



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

### **BOARD OF DIRECTORS**

**Mr. A.V. Palaniswamy**, Managing Director  
**Mr. M. Loganathan**, Non-Executive Independent Director  
**Mr. R. Alagar**, Non-Executive Independent Director  
**Mrs. A. Panath Anitha**, Woman Director  
(with effect from 14.02.2015)

### **BANKERS**

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

### **AUDITORS**

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

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

SF No.112, Madhapur Road  
Kaniyur, Suler 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 22nd ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at SF No.112, Madhapur Road, Kaniyur, Sulur Taluk, Karumathampatti, Coimbatore - 641 659 on Friday the 14th day of August 2015 at 9.30 AM to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited statements of accounts for the year ended 31st March 2015 together with Reports of the Directors and Auditors thereon.
2. To declare a dividend on 9% Non-Convertible Non-Cumulative Redeemable Preference shares for the financial year ended 31st March, 2015.
3. To declare a dividend on Equity shares for the financial year ended 31st March, 2015.
4. To appoint a Director in place of Mr A V Palaniswamy, who retires by rotation and being eligible offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution

“RESOLVED that pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, as amended from time to time, the company hereby ratifies the appointment of M/s. Krishna & Co., Chartered Accountants (Firm Registration No. 001453S) as Auditors of the company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 23rd AGM of the Company to be held in the year 2016 at such remuneration plus service tax, reimbursement of travelling and other out-of-pocket expenses incurred by them in connection with the audit as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

#### SPECIAL BUSINESS

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

“RESOLVED that pursuant to the provisions of Section 14 and all other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 including any statutory modification(s) or re-enactments thereof, for the time being in force, the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the company.

“RESOLVED further that board of directors of the company be and is hereby authorized to do all such acts and take such actions as may be necessary, expedient and proper to give effect to this resolution.”

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

“RESOLVED that Mrs Panath Anitha (DIN No: 07059205), be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

8. 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 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, consent of the members of the Company be and is hereby accorded for the increased remuneration, subject to the approvals, if any, as may be required, to Mr. A V Palaniswamy (holding DIN: 01817391), Managing Director of the Company with effect from April 1, 2015, for remaining duration of appointment up to December 31, 2018, as below:

Salary : Rs 2,00,000/- per month (All other terms have been remained unchanged)

“RESOLVED further that board of directors of the company be and is hereby authorized to do all such acts and take such actions as may be necessary, expedient and proper to give effect to this resolution.”

9. 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. Panath Anitha as Whole Time Director of the Company with effect from 1st April, 2015 with the following terms of appointment:

Term: Three years with effect from 1st April, 2015

Salary: Rs 20,000/- per month

10. 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 members be and hereby accorded to the Board of Directors to borrow from time to time in one or more tranches, 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 20 crores (Rupees Twenty Crores only).



11. 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 accorded 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 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 or 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”

12. 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 188 and all other applicable provisions, if any, of the Companies Act, 2013 and read with applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014, the consent of the Company be and is hereby accorded for entering into contract or arrangement with the related parties as defined under the Act and the Rules made there under, as per details and on terms & conditions as set out under Item no. 14 of the Explanatory Statement annexed to this Notice”

RESOLVED FURTHER THAT the Board of Directors be and is hereby severally authorized to perform and execute all such acts, deeds, matters and things including delegate such authority, as may be deemed necessary, proper or expedient to give effect to this resolution and for the matters connected herewith or incidental hereto.”

/ By order of the Board /

Place : Coimbatore  
Date : 29.05.2015

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

**NOTES :**

- 1) **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and such a Proxy need not be a member. The Proxy form duly stamped and executed should be deposited at the Registered Office of the Company at least forty-eight hours before the time fixed for the commencement of the meeting.**
- 2) Members/Proxies should bring the Attendance slip duly filled in, to the meeting.
- 3) Pursuant to Clause 16 of the listing agreement with the Stock Exchanges, the Register of Members and Share Transfer Register will remain closed from 07th August, 2015 to 14th August 2015 (both days inclusive) in connection with the 22nd Annual General Meeting of the Company.
- 4) The Dividend Rs 1.00 per Equity shares has been recommended by the Board of Directors for the year ended 31st March, 2015 and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on and after 31.08.2015
- 5) 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
- 6) 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.
- 7) 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 Clause 35B of the Listing Agreement, 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 22nd 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 11th August, 2015 (9:00 am) and ends on 13th August, 2015 (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 07th August, 2015, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.



- v) The process and manner for remote e-voting are as under:
- A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)] :
- I. Open the email and open PDF file viz; “remote e-voting.pdf” with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
  - II. Launch internet browser by typing the following URL: <https://www.evoting.nsd.com>.
  - III. Click on Shareholder – Login.
  - IV. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
  - V. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - VI. Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - VII. Select “EVEN” of National Fittings Limited.
  - VIII. Now you are ready for e-voting as Cast Vote page opens.
  - IX. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted.
  - X. Upon confirmation, the message “Vote cast successfully” will be displayed.
  - XI. Once you have voted on the resolution, you will not be allowed to modify your vote.
  - XII. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [bkcacbe@gmail.com](mailto:bkcacbe@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of Annual General Meeting [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
- I. Initial password is provided at the bottom of the attendance slip : EVEN (E Voting Event Number) USER ID PASSWORD/PIN
- | <b>EVEN (Remote e-voting Event Number)</b> | <b>USER ID</b> | <b>PASSWORD/PIN</b> |
|--|----------------|---------------------|
|--|----------------|---------------------|
- II. Please follow all steps from serial no. (II) to serial no. (XII) above, to cast vote.
- vi) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at the downloads section of [www.evoting.nsd.com](http://www.evoting.nsd.com) or call on toll free no.: 1800-222-990.



- vii) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- viii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- ix) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 07th August, 2015.
- x) 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. 7th August, 2015, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or [info@skdc-consultants.com](mailto:info@skdc-consultants.com)

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

- xi) A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
- xii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper.
- xiii) Mr. B Krishnamoorthy, Chartered Accountant (Membership No. 20439) has been appointed 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.
- xiv) The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “remote e-voting” or “Ballot Paper” or “Poling Paper” for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.
- xv) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will 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 favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- xvi) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.nationalfitting.com](http://www.nationalfitting.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.



8) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.

9) 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 - 6549995, 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. 6 to 12 of the accompanying Notice.

**Agenda 6: Adoption of Articles Association**

The Articles of Association of the company as presently in force are based on the Companies Act, 1956 and several regulations in the existing Articles of Association contain references to specific sections of the Companies Act, 1956 which is no longer in force.

Consequent upon coming into force of the Companies Act, 2013 several regulations of the existing Articles of Association of the Company require alteration or deletion in several articles. It is expedient to replace the existing Articles of Association by the new set of Articles.

The company cannot alter its Articles of Association without the approval of members by passing a Special Resolution. The new set of Articles of Association is available for inspection at the registered office of the Company at any working day during Business hours.

Your Directors recommend the Special Resolution 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.

**Agenda 7: Appointment of Woman Director, Mrs Panath Anitha**

Mrs Panantha Anitha was appointed as an Additional Director of the Company under Section 161 of the Companies Act, 2013 by the Board of Directors at the meeting held on 14.02.2015 to meet the requirement of appointment of woman director under Section 149 (1) of the Companies Act; She holds office as Director up to the date of the forthcoming Annual General Meeting. It is proposed to appoint her as a Woman Director of the Company at the forthcoming Annual General Meeting. The Company has received a notice in writing from a member signifying her intention to propose Mrs. Panath Anitha as a candidature for the office of Director.

Mrs. Panath Anitha with over twenty years of senior management experience in the Foundry and Assembly operations of the Company and Board is of the view that the Company would benefit from her experience.

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

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.

**Agenda 8: Variation in the terms of Remuneration of Mr A V Palaniswamy, Managing Director**

Mr. A V Palaniswamy (holding DIN: 01817391), currently designated as Managing Director in terms of his appointment, shall hold office till December 31, 2018. Taking into consideration the contribution and



performance of Mr. A V Palaniswamy towards the growth of the Company and on the recommendation of the Nomination & Remuneration Committee, the Board of Directors at its meeting held on May 29, 2015 has revised the remuneration of Mr. A V Palaniswamy, from Rs. 1,00,000/- per month to Rs. 2,00,000/- per month with effect from 01.04.2015 (all other terms of appointment remains unchanged), subject to approval of the shareholders in their general meeting.

Thus, approval of the members is sought for the proposed resolution.

Your Directors recommend the Special Resolution for approval by the shareholders.

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 9: Appointment of Whole Time Director**

The Board of Directors had appointed Mrs Panath Anitha (holding DIN 07059205) as Whole Time Director for a period of three years with effect from 01.04.2015 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 a commerce graduate with more than 20 years of experience in manufacturing technologies and her appointment will strengthen the company in achieving best production levels.

The approval of the members is sought for the proposed resolution

Except Mrs Panath Anitha none of the Director is concerned or interested in this resolution.

### **Agenda 10 & 11: Borrowing Powers**

In order to comply with the provisions of the Companies Act, 2013 approval of the members is sought by way of special resolution under section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, to empower the Board of Directors 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 and also to borrow monies in excess of Paid-up capital and its free reserves.

The Board recommends the Special Resolution as set out in item nos. 10 & 11 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 set out at Item Nos. 10 & 11.

### **Agenda 12: Related Party Transactions**

The Board of Directors of the Company, at their meeting held on May 30, 2014 and August, 14, 2014 respectively for M/s. Interfit India Limited and M/s. Merit Industries Limited, has approved the proposals for entering into related party transactions. Though the transactions are in the ordinary course of business and are at the arm's length basis, members' approval is sought under the relevant provisions of the Act as an abundant caution.

