



## **INTERFIT TECHNO PRODUCTS LIMITED**

### **BOARD OF DIRECTORS**

**Mr. A.V. Palaniswamy**, Managing Director  
**Mr. M. Loganathan**, Non-Executive Independent Director  
**Mr. R. Alagar**, Non-Executive Independent Director  
**Mr. K. Arunachalam**, Non-Executive Independent Director  
**Mr. Philip K Baby**, Executive Independent Director  
(Appointed as Director w.e.f. 23.01.2010)

### **BANKERS**

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

### **AUDITORS**

**KRISHAAN & CO.**  
10 'C', Wing, 6th Floor, Parsn Manere,  
602, Anna Salai, Chennai - 600 006

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

SF No.112, Madhapur Road  
Kaniyur, Sular 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  
Ph : 0422-6549995, 2539835

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

Notice is hereby given that the 17th 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 Saturday the 7th day of August 2010 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 2010 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr A V Palaniswamy, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr M Loganathan, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the current financial year and fix their remuneration. M/s. Krishnaan & Co., Chartered Accountants, Chennai, retires and is eligible for re-appointment.

**SPECIAL BUSINESS:**

5. To consider and if thought fit to pass with or without modification, the following resolution as Ordinary Resolution.

"Resolved that Mr Philip K Baby be and is hereby appointed as Director of the Company whose office shall be liable for retirement by rotation"

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

"Resolved that the approval of the company in General Meeting be and is hereby accorded by special resolution to the appointment of Mr Philip K Baby, Director to as Director - Marketing, pursuant to Section 314 (1) (a), for a period of two years with effect from 23.01.2010 on the following remuneration, subject to approvals, if any, as may be required.

a) Salary : Rs. 1,00,000/- per month  
(w.e.f. 23.01.2010)

b) Perquisites : Perquisites as detailed below are allowed in addition to Salary. However, Perquisites shall be restricted to 25% of salary per annum.

i) Housing:

The Company shall provide Housing rent of Rs. 10,000/- per month. The expenditure incurred for providing accommodation will be valued as per Income-tax Rules 1962.

ii) Car:

Provision of Car for use on Company's business will not be considered as perquisites. Use of Car for private purpose shall be billed by the Company.

**12. SEGMENT REPORT :**

Rs. in lacs

REGION	Year ended 31.03.10	Year Ended 31.03.09
<b>1. Segment Revenue</b>		
(a) Outside India	2869.69	284.46
(b) Within India	508.08	586.28
<b>Total</b>	<b>3377.77</b>	<b>870.75</b>
<b>2. Segment Results Profit/(Loss) before tax and interest from each segment.</b>		
(a) Outside India	423.17	45.68
(b) Within India	82.20	1.58
<b>Total</b>	<b>505.37</b>	<b>47.25</b>
<b>Less:</b>		
(i) Interest	59.45	41.92
(ii) Other Un-allocable Expenditure net	169.16	32.17
(iii) Un-allocable income	(2.21)	(28.61)
<b>TOTAL PROFIT BEFORE TAX</b>	<b>278.97</b>	<b>1.78</b>

Note : Segmental Capital Employed : Not identifiable with the reported segments.

13. The company has been granted Eligibility Certificate whereby the company is entitled to the benefit of IFST deferral scheme for manufacturing SS Fittings for nine years ending 30.11.03 for deferral of sales tax not exceeding Rs. 390.45 lakhs against which the company had availed Rs. 25.89 lakhs. Such sales tax deferred has to be repaid before November 2012 in stipulated installments commencing from December 2003 and the Company so far has paid Rs 9, 34,863/- (Previous Year Rs.6,96,206/-)

14. The Company is a subsidiary of Interfit India Ltd under the provisions of section 4(1)(b)(ii) of the Companies Act 1956. The total no of equity shares held by the holding company M/s Interfit India Ltd as on 31.03.2010 is 46,97,810. (Previous Year 46,97,810)

15. 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 as required under the Act can not be compiled and therefore not disclosed for the year.

16. Confirmations of Balances have been sought from parties and the necessary adjustments have been made wherever applicable from those received. In respect of others, the balances as appearing in the books have been adopted.

17. Previous year's figures have been regrouped and reclassified wherever necessary and practicable.



11. Related party information:

**1. RELATIONSHIP:**

**A. Where Control Exits:**

- a) INTERFIT INDIA LIMITED
- b) MERIT INDUSTRIES LIMITED

**B. Key Management Personnel:**

- A.V. Palaniswamy (Managing Director)
- R. Alagar (Director)
- M. Loganathan (Director)
- K. Arunachalam (Director)
- Philip K Baby (Director)

**C. Relatives of Key Management Personnel and their Enterprises**

Mrs. Kumudha Palaniswamy

Notes : 1. Related party relationship on the basis of the requirements of AS18 as in 1(A) to (C) is pointed and relied upon by the auditors.

TRANSACTIONS WITH RELATED PARTIES	Rs in lakhs		
	Referred 1(A) above	Referred in 1 (B) above	Referred in 1(C) above
<b>Purchases</b>			
Goods & Materials	1548.23	—	—
Machineries	—	—	—
<b>Sales</b>			
Goods & Materials	813.33	—	—
Machineries	—	—	—
<b>Expenses</b>			
Rent & Services	—	—	—
Remuneration	—	7.28	1.40
Director Setting Fees	—	0.09	—
Royalty & Lease Rent	74.03	—	—
Other Expenses	7.73	4.20	0.09
<b>Income</b>			
Rent & Services	0.09	—	—
<b>Outstandings</b>			
Payable	—	—	—
—	—	—	—
Receivable	34.65	—	—

The auditors have relied on the information furnished by the management with regard to Related Party Disclosures.



## iii) Telephone:

Provision of telephone at residence will not be considered as perquisites but personal long distance calls shall be billed by the Company.

/ By order of the Board /

Place : Coimbatore  
Date : 29.05.2010

For INTERFIT TECHNO PRODUCTS LTD.  
Sd/- **A.V. Palaniswamy**  
Managing Director

**NOTES :**

- 1) **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and such a Proxy need not be a member. The Proxy form duly stamped and executed should be deposited at the Registered Office of the Company at least forty-eight hours before the time fixed for the commencement of the meeting.**
- 2) Members/Proxies should bring the Attendance slip duly filled in, to the meeting.
- 3) Pursuant to Clause 16 of the listing agreement with the Stock Exchanges, the Register of Members and Share Transfer Register will remain closed from 31st July 2010 to 7th August 2010 (both days inclusive) in connection with the 17th Annual General Meeting of the Company.
- 4) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.
- 5) All communications should be addressed to:

The Secretarial Department,  
**INTERFIT TECHNO PRODUCTS LIMITED,**  
Registered Office :  
SF No 112, Madhapur Road,  
Kaniyur, Suler Taluk,  
Karumathampatti (Via) - 641 659,  
**Coimbatore District.**



18. ADDITIONAL INFORMATION AS REQUIRED BY PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**

**I. Registration Details**

Registration No.	181-008034	State Code	18
Balance Sheet Date	31-03-2010		

**II. Capital raised during the year (Amount Rs. in Thousands)**

Public Issue	Nil	Rights Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

**III. Position of Mobilisation and deployment of funds: (Amount Rs. in Thousands)**

Total Liabilities	168,697	Total Assets	168,697
<b>Sources of Funds:</b>		<b>Application of Funds:</b>	
Paid up Capital	133,200	Net Fixed Assets	31,687
Reserves & Surplus	16,980	Investments	10
Secured Loans	16,598	Net Current Assets	55,399
Unsecured Loans	1,919	Misc. Expenditure	356
		Deferred Tax Assets	14,754
		Accumulated Losses	66,491

**IV. Performance of the Company: (Amount Rs. in Thousands)**

Turnover	3,28,908	Total Expenditure	3,01,011
Profit before Tax	27,897	Profit after Tax	28,327
Earning per share	3.40	Dividend Rate	N.A.

