





NATIONAL FITTINGS LIMITED

CIN : L29199TZ1993PLC008034 • GSTIN : 33AAACI4737M1ZG

FORM A

(For Audit Report with unmodified opinion)
as per Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

1	Name of the Company	NATIONAL FITTINGS LIMITED
2	Annual Financial Statement for the year ended	31.03.2019
3	Type of Audit observation	Un-modified
4	Frequency of observation	The observation is quarterly since 01.04.2018
5	To be signed by – Managing Director (A V Palaniswamy) CFO (J Saravanan) Auditor of the Company (B Satish Kumar, Partner V Krish & Associates) Audit Committee Chairman (R Alagar)	  B. &  



NATIONAL FITTINGS LIMITED

BOARD OF DIRECTORS

Mr. A.V. Palaniswamy, Managing Director

Mr. R. Alagar, Non-Executive Independent Director

Mrs. A. Panath Anitha, Executive Woman Director

Mr. Jayaram Govindarajan, Executive Director

Mr. Arjunaraj Dhananjayan, Non-Executive Independent Director

Mr. Chenniappan Selvakumar, Non-Executive Independent Director

BANKERS

BANK OF INDIA

Main Branch
324, Oppanakara Street
Coimbatore - 641 001

AUDITORS

V KRISH & ASSOCIATES

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

REGD. OFFICE

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

SHARE TRANSFER AGENTS SKDC CONSULTANTS LTD.,

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



NATIONAL FITTINGS LIMITED

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 26th ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at SF No.112, Madhapur Road, Kaniyur Village, Suler Taluk, Karumathampatti (via), Coimbatore - 641 659 on Monday the 23rd day of September 2019 at 10.30 AM to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31st March 2019 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr A V Palaniswamy (DIN: 01817391), who retires by rotation and being eligible offers himself for re-appointment.
3. To declare a dividend on Preference Shares for the financial year 2018-19
4. To declare a dividend on Equity Shares for the financial year 2018-19

SPECIAL BUSINESS

5. Appointment of Mr Jayaram Govindarajan as Whole Time Director

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

“RESOLVED that pursuant to the provisions of Section 196, 197, 203 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under read with Schedule V to the said Act and the Articles of Association of the Company, the consent of the members of the Company be and is hereby accorded for the appointment of Mr Jayaram Govindarajan (DIN 02178416) as Whole Time Director of the Company with effect from 14th December, 2018 with the following terms of re-appointment.

Term : Three years with effect from 14th December, 2018

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

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

/ By order of the Board /

Place : Coimbatore
Date : 30.05.2019

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

NOTES :

- 1) **A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and such a Proxy need not be a member. The Proxy form duly stamped and executed should be deposited at the Registered Office of the Company at least forty-eight hours before the time fixed for the commencement of the meeting.**
- 2) Members/Proxies should bring the Attendance slip, duly filled in, to the meeting.
- 3) Pursuant to Clause 16 of the listing agreement with the Stock Exchanges, the Register of Members and Share Transfer Register will remain closed from 17th September, 2019 to 23rd September, 2019 (both days inclusive) in connection with the 26th Annual General Meeting of the Company.
- 4) Members wishing to claim unclaimed dividends are requested to correspond with the Company Secretary. The Dividend which are not claimed within seven years from the date of transfer to the Unpaid Dividend Account will as per Section 124 of the Companies Act, 2013, be transferred to Investor Education and Protection Fund. The Company has uploaded the details of the unpaid and unclaimed dividend amounts on the website of the Company as also on the website of the Ministry of the Corporate Affairs.
- 5) This notice and Annual Report will be available on the website of the Company.
- 6) The route map of the venue of the meeting is given in the Notice
- 7) Members holding shares in electronic form are hereby informed that Bank Account details registered against their depository accounts will be used by the Company for payment of dividend. Any changes of Bank particulars are to be advised to their Depository Participants
- 8) In case of joint holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
- 9) Voting through electronic means:
 - i) In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide to the members the facility to exercise their right to vote on resolutions proposed to be considered at the 26th 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 20th September, 2019 (9:00 am) and ends on 22nd September, 2019 (5:00 pm). During this period members' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 16th September, 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.

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

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

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

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

Details on Step 1 is mentioned below:

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

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

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

4. Your User ID details are given bellow:

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

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a.pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:**How to cast your vote electronically on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
3. Select "EVEN" of company for which you wish to cast your vote.



4. Now you are ready for e-Voting as the Voting page opens.
5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
6. Upon confirmation, the message “Vote cast successfully” will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.
 - I. Please follow all steps above, to cast vote.
 - i) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available in the downloads section of www.evoting.nsdl.com or call on toll free No.: 1800-222-990.
 - ii) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
 - iii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - iv) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 16th September, 2019
 - v) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 16th September, 2019 may obtain the login ID and password by sending a request at evoting@nsdl.co.in or info@skdc-consultants.com

However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using “Forgot User Details/Password” option available on www.evoting.nsdl.com or contact NSDL at the following toll free no.: 1800-222-990.
 - vi) A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
 - vii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper.
 - viii) Mr. B Krishnamoorthy, Chartered Accountant (Membership No. 20439) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 - ix) The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by



use of “remote e-voting” or “Ballot Paper” or “Polling Paper” for all those members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.

- x) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting a consolidated scrutinizer’s report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
 - xi) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.nationalfitting.com and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.
- 10) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.
- 11) All communications should be addressed to:

The Secretarial Department
NATIONAL FITTINGS LIMITED
(CIN No. : L29199TZ1993PLC008034)
Registered Office
SF No 112, Madhapur Road
Kaniyur, Sulur Taluk
Karumathampatti - Via Coimbatore - 641 659
Ph: 99432 93000 / 99439 93001
Email id: accounts@nationalfitting.com, nationalfittingsltd@gmail.com

SHAREHOLDER INFORMATION

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

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

B) Share Transfer Services :

Share Transfer Agents/Registrars for Physical and Demat Segments :

M/s. SKDC Consultants Ltd.
Kanapathy Towers, 3rd Floor
1391/A-1, Sathy Road
Ganapathy
Coimbatore - 641 006
Ph : 0422 - 4958995, 2539835
email : info@skdc-consultants.com



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

As required by Section 102 of the Companies Act, 2013 (“Act”), the following explanatory statement sets out all material facts relating to the business mentioned under Item No. 3 of the accompanying Notice:

Agenda 5: Appointment of Whole Time Director, Mr Jayaram Govindarajan

The Board of Directors had re-appointed Mr Jayaram Govindarajan as Whole Time Director for a period of three years with effect from 14.12.2018 to 13.12.2021 subject to compliance of applicable provisions of the Companies Act, 2013 and subject to the approval of the members of the Company on the terms and conditions detailed in the resolution.

Mr Jayaram Govindarajan is not related to any other Director of the Company.