Sr. No	Name of Related Party/ Entity	Nature of Relationship	Nature and Particulars of Contract	Estimated amount per annum
1	Interfit India Limited	Holding Company	To sale, purchase or supply of any goods or materials	Rs 25 Crores
2	Merit Industries Limited	Enterprises in which director has Significant Influence	To sale, purchase or supply of any goods or materials.	Rs 20 Crores

Except to the extent of their shareholding interest, if any, none of the Directors, Key Managerial Personnel of the Company, their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

/ By order of the Board /

Place : Coimbatore  
Date : 29.05.2015

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

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

<b>Name of the Director</b>	<b>Mr. A V Palaniswamy</b>	<b>Mrs. Panath Anitha</b>
Date of Birth	02.03.1942	27.01.1972
Date of Appointment	16.09.1994	14.02.2015
Qualification	B.E.	M.Com
Expertise in specific functional areas	A qualified engineer with more than 40 years of experience in manufacturing technologies, expertise in achieving best production and marketing levels.	She started her career in Interfit Techno Products Limited and held various posts for the past 20 years
Directorship held in other public companies (excluding foreign companies and section 8 companies)	Merit Industries Limited Sema Impex Private Limited Haitima India Private Limited	NIL
Memberships/ Chairmanships of committees in the company	Member of, i) Audit Committee ii) Nomination and Remuneration Committee iii) CSR Committee iv) Shareholders Relationship Committee	NIL
Memberships / Chairmanships of committees of other public companies (includes only Audit Committee and Stakeholders' Relationship Committee)	NIL	NIL
Number of shares held in the company	756,472 Equity Shares	200 Equity Shares

**DIRECTORS’ REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Twenty Second Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2015

**FINANCIAL RESULTS**

The operating results for the year 2014-2015 are given below :

	(₹ in Lakhs)	
Profit before Interest and Depreciation and Other adjustments		<b>1052.76</b>
Less: Interest	<b>107.00</b>	
Depreciation	<b>116.00</b>	<b>223.00</b>
Net Profit before Tax		<b>829.76</b>
Provision for Tax :		
Current Tax	<b>293.15</b>	
IT for earlier years	<b>5.60</b>	
Deferred Tax (income) / expenses	<b>(18.70)</b>	<b>280.05</b>
Net Profit after Tax		<b>549.71</b>
Amount brought forward from previous year		<b>1.31</b>
Amount available for appropriation		<b>551.02</b>
<b>Appropriations</b>		
General Reserve		<b>50.00</b>
Dividend on Preference Shares		<b>27.00</b>
Dividend on Equity Shares		<b>83.20</b>
Dividend Distribution Tax		<b>22.56</b>
Surplus carried over to Balance Sheet		<b>368.26</b>

**FINANCIAL PERFORMANCE:**

The Company’s gross income for the financial year ended 31st March, 2015 was Rs. 5,048.54 lacs compared to Rs. 3,732.48 lacs in the previous year. The profit before tax for the Company is Rs. 829.76 lacs as against Rs. 558.76 lacs in the previous year. The depreciation for the year is Rs.116 lacs compared to Rs.72 lacs in the previous year.

After providing Taxation, the Company’s net profit stands at Rs. 549.71 lacs against Rs.335.90 lacs in the previous year.

Your company proposes to transfer Rs 50 lacs to General Reserve out of the amount available for appropriation and an amount of Rs.368.26 lacs is to be carried over to Balance Sheet after appropriation of Dividend on Preference Shares and Equity Shares including Dividend Tax.

The Net worth of the company is at Rs.1820.05 lacs as on 31.03.2015 as against Rs.1603.10 lacs in the previous year.



## **DIVIDEND**

The Board of Directors has recommended a dividend of Rs 9/- per Preference Share on 300000 9% Redeemable Non-Convertible Non-Cumulative Preference shares of Rs 100/- each aggregating to Rs 27 lacs excluding dividend tax for the financial year ended 31st March, 2015.

The Board of Directors has recommended a dividend of Re 1/- per Equity share on 83,20,000 equity shares Rs 10/- each aggregating to Rs 83.20 lacs for the financial year ended 31st March, 2015, which if approved in the ensuing Annual General Meeting will be paid to all the equity shareholders, whose names appear in the Register of Members as on 14th August, 2015.

## **REDEMPTION OF 9% NON-CONVERTIBLE NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES**

The company has considered the option of redeeming the remaining 3,00,000 9% Non-Convertible Non-Cumulative Redeemable Preference shares of Rs 100/- each amounting to Rs 300 lacs which was approved by Board at their meeting on 29.05.2015.

## **PERFORMANCE:**

Sales and margins improved due to increase in the purchase of castings from reliable outsources and favourable foreign exchange conditions. In spite of price reduction due to severe competition from China, Company has been able to reduce production costs and thus improving margins.

Company expects to improve sales and margin due to improved power situation and increase in production.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **TRENDS & DEVELOPMENT**

Middle East market where most of the products are sold has not witnessed a slowdown in construction and hence the demand for products has not reduced. Company is enjoying a healthy back order position for its products.

Domestic market penetration is increasing due to the awareness of "Made in India" approach of the Government from the end users of the product in Indian market.

Company has developed a new line of products for joining pipes of 2" and below. The new product line will contribute up to 20% of sales of the Company in the future years.

### **DIRECTORS:**

Mrs Panath Anitha, was appointed as Additional Director on 14.02.2015 and holds the said office till the date of the Annual General Meeting. A notice has been received from a member proposing her candidature for her reappointment.

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

### **CHIEF FINANCIAL OFFICER**

Mr. J. Saravanan, M.Com., MBA, is the Chief Financial Officer of the Company.

### **COMPANY SECRETARY:**

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

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

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

**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

The Company sustains to develop, manufacture and supply effective products to meet the customer requirements

The striving towards continuous improvement in total quality and keeping abreast of the latest technologies to enable the Company in achieving its goal.

The focus on training and development of the employees' skills are the core areas in attaining the goal.

The ultimate benefit of these efforts has been aimed at enriching the value to the shareholders.

The environment and Community have to be recognized while moving towards the goal.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors further report that

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures;
- (ii) the accounting policies selected have been applied consistently, prudent judgments and estimates have been made to give a true and fair view of the state of affairs of the company as at 31st March 2015 and of the Profit of the company and the cash flow statement for the year ended 31.03.2015.
- (iii) there 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 2015

**NUMBER OF BOARD MEETINGS CONDUCTED DURING THE YEAR UNDER REVIEW**

The Company had four Board meetings during the financial year under review as on 30.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015



## DECLARATION OF INDEPENDENT DIRECTORS

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

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

The company shall have such person on the Board who complies with the requirements of the Companies Act, 2013. No person less than the age of 21 years shall be appointed as the director of the Board. 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.

Managing 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 abide by the code of conduct.

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

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

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

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

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

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 188 are furnished in **Annexure 1** and are attached to this report.

## LISTING OF SHARES IN EXCHANGE AND DELISTING

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

The company's shares have not been traded in Madras Stock Exchange for the past few years. Members' approval has already been obtained for De-listing the Company's equity shares from Madras stock



Exchange. Moreover the Madras Stock Exchange in May last year, had made a request to SEBI to exit as bourse. Even among such situations, the Company duly paid the necessary listing fees with Madras Stock Exchange.

## **SHARES**

No Bonus Shares were issued and the Company has not bought back any of its securities during the year under review. The Company has not issued any Sweat Equity Shares and not provided any Employee Stock Option Scheme.

## **THE DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Board is of the opinion that the Company has sound Internal Financial Controls commensurate with the nature and size of the business operations. The controls are in place and operate efficiently and no material weakness exists. A process is also in place to continuously monitor the existing controls and improving the same as and when needed.

## **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 methods to handle those risks have been reviewed and monitored regularly. Few risks and the steps taken for handling them have been detailed below:

### **1) Sourcing of Component**

Components sourced from outside are not an attractive item to produce and hence outside sources of components may decline to accept the order from the Company due to increase in order for their profitable items from improving economic conditions in India and elsewhere.

Company has made arrangements with Holding Company and a related company for dedicated supply of components at competitive prices.

### **2) Market Risk**

Middle East market could shrink in volume for the products if oil prices drop below viable levels for those countries to continue in building and infra structure development.

Company is expanding into other markets and increasing its presence in the domestic market substantially. Present share of sales of 10% in the domestic market will increase to 25% to 30% in the coming years.

### **3) Exchange rate**

Since 90% of the cost of production involves domestically procured materials and services, strengthening of the rupee due to possible heavy inflow of foreign capital could affect the profitability of the company

Company will continue to expand in domestic market to maintain its sales and margins.

### **4) Chinese factor**

Due to slowing Chinese economy and expanded manufacturing capacities, most Chinese companies involved in our product lines are entering the export markets including India and offering low prices to stay in business.



With the establishment of the dedicated facilities through associate companies, we expect our production cost to be lower in the coming months and stay competitive. We hope the “Make in India” policy of the Government will translate in to reduction in cost of inputs, service and infra structure costs related to manufacturing industries.

Maintaining the established quality standards, timely deliveries and service will enable us to keep our customer base and price alone may not be a factor.

## 5) Power cuts

We expect the power costs to increase in the coming years to sustain the state owned electricity departments. As a result being a power intensive component manufacturing set up, the cost of production might increase and may not be possible to pass the cost increase to the buyers.

Company will take steps to install renewable energy generation like wind mills or solar to offset the power cost increase.

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

## ANNUAL RETURN

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

## LEGAL COMPLIANCE

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

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

The Company has unclaimed dividend amounting to Rs 6,25,810/- No amount is required to be transferred to Investor Education and Protection Fund for this financial year.

## DEPOSITS

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

## PARTICULARS OF EMPLOYEES

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

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

Name of Directors/Key Management Personnel	Ratio to Median Remuneration (times)	% Increase / Decrease in Remuneration
Mr. A.V. PALANISWAMY, Managing Director	12.88	33.33
Mr. M LOGANATHAN	0.49	—
Mr. R ALAGAR	1.20	24.63
Mrs. PANATH ANITHA, Non Executive Director (w.e.f. 14.02.2015)*	0.35	—
Mr. J SARAVANAN, Chief Financial Officer (w.e.f. 01.10.2014)*	3.03	—
Mr. S. ARAVINTHAN, Company Secretary	4.68	17.46

\*Since this information is for part of the year, the same is not comparable.

- iii) The percentage increase in the median remuneration of employees in the financial year : 9%
- iv) The number of permanent employees on the rolls of the Company : 125
- v) Explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an increase of 20.90% during the financial year 2014-15. The remuneration components include a fair proportion of fixed and variable pay. The increase in remuneration is in line with the market. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

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

Aggregate remuneration of key managerial personnel (KMP) in FY15	20,93,514
Revenue	495,329,986
Remuneration of KMPs (as % of revenue)	0.42
Profit before Tax (PBT)	82,975,797
Remuneration of KMP (as % of PBT)	2.52

- vii) Variations in the market capitalisation 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 31.03.2015	As at 31.03.2014	% Increase
Closing price of share at NSE (Rs.)	74.90	5.83	1169.30
Market Capitalisation (Rs.)	6231.68	485.056	1169.30
Price Earnings ratio	11.90	1.71	593.83
Net worth	1,820.06	1,603.10	13.53

- 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:



## NATIONAL FITTINGS LIMITED

The average increase in salaries of employees other than managerial personnel in 2014-15 was 20.90%. Percentage increase in the managerial remuneration for the year was 22%.

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

	<b>Mr. A.V. PALANISWAMY, Managing Director</b>	<b>Mr. J SARAVANAN, Chief Financial Officer</b>	<b>Mr. S. ARAVINTHAN, Company Secretary</b>
Remuneration in FY15	13,00,000	3,05,703	4,52,811
Revenue	495,329,986	495,329,986	495,329,986
Remuneration as % of Revenue	0.26	0.06	0.09
Profit before Tax (PBT)	82,975,797	82,975,797	82,975,797
Remuneration (as % of PBT)	1.57	0.37	0.55

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

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

### **The information required under Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 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 Krishnaa & Co., Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company from the conclusion of the Annual General Meeting held on 14.08.2014 until the conclusion of forth Annual General Meeting to be held after that meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013. Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting.