**V. Generic Names of principal products, services of the Company:**

Item Code No.	73071900
Product Description	Stainless Steel Pipe Fittings
Item Code No.	84818003
Product Description	Stainless Steel Ball Valves
Item Code No.	73071101
Product Description	SG Cast Fittings

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

Sd/- **M. LOGANATHAN**  
Director

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

Place : Coimbatore  
Date : 29.05.2010

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

**EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT 1956:****Agenda 5:**

The Board of Directors of the Company had appointed Mr Philip K Baby as additional director with effect from 23.01.2010. He holds office only up to the date of the forthcoming Annual General Meeting. The Company has received notices in writing from members signing their intention to propose the appointment of Mr Philip K Baby as Director of the Company.

Your Directors recommend that the resolution proposing the appointment of Mr Philip K Baby be passed.

Except Mr Philip K Baby none of the other Directors is concerned or interested in this resolution.

**Agenda 6:**

The Board of Directors had appointed Mr Philip K Baby as Director - Marketing for a period of two years with effect from 23.01.2010 subject to compliance of applicable provisions of the Companies Act, 1956 and subject to the approval of the members of the Company on the terms and conditions detailed in the resolution.

Mr Philip K Baby is highly qualified engineer with more than 20 years of experience in marketing management and his appointment will strengthen the company in achieving best marketing levels. Your Board recommends that his appointment be confirmed by the members of the Company.

Except Mr Philip K Baby none of the other Directors is concerned or interested in this resolution.





	Gratuity (partly funded) Rs.	Leave Encashment (Unfunded) Rs.
<b>6 Actuarial Assumptions</b>		
(a) Discount Rate (per annum)	8%	8%
(b) Expected Rate of Return on Assets (per annum)	8.5%	
(c) Salary Escalation Rate per unit per annum	0.05	0.05
(d) Mortality Rate	LIC 94-96	LIC 94-96
(e) Valuation as on	31.03.2010	31.03.2010

7. Disclosure as required by Accounting Standard 19 "Leases" issued by the Institute of Chartered Accountants of India are given below:

The Company has taken premises on lease which is generally non cancellable and the lease payments are recognised in the statement of Profit and Loss account under "Rent".

8. In the opinion of Directors, current assets, loans and advances have the values at which they are stated in the Balance Sheet, if realised in the ordinary course of business.

**9. TAXATION**

- a. No provision for income tax has been made considering the carried forward losses of earlier years
- b. **Deferred Taxation** : (Rs. in lakhs)

Accumulated	Charge / Credit as at 31.3.2009	As at in P&L during the year	31.3.2010
<b>Deferred Tax Liability</b> on account of :			
Depreciation	266.37	(2.99)	263.38
<b>Total</b>	<b>266.37</b>	<b>(2.99)</b>	<b>263.38</b>
<b>Deferred Tax Asset</b> on Account of			
Gratuity	0.03	(0.52)	0.55
Leave encashment	2.22	(0.79)	3.01
Unabsorbed Depreciation and business loss	407.35	—	407.35
<b>Total</b>	<b>409.60</b>	<b>(4.30)</b>	<b>410.91</b>
<b>Net Deferred Tax Asset</b>	<b>143.23</b>	<b>(4.30)</b>	<b>147.53</b>

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

In accordance with Accounting Standard 22, the deferred tax Asset of Rs 4.30 lacs for the year have been recognised in Profit and Loss account.

<b>10. EARNING PER SHARE</b>	<b>2009-2010</b>	<b>2008-2009</b>
Profit /Loss after taxation as per Profit and Loss a/c (Rs. in lacs)	** 283.13	8.80
Weighted average number of Equity Shares outstanding	83,20,000	83,20,000
Nominal / Face value per share Rs	10	10
Basic and diluted earnings per share in rupees	3.40	0.11

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



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

1. **Coimbatore Stock Exchange Limited**  
CSX Towers,  
683-686 Trichy Road,  
Coimbatore - 641 005
  
2. **The Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001
  
3. **Madras Stock Exchange Limited**  
Exchange Bldg., Post Box No. 183,  
No. 11, Second Line Beach,  
Chennai - 600 001.

**B) Share Transfer Services :**

Share Transfer Agents / Registrars for Physical and Demat Segments :

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

Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road  
Ganapathy  
Coimbatore - 641 006



	Gratuity (partly funded)	Leave Encashment (Unfunded)
	Rs.	Rs.
<b>1 Components of Employer Expense</b>		
(a) Current Service Cost	44,877	30,492
(b) Interest Cost	12,481	2,894
(c) Expected Return on Plan Assets	Nil	Nil
(d) Curtailment Cost (Credit)	Nil	Nil
(e) Settlement Cost / (Credit)	Nil	Nil
(f) Past Service Cost	Nil	Nil
(g) Actuarial (Gain) / Loss	4,18,529	30,091
(h) Total expense / (gain) recognized in the Profit & Loss Account	4,75,887	63,477
<b>2 Net Asset / (Liability) recognized in the Balance Sheet as at 31st March 2010</b>		
(a) Present Value of obligation as at 31st March 2010	6,00,845	97,913
(b) Fair Value of Plan Assets as at 31st March, 2010	18,623	Nil
(c) (Asset) / Liability recognized in the Balance Sheet	5,82,222	97,913
<b>3 Change in Defined Benefit Obligation (DBO)</b>		
(a) Present Value of Obligation as at 1st April, 2009	1,85,891	37,858
(b) Current Service Cost	44,877	30,492
(c) Interest Cost	12,481	2,894
(d) Curtailment Cost / (Credit)	Nil	Nil
(e) Settlement Cost / (Credit)	Nil	Nil
(f) Plan Amendments	Nil	Nil
(g) Acquisitions	Nil	Nil
(h) Actuarial (Gain) / Loss	4,18,529	30,091
(i) Benefits Paid	60,933	2,424
(j) Present Value of Obligation as at 31st March, 2010	6,00,845	97,913
<b>4 Change in the Fair Value of Plan Assets</b>		
(a) Present Value of Plan Asset as at 1st April, 2009	18,623	Nil
(b) Acquisition Adjustment	Nil	Nil
(c) Return on Plan Assets	Nil	Nil
(d) Actuarial Gain / Loss	Nil	Nil
(e) Actual Company Contribution	Nil	Nil
(f) Benefits Paid	Nil	Nil
(g) Fair Value of Plan Assets as at 31st March, 2010	18,623	Nil
<b>5. Plan Assets are managed by Life Insurance Corporation of India in terms of the Group Gratuity Scheme.</b>		

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

1. **Coimbatore Stock Exchange Limited**  
CSX Towers,  
683-686 Trichy Road,  
Coimbatore - 641 005
  
2. **The Bombay Stock Exchange Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001
  
3. **Madras Stock Exchange Limited**  
Exchange Bldg., Post Box No. 183,  
No. 11, Second Line Beach,  
Chennai - 600 001.