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

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

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

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



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

Name of the Director	Jayaram Govindarajan	Mr A V Palaniswamy
Date of Birth	06.09.1979	02.03.1942
Date of Appointment	14.12.2018	01.01.2019
Qualification	Degrees in Industrial Relations and Computer Application Information Systems ; MBA	B E (Electrical)
Expertise in specific functional areas	Degrees in industrial relations and in Computer Application Information Systems from the University of Bridgeport in CT, USA and a MBA in entrepreneurship from Babson College, MA, USA	A qualified engineer with more than 40 years of experience in manufacturing technologies, expertise in achieving best production and marketing levels
Directorship held in other companies (excluding foreign companies and section 8 companies)	Women Center and Hospitals Private Ltd Center for Perinatal Care Private Ltd Dark System India Private Ltd	Haitima India Private Limited
Memberships / Chairmanships of committees in the company (includes only Audit Committee and Stakeholders' Relationship Committee)	NIL	(i) Audit Committee (ii) Shareholder Relationship Committee
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	Nil	30,92,093 Equity Shares

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Twenty Sixth Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2019.

FINANCIAL RESULTS

The operating results for the year 2018-2019 are given below :

	(₹ in Lakhs)	
Profit before Interest and Depreciation and Other adjustments		882.52
Less: Interest	171.01	
Depreciation	264.68	435.69
Net Profit before Tax		446.83
Provision for Tax :		
Current Tax	93.03	
Deferred Tax (income) / expenses	43.57	
IT for earlier year	11.16	
		147.76
Net Profit after Tax		299.07
Amount brought forward from previous year		2531.43
Amount available for appropriation		2830.50
Appropriations		
Add : Transfer from Revaluation Reserve		1.31
MAT credit adjustment		16.37
Surplus carried over to Balance Sheet		2848.18

FINANCIAL PERFORMANCE:

The Company's gross income for the financial year ended 31st March, 2019 was Rs. 5,990.78 lacs compared to Rs.6,467.03 lacs in the previous year. The profit before tax for the Company is Rs. 446.83 lacs as against Rs. 1,221.99 lacs in the previous year. The depreciation for the year is Rs.264.68 lacs compared to Rs.268.54 lacs in the previous year. After providing Taxation, the Company's net profit stands at Rs.299.07 lacs against Rs.775.04 lacs in the previous year.

An amount of Rs 2,848.18 lacs is to be carried over to Balance Sheet.

The Net worth of the company is at Rs.5,031.50 lacs as on 31.03.2019 as against Rs.4,716.06 lacs in the previous year.

DIVIDEND

The Company has not declared any interim dividend during the year under review.

The Board of Directors has recommended a dividend of Rs 9.00 per preference shares on 4,00,000 9% Redeemable Non-Convertible Non-Cumulative Preference shares of Rs 100/- each aggregating to Rs 36.00 lacs on 30.05.2019 for the financial year 31st March, 2019, which if approved in the ensuing Annual General Meeting will be paid to all the preference shareholders, whose name appear in the Registrar of Members as on 16th September, 2019

The Board of Directors has recommended a final dividend of Rs 1.50 per Equity shares on 90,83,182 Equity shares of Rs 10/- each aggregating to Rs 136.24 lacs on 30.05.2019 for the financial year 31st March, 2019, which if approved in the ensuing Annual General Meeting will be paid to all the equity shareholders, whose name appear in the Registrar of Members as on 16th September, 2019

PERFORMANCE:

Company lost market share in certain items due to very low prices offered by Chinese companies during the first six months of the year. After the price reduction offered by the Company, sales have increased on those items and expect to regain the share of the market during the near financial year both in export and domestic market.

Company has completed the merger and amalgamation of the associated supply companies which will reduce the operating costs during the financial year.

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

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

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

DIRECTORS

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

KEY MANAGEMENT PERSONNEL

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

Mr Jayaram Govindarajan, was re-appointed as the Whole Time Director with effect from 14.12.2018

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

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



Pursuant to the provisions of Section 136 of the Act, the Financial Statements of your Company, Financial Statements along with relevant documents are available on the website of your Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors further report that

- (i) in the preparation of annual accounts the applicable accounting standards have been followed and there were no material departures;
- (ii) the accounting policies selected have been applied consistently, prudent judgments and estimates have been made to give a true and fair view of the state of affairs of the company as at 31st March 2019 and of the Profit of the company and the cash flow statement for the year ended 31.03.2019.
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.
- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODE OF CONDUCT

All Directors and senior management of the Company have affirmed Compliance with the Code of Conduct of National Fittings Limited for the financial Year ended 31st March 2019.

DECLARATION OF INDEPENDENT DIRECTORS

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

NUMBER OF BOARD MEETINGS

During the year, 5 (Five) Board Meetings were convened and held, the details of which are given in Corporate Governance Report.

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

The company shall have such person on the Board who complies with the requirements of the Companies Act, 2013.

Directors/KMPs shall be persons of sound integrity and honesty, apart from knowledge, experience etc in the respective fields.

Composition of the Board shall be in compliance with the requirements of the Companies Act, 2013. No person less than the age of 21 years shall be appointed as the director of the Board.

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

Independent directors are not entitled for ESOPs

Managing Director, Whole Time Director, Company Secretary and Chief Financial Officer shall be the Key Management Personnel (KMPs) of the Company.

All persons who are Directors, KMPs, members of Senior Management and all the employees shall abide by the code of conduct.

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

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

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

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

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



The particulars of Contracts or Arrangements with the related parties made under Section 188 of the Companies Act, 2013 are furnished in Annexure – 2 and are attached to this report.

SHARES

The company issued 4,00,000 9% Redemable Non-convertible Non-Cumulative Preference Shares of Rs 100/- each and 54,60,192 Equity Shares of Rs 10/- each allotted in pursuance to the Scheme of Amalgamation. No Bonus Shares were issued. The Company has not issued any Sweat Equity Shares and not provided any Employee Stock Option Scheme. The Company has not bought back any of its securities during the year under review.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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

The Company also assures that internal controls are operating effectively.

MATERIAL CHANGES AND COMMITMENTS

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

RISK MANAGEMENT POLICY

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

1) Market Risk

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

Company has increased domestic market share after the price reduction and is being approved by major contractors for projects as against Chinese product supplies.

2) Exchange Risk

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

3) Power

Power cost has increased marginally due to less availability of wind power.

4) Manpower Requirement

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

Company has taken steps to diversify the product base into pumps for domestic and international market requirements. Design will be attractive enough to get an acceptable share of the domestic

and export market. Developed models are under testing and will be into production line during the current year. Company will provide the major components like casting in Iron and Stainless Steel. Machining and assembly will be done by outside sources and will be entered into the production line during the year.

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.

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

The Annual Report on the Company's CSR activities is furnished in Annexure 3 and attached to this report.

EXTRACTS OF ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92 (3) of the Companies Act, 2013 read with the corresponding rules the extract of the Annual Return as at March 31, 2019 in Form MGT 9 is hosted on the website www.nationalfitting.com

LEGAL COMPLIANCE

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

CORPORATE GOVERNANCE

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

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

The Statutory Auditors of the Company have examined the requirements of Corporate Governance with reference to SEBI Listing Regulations and have certified the compliance, as required under SEBI Listing Regulations. The Certificate in this regard is attached as Annexure 4 to this Report.