### **SECRETARIAL AUDIT REPORT**

Pursuant to the requirements of the Companies Act, 2013, the Company has appointed Mr M R L Narashimha, B.Com, ACS, Practicing Company Secretary (Cop No: 799) as the Secretarial Auditor for the financial year 2015 whose report on 29th May, 2015 is attached separately to this report.  
**Annexure 4.**

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

There were no qualifications, reservations or adverse remarks made by the Auditor in their Report. The remarks made by the Practising Company Secretary in his report with respect to non-adoption of Code of Conduct of Insider Trading Regulations and non filing of Form MR1 with respect to appointment of CFO will be complied with.

**DISCLOSURE OF COMPOSITION OF AUDIT COMMITTEE AND PROVIDING VIGIL MECHANISM AND OTHER COMMITTEES OF THE BOARD****(A) AUDIT COMMITTEE:****(i) Composition**

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

Members of the Audit Committee have requisite financial and management expertise

**(ii) Terms of reference**

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

**(iii) Attendance**

The committee met 4 times during the period on the following dates: 30.05.2014, 14.08.2014, 14.11.2014 and 14.02.2015

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

**VIGIL MECHANISM**

The Company has established a vigil mechanism and overseas through the committee the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company



has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

## **(B) SHAREHOLDERS RELATIONSHIP COMMITTEE**

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

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

There were no complaints received for this financial year. No instrument of transfers was pending on 31st March, 2015. All the communication received from shareholders was satisfactorily complied with, within the stipulated time.

During the year the Committee was met 6 times.

S Aravinthan, Company Secretary is the Compliance Officer.

The Company has appointed M/s. SKDC Consultants Limited, Coimbatore as Share Transfer Agent. Transfer/transmissions, issue of duplicate certificates etc as well as requests for de-materialization are approved/ confirmed, as the case may be, within the prescribed period through the above Share Transfer Agent. No valid transfer request remained pending for transfer to the transferees as on 31.03.2015.

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

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

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

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

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

## **CORPORATE GOVERNANCE**

By Virtue of the Circular CIR/CFD/Policy Cell/7/2014 Dated 15.9.2014 issued by Securities Exchange Board of India, for companies having Equity Share Capital not exceeding Rs.10 Crores and Net Worth not exceeding Rs.25 Crore the submission of Corporate Governance Report as stipulated in clause 49 of the Listing Agreement is not mandatory.

Since the Paid Up Equity Capital of the Company is only Rs. 8.32 Crores and Net Worth is Rs.18.20 Crore, the company is not required to submit Corporate Governance along with Directors' Report.

However your Board of Directors assure the members that the Company continues to maintain highest Standards of Integrity, transparency in operations, excellence in service to all share holders and strong Corporate Governance Standards.

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

### **CONSERVATION OF ENERGY**

- a) On the assumption that power cut will be lifted and that power interruptions will be substantially reduced, the company is proposing to replace the existing power intensive, less efficient machines with newer CNC machines.
- b) Continuous melting operation will reduce the existing power consumption per ton of metal considerably.
- c) The molding operation will be continuous and this will reduce power consumption per ton of castings.

### **TECHNOLOGY ABSORPTION**

Technology to produce the items has been developed by the company indigenously. Company has developed new designs for the products to reduce the cost and will introduce these products after obtaining approvals from various international testing agencies.

### **FOREIGN EXCHANGE EARNINGS AND OUTGO**

Foreign exchange inflow (actual)	:	Rs.	38,97,42,889/-
Foreign exchange used (actual)	:	Rs.	98,76,456/-

### **INDUSTRIAL RELATIONS**

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

### **ACKNOWLEDGEMENT**

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

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore  
Date : 29.05.2015

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

Sd/- **M. LOGANATHAN**  
DIN No. 01936839  
Director

**Form No. AOC – 2**

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

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

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

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

- a) Contracts for the purchase of rough iron castings (Interfit India Limited – Rs 19,85,88,586/- and Merit Industries Limited - Rs 4,47,08,657/-)
- b) Leasing of land and factory building (Interfit India Limited – Rs 49,20,000/-)

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

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

Lease of land and factory buildings by Interfit India Limited for the duration of two years from 01.04.2015

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

Requirement of rough iron castings conforming to global standard has been ordered based on regular basis. The supplies are as per quality standard stipulated for which the invoices have been raised at arm's length rates complying with local and state laws.

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

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

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

Advances have been made ongoing basis (Interfit India Limited Rs 1,73,12,606/- and Merit Industries Limited Rs 1,06,49,019) for the supply of rough iron castings and have been adjusted with regular supplies.

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore  
Date : 29.05.2015

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

Sd/- **M. LOGANATHAN**  
DIN No. 01936839  
Director





**ANNUAL REPORT ON CSR ACTIVITIES**

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

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

The Company’s CSR projects focused on

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

**2) Composition of CSR Committee:**

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

**3) Average Net Profit of the Company For the last three financial years for the purpose of computation of CSR: Rs 373.73 lacs**

**4) Prescribed CSR Expenditure (2% of the Average Net Profit): Rs. 7.50 lacs**

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

- a) Total amount to be spent for the financial year: Rs 7,50,000/-
- b) Amount unspent, if any Rs.3,08,660/-
- c) Manner in which the amount spent during the financial year

Sl No	CSR Project/ activity identified	Section in which the project is covered	Projects or programs (Local area or other) (State/District where they have been undertaken)	Amount outlay (budget) Project or programs wise	Cumulative expenditure up to the reporting period	Amount Spent (Direct or through implementing agency)
1	Community Development	Schedule VII (x)	Local Area (Kaniyur Village)	1,22,556/-	1,22,556/-	Direct
2	Community Development	Schedule VII (x)	Local Area (Kaniyur Village)	1,93,784/-	1,93,784/-	Direct
3	Contribution to Indian Red Cross	Schedule VII (iv)	Pan India	1,25,000/-	1,25,000/-	Through implementing agency
			Total	4,41,340/-	4,41,340/-	



d) Reason for not spending the amount:

Though the company has spent on CSR activities during the year, there has been a shortfall in expenditure. The CSR activities are ideally suited to support projects on an ongoing and sustainable basis. Taking this into account the company is identifying such projects which are in line with the policy approved by the Board. During the current year the required amount will be spent.

## 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 : 29.05.2015

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



**EXTRACT OF THE ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31ST MARCH 2015**

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	<b>CIN: L29199TZ1993PLC008034</b>
ii)	Registration Date	21-04-1993
iii)	Name of the Company	<b>NATIONAL FITTINGS LIMITED (formerly INTERFIT TECHNO PRODUCTS LIMITED)</b>
iv)	Category/sub category of the Company	Public Company
v)	Address of the Registered office and contact details	SF 112, Madhapur Road, Kaniyur Village, Karumathampatti via, Coimbatore - 641659 Tamil Nadu, INDIA Tel: +91 99432 93000 Fax No: 0421-2333317 email id: nationalfittingsltd@gmail.com website: www.nationalfitting.com
vi)	Whether shares listed on recognized Stock Exchange(s)	Yes; Listed in Bombay Stock Exchange Ltd (BSE)
vii)	Name, Address Contact details of Registrar and Transfer Agents (RTA)	S K D C Consultants Limited, Kanapathy Towers, 3rd floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641006 Tamil Nadu, INDIA 0422 – 6549995, 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	7.85
2	S G Cast Fittings	7,307	91.70

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

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

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**
**(A) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	46,96,310	1,500	46,97,810	56.464	46,96,310	1,500	46,97,810	56.464	—
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
<b>Sub Total</b>	<b>46,96,310</b>	<b>1,500</b>	<b>46,97,810</b>	<b>56.464</b>	<b>46,96,310</b>	<b>1,500</b>	<b>46,97,810</b>	<b>56.464</b>	<b>—</b>
<b>2. Foreign</b>									
a ) Individuals (NRI / Foreign Individuals)	—	7,56,472	7,56,472	9.092	—	7,56,472	7,56,472	9.092	—
b ) Bodies Corp.	—	—	—	—	—	—	—	—	—
c ) Institutions	—	—	—	—	—	—	—	—	—
d ) Qualified Foreign Investor	—	—	—	—	—	—	—	—	—
<b>Sub Total</b>		<b>7,56,472</b>	<b>7,56,472</b>	<b>9.092</b>		<b>7,56,472</b>	<b>7,56,472</b>	<b>9.092</b>	<b>—</b>
<b>Total shareholding of Promoter (A+B)</b>	<b>46,96,310</b>	<b>7,57,972</b>	<b>54,54,282</b>	<b>65.556</b>	<b>46,96,310</b>	<b>7,57,972</b>	<b>54,54,282</b>	<b>65.556</b>	<b>—</b>
<b>B. Public Shareholding</b>									
1. Institutions	—	—	500	0.006	500	—	500	0.006	—
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	—	—	100	0.001	100	—	100	0.001	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(1):-</b>	<b>600</b>	<b>-</b>	<b>600</b>	<b>0.007</b>	<b>600</b>	<b>0</b>	<b>600</b>	<b>0.007</b>	<b>0</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.	—	—	—	—	—	—	—	—	—
i) Indian	4,07,966	17,300	4,25,266	5.11	3,34,667	16,700	3,51,367	4.223	-0.887
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6,65,261	5,07,710	11,72,971	14.099	6,54,415	4,89,710	11,44,125	13.752	-0.347
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	6,35,841	3,36,350	9,72,191	11.685	6,94,035	3,36,950	10,30,985	12.392	0.707
c) Others (specify)	—	—	—	—	—	—	—	—	—
Non Resident Indians	64,901	1,68,968	2,33,869	2.811	60,749	1,68,868	2,29,617	2.76	-0.051
Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
Foreign Nationals	—	—	—	—	—	—	—	—	—
Clearing Members	9,099	—	9,099	0.109	28,038	—	28,038	0.337	0.228
Trusts	—	—	—	—	—	—	—	—	—
HUF	51,722	—	51,722	0.622	80,986	—	80,986	0.973	0.351
Foreign Bodies - D R	—	—	—	—	—	—	—	—	—
<b>Sub-total (B)(2):-</b>	<b>18,34,790</b>	<b>10,30,328</b>	<b>28,65,118</b>	<b>34.437</b>	<b>18,52,890</b>	<b>10,12,228</b>	<b>28,65,118</b>	<b>34.437</b>	—
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>18,35,390</b>	<b>10,30,328</b>	<b>28,65,718</b>	<b>34.444</b>	<b>18,53,490</b>	<b>10,12,228</b>	<b>28,65,718</b>	<b>34.444</b>	—
<b>Grand Total (A+B+C)</b>	<b>65,31,700</b>	<b>17,88,300</b>	<b>83,20,000</b>	<b>100.00</b>	<b>65,49,800</b>	<b>17,70,200</b>	<b>83,20,000</b>	<b>100.00</b>	—