**B) Share Transfer Services :**

Share Transfer Agents / Registrars for Physical and Demat Segments :

**M/s. SKDC Consultants Ltd.**  
Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road  
Ganapathy  
Coimbatore - 641 006



**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2010.

**FINANCIAL RESULTS :**

The operating results for the year 2009-2010 are given below :

	(Rs. in Lakhs)	
Profit before Interest and Depreciation & Other adjustments		<b>364.06</b>
Less : Interest	<b>59.45</b>	
Depreciation	<b>20.34</b>	
Preliminary & Product Development Expenses written off & Other Adjustments	<b>5.30</b>	
		<b>85.09</b>
Net Profit before Tax		<b>278.97</b>
Provision for Tax		
Current Tax	<b>Nil</b>	
Deferred Tax (Assets) / Liability	<b>(4.30)</b>	
		<b>(4.30)</b>
Net Profit		<b>283.27</b>

**PERFORMANCE:**

Steps taken to manufacture and market new product lines complimentary to existing product has improved the sales and margins substantially, Manufacturing capacity was better utilised for newer product lines with Diesel generated power.

Power cut of nearly 70% of the normal requirement still exists in Tamil Nadu. Cost addition due to Diesel Generator power has been minimal in new product lines and the increased production and sale has reduced the overhead costs.

During the year, the company made a net profit of Rs.278 lacs and by virtue of this, the net worth of the company has become positive this year. With the business of the company continuing to improve, the company hopes to generate adequate surplus and wipe out the accumulated losses, in the next two years.

**DIRECTORS:**

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

Mr M. Loganathan, Director, who retires by rotation, and being eligible, offers himself for reappointment.

Mr. Philip K Baby was appointed as Director - Marketing. Mr Philip K Baby is highly qualified engineer with more than 20 years of experience in marketing.

**COMPANY SECRETARY:**

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

	AS AT 31.03.2010	AS AT 31.03.2009
j) EARNINGS IN FOREIGN EXCHANGE		
F.O.B. VALUE OF EXPORTS Rs.	18,94,78,923	2,77,69,042
(Excludes sales to Nepal Rs. 174,205)		
k) AUDITORS' REMUNERATION		
(Including Service Tax)		
Audit fees	75,000	82,725
Certification fees	50,000	55,150
Tax Audit	50,000	55,150
Other services	Nil	Nil
Reimbursement of Expenses	57,128	10,277
Total	<u>2,32,128</u>	<u>2,03,302</u>
l) Expenditure in Foreign Currency	1,72,899	Nil
m) Interest on Loan includes		
Interest on Fixed Loans	Nil	2,11,366
Interest - Others (Including Bank Charges)	59,45,007	39,80,966
Total	<u>59,45,007</u>	<u>41,92,332</u>
n) Whole Time Director's Remuneration		
Salary	7,28,000	90,000
Perquisites	1,54,000	Nil
Reimbursement of Medical Expenses	Nil	Nil
Total	<u>8,82,000</u>	<u>90,000</u>

4. Net Loss on account of Exchange fluctuation included in Profit & Loss Account Rs 86,207 (Previous Year Net Loss Rs 10,01,251/-)

5. Investments in National Savings Certificates, have been pledged with Sales Tax Authorities.

7. Disclosure Pursuant to Accounting Standard - 15 "Employee Benefits "

**Defined Contribution Plans**

Contributions to Defined Contribution Plan, recognized as expense for the year are as under:

	2009-10	2008-09
Employer's Contribution to Provident fund	Rs. 2,59,661	Rs. 1,13,403
Employer's Contribution to Employee State Insurance	Rs. 4,66,073	Rs. 1,60,888

**Defined Benefit Plan**

The present Value of obligation is determined based on actuarial valuation using Projected Unit Credit method. Under this method the present value of the accrued service benefits is calculated after taking into account the usual decrements such as death, withdrawal etc before normal retirement date and projecting the qualifying salary up to the expected date of cessation of service as assumed in the probability distribution of decrements stated above using actuarial techniques based on multiple decrement table and related commutation function.



		AS AT 31.03.2010	AS AT 31.03.2009
<b>f) CLOSING STOCK OF GOODS PRODUCED</b>			
Stainless Steel Pipe Fittings	KGS	41,974	Nil
Stainless Steel Ball Valves	NOS.	Nil	Nil
S G Irong Pipe Fitting	KGS	1,70,886	Nil

<b>g) DETAILS OF RAW MATERIALS CONSUMED (QUANTITY IN KGS)</b>			
Stainless Steel Scrap		87,783	2,00,560
Ferro Chrome		809	1,122
Ferro Moly		85	75
Nickel		35	113
Other Alloys		1,520	4,437
S G Iron Castings		31,45,043	—
<b>Total</b>		<b>90,232</b>	<b>2,06,307</b>
Value of Raw Materials consumed	Rs.	18,86,83,569	2,03,26,019

<b>h) VALUE OF IMPORTS ON CIF BASIS</b>			
Raw Materials	Rs.	Nil	Nil
Consumables & Spares & Trading items	Rs.	22,78,561	23,81,837

<b>i) VALUE OF IMPORTED &amp; INDIGENOUS RAW MATERIALS &amp; STORES CONSUMED</b>				
	Value Rs.	%	Value Rs.	%
<b>1. RAW MATERIALS</b>				
Imported	54,74,474	2.90	Nil	
Indigenous	18,32,09,095	97.10	2,03,26,019	100.00
<b>Total</b>	<b>18,86,83,569</b>	<b>100.00</b>	<b>2,03,26,019</b>	<b>100.00</b>
<b>2. STORES, TOOLS &amp; SPARES</b>				
Imported	22,16,611	14.82	23,81,837	25.33
Indigenous	1,27,41,396	85.18	70,19,209	74.67
<b>Total</b>	<b>1,49,58,007</b>	<b>100.00</b>	<b>94,01,046</b>	<b>100.00</b>
<b>3. COMPONENTS</b>				
Imported	1,19,15,675	43.10	Nil	Nil
Indigenous	1,57,28,996	56.90	6,47,916	100.00
<b>Total</b>	<b>2,76,44,671</b>	<b>100.00</b>	<b>6,47,916</b>	<b>100.00</b>

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Your Directors further report that

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures;
- (ii) the accounting policies selected by them have been applied consistently, Prudent Judgments and estimates have been made to give a true and fair view of the state of affairs of the company as at 31st March 2010 and of the Profit of the company and the cash flow statement for the year ended 31.03.2010.
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis.

**DELISTING :**

The shares are listed in Bombay Stock Exchange and will be continued to be listed in Bombay Stock Exchange which has extensive networking and the investors have access to on-line dealings with the company's securities across the country. The company's shares have not been traded in Coimbatore and Madras Stock Exchange for the past few years.

Members' approval has already been obtained for De-listing the Company's equity shares from Coimbatore and Madras stock Exchanges. Company will continue to meet the Listing norms in these Exchanges till such time the delisting approval is obtained.

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

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

In order to attain the above, your Company constantly endeavors for a system, to develop, manufacture and supply most efficiently products that meet the customer requirements; to comply with the requirements of quality management systems and to strive for its continuous improvement in total quality, keeping abreast of the latest technologies; to train and develop employees to foster growth and to recognize responsibilities to the environment and community.

Some of the Measures included:

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

**Board of Directors:**

Composition of Board of Directors:

Executive Promoter Director	1
Executive Independent Director	1
Non-Executive Independent Directors	3

There are no pecuniary relationships or transaction with the Non-Executive Directors vis-à-vis the Company.





**BOARD MEETINGS :**

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

**Attendance at Board Meetings & Last AGM & details of Membership of Directors in Board committees**

Five meetings of the Board of Directors were held during the financial year on 29.04.09, 29.06.09, 30.07.09, 24.10.09, 23.01.10 and AGM was held on 30.07.09.