The Chief Executive Officer / Chief Financial Officer (CEO/CFO) certification as required under SEBI Listing Regulations is attached as Annexure 5 to this Report. Related Party disclosures/transactions are detailed in Note 2.29 of the Notes to the financial statement.

SEXUAL HARASSMENT

Company has a policy on prohibition, prevention and redressal of Sexual Harassment of women at work place and matters connected therewith. During the year ended 31st March, 2019

The Company has constituted an Internal Control Committee for prevention of sexual harassment of women at work place.

No complaint was received under the policy.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has unclaimed dividend amounting to Rs. 79,91,960/-

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

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

Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013, 78780 equity shares accompanying dividend which remained unpaid or unclaimed for a period of 7 years have been transferred by the Company to the Investor Education and Protection Fund in this financial year.

DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

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

Name of Directors/Key Management Personnel	Ratio to Median Remuneration (times)	% Increase / Decrease in Remuneration
Mr A V Palaniswamy, Managing Director	12.16	3.92
Mr Jayaram Govindarajan	6.19	3.85
Mr. Dhananjayan	0.09	33.33
Mr. Selvakumar	0.38	175
Mr R Alagar	0.81	- 21.11
Mrs A PanathAnitha	1.88	11.41
Mr J Saravanan (Chief Financial Officer)	3.55	6.84
Mr S Aravinthan (Company Secretary)	2.90	6.86

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: 81

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

On an average, employees received an increase of 20% during the financial year 2018-19. 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:

(In Lacs)

Aggregate remuneration of key managerial personnel (KMP) in FY 2018-19	62,17,300
Revenue	58,03,50,534
Remuneration of KMPs (as % of revenue)	1.07
Profit before Tax (PBT)	4,46,82,696
Remuneration of KMP (as % of PBT)	13.91

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

(In Lacs)

Particulars	As at 31.03.2019	As at 31.03.2018	% decrease
Closing price of share at BSE (Rs.)	113.05	201.8	-43.98
Market Capitalisation (Rs.)	10268.53	18329.86	-43.98
Price Earnings ratio	34.34	23.45	45.20
Net worth	5031.50	4716.06	6.69

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

	Mr. A V Palaniswamy Managing Director	Mr. Jayram Govindarajan Whole Time Director	Mrs. A Panath Anitha, Woman Director	Mr. J Saravanan Chief Financial Officer	Mr. S Aravinthan Company Secretary
Remuneration in FY2018-19	26,50,000	13,50,000	4,10,100	7,74,600	6,32,600
Revenue	58,03,50,534	58,03,50,534	58,03,50,534	58,03,50,534	58,03,50,534
Remuneration as % of Revenue	0.46	0.23	0.07	0.13	0.11
Profit before Tax (PBT)	4,46,82,696	4,46,82,696	4,46,82,696	4,46,82,696	4,46,82,696
Remuneration (as % of PBT)	5.93	3.02	0.92	1.42	1.73

There are no variable components of remuneration paid to the directors.

- ix) 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; Nil

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



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

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

STATUTORY AUDITORS

M/s V Krish & Associates, Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company from the conclusion of the 25th Annual General Meeting held on 10.05.2019 until the conclusion of 28th Annual General Meeting.

The report of the Statutory Auditors for financial year ended 31st March, 2019 is given along with the Financial Statements which is annexed to and forms part of this report.

SECRETARIAL AUDIT REPORT

Pursuant to the requirements of the Companies Act, 2013, the Company has appointed Mr M R L Narasimha, B.Com, FCS, Practicing Company Secretary (Cop No: 799) as the Secretarial Auditor for the financial year 2018-19 whose report on 30th May, 2019 is attached separately to this report. **Annexure 6.**

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

There were no qualifications, reservations or adverse remarks made by the Statutory Auditors and there are few qualifications in the Secretarial Audit Report of the Practicing Company Secretary which are self explanatory.

CONSERVATION OF ENERGY

- a) Company has replaced most of the less efficient machines with newer and less power consuming equipments in all the areas of manufacturing.
- b) Long term contract has been executed with wind energy suppliers there by reducing costs and less dependency on fossil fuel energy. Nearly 80% of the energy requirement will be from wind energy.

TECHNOLOGY ABSORPTION INDUSTRIAL RELATIONS

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

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

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange inflow (actual) : Rs. 43,19,31,230/-



Foreign exchange used (actual) : Rs. 55,13,939/-

INDUSTRIAL RELATIONS

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

ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore
Date : 30.05.2019

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

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



ANNEXURE 1

Form No. AOC – 1

**Pursuant to first proviso to Sub-Section (3) of Section 129 of the Companies Act 2013
read with rule 5 of Companies (Accounts) Rules 2014**

Statement containing salient features of the Financial Statement of Subsidiaries.

– Not Applicable

ANNEXURE 2

Form No. AOC – 2

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

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

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2019, which were not at arm’s length basis.

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

Since no material related party contract / transaction exists, disclosure under this section is not applicable:

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

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore
Date : 30.05.2019

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

Sd/- JAYARAM GOVINDARAJAN
DIN No. 02178416
Director

ANNUAL REPORT ON CSR ACTIVITIES**1) A Brief outline of the Company's CSR policy:**

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

The Company's CSR projects focused on

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

2) Composition of CSR Committee:

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

3) Average Net Profit of the Company for the last three financial years for the purpose of computation of CSR: Rs 1289.50 lacs**4) Prescribed CSR Expenditure (2% of the Average Net Profit): Rs. 25.79 lacs****5) Details of CSR spent during the financial year: (Rupees in lacs)**

- | | |
|---|-----------|
| a) Total amount to be spent for the financial year: | Rs 25.79 |
| b) Unspent in Previous year | Rs. Nil |
| c) Total amount to be spent | Rs 25.79 |
| d) Amount spent this financial year | Rs. 18.74 |
| e) Amount unspent, if any | Rs. 7.05 |

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

Sl No	CSR Project / activity identified	Section in which the project is covered	Projects or programs (Local area or other) (State/District where they have been undertaken)	Amount outlay (budget) Project or programs wise	Cumulative expenditure up to the reporting period	Amount Spent (Direct or through implementing agency)
1	Community Development	Schedule VII (x)	Water pipe line to Kaniyur Village from Sulur	8.22,573/-	8.22,573/-	Direct
2	Contribution to Red Cross, Womens Voluntary Service Association, Arvind Medical Research Foundation	Schedule VII (iv)	Pan India	7,50,000/-	7,50,000/-	Direct
3	Community Development	Schedule VII (viii)	Pan India	3,00,712/-	3,00,712/-	Direct
			Total	18,73,285/-	18,73,285/-	

g) Reason for not spending the amount: The Company undertook a new project for constructing a school room building at Kaniyur Village. As some approval is pending from the local panchayat it is being delayed.

RESPONSIBILITY STATEMENT BY THE CSR COMMITTEE

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

Place : Coimbatore
Date : 30.05.2019

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

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

REPORT ON CORPORATE GOVERNANCE

I PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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

Striving towards continuous improvement in total quality and keeping abreast of the latest technologies have been enabling the Company to achieve its goal.

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

The ultimate benefit of these efforts has been aimed in enrichment of the value to the shareholders. The environment and Community has been well recognized while moving towards the goal.