### (B) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Interfit India Limited	46,97,810	56.464	Nil	46,97,810	56.464	Nil	Nil
2	A V Palaniswamy	7,56,472	9.092	Nil	7,56,472	9.092	Nil	Nil
	Total	54,54,282	65.556	Nil	54,54,282	65.556	Nil	Nil

### (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	54,54,282	65.556	54,54,282	65.556
	Date wise Increase / Decrease in Promoters Share holding during the year	Nil		Nil	
	At the end of the year	54,54,282	65.556	54,54,282	65.556

### (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	1,52,750	1.835	1,52,750	1.835
	Less : 05.12.2014   Market sale	2,750	0.033	1,50,000	1.802
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,50,000</b>	<b>1.802</b>
2	Kumudha Palaniswamy	1,52,100	1.828	1,52,100	1.828
	Add : 29.11.2014   Market Purchase	24,800	0.298	1,76,900	2.126
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,76,900</b>	<b>2.126</b>
3	Zen Global Finance Limited	1,34,900	1.621	1,34,900	1.621
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,34,900</b>	<b>1.621</b>
4	Deepinder Singh Poonian	1,19,702	1.439	1,19,702	1.439
	Add : 30.05.2014   Market Purchase	6,342	0.0762	1,26,044	1.515
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,26,044</b>	<b>1.515</b>
5	Pravin Chandra Batavia	1,25,000	1.502	1,25,000	1.502
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,25,000</b>	<b>1.502</b>
6	Mina Pruthviraj Parikh	1,03,000	1.238	1,03,000	1.238
	Add : 16.05.2014   Market Purchase	3,781	0.0454	1,06,781	1.283
	Add : 23.05.2014   Market Purchase	201	0.0024	1,06,982	1.285
	Add : 30.05.2014   Market Purchase	4,000	0.0480	1,10,982	1.334
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,10,982</b>	<b>1.334</b>
7	Shishir Vasant Dalal	1,00,000	1.202	1,00,000	1.202
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>1,00,000</b>	<b>1.202</b>
8	P Shunmugavelu	78,250	0.941	78,250	0.941
	<b>At the end of the year</b>	<b>NA</b>	<b>NA</b>	<b>78,250</b>	<b>0.941</b>

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
9	Aditya P Parikh		47,999	0.577	47,999	0.577
	Add: 09.05.2014	Market Purchase	4,615	0.055	52,614	0.632
	Add: 16.05.2014	Market Purchase	7,283	0.087	59,897	0.720
	<b>At the end of the year</b>		<b>NA</b>	<b>NA</b>	<b>59,897</b>	<b>0.720</b>
10	Pruthviraj Somchand Parikh		52,980	0.636	52,980	0.636
	<b>At the end of the year</b>		<b>NA</b>	<b>NA</b>	<b>52,980</b>	<b>0.636</b>

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

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

### V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,10,47,812	—	—	3,10,47,812
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	3,10,47,812	—	—	3,10,47,812
Change in Indebtedness during the financial year				
* Addition	1,70,59,270	—	—	1,70,59,270
* Reduction	—	—	—	—
Net Change	1,70,59,270	—	—	1,70,59,270
Indebtedness at the end of the financial year				
i) Principal Amount	4,81,07,082	—	—	4,81,07,082
ii) Interest due but not paid	—	—	—	—
iii) Interest accrued but not due	—	—	—	—
Total (i+ii+iii)	<b>4,81,07,082</b>	<b>—</b>	<b>—</b>	<b>4,81,07,082</b>

**VI. Remuneration of Directors and Key Management Personnel**
**(A) Remuneration to Managing Director**

SN.	Particulars of Remuneration	Name of Managing Director	Total Amount
		A V Palaniswamy	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	13,00,000	13,00,000
	(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 Vehicle Maintenance and Local conveyance	1,60,607	1,60,607
	<b>Total (A)</b>	<b>14,60,607</b>	<b>14,60,607</b>
	Ceiling as per the Act (@ 5% of Profits calculated u/s198 of the Companies Act, 2013)		28,13,582

**(B) Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		M Loganathan	R Alagar	
1	Independent Directors			
	Fee for attending board committee meetings	14,500	77,500	92,000
	Commission	—	—	—
	Others, please specify Travelling expense, Local Conveyance	35,302	44,101	79,403
	<b>Total (1)</b>	<b>49,802</b>	<b>1,21,601</b>	<b>1,71,403</b>
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	—	—	—
	Commission	—	—	—
	Others, please specify	—	—	—
	Total (2)	—	—	—
	Total (B)=(1+2)	49,802	1,21,601	1,71,403
	<b>Total Managerial Remuneration</b>	<b>49,802</b>	<b>1,21,601</b>	<b>1,71,403</b>
	Ceiling as per the Act (@ 1% of Profits calculated u/s198 of the Companies Act, 2013)			2,81,358



**(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 (from 01.10.2014)	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	4,52,811	3,05,703	7,58,514
	(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)	—	19,800	—	19,800
	<b>Total</b>		<b>4,72,611</b>	<b>3,05,703</b>	<b>7,78,314</b>

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

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



## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2015

### Form No. MR-3

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,

**National Fittings Limited**

[CIN: L29199TZ1993PLC008034]

SFNO: 112, Madhapur Road

Kaniyur Village, Sulur TK

Karumathampatti(Via) - 641549

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").

The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. National Fittings Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2015, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter. The members are requested to read this report along with my letter of even date annexed to this report as Annexure – A.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **M/s. National Fittings Limited** (the Company) for the financial year ended on March 31, 2015 according to the applicable provisions of:

- i) The Companies Act, 1956, Companies Act. 2013 (the Act) and the rules made there under.
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
- iii) The Depositories Act, 1996 and the regulations and bye-laws framed there under.
- iv) 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;
- v) 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, 1992;
  - c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - d) The securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and
  - e) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client.

- vi) The Listing Agreement entered into by the Company with:
- BSE Limited
  - Madras Stock Exchange Limited (up to June 9, 2014)
1. I am informed that, for the financial year ended on March 31, 2015:
- The company was not required to maintain books, papers, minute books, forms and returns filed or other records according to the provisions of the following Regulations and Guidelines prescribed under SEBI Act:
    - The Securities and Exchange Board of India (Employee Stock Opinion Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    - The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; and
    - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998.
  - There are no laws specifically applicable to the company, the books, papers, minute books, forms and returns of which were required to be examined by me for the purpose of this report.
2. I have not examined compliance with the secretarial standards 1 and 2 issued by The Institute of Company Secretaries of India as they become applicable only from July 1, 2015.
3. During the period under review, to the best of my knowledge and belief and according to the information and explanations given to me, the company has complied with the provisions of the acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable subject to the following:
- The Securities and Exchange Board of India (Prohibition of insider Trading) Regulations 1994 with respect of to non adoption of code of insider Trading Regulation.
  - Non Filing of Form MR-1 with respect to appointment of CFO of the Company.
5. I further report that:
- The board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Board also has a woman 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.
  - Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings along with agenda were sent at least seven days before the meeting.
  - 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.
  - There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Coimbatore  
Date : 29-05-2015

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



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

To

The Members,  
**National Fittings Limited**  
[CIN: L29199TZ1993PLC008034]  
SFNO: 112, Madhapur Road  
Kaniyur Village, Sulur TK  
Karumathampatti(Via) - 641549

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the company. My responsibility is to make a report based 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. The verification was done on the test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my report.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.
4. I have obtained the management's representation about the compliances of laws, rules and regulations and happenings of events, wherever required.
5. Compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of the procedures on test basis. Actions carried out by the company based on independent legal/ professional opinion obtained have not been considered as non-compliance wherever there was a scope for multiple interpretations, especially since this is first full financial year in which the Companies Act, 2013 has become operational and also on account of the listings agreement undergoing major amendments from October 1, 2014.
6. This 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 : 29-05-2015

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

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

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

We have audited the accompanying financial statements of M/s. NATIONAL FITTINGS LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made 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 financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;



- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a 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.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) the Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - g) On the basis of written representations received from the directors as on 31 March, 2015, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - h) With respect to the other matters included in the Auditor's Report and to our best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.23(i)(a) and Note 2.23(ii)(a) to the financial statements ;
    - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For and on behalf of  
KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants,  
Sd/- **V. KRISHNAN**  
Partner  
Membership No. 010970

Place : COIMBATORE  
Date : 29.05.2015

**Annexure to the Independent Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2015, we report that:**

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

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
  - (b) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material, which have been properly dealt with in the books of account.
  - (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- iii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a) and iii (b) of the order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us and having regard to the explanation that certain items purchased / sold are of special nature for which there are no comparable market price / quotation, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods. The Company has not sold any service during the year. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v) The Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.
- vi) As per information and explanation given by the management, The Central Government has not prescribed maintenance of cost records by under sub-section (1) of section 148 of the Act.
- vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, Excise duty, service tax, duty of customs, value added tax, cess and other



## NATIONAL FITTINGS LIMITED

material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, sales tax, wealth tax, Excise duty, service tax, duty of customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.

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

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

- c) According to the information and explanations given to us, no amounts were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules there under.

- viii) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year
- ix) According to the information and explanations given to us, the Company has not defaulted in repayment dues to financial institutions, banks or debenture holders during the year.
- x) In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions
- xi) Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- xii) Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For and on behalf of  
KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants,  
Sd/- **V. KRISHNAN**  
Partner  
Membership No. 010970

Place : COIMBATORE  
Date : 29.05.2015



**BALANCE SHEET AS AT 31ST MARCH 2015**

Particulars	Note No.	As at	As at
		31 March, 2015	31 March, 2014
		₹	₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2.1	<b>113,200,000</b>	133,200,000
(b) Reserves and surplus	2.2	<b>68,805,981</b>	27,110,646
		<b>182,005,981</b>	160,310,646
<b>2 Non-current liabilities</b>			
(a) Deferred Tax Liability (net)	2.3	<b>5,182,474</b>	7,052,544
(b) Other long-term liabilities	2.4	—	—
(c) Long-term provisions	2.5	<b>1,291,042</b>	817,987
		<b>6,473,516</b>	7,870,531
<b>3 Current liabilities</b>			
(a) Short-term borrowings	2.6	<b>48,107,082</b>	31,047,812
(b) Trade payables	2.7	<b>13,123,724</b>	20,362,631
(c) Other current liabilities	2.8	<b>9,785,058</b>	4,960,874
(d) Short-term provisions	2.9	<b>14,474,748</b>	17,112,153
		<b>85,490,612</b>	73,483,471
TOTAL (1+2+3)		<b>273,970,109</b>	241,664,648
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	2.10	<b>51,023,706</b>	61,167,944
(ii) Capital Work-in-Progress		<b>901,656</b>	—
(b) Long-term loans and advances	2.11	<b>1,274,479</b>	4,805,516
		<b>53,199,841</b>	65,973,460
<b>2 Current assets</b>			
(a) Inventories	2.12	<b>49,921,644</b>	54,366,333
(b) Trade receivables	2.13	<b>23,932,939</b>	18,313,382
(c) Cash and cash equivalents	2.14	<b>73,931,892</b>	58,472,740
(d) Short-term loans and advances	2.15	<b>72,981,542</b>	44,536,483
(e) Other current assets	2.16	<b>2,250</b>	2,250
		<b>220,770,268</b>	175,691,188
TOTAL (1+2)		<b>273,970,109</b>	241,664,648