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

Sl. No.	Name of the Directors	No. of Board Meetings Attended	Last AGM Present/ absent
01.	Mr. A.V. Palaniswamy	5	Present
02.	Mr. M Loganathan	5	Present
03.	Mr. R. Alagar	5	Present
04.	Mr. K. Arunachalam	5	Present
05.	Mr. Philip K Baby	N/A	N/A

**COMMITTEES OF THE BOARD**

**(I) AUDIT COMMITTEE :**

Composition :

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

The terms of reference Include:

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

**Attendance:**

The committee met 4 times during the period on the following dates: 29.06.2009, 30.07.2009, 24.10.2009, 23.01.2010.

Sl. No.	Name of the Members	No of meetings held During the period 2009-2010	No. of meeting attended
01.	Mr. R. Alagar (Chairman)	4	4
02.	Mr. M. Loganathan	4	4
03.	Mr. A.V. Palaniswamy	4	4

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



**3. ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH 3, 4-C AND 4-D OF PART II OF THE SCHEDULE VI OF THE COMPANIES ACT, 1956.**

		AS AT 31.03.2010	AS AT 31.03.2009
<b>a) LICENSED CAPACITY</b>			
Stainless steel pipe fittings	MTS	1,200	1,200
Stainless steel ball valves	NOS.	240,000	240,000
S G Irong Pipe Fitting	MTS	10,000	—
<b>b) INSTALLED CAPACITY</b>			
Stainless Steel Pipe Fittings	MTS	1,200	1,200
Stainless Steel Ball Valves	NOS.	240,000	240,000
S G Irong Pipe Fitting	MTS	10,000	—
<b>c) OPENING STOCK OF GOODS PRODUCED</b>			
Stainless Steel Pipe Fittings	KGS	Nil	Nil
Stainless Steel Ball Valves	NOS.	Nil	Nil
S G Irong Pipe Fitting	KGS	Nil	Nil
<b>d) PRODUCTION</b>			
Stainless Steel Pipe Fittings	KGS	1,23,119	1,59,755
Stainless Steel Ball Valves	NOS.	—	6,911
S G Irong Pipe Fitting	KGS	33,15,929	—
<b>PURCHASE - TRADING</b>			
SG Ductile Iron Machined Castings / Pipe Fittings	KGS.	Nil	293,229
Pig Iron	MTS.	Nil	Nil
Bolts & Nuts	Nos.	Nil	Nil
<b>e) SALES - MANUFACTURING</b>			
Stainless Steel Pipe Fittings	KGS	81,145	1,59,755
Stainless Steel Ball Valves	NOS.	—	6,911
S G Irong Pipe Fitting	KGS	29,58,983	—
<b>SALES - TRADING</b>			
SG Ductile Iron Machined Castings / Pipe Fittings	KGS	Nil	293,229
Pig Iron	MTS	Nil	Nil
Bolts & Nuts	Nos.	Nil	Nil
VALUE (Exclusive of Excise Duty and Export incentives)	Rs.	31,98,07,231	8,08,15,211

**SHARE TRANSFER COMMITTEE:**

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

The Company has appointed M/s. SKDC Consultants Limited, Coimbatore as Share Transfer Agent. Transfer/transmissions, issue of duplicate certificates etc as well as requests for de-materialization are approved/ confirmed, as the case may be, within the prescribed period through the above Share Transfer Agent. No valid transfer request remained pending for transfer to the transferees as on 31.03.2010.

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

Mr. S Aravinthan was the compliance officer of the Company.

The Share Transfer Committee met 10 times during the financial year 2009-10 for the above purpose.

**REMUNERATION COMMITTEE:**

The Company has a Remuneration Committee. The remuneration policy as outlined by the Committee aims at:

- Recognizing and rewarding performance and achievements
- Motivating and inducing the concerned executives to put in their best

The Remuneration Committee met on 29.04.2009

During the year 2009-2010 the company paid remuneration of Rs.5,28,000/- to Mr A.V.Palaniswamy, Managing Director and Rs.2,00,000/- to Mr Philip K Baby - Director - Marketing

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

**GENERAL BODY MEETING :**

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

<i>Financial Year</i>	<i>Venue</i>	<i>Date</i>	<i>Time</i>
2006-2007	Registered Office of the Company SF No.112, Mathapur Road Kaniyur Village, Karumathampatti Via Coimbatore - 641 659	07.08.2007	9.30 AM
2007-2008		20.08.2008	9.30 AM
2008-2009		30.07.2009	9.30 AM

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

**DISCLOSURES :**

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

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



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

#### **Termination Benefits**

Termination Benefits are recognized as and when incurred.

#### **l. Taxation**

Income-tax expense comprises Current tax and deferred tax charge or credit. Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year.

The Deferred tax resulting from "timing difference" between book and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The Deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets will be realised in future.

#### **m. Leases**

##### **Premises and Equipments:**

For Premises and equipments taken on lease, lease rentals payable are charged to revenue.

For equipments given on lease, lease rentals receivable are credited to revenue.

#### **n. Subsidy**

- i. Backward Area Subsidy received is in the nature of promoters' contribution and hence the same has been credited to capital reserve and treated as part of shareholders' funds.
- ii. Genset Subsidy received has been deducted from the gross value of the Genset.

#### **o. Borrowing Cost**

The borrowing cost represents interest payable on loans taken for carrying out business operations and the same is charged to revenue.

## **2. CONTINGENT LIABILITIES NOT PROVIDED FOR:**

Letter of Credit established by the Bankers and outstanding as on the date of the Balance sheet Rs. 17,56,845/- (Previous year Rs. 17,91,216/-)

Export bills discounted with Bankers as on 31.03.2010 Rs. 85,04,380/- (Previous year Rs. 1,31,07,399/-)

In respect of the appeal filed by the Central Excise department for the Modvat Claim of Rs 3,85,764/- the CEGAT has decided in favour of the department, though reducing the claim to Rs.2,83,658/- against which the Company has preferred an appeal with the High Court, Chennai. However the Company has paid the duty amount of Rs.2,83,658/- under protest.

The Appeal preferred for 1999-2000 for levy of sales tax and penalty of Rs 2,57,100/- has been decided in favour of the Company and relief given to the extent of Rs 2,40,270/-. The Company has preferred further appeals seeking relief for the balance amount, which however has been paid.



**MEANS OF COMMUNICATION**

- (a) The Company regularly intimates unaudited, as well as audited, financial results to the Stock Exchanges immediately after these are taken on record by the Board. These financial results are normally published in English and Vernacular newspapers.
- (b) The company from time to time presents all the relevant information as required by the legislation within stipulated time.
- (c) The Management Discussion and Analysis Report forms part of the Report of the Directors.

**GENERAL SHAREHOLDER INFORMATION**

- a) The 17th Annual General Meeting of the Members of the Company will be held on Saturday, the 07th day of August 2010 at 9.30 AM at the Registered Office of the Company, SF No.112, Mathapur Road, Kaniyur, Karumathampatti, Coimbatore 641 659.
- b) Normal Financial year : 1st April to 31st March
- c) Dates of Book Closure: 31st July 2010 to 7th August 2010.
- d) The Company's shares are listed in (i) Coimbatore Stock Exchange Ltd (ii) Madras Stock Exchange (iii) Mumbai Stock Exchange.
- e) Market Price Data

Market Price data and Number of shares traded for the year 2009-09 in Mumbai Stock Exchange are as below.