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

II BOARD OF DIRECTORS

Composition of the Board

As on 31st March, 2019 the Company had six Directors consisting of three Executive Directors including one Woman Director and three Non-Executive independent Directors.

The Managing Director is an Executive and Promoter Director.

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

In the opinion of the Board the independent directors fulfill the conditions specified under the SEBI Regulations and are independent of the management.

More over the list of core competencies like Industry knowledge, technical skills, behavioral competencies, strategic expertise, communication, risk management etc as identified by the Board of Directors as required in the context of the business for the Board to function effectively is available with the Board.

A certificate from the Company Secretary in Practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the SEBI/ Ministry of Company affairs or any such statutory authority has been obtained.

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

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

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

The Board met 5 (five times) during the year and the gap between two meetings did not exceed the stipulated 120 days. The said meetings were held on 30.05.2018, 10.08.2018, 14.11.2018, 08.02.2018, and 30.03.2019. The necessary quorum was present for all the meetings.

Composition of Board of Directors								
Name and Designation of Directors	Category	Number of Board Meeting during 2018-19		Whether attended last AGM	No of Directorships in other Companies		No of Committee positions held on other Public companies	
		Held	Attended		Yes/No	Chairman	Director	Chairman
A. V. Palaniswamy (Managing Director)	Promoter – Executive Director	5	5	Yes	Nil	1	Nil	Nil
R Alagar	Non Executive - Independent Director	5	5	Yes	Nil	1	Nil	Nil
A Panath Anitha (Whole Time Director)	Executive - Woman Director	5	5	Yes	Nil	Nil	Nil	Nil
Jayaram Govindarajan (Whole Time Director)	Executive Director	5	5	Yes	Nil	3	Nil	Nil
Arjunaraj Dhananjayan**	Non Executive - Independent Director	5	1	No	Nil	Nil	Nil	Nil
Chenniappan Selvakumar**	Non Executive - Independent Director	5	5	Yes	Nil	1	Nil	Nil

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

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



The Board has complete access to all information pertaining to the Company inter-alia the following information viz Annual operating plans, budgets, quarterly/annual results, minutes of the meetings, materially important show cause, demand, prosecution and penalty notices, recruitment and remuneration of senior officers including appointment and removal of CFO or Company Secretary, fatal and serious accidents, any material default in financial obligations, any issue which involves public or product liability claims of substantial nature, significant labour problems and developments, sale of material nature, of investments, subsidiaries, assets which are not in the normal course of business, non-compliance of regulatory, statutory nature or listing requirements or shareholders service such as payment of dividend, share transfers etc

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

None of the Non-Executive Directors hold shares in the Company as on 31st March, 2019

III AUDIT COMMITTEE

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

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

The Committee met 5 (five) times during the year on 30.05.2018, 10.08.2018, 14.11.2018, 08.02.2018, and 30.03.2019. The time gap between any two meetings was less than four months. Necessary quorum was present for all the meetings.

Attendance Record of Audit Committee				
Name of the Member	Category	Status	No of meetings	
			Held	Attended
R Alagar	Independent	Chairman	5	5
A V Palaniswamy	Non-Independent	Member	5	5
Arjunaraj Dhananjayan	Independent	Member	5	1
Chenniappan Selvakumar	Independent	Member	5	1

The functions of the Audit Committee include: Discussion and review of periodic audit reports and discussion with external Auditors about the scope of audit including the observations of Auditors, review and monitor the auditor's independence and performance, approving Internal Audit Plans and reviewing efficacy of the function, overseeing Financial Reporting Process, reviewing periodic financial results, financial

statements and auditors' report thereon, approval or modification of transaction of the company with related parties, scrutiny of inter-corporate loans and investment, evaluation of internal financial controls and risk management systems, valuation of undertakings or assets of the Company carrying on any other functions as are mentioned in the terms of reference of the Audit Committee

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

IV NOMINATION AND REMUNERATION COMMITTEE

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

Functions of the remuneration committee are:

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

(i) Remuneration of Directors

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

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

(ii) Details of Remuneration paid to Directors during the financial year ended 31st March, 2019

Director	Salary	Perquisites and other benefits	Sitting Fees	Total
A V Palaniswamy (Managing Director)	26,50,000	2,11,652	—	28,61,652
Panath Anitha (Whole Time Director)	4,10,100	—	—	4,10,100
Jayram Govindarajan (Whole Time Director)	13,50,000	6,42,155	—	19,92,155
R Alagar	—	-	1,77,500	1,77,500
Arjunaraj Dhananjayan	—	—	20,000	20,000
Chenniappan Selvakumar	—	—	82,500	82,500
Total	44,10,100	8,53,807	2,80,000	55,43,907

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

V STAKE HOLDERS' RELATIONSHIP COMMITTEE

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

Mr. S Aravinthan, Company Secretary is the Compliance Officer

The Committee monitors redressal of complaints received from shareholders/investors with respect to transfer of shares, non-receipt of dividend, non-receipt of Annual Report, notices, change of address for correspondence etc

The Company has appointed M/s S K D C Consultants Limited, Coimbatore as Share Transfer Agent. Transfers/transmission, issue of new share certificates after spilt or consolidation/duplicate share certificates, requests for dematerialization of share certificates are approved/confirmed, issue and allot shares subject to the approval of the Board, report about top shareholders, share holding pattern, all other matters incidental or related to shares, debentures and other securities of the Company, as the case may be, within the stipulated time through the Share Transfer Agent. There were no complaints received for this financial year. No instrument of transfers was pending on 31st March, 2019.

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

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

During the year the Committee was met 4 times.

VI CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

One meeting of the members of CSR Committee was held during the financial year on 30.05.2018 and the members attended.

VII INDEPENDENT DIRECTORS MEETING

During the year, a separate meeting of Independent Directors was held on March 30, 2019 to review the performance of Non-Independent Directors and the Board as a whole. The process for evaluation of Board performance, Non-Independent Non-Executive Directors and the Board Chairman is detailed in the Board's Report.

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

DATE, TIME AND VENUE OF THE LAST THREE YEARS			
Financial Year	Date	Time	Venue
2015-16	12.08.2016	09.30 AM	S F No: 112, Madhapur Road, Kaniyur Village, Karumathampatti (via), Coimbatore - 641659
2016-17	12.08.2017	10.30 AM	
2017-18	10.05.2019	10.30 AM	

Extra-Ordinary General Meeting

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

The NCLT convened meeting of equity shareholders was held on 05.12.2018 to approve the scheme of amalgamation of Interfit india Limited and Merit Industries Limited with the Company

Special Resolutions

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

At the AGM dated 10.05.2019, 3 (three) Special Resolutions were passed i) re-appointment of Mr A V Palaniswamy as Managing Director ii) borrowing powers u/s 180 (1)(a) and iii) creation of charges on the assets of the company u/s 180 (1)(c)

Postal Ballot

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

Means of Communication

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

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

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

IX DISCLOSURES**Related Party Transactions**

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

No materially significant related party transactions, having potential conflict with the interests of the Company have been entered into during the Financial Year 2018-19

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

Compliance

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

Adoption of non-mandatory requirements

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

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

Policies of the Company

Whistle Blower Policy

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

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

Policy on Material Subsidiary Companies

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



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

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

Policy on determination of materiality for disclosures

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

Policy for preservation of documents

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

Code of Conduct

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

The members of the Board and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them during the year ended March, 31, 2019.