Significant accounting policies and Notes on Accounts 1 & 2

As per our report of even date annexed  
for KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants  
Sd/- **V. KRISHNAN**

Partner, M.No. 010970

Place : Coimbatore  
Date : 29.05.2015

For and on behalf of the Board

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

Sd/- **M. LOGANATHAN**  
DIN No. 01936839  
Director

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

Sd/- **J. SARAVANAN**  
Chief Financial Officer



## NATIONAL FITTINGS LIMITED

### STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No.	For the year ended 31 March, 2015 ₹	For the year ended 31 March, 2014 ₹
1 Revenue from operations (gross)	2.17	<b>504,593,578</b>	374,871,825
Less: Excise duty		<u><b>9,263,592</b></u>	<u>7,516,454</u>
Revenue from operations (net)		<b>495,329,986</b>	367,355,371
2 Other income	2.18	<u><b>9,524,513</b></u>	<u>5,893,595</u>
<b>3 Total revenue (1+2)</b>		<u><b>504,854,499</b></u>	<u>373,248,966</u>
<b>4 Expenses</b>			
(a) Cost of Raw materials consumed	2.19(a)	<b>275,697,467</b>	217,171,002
(b) Purchases of traded goods	2.19(b)	—	20,904
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.19(c)	<b>5,893,122</b>	(13,642,865)
(d) Employee benefits expense	2.20	<b>25,711,908</b>	20,860,952
(e) Finance costs	2.21	<b>10,700,050</b>	6,359,263
(f) Depreciation and amortisation expense	2.09	<b>11,600,298</b>	7,189,601
(g) Other expenses	2.22	<u><b>92,275,857</b></u>	<u>79,413,779</u>
<b>Total expenses</b>		<u><b>421,878,702</b></u>	<u>317,372,636</u>
<b>5 Profit / (Loss) before exceptional items and tax (3 - 4)</b>		<b>82,975,797</b>	55,876,330
<b>6 Tax expense:</b>			
(a) Current tax expense for current year		<b>29,314,709</b>	17,792,349
(b) (Less): MAT credit entitlement		—	—
(c) Net current tax expense		<b>29,314,709</b>	17,792,349
(d) Tax for Earlier years		<b>559,515</b>	—
(e) Deferred tax (Income) / Expenses	2.28	<u><b>(1,870,070)</b></u>	<u>4,493,899</u>
		<u><b>28,004,154</b></u>	<u>22,286,248</u>
<b>7 Profit / (Loss) after Tax (5-6)</b>		<u><b>54,971,643</b></u>	<u>33,590,082</u>
<b>8 Earnings per share (of ₹10/- each):</b>			
(a) Basic	2.27	<b>6.22</b>	3.40
(b) Diluted	2.27	<b>6.22</b>	3.40

Significant accounting policies and Notes on Accounts 1 & 2

As per our report of even date annexed  
for KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants  
Sd/- **V. KRISHNAN**  
Partner, M.No. 010970

Place : Coimbatore  
Date : 29.05.2015

For and on behalf of the Board

Sd/- <b>A.V. PALANISWAMY</b> DIN No. 01817391 Managing Director	Sd/- <b>M. LOGANATHAN</b> DIN No. 01936839 Director
Sd/- <b>S. ARAVINTHAN</b> Company Secretary	Sd/- <b>J. SARAVANAN</b> Chief Financial Officer

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015**

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	82,975,797	55,876,330
<i>Adjustments for:</i>		
Depreciation and amortisation	11,600,298	7,189,601
(Profit) / loss on sale / write off of assets	—	1,017,418
Finance costs	10,700,050	6,359,263
Interest income	(6,035,109)	(3,733,814)
Rental income from Machineries	(408,000)	(497,000)
Liabilities / provisions no longer required written back	(5,337)	(46,981)
Bad Debts written off	273,692	740,719
	<u>16,125,595</u>	<u>11,029,207</u>
Operating profit / (loss) before working capital changes	99,101,391	66,905,537
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	4,444,688	(14,328,766)
Trade receivables	(5,893,249)	(4,653,837)
Short-term loans and advances	(28,445,059)	(13,201,201)
Long-term loans and advances	3,531,037	6,647,412
Other current asset	—	1,500
Adjustments for increase / (decrease) in operating Liabilities:		
Trade payables	(7,233,571)	13,309,718
Other current liabilities	4,824,184	537,511
Short-term provisions/borrowings	(7,035,606)	8,385,050
Long-term provisions	473,055	(120,080)
	<u>(35,334,521)</u>	<u>(3,422,693)</u>
Cash flow from extraordinary items		(3,422,693)
Cash generated from operations	63,766,870	63,482,845
Net income tax (paid) / refunds	(25,476,023)	(9,306,489)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b><u>38,290,847</u></b>	<b><u>54,176,355</u></b>
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(2,357,716)	(7,546,387)
Proceeds from sale of fixed assets	—	1,120,725
Interest received	6,035,109	3,733,814
Rental from Machineries	408,000	497,000
	<u>4,085,393</u>	<u>(2,194,848)</u>
Cash flow from extraordinary items	—	—
<b>Net cash flow from / (used in) investing activities (B)</b>	<b><u>4,085,392</u></b>	<b><u>(2,194,849)</u></b>



# NATIONAL FITTINGS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015 (Contd.)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
<b>C. Cash flow from financing activities</b>		
Repayment of Preference Share Capital	(20,000,000)	—
Proceeds from Short-Term borrowings	17,059,270	(2,075,391)
Finance cost	(10,700,050)	(6,359,263)
Dividend paid including Dividend Distribution Tax	(13,276,309)	(14,998,759)
Cash flow from extraordinary items	(26,917,089)	(23,433,413)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(26,917,089)</b>	<b>(23,433,413)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>15,459,152</b>	<b>28,548,093</b>
Cash and cash equivalents at the beginning of the year	58,472,740	29,924,647
<b>Cash and cash equivalents at the end of the year</b>	<b>73,931,892</b>	<b>58,472,740</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 2.14)	73,931,892	58,472,740
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	—	—
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 2.14	<b>73,931,892</b>	<b>58,472,740</b>
<b>Cash and cash equivalents at the end of the year *</b>		
* Comprises:		
(a) Cash on hand	31,354	68,175
(b) Balances with banks		
(i) In current accounts	8,485,648	5,411,754
(ii) In deposit accounts	64,528,623	52,158,475
(iii) In Margin Money account (Earmarked fund) (Refer Note below)	886,266	834,337
(c) Others		
	<b>73,931,892</b>	<b>58,472,740</b>
Note:		
These earmarked account balances with banks can be utilised only for the specific identified purposes.		
a) In Letter of Credit Margin Money Account	585,706	556,581
b) In Bank Guarantee Margin Account	300,560	277,756
	<b>886,266</b>	<b>834,337</b>

See accompanying notes forming part of the financial statements

As per our report of even date annexed  
for KRISHAAN & CO.,  
Firm Regn. No. 001453S  
Chartered Accountants  
Sd/- **V. KRISHNAN**  
Partner, M.No. 010970

Place : Coimbatore  
Date : 29.05.2015

For and on behalf of the Board  
Sd/- **A.V. PALANISWAMY** Sd/- **M. LOGANATHAN**  
DIN No. 01817391 DIN No. 01936839  
Managing Director Director  
Sd/- **S. ARAVINTHAN** Sd/- **J. SARAVANAN**  
Company Secretary Chief Financial Officer



## Notes forming part of the financial statements for the year ended 31.03.2015.

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

**Notes forming part of the financial statements for the year ended 31.03.2015.**
**Note 2 Significant accounting policies (Contd.)**

Note	Particulars
<b>g Other Income</b>	
	Interest income is accounted on accrual basis.
<b>h Tangible fixed assets</b>	
	Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.
<b>i Depreciation and amortisation</b>	
	Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and Machinery for which the Management estimates the useful lives as follows:
a) Plant and Machinery (1)	5-10 Years
b) Patterns and Moulds	3 Years
(1)	For these Plant and Machinery, based on the internal assessment and independent technical evaluation carried out by the management, the useful lives as given above represent the period over which management expects to use these assets. Hence useful lives of these assets is different from the part C of Schedule II of the Companies Act, 2013.
	Depreciation and amortisation method, useful lives and residual values are reviewed periodically, including at each financial year
	Depreciation for assets purchased/sold during a period is proportionately charged.
	Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation
<b>i Foreign currency transactions and translations</b>	
i.	The transactions involving Foreign Currencies are accounted for at the rates prevailing on the date of transactions and accordingly Gains/(Losses) arising out of fluctuation in exchange rates are recognized in the Profit & Loss Statement
ii	In case of forward contracts, if any, the difference between the forward rate and the exchange rate at the prevailing period is recognized in the Profit & Loss Statement over the life of the contract.
iii.	Foreign currency monetary Assets & Liabilities are restated at the exchange rate prevailing at the year end and overall net gain/loss is adjusted to the Profit & Loss Statement.
<b>k Government grants, subsidies and export incentives</b>	
	Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.
	Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.
	Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

**Notes forming part of the financial statements for the year ended 31.03.2015.**

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

Note	Particulars
<b>l Investments</b>	Investments are stated at cost.
<b>m Stock of Tools</b>	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.
<b>n Employee benefits</b>	<p><i>Short Term Employee Benefits</i></p> <p>All employee benefits payable within twelve months of rendering the services are recognized in the period in which the employee renders the related service.</p> <p><i>Post Employment / Retirement Benefits</i></p> <p>Defined Contribution Plans such as Provident Fund etc., are charged to the Profit and Loss account as incurred.</p> <p>Defined Obligation Plans - The Present Value of the obligation under such plans, is determined based on an actuary valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss account. In the case of Gratuity, which is partly funded with the Life Insurance Corporation of India under the Group Gratuity (Cash Accumulation) Scheme, the fair value of the plan Asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.</p> <p>Other Long Term Employee Benefits includes Compensated Absences are recognized in the same manner as Defined Obligation Plans.</p> <p><i>Termination Benefits</i></p> <p>Termination Benefits are recognized as and when incurred.</p>
<b>o Borrowing costs</b>	The borrowing cost represents interest payable on loans taken for carrying out business operations and the same is charged to revenue.
<b>p Leases</b>	<p>The Company has leased Certain tangible assets and such leases where the company has substantial retained all the risk and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss account on Straight Line Basis over the lease term.</p> <p>Lease in which a significant portion of the risk and rewards of ownership are classified as operating leases. Lease Payments on such operating leases are recognised in the Statement of Profit and Loss account on Straight Line Basis over the period of lease.</p>
<b>q Segment reporting</b>	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



Notes forming part of the financial statements for the year ended 31.03.2015.