Year	Month	No. of Shares Traded	Highest Rate (Rs)	Lowest Rate (Rs.)
2009	April	191	1.57	1.43
	May	156	1.80	1.64
	June	3,901	2.74	1.89
	July	13,693	3.12	2.36
	August	5,725	4.18	2.99
	September	43,891	7.25	3.71
	October	1,33,173	10.50	6.14
	November	4,49,167	16.05	11.02
	December	1,52,642	16.59	13.50
2010	January	2,14,175	20.05	15.20
	February	98,298	18.50	12.85
	March	1,21,790	17.52	11.21

- f) Share Transfer Agents : M/s. SKDC Consultants Limited, Coimbatore.  
Share Transfer System : All shares have been transferred and returned within 30 days from the date of lodgement, provided the necessary documents were in order.
- g) Dematerialisation of Shares: Trading in the Company's shares in dematerialised form has been made compulsory. The Company entered into an agreement with the Depositories NSDL and CDSL for dematerialised form of shares and the Company provides option to members for dematerialisation. All requests for dematerialisation of shares are processed and confirmed through the Electronic Agent and the concerned depository.





- ii. In case of forward contracts, if any, the difference between the forward rate and the exchange rate at the date of transaction is recognized in the Profit & Loss account 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 account.

**g. Investments**

Investments are stated at cost.

**h. Depreciation**

- i. Depreciation on fixed assets is provided under straight line method.
- ii. Depreciation has been charged for the assets used during the year at the rates prescribed in Schedule XIV of the Companies Act, 1956 read with relevant circulars issued by the Department of Company Affairs from time to time.
- iii. Assets costing upto Rs. 5000 are depreciated fully in the year of purchase.

**i. Deferred Revenue Expenditure**

The stocks of Tools including those developed in-house are being written off over a period of 10 years. Expenses incurred on New Product Development are written off over a period of 5 years.

**j. Inventories**

- i. Inventories of Raw materials, Stores and spare parts, work in process and Finished Goods are stated "at cost or Net Realizable Value, whichever is lower".
- ii. In determining the cost of Raw Materials and Components, Jigs and Dies, stores and Machinery Spares "Average Cost" method is used.
- iii. Stocks of tools are valued at cost and are written off over a period of five years.

**k. Retirement Benefits*****Short Term Employee Benefits***

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

***Post Employment / Retirement Benefits***

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

Defined Obligation Plans- The Present Value of the obligation under such plans, is determined based on an actuary valuation, using the Projected Unit Credit Method. Actuarial gains and Losses arising on such valuation are recognized immediately in the Profit and Loss account. In the case of Gratuity, which is partly funded with the Life Insurance Corporation of India under its 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.

**DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2010**

	No of Shares	%
<b>A. PROMOTERS HOLDINGS</b>		
<b>1. Promoters</b>		
Indian Promoters	46,97,810	56.46
Foreign Promoters	8,81,472	10.59
<b>2. Person acting in Concert</b>	NIL	NIL
<b>Sub Total</b>	<b>55,79,282</b>	<b>67.05</b>
<b>B NON-PROMOTERS</b>		
<b>3. Institutional Investors</b>		
a) Mutual Funds & UTI	500	0.01
b) Bank, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	1,800	0.02
c) FIs	NIL	NIL
<b>Sub Total</b>	<b>2,300</b>	<b>0.03</b>
<b>4. Others</b>		
a) Directors & Relatives	3,000	0.037
b) Private Corporate Bodies	4,79,205	5.76
c) Indian Public	20,86,264	25.07
d) NRI-NRE/NRI-NRO/OCBs	1,29,287	1.56
e) Any other (HUF)	40,662	0.49
<b>Sub Total</b>	<b>27,38,418</b>	<b>32.92</b>
<b>Grand Total</b>	<b>83,20,000</b>	<b>100.00</b>
<b>Note</b>		
Total Foreign Holding	10,10,759	12.15
GDR & ADR Holdings	Nil	Nil

**Dematerialization of shares and liquidity**

Total No of shares — 8320000 equity shares of Rs 10/- each

**Dematerialized**

Central Depository Securities Limited — 291409 (3.503%)

National Securities Depository Limited — 3073991 (73.005%)

**INVESTORS HELP DESK**

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



**SCHEDULE : I NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010****1. SIGNIFICANT ACCOUNTING POLICIES:****a. Basis of Accounting**

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles ('GAAP') in India and comply with the accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006, to the extent applicable and in accordance with the provisions of the Companies Act, 1956, as adopted consistently by Company.

**b. Use of Estimates**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, future obligations under employee retirement benefit plans, provision for income taxes, the useful lives of fixed assets and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred and the amount can be reasonably estimated. Actual results could differ from such estimates.

**c. Recognition of Income & Expenditure**

- i. Revenue / Income and cost / expenditure are generally accounted on accrual basis as they are earned (or) incurred except in case of significant uncertainties.
- ii. Export sales are accounted on the basis of the dates of dispatch.
- iii. Benefit on account of entitlement under the DEPB scheme accounted on estimated basis and recognized in the year of export.
- iv. Interest income is recognized on time proportion basis.

**d. Sales**

Export Sales are exclusive of Excise Duty and Sales Tax since exempt.

Domestic Sales are inclusive of excise duty but exclusive of sales tax.

**e. Fixed Assets**

Fixed assets including Capital Work in Progress are stated at historical cost less accumulated depreciation.

Impairment in fixed assets, if any, is recognized in books of accounts in the financial year concerned as per Accounting standard 28-'Impairment of Assets' issued by Institute of Chartered accountants of India.

**f. Foreign Currency Transactions**

- i. The transactions involving Foreign Currencies are accounted for at the rates prevailing on the date of transactions. Gains/ Losses arising out of fluctuation in exchange rates are recognized in the Profit & Loss account.



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

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

**INVESTOR EDUCATION AND PROTECTION FUND**

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

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

The economic slow down of Middle East where most of the products are sold has not reduced the demand for the products. Improvement in the building sector in areas other than Dubai in Middle East and the appreciation of dollar will continue to improve sales and margins during the year 2010-11. Company has started active domestic marketing arrangements and has started supplies to Delhi Airport expansion, Delhi Metro Rail system, Essar Steel pellatisation plant and other important projects.

**AUDITORS:**

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

**DEPOSITS :**

The Company has not accepted any deposits from the public.

**CONSERVATION OF ENERGY :**

- a) No effective step was taken to reduce power consumption per ton due to 30% power cut, non-availability of power for 3 hours per day and limitation of power during 18 hours to 22 hours every day. Frequent stopping and restarting of melting equipments and other continuous process operations like wax preparation, shell coating under controlled air conditioned temperature resulted in higher usage of power than normal. Power situation may continue for next 12-18 months.
- b) Power and fuel consumption :
- i) The Company has consumed 12,68,306 Units of power during the year 31.03.2010.
  - ii) Consumption per Unit of Production :  
  
6817 Units consumed per MT of Rough Castings as against 7059 units in the last year required for Stainless Steel Pipe Fittings & Ball Valves.  
  