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

Code for Prevention of Insider Trading Practices

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

Reconciliation of Share Capital Audit Report

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



Disclosure of accounting treatment in preparation of Financial Statements

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

CEO and CFO certification

The CEO and CFO certificate on the Financial Statements for the financial year 2018-19 is attached at the end of the report.

X GENERAL SHAREHOLDER INFORMATION

Annual General Meeting for the Financial Year 2018-19

Date : September 23, 2019

Time : 10.30 a.m.

Venue : Registered Office at 112, Madhapur Road, Kaniyur Village, Coimbatore - 641 659

Financial Year

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

Date of Book Closure/ Record Date

17th September, 2019 to 23rd September, 2019

Listing

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

Stock Market Data

The market price data as per quotations of BSE Limited i.e., high, low and close during each month during the financial year 2018-19

Month	No of shares traded	High	Low
April 2018	40,048	240.00	196.20
May 2018	37,819	231.00	190.00
June 2018	84,303	199.90	153.00
July 2018	61,373	178.00	144.00
August 2018	48,925	175.00	147.05
September 2018	53,953	236.50	148.00



NATIONAL FITTINGS LIMITED

Month	No of shares traded	High	Low
October 2018	43,181	195.95	142.00
November 2018	33,440	189.90	145.50
December 2018	28,504	193.00	153.00
January 2019	34,406	167.50	140.55
February 2019	32,776	153.00	110.10
March 2019	83,440	136.00	110.75

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

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

Shareholding as on March, 31, 2019:

a. Distribution of shareholding as on 31.03.2019

Shareholding Range	No of Holders	% of Holders	No of Shares	% of Shares
1 - 500	4837	81.05	7,13,168	7.85
501 – 1000	541	9.07	4,17,391	4.60
1001 – 2000	295	4.94	4,33,205	4.77
2001 – 3000	113	1.89	2,97,708	3.28
3001 – 4000	33	0.55	1,17,455	1.29
4001 – 5000	22	0.37	98,946	1.09
5001 – 10000	46	0.77	3,20,220	3.53
10000 above	81	1.36	66,85,089	73.60
Total	5968	100.00	90,83,182	100.00

b. Category wise shareholding pattern as on 31.03.2019

	Category	No. of Shares	%
a.	Promoters holdings		
1.	Promoters		
	Indian Promoters	—	—
	Foreign Promoters	30,92,093	34.04
2.	Person acting in concert	Nil	Nil
	Sub Total	30,92,093	34.04

B.	Non-Promoters		
3.	Institutional investors		
	a) Mutual Funds and UTI	500	0.01
	b) Bank, Financial Institutions, Insurance companies (Central / State Government Institutions / Non-Government Institutions)	100	0.00
	c) FIIs	—	—
	sub total	600	0.01
4.	Others		
	a) Directors and Relatives	5,58,680	6.15
	b) Private Corporate Bodies	6,99,005	7.7
	c) Indian Public	38,89,907	42.83
	d) NRI-NRE / NRI-NRO/OCBs	6,10,964	6.73
	e) Any other (HUF)	1,13,763	1.25
	f) Any other (HUF)	1,18,170	1.3
	Sub total	59,90,489	65.96
	Grand total	90,83,182	100

a. Top ten equity shareholders of the Company as on March, 31, 2019

S L No	Name of the Share holder	Number of equity shares held	Percentage of holding
1	Kumudha Palaniswamy	6,85,871	7.55
2	Mina Pruthviraj Parikh	1,87,818	2.07
3	P Shunmugavelu	1,75,707	1.93
4	Euclid Wealth Management LLP	1,50,000	1.65
5	Krishnaveni Thangavel	1,38,945	1.53
6	Him Kanchan Impex Private Limited	1,29,729	1.43
7	Pravin Chandra Batavia	1,25,000	1.38
8	Deepinder Singh Poonian	1,22,980	1.35
9	Amoha Traders Private Limited	1,21,185	1.33
10	Shishir Vasant Dalal	99,957	1.10
		12,37,192	21.33

b. Dematerialisation of Shares: Trading in the Company's shares in dematerialised form has been made compulsory. The Company entered into an agreement with the Depositories NSDL and CDSL for dematerialised form of shares and the Company provides option to members for dematerialisation. All



NATIONAL FITTINGS LIMITED

requests for dematerialisation of shares are processed and confirmed through the Electronic Agent and the concerned depository

Dematerialization of shares and Liquidity	
Total No. of Shares	90,83,182 Equity shares of ₹ 10/- each
Physical Shares	24,28,084 (26.73%)
Dematerialized	
Central Depository Securities Limited	42,24,404 (46.51%)
National Securities Depository Limited	24,30,694 (26.76%)

c. The Company has not issued any GDR/ADRs/warrants or any convertible instruments in the past and so on March, 31, 2019, the Company does not have any outstanding GDR/ADRs/warrants or any convertible instruments

Investors Help Desk

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

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

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

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

Investor Education and Protection Fund

Rs 1,93,280/- have been transferred to Investor Education and Protection Fund.

Plant Location:

- 1) Kaniyur Finishing Division: 112, Madhapur Road, Kaniyur Village, Coimbatore, Tamilnadu - 641659
- 2) Thekkalur Foundry Division: S F No: 462/2, Vadugapalayam Road, Thekkalur Post, Avanashi Taluk, Tirupur, Tamilnadu - 641654
- 3) Dindigul Foundry Division: 630/1, Natham Road, Reddiapatti Post, Dindigul, Tamilnadu - 624003
- 4) Vedsandur Foundry Division: E-4, Dindigul Engineering Cluster, E-Chithour Village, Vedsandhur Taluk, Dindigul, Tamilnadu - 624174

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members of National Fittings Limited

We have examined the compliance of conditions of Corporate Governance by National Fittings Limited (the Company), for the year ended 31st March 2019, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the listing agreement of the said Company with BSE Limited

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the listing agreement of the said Company with BSE Limited

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

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

Place : COIMBATORE
Date : 30.05.2019

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

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

- A. We have reviewed financial statements and the cash flow statement for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
- (1) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the listed entity pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee
- (1) Significant changes in internal control over financial reporting during the year;
 - (2) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (3) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Place : COIMBATORE

Date : 30.05.2019

Sd/- **A V Palaniswamy**

Managing Director

Sd/- **J Saravanan**

Chief Financial Officer

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

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

To

The Members,

National Fittings Limited

[CIN: L29199TZ1993PLC008034]

SFNO: 112, Madhapur Road

Kaniyur Village, Sulur TK

Karumathampatti (Via) - 641659

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

I am issuing this report based on my verification of the books, papers, minutes books and other records maintained by the Company, forms and returns filed, compliance related action taken by the Company, during the financial year ended 31st March, 2019 and also after 31st March, 2019 but before the issue of this report and the information provided by the Company, its officers, agents and authorized representatives during my conduct of secretarial audit.