Note 2 Significant accounting policies (Contd.)

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

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.

**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 Taxes on income**

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 the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

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

**t Impairment of assets**

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting



periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

**u Provisions and contingencies**

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

**v Insurance claims**

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

**w Service tax input credit**

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

**Notes forming part of the financial statements for the year ended 31.03.2015.**
**Note 2.1 Share Capital**

	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of ₹ 10 each	8,750,000	87,500,000	8,750,000	87,500,000
Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	500,000	50,000,000	500,000	50,000,000
<b>(b) Issued Subscribed and fully paid up</b>				
Equity shares of ₹ 10 each with voting rights	8,320,000	83,200,000	8,320,000	83,200,000
Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	300,000	30,000,000	500,000	50,000,000
<b>Total</b>	<b>8,620,000</b>	<b>113,200,000</b>	<b>8,820,000</b>	<b>133,200,000</b>

Refer Notes (i) to (iv) below

Notes:

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

Particulars	Opening Balance	Redeemed during the year	Closing Balance
<b>Equity shares with voting rights</b>			
Year ended 31 March, 2015			
- Number of shares	8,320,000	—	8,320,000
- Amount (₹)	83,200,000	—	83,200,000
Year ended 31 March, 2014			
- Number of shares	8,320,000	—	8,320,000
- Amount (₹)	83,200,000	—	83,200,000
<b>Non-Convertible Non-Cumulative Redeemable 9% preference shares</b>			
Year ended 31 March, 2015			
- Number of shares	500,000	200,000	300,000
- Amount (₹)	50,000,000	20,000,000	30,000,000
Year ended 31 March, 2014			
- Number of shares	500,000	—	500,000
- Amount (₹)	50,000,000	—	50,000,000

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

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

Particulars	Equity shares with voting rights	% of Holding	Redeemable preference shares	% of Holding
	Number of shares			
<b>As at 31 March, 2015</b>				
M/s. Interfit India Limited, the holding company	4,697,810	56.47	300,000	100.00
<b>As at 31 March, 2014</b>				
M/s. Interfit India Limited, the holding company	4,697,810	56.47	500,000	100.00

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

Class of shares / Name of shareholder	As at 31 March, 2015		As at 31 March, 2014	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
M/s. Interfit India Limited	4,697,810	56.47	4,697,810	56.47
Mr. A.V. Palaniswamy	756,472	9.09	756,472	9.09
<b>9% Non-convertible, Non-Cumulative, Redeemable Preference shares</b>				
M/s. Interfit India Limited	300,000	100.00	500,000	100.00

(iv) Terms / rights attached to shares

- (a) The company has only one class of equity shares having at par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The Board of Directors have recommended a dividend of Rs.1/- per equity share of Rs.10/- each amounting to Rs.83.20 Lacs excluding Dividend Distribution Tax subject to approval of members in the Ensuing Annual General Meeting.
- (b) The company has only one class of Preference shares having at par value of Rs.100/- per share which is non-convertible and non-cumulative. The preference shares are entitled to a dividend of 9% and will be redeemable at par subject to the provision of section 80 and other applicable provisions of the Companies Act, 1956 after the expiry of the sixth year but before the expiry of the twelfth year from the date of allotment of the shares by one or more installments at the option of the company by giving 3 month's notice. During the year, the company has redeemed 200,000 preference shares at Par. The Board of Directors have recommended a dividend of 9% on preference shares amounting Rs.27 lacs excluding dividend distribution tax. The Board of Directors have resolved to redeem 3,00,000 of preference shares of Rs.100/- each amounting to Rs.300 lacs.
- (c) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

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

Particulars	As at 31 March, 2015 ₹	As at 31 March 2014 ₹
<b>Note 2.2 Reserves and surplus</b>		
(a) Capital reserve (Backward area subsidy)		
Opening balance	1,500,000	1,500,000
Add: Additions during the year	—	—
Less: Utilised / transferred during the year	—	—
Closing balance	<b>1,500,000</b>	<b>1,500,000</b>
(b) Capital Redemption Reserve		
Opening balance	—	—
Add: Transferred from General Reserve	20,000,000	—
Less: Utilised / transferred during the year	—	—
Closing balance	<b>20,000,000</b>	<b>—</b>
(c) Securities premium account		
Opening balance	1,000,000	1,000,000
Add : Premium on shares issued during the year	—	—
Less : Utilised during the year	—	—
Closing balance	<b>1,000,000</b>	<b>1,000,000</b>
(d) General reserve		
Opening balance	24,480,000	14,480,000
Add: Transferred from surplus in Profit and Loss Statement	5,000,000	10,000,000
Less: Utilised / transferred during the year for redemption of Non-Convertible Non-Cumulative Redeemable 9% Preference Shares	20,000,000	—
Closing balance	<b>9,480,000</b>	<b>24,480,000</b>
(e) Surplus / (Deficit) in Profit and Loss Statement		
Opening balance	130,646	(8,460,678)
Add: Profit / (Loss) for the year	54,971,643	33,590,082
Less: Utilised / transferred during the year		
Preference Share Dividend (Current year 9% (Previous year Rs. 1 per share)	2,700,000	4,500,000
Dividend Distribution Tax on above	552,816	764,775
Equity Share Dividend (Current year Rs. 1 per share. PY Rs. 1 per share)	8,320,000	8,320,000
Dividend Distribution Tax on above	1,703,493	1,413,984
Transfer to General Reserve	5,000,000	10,000,000
Closing balance	<b>36,825,981</b>	<b>130,646</b>
Total (a+b+c+d)	<b>68,805,981</b>	<b>27,110,646</b>

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

Particulars	As at 31 March, 2015 ₹	As at 31 March 2014 ₹
<b>Note 2.3 Deferred Tax Liability (net)</b>		
Deferred Tax Liability (Net)	5,182,474	7,052,544
Ref. Additional information Note 2.28		
Total	<u>5,182,474</u>	<u>7,052,544</u>

**Note 2.4 Other long-term liabilities**

Others:

Advances from customers

Total

—	—
<u>—</u>	<u>—</u>

**Note 2.5 Long-term provisions**

Provision for employee benefits:

(i) Provision for Earned Leave

(ii) Provision for gratuity (net) (Refer Note 2.24.b)

Total

115,140	82,896
1,175,902	735,091
<u>1,291,042</u>	<u>817,987</u>

**Note 2.6 Short-term borrowings**

(a) Loans repayable on demand

From banks

Secured

Export Packing Credit from Bank of India #

Letter of Credit form Bank of India #

Demand Loan against Deposits @

Total

22,937,278	24,972,748
1,206,374	6,075,064
23,963,430	—
<u>48,107,082</u>	<u>31,047,812</u>

# Working capital loans comprising of cash credit Export Packing Credit and other non fund based limits are secured by hypothecation of stocks and book debts and collaterally secured by Hypothecation of Machinery and equitable mortgage of property situate at Kaniyur Village.

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

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

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

Particulars	As at 31 March, 2015 ₹	As at 31 March 2014 ₹
<b>Note 2.7 Trade Payables</b>		
Trade payables:		
Other than Acceptances #	13,123,724	20,362,631
Total	<b>13,123,724</b>	<b>20,362,631</b>
# Trade payables includes payable to related parties		
a. Interfit India Ltd - The Holding Company	—	5,308,477
<b>Note 2.8 Other current liabilities</b>		
(i) Unclaimed Dividend	625,810	—
(ii) Other due payable		
(a) Statutory remittances	378,266	302,774
(b) Advances from customers	4,405,323	1,112,407
(c) Provision for Expenses	4,375,659	3,545,693
Total	<b>9,785,058</b>	<b>4,960,874</b>
<b>Note 2.9 Short-term provisions</b>		
(a) Provision for Income tax		
(i) Provision for Tax (Net of advance tax Rs. 4,76,68,556) (As at 31st March, 2014 Rs. 2,06,31,691/-)	1,154,902	2,077,771
(b) Provision for Dividend		
(i) Proposed Preference Dividend	2,700,000	4,500,000
(ii) Tax on Dividend	552,816	764,775
(iii) Proposed Equity Dividend	8,320,000	8,320,000
(iv) Tax on Dividend	1,703,493	1,413,984
(c) Provision for employee benefits:		
(i) Provision for Earned Leave	3,868	2,262
(ii) Provision for Gratuity (Net) (Ref. Note 2.24.b)	39,669	33,361
Total	<b>14,474,748</b>	<b>17,112,153</b>



Notes forming part of the financial statements

Note 2.10 Fixed assets

Tangible Assets	Gross Block				Depreciation				Net Block	
	Balance as at 1 April, 2014	Additions	Disposals	Balance as at 31 March, 2015	Balance as at 1 April, 2014	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2015	Balance as at 31 March, 2014	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	
(a) Freehold Land	1,218,334	—	—	1,218,334	—	—	—	1,218,334	1,218,334	
(b) Buildings	21,278,075	104,579	—	21,382,654	9,363,512	972,333	—	11,046,809	11,914,563	
(c) Plant and Equipment	100,677,368	850,017	—	101,527,385	60,479,189	8,421,102	—	32,627,094	40,198,179	
(d) Electrical Installation	4,453,374	—	—	4,453,374	4,420,301	9,562	—	23,511	33,073	
(e) Computers	3,224,103	245,198	—	3,469,301	1,120,577	652,374	—	1,696,350	2,103,526	
(f) Furniture and Fixtures	653,855	5,350	—	659,205	445,645	29,559	—	184,001	208,210	
(g) Vehicles	4,417,301	—	—	4,417,301	1,300,694	676,850	—	2,439,757	3,116,607	
(h) Office equipment	3,237,748	250,916	—	3,488,664	862,296	838,518	—	1,787,851	2,375,453	
<b>Total Tangible Assets</b>	<b>139,160,157</b>	<b>1,456,060</b>	—	<b>140,616,217</b>	<b>77,992,213</b>	<b>11,600,298</b>	—	<b>89,592,511</b>	<b>61,167,944</b>	
<b>Capital Work In Progress</b>	—	901,656	—	901,656	—	—	—	901,656	—	
<b>Total Assets</b>	139,160,157	2,357,716	—	141,517,873	77,992,213	11,600,298	—	51,925,362	61,167,944	
Previous year	154,474,077	7,546,387	22,860,307	139,160,157	91,524,775	7,189,601	20,722,164	61,167,944	62,949,302	