164 Units consumed per MT of Finished Goods for Stainless Steel Pipe Fittings & SC Iron Pipe Fittings.

**TECHNOLOGY ABSORPTION :**

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

**SCHEDULES TO PROFIT AND LOSS ACCOUNT (Contd.)**

PARTICULARS	Year ended 31-3-2010 Rs.	Year ended 31-3-2009 Rs.
<b>SCHEDULE - 6 ADMINISTRATIVE EXPENSES</b>		
Water charges	157,300	56,100
Testing charges	—	3,625
Advertisement	153,036	57,521
Rent	187,000	108,000
Rates & Taxes	386,945	461,179
Printing & Stationery	334,284	140,835
Postage & Telephones	493,474	62,860
Travelling & Conveyance	648,775	90,097
Vehicle maintenance	652,158	1,157
Auditors remuneration	232,128	185,277
Professional & Consultancy charges	701,544	323,930
Directors sitting fees	9,000	10,500
Miscellaneous Expenses	232,110	47,816
Exchange Fluctuation- (Net)	86,207	1,001,251
Sundry Balance Written off	606,423	—
Donation	64,500	—
Security charges	456,959	—
Other Expense	205,259	—
	<b>5,607,103</b>	<b>2,550,148</b>
<b>SCHEDULE - 7 SELLING EXPENSES</b>		
Ocean & Air Freight	2,893,021	545,970
Marine Insurance	69,585	11,690
Clearing & Forwarding Charges	3,015,572	453,186
ECGC premium	—	126,038
Packing materials consumed	4,602,334	34,262
Carriage Outwards	347,970	5,724
Discounts & Rebates on sales	7,375,812	4,865,701
Product Liability Insurance	230,366	—
Sales Commission	748,327	—
Royalty	380,321	—
	<b>23,086,202</b>	<b>6,042,571</b>
<b>SCHEDULE - 8 INTEREST</b>		
Interest on Term Loan	—	211,366
Interest on Working Capital	3,373,476	3,331,990
Bank Charges	2,571,531	648,976
	<b>5,945,007</b>	<b>4,192,332</b>

**FOREIGN EXCHANGE INFLOW AND OUTGO:**

Foreign exchange inflow : Rs.19,45,46,684/-  
Foreign exchange used : Rs.1,18,56,014/-

**PARTICULARS OF EMPLOYEES :**

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

**INDUSTRIAL RELATIONS :**

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

**ACKNOWLEDGEMENT :**

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

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore  
Date : 29.05.2010

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



**SCHEDULES TO PROFIT AND LOSS ACCOUNT (Contd.)**

PARTICULARS	Year ended 31-3-2010 Rs.	Year ended 31-3-2009 Rs.
<b>CONSUMPTION OF STORES &amp; SPARES</b>		
Opening Stock of Stores & spares	3,558,824	4,133,897
Add: Purchase of Stores & spares	20,129,437	10,664,119
	<u>23,688,261</u>	<u>14,798,016</u>
Less : Closing Stock of Stores & spares	4,395,373	3,558,824
Consumption of Stores & Spares	<u>19,292,888</u>	<u>11,239,192</u>
<b>CONSUMPTION OF COMPONENTS</b>		
Opening Stock of Components	382,550	289,563
Add: Purchase of Components	31,971,464	740,903
	<u>32,354,014</u>	<u>1,030,466</u>
Less : Closing Stock of Components	4,709,343	382,550
Consumption of Components	<u>27,644,671</u>	<u>647,916</u>
<b>LEASE RENT</b>		
Lease Rent	3,600,000	—
<b>REPAIRS &amp; MAINTENANCE</b>		
Plant & Machinery	299,210	129,729
Building	53,016	107,838
Others	171,919	54,789
	<u>524,145</u>	<u>292,356</u>
Insurance	66,781	70,268
<b>SCHEDULE - 5 EMPLOYEES COST</b>		
Salaries, Wages & Bonus	11,274,751	4,027,602
Staff Welfare	104,561	29,336
Contribution to ESI, PF & Gratuity	2,070,227	531,737
Director's Remuneration	728,000	90,000
	<u>14,177,539</u>	<u>4,678,675</u>

**REPORT OF THE AUDITORS TO THE MEMBERS**

We have audited the attached Balance Sheet of M/s. INTERFIT TECHNO PRODUCTS LIMITED as at 31st March 2010 and the Profit & Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (CARO 2003), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 of the said order.
3. Further to our comments in Annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the 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 the books of the company.
  - c) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.
  - d) In our opinion, the Balance Sheet the Profit & Loss Account and the Cash Flow dealt with by this report comply with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.
  - e) On the basis of the written representations received from the Directors as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2010 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the STATE OF AFFAIRS of the Company as at 31st March 2010.
    - ii) In the case of the Profit & Loss Account, of the PROFIT for the year ended on that date.
    - iii) In so far as it relates to the Cash Flow Statement, of the CASH FLOWS of the company for the year ended on that date.

Place : COIMBATORE  
Date : 29.05.2010

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



**SCHEDULES TO PROFIT AND LOSS ACCOUNT**

PARTICULARS	Year ended 31-3-2010 Rs.	Year ended 31-3-2009 Rs.
<b>SCHEDULE - 1 SALES</b>		
Export Sales - Manufactured	272,699,483	965,171
- Traded	—	27,470,666
Export Incentives - DEPB (Net)	14,269,584	10,536
Domestic Sales	50,808,091	58,628,140
	<u>337,777,158</u>	<u>87,074,513</u>
<b>SCHEDULE - 2 OTHER INCOME</b>		
Labour Charges received	—	28,358
Interest Received	144,652	62,942
Miscellaneous Income	—	39,125
Sundry Balance Written back	—	1,074,000
Lease Rent Received	76,125	—
	<u>220,777</u>	<u>1,204,425</u>
<b>SCHEDULE - 3 VARIATION IN OPENING &amp; CLOSING STOCKS</b>		
Closing Stock		
- Finished Goods	—	—
- Work in Process	26,481,014	31,871,102
	<u>26,481,014</u>	<u>31,871,102</u>
Less :		
Opening Stock		
- Finished Goods	—	—
- Work in Process	31,871,102	30,214,117
	<u>31,871,102</u>	<u>30,214,117</u>
Net Increase / (Decrease) in Stocks	<u>(5,390,088)</u>	<u>1,656,985</u>
<b>SCHEDULE - 4 MANUFACTURING EXPENSES</b>		
<b>CONSUMPTION OF RAW MATERIALS</b>		
Opening Stock of Raw Materials	1,636,579	4,163,083
Add: Purchase of Raw Materials	190,146,804	17,799,515
	<u>191,783,383</u>	<u>21,962,598</u>
Less : Closing Stock of Raw Materials	3,099,814	1,636,579
Consumption of Raw materials	<u>188,683,569</u>	<u>20,326,019</u>



**ANNEXURE TO THE AUDITORS' REPORT**

STATEMENT REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS REPORT OF EVEN DATE TO THE MEMBER OF M/S. INTERFIT TECHNO PRODUCTS LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2010.

On the basis of the records produced to us for our verification / perusal, such checks as we considered appropriate, and in terms of information and explanations given to us on our enquiries, we state that:

1. In respect of Fixed Assets:
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the fixed assets have been physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories:
  - a) As explained to us, the management at regular intervals during the year has physically verified inventories.
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification as compared to the book records.
3. a) The company has not granted (or) taken any loans secured or unsecured to / from Companies / Firms or other parties listed in the Register maintained u/s 301 of the Companies Act, 1956.  
In view of the above 3 (b)(c) and (d) are not applicable to the company for the year.
  - e) The company had taken loan from parties covered in the Register maintained u/s 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 2.64 lakhs and the year-end balance of loans taken from such parties was Rs. 2.64 lakhs.
  - f) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties listed in the Register maintained u/s. 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
  - g) The company is regular in repaying the principal amounts as stipulated and has been regular in the payment of interest wherever applicable during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purposes of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.



