the appointed date of April 1, 2017. The transactions accounted in the books of the Transferor Company during the intervening period has now been incorporated in the books of the Transferee Company with effect from the appointed date. Accordingly the company has prepared the financial statements including cash flow for the year ended March 2018 with the comparatives of the previous year standalone figures of National Fittings Ltd.,</p> <p>As regards the position on transfer and vesting of all the assets and liabilities of the Transferor Company to Transferee Company as on the appointed date, the exercise is carried out now taking the base as the appointed date from the audited accounts of both Transferor and Transferee Company.</p> <p>All asset and liabilities of the IIL and MIL were recorded at their respective book values under the respective accounting heads of the Company. The resultant difference on account of transfer of net assets of both IIL and MIL of Rs. 188.23 lakhs has been adjusted to Capital Reserve of the Company.</p> <p>Pursuant to amalgamation, the bank accounts, agreements, licences and immovable properties of the Transferor Companies are in the process of being transferred in the name of the Company.</p>
2.33	<p>In respect of actuarial valuation, the actuarial valuation as at 31.3.2018 of transferor companies & transferee companies adopted as it is.</p>
2.34	<p>Previous year figures</p> <p>Previous year's figures have been restated, rearranged and regrouped, wherever necessary, including providing comparative figures of standalone figures of National Fittings Ltd., as at 31.03.2017.</p>



Notes

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