Refer Note 2.29(a) for additional Information

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

Particulars	As at 31 March, 2015 ₹	As at 31 March 2014 ₹
<b>Note 2.11 Long-term loans and advances</b>		
(a) Security deposits (Unsecured, considered good)		
Electricity Deposit	795,809	586,617
Telephone and Telex Deposits	59,408	59,408
Deposit for cylinder	23,450	23,450
Rental deposits	93,000	73,000
	971,667	742,475
(b) Fringe Benefits Tax Paid [net of provisions ₹ Nil (As at 31 March, 2014 ₹ Nil)] - Unsecured, considered good	19,153	19,153
(c) MAT credit entitlement - Unsecured, considered good	—	3,760,229
(d) Balances with government authorities Unsecured, considered good		
(i) Advance paid against disputed excise duty	283,659	283,659
Total	1,274,479	4,805,516

**Note 2.12 Inventories**

(At lower of cost and net realisable value)

(a) Raw materials	4,511,750	5,474,636
(b) Work-in-progress (Refer Note Below)	34,116,068	40,009,190
(c) Packing Materials	145,881	230,479
(d) Stores and spares	10,573,588	7,943,020
(e) Loose tools	574,357	709,007
Total	49,921,644	54,366,333



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

Particulars	As at 31 March, 2015 ₹	As at 31 March 2014 ₹
<b>Note: Details of inventory of work-in-progress</b>		
SG Iron Fittings	22,006,455	25,180,000
SS Fittings	11,868,213	9,200,450
SS Ball Valves	241,400	5,628,740
	<b>34,116,068</b>	<b>40,009,190</b>
<b>Note 2.13 Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	445,258	24,736
Doubtful	—	—
	445,258	24,736
Other Trade receivables		
Unsecured, considered good	23,487,681	18,288,646
Doubtful	—	—
	23,487,681	18,288,646
Total	<b>23,932,939</b>	<b>18,313,382</b>

Note: Trade receivables include debts due from a related party

(i) Merit Industries Limited - Company in which a Director of the Company is a Director	—	883,585
(ii) Mem Engineering Private Limited, Company in which a Director of the Company is a Director	—	303,488
(iii) Haitima India Pvt Ltd. Company in which a Director of the Company is a Director	4,000	4,000
(iv) Sema Impex Pvt Ltd, Company in which a Director of the Company is a Director	120,590	120,590



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

Particulars	As at 31 March, 2015 ₹	As at 31 March 2014 ₹
<b>Note 2.14 Cash and Cash Equivalents</b>		
(a) Cash on hand	31,354	68,175
(b) Balances with banks		
(i) On current account with Scheduled Bank	8,485,648	5,411,754
(ii) On deposit accounts with Scheduled Bank (Refer Note below)	64,528,623	52,158,475
(iii) In Margin Money account		
- Balances held as margin money or security against borrowings, guarantees and other commitments	886,266	834,337
Total	<b>73,931,892</b>	<b>58,472,740</b>

**Note:**

- (i) Balances with banks include deposits amounting to ₹ 6,45,28,623/- (As at 31 March, 2014 ₹ 5,21,58,475/-) which have an original maturity of more than 12 months.

**Note 2.15 Short-term loans and advances**

(a) Advance for supplies		
(i) To related parties @	27,961,627	—
(ii) Others	281,826	401,239
(b) Loans and advances to employees	536,685	62,362
(c) Prepaid expenses	1,254,830	825,572
(d) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	20,185,730	15,897,079
(ii) Export Incentives receivable	11,081,481	16,298,567
(iii) VAT credit receivable	1,414,569	1,871,509
(iv) Sales Tax refund receivable	10,264,794	9,180,154
Total	<b>72,981,542</b>	<b>44,536,482</b>

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

M/s. Interfit India Limited, the Holding Company	17,312,607	—
M/s. Merit Industries Ltd.	10,649,020	—

**Note 2.16 Other Current assets**

(a) Accruals		
(i) Interest accrued on deposits	2,250	2,250
Total	<b>2,250</b>	<b>2,250</b>

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

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March 2014 ₹
<b>Note 2.17 Revenue from operations</b>		
(a) Sale of products (Refer Note (i) below)	481,880,123	357,479,779
(b) Other operating revenues (Refer Note (ii) below)	22,713,455	17,392,046
	504,593,578	374,871,825
Less:		
(c) Excise duty	9,263,592	7,516,454
Total	<b>495,329,986</b>	<b>367,355,371</b>
Notes:		
<b>(i) Sale of products comprises:</b>		
<u>Manufactured goods</u>		
SG Pipe Fittings	437,774,597	320,482,891
SS Fittings	41,710,906	33,912,635
SS Ball Valves	2,310,350	2,778,130
	481,795,853	357,173,656
<b>Total - Sale of manufactured goods</b>		
<u>Traded goods</u>		
Grooving Machine	84,270	306,123
	84,270	306,123
<b>Total - Sale of traded goods</b>		
	<b>481,880,123</b>	<b>357,479,779</b>
<b>(ii) Other operating revenues comprise:</b>		
Scrap sales	2,898,638	2,065,761
Duty drawback and other export incentives net of processing fees	19,814,817	15,326,285
	22,713,455	17,392,046
<b>Total - Other operating revenues</b>		

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

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March 2014 ₹
<b>Note 2.18 Other Income</b>		
(a) Interest income (Refer Note (i) below)	6,035,109	3,733,814
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	3,068,763	1,587,622
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	420,641	572,159
<b>Total</b>	<b>9,524,513</b>	<b>5,893,595</b>

### Notes

(i) Interest income comprises:

Interest from banks:

On Fixed Deposits	5,895,770	3,606,328
On LC and BG Margin Money Deposits	72,918	76,378
Other interest	66,421	51,108

**Total - Interest income**

**6,035,109**      **3,733,814**

(ii) Other non-operating income comprises:

Rental from Machines	408,000	497,000
Liabilities / provisions no longer required written back	5,337	46,981
Insurance claim received	5,000	4,900
Labour charges receipt	2,199	—
Others	105	23,278

**Total - Other non-operating income**

**420,641**      **572,159**

### Note 2.19(a) Cost of Raw Materials consumed

Opening stock	5,474,636	2,663,794
Add: Purchases	274,734,581	219,981,844
	<u>280,209,217</u>	<u>222,645,638</u>
Less: Closing stock	4,511,750	5,474,636
<b>Cost of Raw material consumed</b>	<b>275,697,467</b>	<b>217,171,002</b>

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

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March 2014 ₹
<b>Raw Material consumed comprises:</b>		
S G Iron Castings	242,311,250	192,777,091
Nordel	16,590,380	13,991,285
SS Scraps	16,795,837	10,402,626
Total	<u>275,697,467</u>	<u>217,171,002</u>
 <b>Note 2.19(b) Purchase of Traded goods</b>		
Grooving Machine	—	20,904
Total	<u>—</u>	<u>20,904</u>
 <b>Note 2.19(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Inventories at the end of the year		
Finished goods	—	—
Work-in-progress	34,116,068	40,009,190
Stock-in-trade	—	—
	<u>34,116,068</u>	<u>40,009,190</u>
Inventories at the beginning of the year:		
Finished goods	—	—
Work-in-progress	40,009,190	26,366,325
Stock-in-trade	—	—
	<u>40,009,190</u>	<u>26,366,325</u>
<b>Net (increase) / decrease</b>	<u>5,893,122</u>	<u>(13,642,865)</u>

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

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March 2014 ₹
<b>Note 2.20 Employee benefits expenses</b>		
Salaries and wages	23,264,492	19,464,181
Contributions to provident and other funds	1,335,196	1,151,810
Gratuity expenses	536,356	85,518
Staff welfare expenses	575,864	159,443
Total	<b>25,711,908</b>	<b>20,860,952</b>

Salaries and Wages includes Salary paid to

a) Key Management Personnel	1,640,703	975,000
b) Relatives of Key Management Personnel	120,000	120,000

**Note 2.21 Finance costs**

(a) Interest expense on:		
(i) Packing Credit	1,567,675	1,671,823
(ii) Bills discounted/ Realised	5,378,154	3,750,113
(iii) Letters of Credit	859,200	750,492
(iv) Overdue bills	313,064	87,637
(v) Others (Including Interest on Loan against Term Deposit Receipt)	2,122,993	25,100
(vi) Bank Charges	458,964	74,099
Total	<b>10,700,050</b>	<b>6,359,263</b>

**Note 2.22 Other Expenses**

Consumption of stores and spare parts	39,543,775	31,229,935
Consumption of packing materials	6,997,476	5,551,814
Corporate Social Responsibility	441,340	—
Power and fuel	14,989,717	13,760,507
Water	120,200	113,470
Rent	4,987,978	4,991,490
Repairs and maintenance - Buildings	181,816	569,131
- Machinery	2,333,672	1,866,081
- Computer	511,848	569,336

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

Particulars	For the year ended 31 March, 2015 ₹	For the year ended 31 March 2014 ₹
- Vehicle (Including Fuel)	1,300,000	1,661,170
- Others	1,083,050	694,514
Insurance - Export	274,004	243,574
- Product Liability	275,550	268,412
- Others	118,492	100,911
Directors sitting fees and Meeting expenses	92,000	73,500
Rates and taxes	809,244	683,240
Watch and Ward expenses	727,840	727,135
Communication	222,177	221,488
Travelling and conveyance	236,637	427,576
Printing and stationery	608,050	558,240
Postage and Telegram	254,922	163,858
Freight and forwarding	11,504,413	9,437,345
Sales commission	208,665	448,996
Sales Discount	14,889	3,620
Legal and professional	1,532,432	1,169,954
Payments to auditors (Refer Note (i) below)	380,341	301,787
Bad trade and other receivables, loans and advances written off	273,692	740,719
Product Development and Tool room expenses written off	178,925	206,809
Loss on fixed assets sold / scrapped / written off	—	1,017,418
Miscellaneous expenses	2,072,712	1,611,749
<b>Total</b>	<b>92,275,857</b>	<b>79,413,779</b>

Notes:

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

As auditors - statutory audit	125,000	75,000
For taxation matters	75,000	65,000
For company law matters	80,000	80,000
For other services	10,000	—
Reimbursement of expenses	90,341	81,787
<b>Total</b>	<b>380,341</b>	<b>301,787</b>

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

Note	Particulars	As at 31 March 2015 ₹	As at 31 March, 2014 ₹
2.23	Contingent liabilities and commitments (to the extent not provided for)		
(i) (a)	Contingent liabilities		
	(1) Claims against the Company not acknowledged as debt (In respect of the appeal filed by the Central Excise department for the Modvat claim of ₹ 3,85,764/- the CECAT has decided in favour of the department, reducing the claim to ₹ 2,83,658/- against which the Company has preferred an appeal with the High Court, Chennai. However the Company has paid the duty amount of ₹ 2,83,658/- under protest).	283,658	283,658
	(2) Other money for which the Company is contingently liable		
	a) Sales Tax refund for exports disallowed for invisible loss from Sept'11 to Feb'13 by the Commercial Tax Department but claimed by the company pending decision before High Court of Chennai.	—	678,333
	b) Letter of Credit established by the Bankers and outstanding as on the date of the Balance Sheet	1,206,374	24,972,748
	c) Export bills discounted with Bankers as on the date of the Balance Sheet	28,294,077	33,808,103
	d) Estimated differential Sales Tax liability on account of non-receipt of C-Forms	374,432	328,354
(b)	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	1,000,000	160,000