**SCHEDULES TO BALANCE SHEET (Contd...)**

PARTICULARS	AS AT 31.3.2010 Rs.	AS AT 31.3.2009 Rs.
<b>SCHEDULE G - CURRENT LIABILITIES AND PROVISIONS</b>		
<b>A. CURRENT LIABILITIES</b>		
Sundry Creditors - SSI Units	421,912	154,469
- Others	11,842,051	16,424,622
Advance against Supplies	1,215,164	5,344,489
Sundry Creditors for Expenses	2,255,517	1,291,653
Other Liabilities	556,246	195,074
	<b>16,290,891</b>	<b>23,410,307</b>
<b>B. PROVISIONS</b>		
Provision for Gratuity	582,223	167,268
Provision for Taxation	15,610	15,610
Provision for Fringe Benefit Tax	3,780	3,780
	<b>601,613</b>	<b>186,658</b>
<b>SCHEDULE H - MISCELLANEOUS EXPENDITURE</b>		
Product Development Expenditure		
Opening Balance	710,648	1,232,444
Add : Additions during the year	—	—
	<b>710,648</b>	<b>1,232,444</b>
Less : Written Off	354,915	521,796
	<b>355,733</b>	<b>710,648</b>
<b>SCHEDULE I - DEFERRED TAX ASSETS</b>		
Deferred Tax Asset (Net) (Refer No. 9(b) of Notes to Accounts)	14,753,878	14,323,477
	<b>14,753,878</b>	<b>14,323,477</b>



- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public.
  7. In our opinion, the Internal Audit system of the Company is commensurate with its size and nature of its business.
  8. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the manufacturing activities of the Company.
  9. In respect of statutory dues:  
The Company is regular in depositing the undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. No undisputed amounts payable in respect of income-tax, wealth-tax, service-tax, sales-tax, customs duty and excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.
  10. The Company has accumulated losses, which do not exceeds 50% of the Net Worth of the Company and has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
  11. The Company has not defaulted in repayment of dues to the banks during the year.
  12. In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the question of maintenance of records reporting on deficiencies does not arise.
  13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit /society. Therefore, clause 4(xiii) of the Companies (Auditor's Report) order 2003 is not applicable to the Company.
  14. In our opinion during the period under audit, the company did not engage in trading in shares / securities and debentures.
  15. The Company has not given any guarantees for loans taken by others from Banks or financial institutions.
  16. The Company has not taken any new term loans during the year.
  17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for Long term investments and vice versa.
  18. According to the information and explanations given to us, during the period under audit, the company has not made any preferential allotment of Preference shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
  19. According to the information and explanations given to us, the Company has not issued any Debentures.

**SCHEDULES TO BALANCE SHEET (Contd.)**

PARTICULARS	AS AT 31.3.2010 Rs.	AS AT 31.3.2009 Rs.
<b>SCHEDULE F - CURRENT ASSETS, LOANS AND ADVANCES</b>		
a. STOCK AT CLOSE - As taken and Certified by the Management		
1. Raw Materials	3,099,814	1,636,579
2. Consumable Stores, Tools, Spares & Components	9,104,716	3,941,374
3. Work in Process	26,481,014	31,871,102
4. Packing Materials	201,266	36,628
5. Stock of Tools	1,031,921	932,115
	<b>39,918,730</b>	<b>38,417,798</b>
b. SUNDRY DEBTORS		
(Unsecured / Considered good)		
Debts outstanding for a period exceeding six months	2,963,784	3,903,711
Other Debts	11,354,825	8,359,388
	<b>14,318,609</b>	<b>12,263,099</b>
c. CASH AND BANK BALANCES		
i) Cash on Hand	82,814	102,138
ii) Balance with Scheduled Banks		
In Current Account	1,252	18,962
In Margin Money Account	471,161	425,985
	<b>555,228</b>	<b>547,085</b>
d. LOANS AND ADVANCES		
(Unsecured/ Considered Good)		
Advance recoverable in cash or in kind or for the value to be received	16,182,842	1,431,707
Deposits	1,312,828	1,264,571
	<b>17,495,670</b>	<b>2,696,278</b>
e. OTHER CURRENT ASSETS		
Export Incentives receivables	—	10,536
Interest Receivable	2,849	1,500
	<b>2,849</b>	<b>12,036</b>



20. The company has not raised any money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year that causes the financial statements to be materially misstated.

Place : COIMBATORE  
Date : 29.05.2010

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

**CERTIFICATE OF COMPLIANCE OF CORPORATE GOVERNANCE AS PER CLAUSE 49  
OF THE LISTING AGREEMENT BY THE AUDITORS OF THE COMPANY**

**C E R T I F I C A T E**

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

We have examined the compliance of conditions of Corporate Governance by M/s Interfit Techno Products Ltd for the year ended 31st March 2010, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of the procedures and implementations thereof adopted by the company for ensuring the compliance of the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

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

Place : COIMBATORE  
Date : 29.05.2010

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



SCHEDULES TO BALANCE SHEET (Contd...)

SCHEDULE E - FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	Cost Original	Additions Deletions	Deletion	Total	Upto Last year	Current Year	Withdrawn Year	Total	As on 31-3-2010	As on 31-3-2009
Land	1,218,334	—	—	1,218,334	—	—	—	—	1,218,334	1,218,334
Building	15,474,208	—	—	15,474,208	7,183,240	523,666	—	7,706,906	7,767,302	8,290,968
Plant & Machinery	78,066,696	3,166,616	—	81,233,312	61,761,873	1,012,873	—	62,774,746	18,458,567	16,304,824
Office Equipments	2,300,735	47,936	—	2,348,671	336,746	107,488	—	444,234	1,904,436	1,963,988
Furniture & fittings	428,356	39,356	—	467,712	384,251	10,545	—	394,796	72,916	44,105
Electrical installation	6,774,946	—	—	6,774,946	5,296,342	320,236	—	5,616,578	1,158,369	1,478,605
Vehicles	401,071	819,353	—	1,220,424	263,236	44,935	—	308,171	912,253	137,835
Computers	694,263	198,500	—	892,763	683,468	14,678	—	698,146	194,617	10,795
TOTAL	105,358,610	4,271,761	—	109,630,371	75,909,156	2,034,421	—	77,943,577	31,686,794	29,449,454
PREVIOUS YEAR	105,240,285	118,925	—	105,358,610	73,362,367	2,546,789	—	75,909,156		





**BALANCE SHEET AS AT 31ST MARCH 2010**

PARTICULARS	SCHEDULE	31.3.2010		31.3.2009	
		Rs.	Rs.	Rs.	Rs.
<b>I. SOURCE OF FUNDS</b>					
1. SHARE HOLDERS FUNDS					
a. Share Capital	A	133,200,000		133,200,000	
b. Reserves & Surplus	B	16,980,000		16,980,000	
		<u>150,180,000</u>		<u>150,180,000</u>	
2. LOAN FUNDS					
Secured Loans	C	16,597,645		17,578,734	
Unsecured Loans	D	1,919,116		1,893,069	
		<u>18,516,761</u>		<u>19,471,802</u>	
<b>TOTAL</b>		<u><b>168,696,761</b></u>		<u><b>169,651,802</b></u>	
<b>II. APPLICATION OF FUNDS</b>					
1. FIXED ASSETS					
a. Gross Block	E	109,630,371		105,358,610	
b. Less: Depreciation		<u>77,943,577</u>		<u>75,909,156</u>	
		<u>31,686,794</u>		<u>29,449,454</u>	
2. INVESTMENTS - LONG TERM (UNQUOTED) (Including interest accrued on NSC)			10,075		10,075
3. CURRENT ASSETS, LOANS & ADVANCES					
a. Stock in Trade	F	39,918,730		38,417,798	
b. Sundry Debtors		14,318,609		12,263,099	
c. Cash & Bank Balances		555,228		547,085	
d. Loans & Advances		17,495,670		2,696,278	
e. Other Current Assets		2,849		12,036	
		<u>72,291,086</u>		<u>53,936,296</u>	
4. LESS: CURRENT LIABILITIES & PROVISIONS	G		16,892,503		23,596,965
<b>NET CURRENT ASSETS</b>		<u><b>55,398,582</b></u>		<u><b>30,339,331</b></u>	
5. MISCELLANEOUS EXPENDITURE	H		355,733		710,648
6. PROFIT & LOSS ACCOUNT			66,491,698		94,818,817
7. DEFERRED TAX ASSET	I		14,753,878		14,323,477
<b>TOTAL</b>		<u><b>168,696,761</b></u>		<u><b>169,651,802</b></u>	

Schedule A to I and the Notes on the Accounts form part of this Balance Sheet.

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

Sd/- **M. LOGANATHAN**  
Director

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

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

Place : Coimbatore  
Date : 29.05.2010



**SCHEDULES TO BALANCE SHEET**

PARTICULARS	AS AT 31.3.2010 Rs.	AS AT 31.3.2009 Rs.
<b>SCHEDULE A - SHARE CAPITAL</b>		
<b>Authorised:</b>		
87,50,000 Equity Shares of Rs.10/- each (Previous year 87,50,000 Equity Shares of Rs. 10/- each)	87,500,000	87,500,000
5,00,000 9% Non-Convertible Non Cumulative Redeemable Preference Shares of Rs. 100/- each	50,000,000	50,000,000
	<u>137,500,000</u>	<u>137,500,000</u>
<b>Issued, Subscribed and Paid up:</b>		
83,20,000 Equity Shares of Rs.10/- each fully paid up (Previous year 83,20,000 Equity Shares of Rs. 10/- each)	83,200,000	83,200,000
5,00,000 9% Non-Convertible Non Cumulative Redeemable Preference Shares of Rs. 100/- each (All the 5,00,000 Redeemable preference shares have been allotted to the Holding Company M/s. Interfit India Ltd at par)	50,000,000	50,000,000
	<u>133,200,000</u>	<u>133,200,000</u>
<b>SCHEDULE B - RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
As per Last Balance Sheet	14,480,000	14,480,000
Share Premium - as per last Balance Sheet	1,000,000	1,000,000
Capital Reserve - Backward Area Subsidy - as per last Balance Sheet	1,500,000	1,500,000
	<u>16,980,000</u>	<u>16,980,000</u>
<b>SCHEDULE C - SECURED LOANS</b>		
<b>From a Bank</b>		
Working Capital Loans — As Cash Credit	16,597,645	17,578,734
	<u>16,597,645</u>	<u>17,578,734</u>
Working Capital loans comprising of cash credit EPC and other non fund based limits are secured by hypothecation of Stock and Book Debts and collaterally secured by the Equitable Mortgage of Block Assets and Hypothecation of machinery.		
Further the above are guaranteed personally by the Managing Director and a relative of the Managing Director and also by corporate guarantee of M/s Interfit India Ltd		
<b>SCHEDULE D - UNSECURED LOANS</b>		
Interest Free Sales Tax Loan (Refer Note 14 to the notes to accounts)	1,654,412	1,893,069
Unsecured Loan from Managing Director	264,704	—
	<u>1,919,116</u>	<u>1,893,069</u>

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010**

PARTICULARS	SCHEDULE	YEAR ENDED 31.3.2010 Rs.	YEAR ENDED 31.3.2009 Rs.
<b>INCOME</b>			
Direct	1	337,777,158	59,603,847
Sales - Traded		—	27,470,666
Less : Excise Duty		3,700,343	6,248,766
Sales - Net		334,076,815	80,825,747
Other Income	2	220,777	1,204,425
Variation in opening and closing stocks	3	(5,390,088)	1,656,985
<b>TOTAL INCOME</b>		<b>328,907,505</b>	<b>83,687,157</b>
<b>EXPENDITURE</b>			
Purchase of Finished Goods		151,844	20,637,254
Manufacturing Expenses	4	239,812,054	32,575,751
Cost of Tools Developed		—	1,761,490
Employees Cost	5	14,177,539	4,678,675
Power & Fuel		9,665,842	7,854,453
Administrative Expenses	6	5,607,103	2,550,148
Selling Expenses	7	23,086,202	6,042,571
<b>Sub Total</b>		<b>292,500,584</b>	<b>76,100,339</b>
Profit before Interest, Depreciation & Other Adjustments		36,406,921	7,586,818
Less : Interest and bank charges	8	5,945,007	4,192,332
Depreciation		2,034,421	2,546,789
Product Development & Tool Room Exp. written off		530,775	670,089
<b>Sub Total</b>		<b>8,510,203</b>	<b>7,409,210</b>
<b>Profit before Tax</b>		<b>27,896,718</b>	<b>177,608</b>
Provision for Taxation		—	—
Current Tax		—	537
Deferred Tax (Assets) / Liabilities		(430,401)	(706,017)
Fringe Benefit Tax – Earlier Years		—	3,780
– Current Year		—	—
<b>Net Profit for the year</b>		<b>28,327,119</b>	<b>879,308</b>
<b>LOSS BROUGHT FORWARD FROM PREVIOUS YEAR</b>		<b>(94,818,817)</b>	<b>(95,698,125)</b>
Adjustment for Decrease in Opening Provision for retirement benefits		—	—
<b>BALANCE CARRIED OVER TO BALANCE SHEET</b>		<b>(66,491,698)</b>	<b>(94,818,817)</b>

Schedule 1 to 8 and the Notes on the Accounts form part of this Profit & Loss Account.

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

Sd/- **M. LOGANATHAN**  
Director

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

Place : Coimbatore  
Date : 29.05.2010

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



**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2010**

<b>A) Cash flows from operating activities</b>	<b>31.3.2010</b>	<b>31.3.2009</b>
Net profit before taxation, and extraordinary item	27,896,718	177,608
Adjustments for:		
Depreciation & Amortization of Expenses-net	2,389,336	3,068,585
Foreign Exchange (gain) / loss	86,207	1,001,251
Profit on Sale of Fixed Assets	—	—
Interest Expenses	5,945,007	4,192,332
	<u>36,317,268</u>	<u>8,439,776</u>
Change in trade payables & Provisions	(2,575,137)	(44,750,100)
Change in Short Term Borrowings	(4,931,916)	(901,122)
Change in trade other receivables	(16,828,782)	(863,437)
Change in Inventories	(1,500,932)	3,066,098
	<u>10,480,501</u>	<u>(35,008,785)</u>
Less : Fringe Benefit Tax Paid	(16,933)	(7,093)
Net cash from operating activities (A)	<u>10,463,568</u>	<u>(35,015,878)</u>
<b>B) Cash flows from investing activities</b>		
Purchase / Sale of Fixed Assets (incl. exchange fluctns.)	(4,271,761)	(118,325)
Sale of Fixed Assets	—	—
Net cash from investing activities (B)	<u>(4,271,761)</u>	<u>(118,325)</u>
<b>C) Cash flows from financing activities</b>		
Preference Share Capital Issued	—	50,000,000
Payment of long-term borrowing & Other Borrowings	(238,657)	(10,642,642)
Interest Expenses	(5,945,007)	(4,192,332)
Net cash from financing activities (C)	<u>(6,183,664)</u>	<u>35,165,026</u>
Net change in cash and cash equivalents (A+B+C)	8,143	30,823
Cash and cash equivalents at beginning of period	547,085	516,262
Cash and cash equivalents at end of period	555,228	547,085

Place : Coimbatore  
Date : 29.05.2010

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

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

Sd/- **M. LOGANATHAN**  
Director