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

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



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

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

Note	Particulars		
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		For the year ended 31 March 2015 ₹	For the year ended 31 March, 2014 ₹
(iii)	<b>Value of imports calculated on CIF basis</b>		
	Raw materials	—	7,458,056
	Components and Consumable	11,184,245	6,529,475
	Total Components and Spare Parts	11,184,245	6,529,475
(iv)	<b>Expenditure in foreign currency</b>		
	Professional and consultation fees	559,103	412,640
(v)	<b>Earnings in foreign currency</b>		
	Export of goods calculated on FOB basis	371,324,071	285,558,894

(vi)	<b>Details of consumption of imported and indigenous items</b>		
	<b>Imported</b>	₹	%
	Raw materials	— (7,458,056)	— (51.37)
	Components and Consumable	5,561,838 (7,060,739)	100.00 (48.63)
	Total	5,561,838 (14,518,795)	100 (100)
	<b>Indigenous</b>		
	Raw materials	275,697,467 (209,712,946 )	89.03 (91.08)
	Components and Consumable	33,981,937 (20,516,632)	10.97 (8.92)
	Total	309,679,404 (230,229,578)	100 (100)

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

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

Note	Particulars
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**2.24 Employee benefit plans**
**2.24 a Defined contribution plans**

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 5,53,492 (Year ended 31 March, 2014 ₹ 5,01,436) towards Provident Fund contribution and ₹ 7,30,939 (Year ended 31 March, 2014 ₹ 6,21,684) towards Employees State Insurance contribution in the Statement of Profit and Loss. The contributions payable are at the rates specified in the rules of the schemes.

**2.24 b Defined benefit plans**

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

i. Gratuity

ii. Leave Encashment

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

Particulars	Year ended 31 March, 2015		Year ended 31 March, 2014	
	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
<b>Components of employer expense</b>				
Current service cost	57,720	38,572	47,193	35,505
Interest cost	60,997	6,661	63,843	7,102
Expected return on plan assets	—	—	—	—
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Past service cost	—	—	—	—
Actuarial losses/(gains)	377,639	(7,596)	(25,518)	(32,085)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>496,356</b>	<b>37,637</b>	<b>85,518</b>	<b>10,522</b>

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Particulars	Year ended 31 March, 2015		Year ended 31 March, 2014	
	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
<b>Actual contribution and benefit payments for year</b>				
Actual benefit payments	—	—	—	—
Actual contributions	—	—	—	—
<b>Net asset / (liability) recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	1,234,194	119,008	787,075	10,522
Fair value of plan assets	18,623	—	18,623	—
Funded status [Surplus / (Deficit)]	—	—	—	—
Unrecognised past service costs	—	—	—	—
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>1,215,571</b>	<b>119,008</b>	<b>768,452</b>	<b>10,522</b>
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	787,075	85,158	890,882	102,388
Current service cost	57,720	38,572	47,193	35,505
Interest cost	60,997	6,661	63,843	7,102
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Plan amendments	—	—	—	—
Acquisitions	—	—	—	—
Actuarial (gains) / losses	377,639	(7,596)	(25,518)	(32,085)
Past service cost	—	—	—	—
Benefits paid	49,237	3,787	189,325	27,752
Present value of DBO at the end of the year	1,234,194	119,008	787,075	85,158

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

Note	Particulars			
	Year ended 31 March, 2015		Year ended 31 March, 2014	
Particulars	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
<b>Change in fair value of assets during the year</b>				
Plan assets at beginning of the year	18,623	—	18,623	—
Acquisition adjustment	—	—	—	—
Expected return on plan assets	—	—	—	—
Actual company contributions	—	—	—	—
Actuarial gain / (loss)	—	—	—	—
Benefits paid	—	—	—	—
Plan assets at the end of the year	18,623	—	18,623	—
Actual return on plan assets				
<b>Actuarial assumptions</b>				
Discount rate	8%	8%	8%	8%
Expected return on plan assets	NA		NA	
Salary escalation	8%	8%	5%	5%
Attrition	3%	3%	3%	3%
Medical cost inflation				
Mortality tables	LIC 94-96	LIC 94-96	LIC 94-96	LIC 94-96
Performance percentage considered	31.03.2015	31.03.2015	31.03.2014	31.03.2014

Estimate of amount of contribution in the immediate next year

**Notes forming part of the financial statements**

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

Note	Particulars
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**2.25a. Segment information**

*(Rs. in lakhs)*

Particulars	For the year ended 31 March, 2015		
	Business segments		Total
	A	B	
	Outside India	Within India	₹
Revenue	3,969.61 (3,055.22)	1,076.33 (693.50)	5,045.94 (3,748.72)
Total	3,969.61 (3,055.22)	1,076.33 (693.50)	5,045.94 (3,748.72)
Segment result	1,100.76 (609.21)	258.64 (153.72)	1,359.40 (762.93)
Unallocable expenses (net)			624.88 (263.10)
Other income (net)			95.25 (58.94)
Profit before taxes			829.76 (558.77)
Tax expense			280.04 (222.86)
Net profit for the year			549.72 (335.91)

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

Geographic Segment	Revenues For the year ended 31.03.2015 ₹
Americas	Nil
Europe	Nil
India	984 (617)
Others (Middle East)	3,771 (2,904)

Note : Figures in brackets related to the previous year.

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

Note	Particulars										
2.26	<b>Related party transactions</b>										
	<table border="1"> <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 Ltd</td> </tr> <tr> <td>Enterprises in which Directors have Significant influence</td> <td>Merit Industries Ltd Sema Impex Pvt. Ltd. Haitima India Pvt. Ltd.</td> </tr> <tr> <td>Key Management Personnel</td> <td>A V Palaniswamy (Managing Director) Panath Anitha (Executive Director - w.e.f. 14.02.2015) J Saravanan (Chief Financial Officer - w.e.f. 01.10.2014)</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 Ltd	Enterprises in which Directors have Significant influence	Merit Industries Ltd Sema Impex Pvt. Ltd. Haitima India Pvt. Ltd.	Key Management Personnel	A V Palaniswamy (Managing Director) Panath Anitha (Executive Director - w.e.f. 14.02.2015) J Saravanan (Chief Financial Officer - w.e.f. 01.10.2014)	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 Ltd										
Enterprises in which Directors have Significant influence	Merit Industries Ltd Sema Impex Pvt. Ltd. Haitima India Pvt. Ltd.										
Key Management Personnel	A V Palaniswamy (Managing Director) Panath Anitha (Executive Director - w.e.f. 14.02.2015) J Saravanan (Chief Financial Officer - w.e.f. 01.10.2014)										
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, 2015 and balances outstanding as at 31 March, 2015**

₹ in lakhs

	Holding Company	KMP	Relatives of KMP	Others	Total
Purchase of Goods	1,985.88 (2,100.67)	— (—)	— (—)	447.08 (0.54)	2,432.96 (2,101.21)
Sale of goods	1.76 (7.08)	— (—)	— (—)	9.53 (39.65)	11.29 (46.73)
Purchase of fixed assets	— (4.61)	— (—)	— (—)	1.18 (—)	1.18 (4.61)
<b>Expenses</b>					
Rent and Services	3.12 (5.83)	— (—)	— (—)	— (—)	3.12 (5.83)
Remuneration	— (—)	16.40 (9.75)	1.20 (1.20)	— (—)	17.60 (10.95)
Royalty and Lease Rent	49.20 (49.20)	— (—)	— (—)	— (—)	49.20 (49.20)
Other Expenses	— (—)	1.60 (2.93)	— (1.25)	— (6.21)	1.60 (10.39)
<b>Income</b>					
Rent and Services	— (—)	— (—)	— (—)	8.24 (8.41)	8.24 (8.41)

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Note	Particulars				
	Holding Company	KMP	Relatives of KMP	Others	Total
<b>Outstanding at end of the year</b>					
Payable	— (53.08)	— (—)	— (—)	— (—)	— (53.08)
Receivable	173.12 (—)	— (—)	— (—)	107.74 (13.12)	280.86 (13.12)

Note : Figures in bracket relates to the previous year.

Note	Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
2.27	<b>Earning per share</b>		
	Net profit / (loss) for the year from continuing operations (₹ In lakhs)	549.72	335.90
	Less: Dividend to Preference Shareholders	32.53	52.65
	Net Profit /(Loss) attributable to Equity Shareholders	517.19	283.25
	Weighted average number of equity shares	8,320,000	83,20,000
	Par value per share	10	10
	Basic and diluted earnings per share in Rupees	6.22	3.40

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

Note	Particulars		
<b>2.28</b>	<b>Deferred Taxation :</b>	(₹ in lakhs)	
		Accumulated as at 31.03.2014 ₹	Changes/ (credit) in P&L during the year ₹
			As at 31.03.2015
	Deferred tax Liability on account of		
	Fixed Assets	254.55	15.37
	Total	254.55	15.37
	Deferred Tax Asset on Account of		
	Gratuity	0.69	1.38
	Leave Encashment & Bonus	2.64	1.95
	Unabsorbed Depreciation and business loss	180.70	—
	Total	184.03	3.33
	Net Deferred Tax Asset	(70.52)	(51.82)

In accordance with Accounting Standard 22, the deferred tax Asset of ₹ 18.70 lacs for the year have been recognised in Profit and Loss Statement.

**2.29 Change in Accounting Estimate**

- a) Pursuant to the enactment of the Companies Act, 2013 (the 'Act'), the Company has, effective 1st April'2014, reviewed and revised the estimated useful lives of its Fixed Assets, generally in accordance with the provisions of Schedule II to the Act. The consequential impact (after considering the transition provision specified in Schedule II) on the depreciation charged and on the results for the year ended is higher by Rs. 62.87 lacs
- b) The Input Tax Credit under the sales tax laws which had been accounted on accrual basis till last year is being accounted as cash basis from this year, amounting to Rs.82.86 lacs in view of the uncertainties in its realisation and to this extent the profit declared is lower by this amount.

**2.30 Proposed Dividend:**

The final Dividend proposed for the year as follows:

	As At 31st March 2015	As At 31st March 2014
(i) On Equity Shares of Rs.10 each		
Amount of Proposed Dividend	8320000	8320000
Dividend per Equity Share	1	1
(ii) On Non Convertible Non-Cumulative Redeemable 9% Preference Share of Rs.100 each		
Amount of Proposed Dividend	2700000	4500000
Dividend per Preference Share	9	9