I hereby report that in my opinion, during the audit period covering the financial year ended on 31st March 2019 (hereinafter referred to as "the year"), the Company has complied with the statutory provisions listed hereunder and also has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made here in after. The members are requested to read this report along with my letter of even date annexed to this report as Annexure- A.

1. I have examined the books, papers, minutes books and other records maintained by the Company and the forms and returns filed during the year according to the applicable provisions of:
 - i. The Companies Act, 2013 (the Act), the rules made there under.
 - ii. The Companies Act, 1956.
 - iii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under.
 - iv. The Depositories Act, 1996 and the regulations and bye-laws framed there under.
 - v. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
 - vi. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
 - (c) The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client; and
 - (d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
2. I am informed that, during the year the Company was not required to maintain any books, papers, minute books or other records or to file any forms / returns according to the provisions of the following Regulations and Guidelines prescribed under the SEBI Act:
- (a) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (c) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
3. I am also informed that for the year, there were no other laws specifically applicable to the company, the books, papers, minutes books, forms and returns of which were required to be examined by me for the purpose of this report.
4. i) I have also examined compliance with the Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
- ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2019 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable, except the following:
- (1) Non-submission of Annual Report within the prescribed time limit under Reg 34 of SEBI (LODR) Regulations, 2015 and conducting Annual General Meeting within extension time allowed by Registrar of Companies, Coimbatore, pending approval of Scheme of Amalgamation by Hon'ble NCLT, Chennai. Subsequently Hon'ble NCLT, Chennai, has approved the scheme on 25.03.2019 and the Company has conducted the Annual General Meeting on 10.05.2019 and the Annual Report was filed on 10.06.2019
 - (2) Non-Compliance with the constitution of stakeholder relationship committee under Regulation 20 (2) of SEBI (LODR) Regulations, 2015 as per letter from BSE. The Company has constituted stakeholder relationship committee on 13.12.2017 and the fact has been brought to the notice of BSE Ltd. Based on BSE Ltd letter dated 22.03.2019 the company has filed Corporate Governance Report for quarter ended 30.06.2019 with corrected facts on 25.03.2019

(3) The Company has defaulted u/s 92, 96, 129 and 137 of Companies Act, 2013 in filing Balance Sheets and/or Annual Returns/Holding of AGM for the year ended 31.03.2018. After getting approval of the Scheme of Amalgamation on 25.03.2019 by Hon'ble NCLT, Chennai the Company has complied with the above provisions of the Companies Act, 2013, but belatedly.

6. I further report that:

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

(ii) Adequate notice is given to all directors to schedule the Board Meetings. Notice of Board meetings were sent at least seven days in advance. Agenda and detailed notes on agenda were sent at least seven days in advance

(iii) A system exists for directors to seek and obtain further information and clarifications on the agenda items before the meetings and for their meaningful participation at the meetings. Majority decision is carried through. I am informed that there were no dissenting members' views on any of the matters during the year that were required to be captured and recorded as part of the minutes.

(iv) There are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

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

Place : Coimbatore

Date : 30-05-2019

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



Annexure A to Secretarial Audit Report of even date

To

The Members,
National Fittings Limited
[CIN: L29199TZ1993PLC008034]
SF No: 112, Madhapur Road
Kaniyur Village, Sulur TK
Karumathampatti (Via) - 641659

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31ST March, 2019 is to be read along with this letter.

1. Maintenance of secretarial records and compliance with the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. My responsibility is to express an opinion on the secretarial records produced for my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records.
3. While forming an opinion on compliance and issuing this report, I have also taken into consideration the compliance related action taken by the Company after 31st March, 2019 but before the issue of this report.
4. I have verified the records to see whether the correct facts are reflected in the secretarial records. I also examined the compliance procedures followed by the Company. I believe that the processes and practices I followed provide are as on able basis for my opinion. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
5. I have obtained the Management's representation about the compliance of laws, rules and regulations and happening of events, wherever required.
6. My Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore
Date : 30-05-2019

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



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

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone financial statements of National Fittings Limited (“the Company”), which comprise the Balance sheet as at 31st March 2019, and the statement of Profit and Loss, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the standalone Ind AS financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit (including other comprehensive income), its changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The Key Audit matters	Principal Audit Procedure
<p>Evaluation of uncertain tax positions The Company has material uncertain tax positions, including matters under dispute, which involve significant management judgment to determine the possible outcome of these uncertain tax positions. Refer Note 2.26 to the Financial statement.</p>	<p>We obtained understanding of key uncertain tax positions from the Management. Analyzed select key correspondences, consultations by management for key uncertain tax positions & assessed management’s estimate of the possible outcome of the disputed cases.</p>
<p>The Company’s Property, Plant & Equipment consists of certain immovable properties whose title has not been changed from the erstwhile Transferor company’s name. Refer Note 2.21 to the Financial statement.</p>	<p>Consequent to Merger order by the Hon’b NCLT, the title deeds of certain immovable properties were yet to be transferred to the company’s name from erstwhile Transferor company. The company is in the process of changing the name.</p>



Other Information

The company's management and Board of Directors are responsible for the other information. The Other information comprises the information included in the Company's Annual report, but does not include the standalone financial statements and our auditors report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusions thereon.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind-AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 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 it appears from our examination of those books.
 - (c) The Standalone Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Changes in Equity, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.



- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.
- (g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.26 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative 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.
3. With respect to the matter to be included in the Auditor’s Report under Section 197(16) of the Act;

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act.

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

Place : COIMBATORE
Date : 30.05.2019

Annexure – A to the Independent Auditors' Report

With reference to the Annexure A referred to in the Independent Auditor's Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2019, we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets, by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties included in fixed assets are held in the name of the Company except in respect of certain immovable property the name is yet to be changed from the erstwhile Transferor company's name consequent to Merger order by Honbl'NCLT.

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

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The Company has maintained proper records of inventory. The discrepancies noticed on verification between the physical stock and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) The Company has not granted any loans, made investments, issued guarantees or provided any security to any Director or any other person as specified in the Act and hence this clause is not applicable to the Company for this year.
- (v) The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India, provisions of Section 73 to 76 of the Act, any other relevant provisions of the Act and the relevant rules framed thereunder.
- (vi) As per information and explanation given by the management, The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.



NATIONAL FITTINGS LIMITED

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Goods and Services tax, duty of Customs, duty of Excise, Value added tax, Cess and other material statutory dues were in arrears as at 31 March 2019, for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and based on Management representation, there are no dues of Income-tax or Sales tax or Service tax or Goods and Services tax or duty of Customs or duty of Excise or Value added taxes which have not been deposited by the Company on account of disputes except for the below:

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

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks.
- (ix) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion, the Company is not a Nidhi Company as prescribed under Section 406 of the Act.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.



- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- (xvi) According to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

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

Place : COIMBATORE
Date : 30.05.2019



Annexure - B to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **National Fittings Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the Standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorities of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place : COIMBATORE
Date : 30.05.2019



NATIONAL FITTINGS LIMITED

Balance Sheet as at 31st March 2019

Particulars	Note No.	As at 31 March, 2019 ₹	As at 31 March, 2018 ₹
A ASSETS			
Non-current assets			
(a) Property, plant and equipment	2.1	46,88,81,632	40,72,20,606
(b) Capital work in progress		1,24,91,682	1,32,59,959
(c) Financial Assets			
(i) Investments	2.2	1,54,28,424	1,59,81,340
(ii) Other Financial Assets - Non-Current	2.3	<u>1,39,85,253</u>	<u>1,65,43,179</u>
Total non-current assets		<u>51,07,86,991</u>	<u>45,30,05,084</u>
Current Assets			
(a) Inventories	2.4	13,03,69,613	11,24,13,134
(b) Financial Assets			
(i) Trade Receivables	2.5	4,64,14,324	3,00,54,618
(ii) Cash and Cash Equivalents	2.6	16,49,56,078	15,73,98,838
(iii) Short-Term Loans and Advances	2.7	6,04,99,257	4,87,87,007
(iv) Other Current Assets	2.8	<u>3,12,216</u>	<u>3,44,683</u>
Total current assets		<u>40,25,51,489</u>	<u>34,89,98,279</u>
TOTAL ASSETS		<u>91,33,38,480</u>	<u>80,20,03,363</u>
B EQUITY AND LIABILITIES			
EQUITY			
(a) Share Capital	2.9	9,08,31,820	9,08,31,820
(b) Other Equity	2.10	<u>41,23,18,317</u>	<u>38,07,74,390</u>
Total of equity		<u>50,31,50,137</u>	<u>47,16,06,210</u>
LIABILITIES			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Long-term borrowings	2.11	9,76,72,470	9,08,37,605
(a) Deferred Tax Liabilities (Net)	2.12	2,06,06,637	1,62,49,294
(b) Employee Benefit Obligations	2.13	<u>57,52,054</u>	<u>54,61,546</u>
Total of non-current liabilities		<u>12,40,31,161</u>	<u>11,25,48,445</u>
Current Liabilities			
(a) Financial Liabilities			
(i) Short-term borrowings	2.14	15,74,83,558	12,74,65,654
(ii) Trade and other Payables	2.15	7,58,34,529	4,81,23,296
(b) Other Current Liabilities	2.16	5,24,36,140	4,18,59,347
(c) Current Tax Liabilities (Net)	2.17	—	—
(d) Employee Benefit Obligations	2.18	<u>4,02,956</u>	<u>4,00,412</u>
Total current liabilities		<u>28,61,57,182</u>	<u>21,78,48,708</u>
Total Equity and Liabilities		<u>91,33,38,480</u>	<u>80,20,03,363</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS 1 & 2

As per our report of even date annexed
for **V Krish & Associates**
Chartered Accountants
Firm Regn. No. 01452-S
Sd/- **B. SATHISH KUMAR**
Partner, M.No. 218445 Place : Coimbatore
Date : 30.05.2019

For and on behalf of the Board

Sd/- A.V. PALANISWAMY DIN No. 01817391 Managing Director	Sd/- JAYRAM GOVINDARAJAN DIN No. 02178416 Whole - Time Director
Sd/- S. ARAVINTHAN Company Secretary	Sd/- J. SARAVANAN Chief Financial Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

Particulars	Note No.	For the year ended 31 March, 2019 ₹	For the year ended 31 March, 2018 ₹
1 Revenue from operations (Net of duties and taxes)	2.19	58,03,50,534	61,92,56,567
2 Other income	2.20	1,87,27,796	2,74,46,653
3 Total revenue (1+2)		<u>59,90,78,330</u>	<u>64,67,03,220</u>
4 Expenses			
(a) Cost of Raw materials consumed	2.21(a)	18,74,97,302	16,58,37,492
(b) Purchases of traded goods	2.21(b)	1,06,34,291	—
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.21(c)	(1,07,61,002)	(97,35,966)
(d) Employee benefits expense	2.22	9,00,57,317	7,53,14,044
(e) Finance costs	2.23	1,71,01,577	1,68,00,932
(f) Depreciation and amortisation expense	2.01	2,64,67,748	2,68,53,710
(g) Other expenses	2.24	23,33,98,400	24,94,34,188
Total expenses		<u>55,43,95,634</u>	<u>52,45,04,399</u>
5 Profit / (Loss) before exceptional items and tax (3 - 4)		4,46,82,696	12,21,98,821
6 Tax expense:			
(a) Current tax expense for current year		93,02,949	3,80,29,910
(b) Tax for Earlier years		11,15,623	—
(c) Deferred tax (Income) / Expenses	2.30	43,57,343	50,27,807
		<u>1,47,75,915</u>	<u>4,30,57,717</u>
Less: MAT Entitlement Credit utilised		—	16,37,145
7 Profit / (Loss) after Tax (5-6)		<u>2,99,06,781</u>	<u>7,75,03,959</u>
8 Earnings per share (of ₹10/- each):			
(a) Basic	2.29	3.29	8.53
(b) Diluted	2.29	3.29	8.53

Significant accounting policies and Notes on Accounts 1 & 2

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

Chartered Accountants

Firm Regn. No. 01452-S

Sd/- **B. SATHISH KUMAR**

Partner, M.No. 218445 Place : Coimbatore
Date : 30.05.2019

For and on behalf of the Board

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

DIN No. 01817391

Managing Director

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **JAYRAM GOVINDARAJAN**

DIN No. 02178416

Whole - Time Director

Sd/- **J. SARAVANAN**

Chief Financial Officer



NATIONAL FITTINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019

Particulars	As at 31.03.2019	As at 31.03.2018
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	4,46,82,696	12,21,98,821
<i>Adjustments for:</i>		
Depreciation and amortisation	2,64,67,748	2,68,53,710
(Profit) / loss on sale / write off of Property	(31,65,277)	17,28,075
Loss on sale of investment	8,01,916	—
Adjustments for: MAT Credit	16,37,145	—
Finance costs	1,71,01,577	1,68,00,932
Interest income	(1,00,22,584)	(1,00,42,628)
Dividend income	(6,81,049)	(6,14,966)
Rental income from Machineries	(1,32,096)	—
Liabilities / provisions no longer required written back	—	(12,67,911)
Bad Debts written off	8,090	19,01,376
	<u>3,20,15,470</u>	<u>19,01,376</u>
Operating profit / (loss) before working capital changes	7,66,98,167	15,75,57,409
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(1,79,56,479)	(1,36,16,790)
Trade receivables	(1,63,67,796)	1,38,14,047
Short-term loans and advances	(17,77,184)	(3,78,68,647)
Long-term loans and advances	25,57,926	(16,90,646)
Other current asset	32,467	11,42,823
Adjustments for increase / (decrease) in operating liabilities:	-	-
Trade payables	2,77,11,233	11,30,467
Other current liabilities	1,05,76,793	1,10,96,788
Other long-term liabilities	—	1,17,35,400
Employee Benefit Obligations	2,93,052	(10,53,930)
Current Tax Liabilities	—	3,47,106
	<u>50,70,012</u>	<u>(1,49,63,383)</u>
Cash flow from extraordinary items	—	—
Cash generated from operations	8,17,68,179	14,25,94,026
Net income tax (paid) / refunds	(2,03,53,641)	(5,29,97,834)
Net cash flow from / (used in) operating activities (A)	<u>6,14,14,538</u>	<u>8,95,96,192</u>
B. Cash flow from investing activities		
Capital expenditure on Property, plant and equipment	(8,81,27,647)	(7,97,07,942)
Proceeds from sale of Property, plant and equipment	39,32,428	34,98,007
Proceeds from sale of Non-Current Investment	(2,49,000)	(18,94,470)
Interest received	1,00,22,584	1,00,42,628
Dividend received (Others)	6,81,049	6,14,966
Rental from Machineries	1,32,096	—
	<u>(7,36,08,490)</u>	<u>(6,74,46,811)</u>
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) investing activities (B)	<u>(7,36,08,490)</u>	<u>(6,74,46,811)</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2019 (Contd.)

Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
C. Cash flow from financing activities		
Repayment of Preference Share Capital	—	—
Investment in Mutual fund	—	(1,98,45,832)
Repayment of Long-Term borrowings	68,34,865	(2,26,04,666)
Increase in Short-Term borrowings	3,00,17,905	6,42,96,474
Proceeds from sale of investment		93,27,916
Repayment of other short-term borrowings		(11,14,487)
Finance cost	(1,71,01,577)	(1,56,81,199)
Interim Dividend paid including Dividend Distribution Tax		(1,12,31,121)
Dividend paid including Dividend Distribution Tax	—	(1,06,33,551)
Cash flow from extraordinary items	<u>1,97,51,192</u>	<u>(74,86,465)</u>
Net cash flow from / (used in) financing activities (C)	1,97,51,192	(74,86,465)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	75,57,239	1,46,62,916
Cash and cash equivalents at the beginning of the year	15,73,98,839	12,44,70,496
Add: Additions on account of Merger (Refer Note No. 2.32)	—	1,82,65,427
Cash and cash equivalents at the end of the year	<u>16,49,56,078</u>	<u>13,91,33,411</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 2.6)	16,49,56,078	15,73,98,839
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	—	—
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 2.6	<u>16,49,56,078</u>	<u>15,73,98,839</u>
Cash and cash equivalents at the end of the year*		
* Comprises:		
(a) Cash on hand	2,19,093	3,45,752
(b) Balances with banks		
(i) In current accounts	2,85,12,388	1,86,75,356
(ii) In deposit accounts	13,62,22,588	13,83,75,604
(iii) In Margin Money account (Earmarked fund) (Refer Note below)	2,010	2,128
	<u>16,49,56,078</u>	<u>15,73,98,839</u>
Note:		
These earmarked account balances with banks can be utilised only for the specific identified purposes.		
a) In Bank Guarantee Margin Account	2,010	2,128
	<u>2,010</u>	<u>2,128</u>

See accompanying notes forming part of the financial statements

As per our report of even date annexed
for **V Krish & Associates**
Chartered Accountants
Firm Regn. No. 01452-S
Sd/- **B. SATHISH KUMAR**
Partner, M.No. 218445 Place : Coimbatore
Date : 30.05.2019

For and on behalf of the Board

Sd/- A.V. PALANISWAMY DIN No. 01817391 Managing Director	Sd/- JAYRAM GOVINDARAJAN DIN No. 02178416 Whole - Time Director
Sd/- S. ARAVINTHAN Company Secretary	Sd/- J. SARAVANAN Chief Financial Officer



Statement of Changes in Equity

Particulars	Equity Share Capital	Reserves and Surplus						Other Comprehensive Income			Total Equity attributable to equity share-holders of the company
		Securities Premium Reserve	Retained Earnings	Capital Reserve	Capital Redemption Reserve	Revaluation reserve	General Reserve	Equity instruments through other comprehensive income	Exchange Difference on translating the financial statement of a foreign operations	Other items of other comprehensive income / (loss)	
Balance as at April 1, 2018	9,08,31,820	4,00,75,360	25,31,43,553	36,04,029	5,19,38,600	2,36,855	3,17,75,993	—	—	—	47,16,06,210
Profit for the year			2,99,06,781								2,99,06,781
Transfer from Revaluation Reserve			1,30,690			(1,30,690)					—
Dividends (Including Dividend Distribution Tax)											—
Adjustment of MAT Credit			16,37,145								16,37,145
Balance as at March 31, 2019	9,08,31,820	4,00,75,360	28,48,18,169	36,04,029	5,19,38,600	1,06,165	3,17,75,993	—	—	—	50,31,50,136

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

Chartered Accountants

Firm Regn. No. 01452-S

Sd/- **B. SATHISH KUMAR**

Partner, M.No. 218445 Place : Coimbatore

Date : 30.05.2019

For and on behalf of the Board

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

DIN No. 01817391

DIN No. 02178416

Managing Director

Whole - Time Director

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **J. SARAVANAN**

Chief Financial Officer



Notes forming part of the financial statements for the year ended 31.03.2019.

Note	Particulars
1 Corporate Information	
	<p>National Fittings Limited (referred to as “the Company”) manufacture and sells SG Iron Grooved and Screwed Pipe Fittings, Stainless Pipe Fittings and Ball Valves for industrial and non-industrial applications.</p> <p>The Company is a Public Limited Company incorporated and domiciled in India, whose shares are publicly traded.</p>
2 Significant accounting policies	
a) Statement of compliance	
	<p>These financial statements have been prepared in accordance with the Indian Accounting Standards (refer to as “ Ind-AS”) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules as amended from time to time.</p>
b) Basis of Preparation	
	<p>These financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (‘Indian GAAP’) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared under the historical cost convention on accrual basis, except for certain financial instruments which are measured at fair value.</p>
c) Use of estimates	
	<p>The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognised in the period in which the results are known / materialise.</p>
d) Significant estimates and judgements	
	<p>The areas involving critical estimates or judgements are:</p> <ul style="list-style-type: none"> i) Estimation of useful life of Property, Plant and Equipment - Refer Note 2(e) ii) Defined benefit obligation - Refer Note 2.27 iii) Estimation and evaluation of provisions and contingencies relating to tax litigations - Refer Note 2.26
e) Property, plant and equipment	
	<p>Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Depreciation is provided for property, plant and equipment so as to expense the cost less residual value over their estimated useful lives based on technical evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any change in estimate accounted for on a prospective basis.</p>

Notes forming part of the financial statements for the year ended 31.03.2019.

Note 2 Significant accounting policies (Contd.)

Note	Particulars
	<p>Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Building and Plant and Machinery for which the Management estimates the useful lives as follows:</p> <ul style="list-style-type: none"> a) Building(1) 30-40 Years a) Plant and Machinery(1) 5-10 Years b) Patterns and Moulds 3 Years <p>(1) For these Building and Plant and Machinery, based on the internal assessment and independent technical evaluation carried out by the management, the useful lives as given above represent the period over which management expects to use these assets. Hence useful lives of these assets is different from the part C of Schedule II of the Companies Act, 2013.</p> <p>Depreciation is not recorded on capital work In progress until construction and installation is complete and the asset is ready for its intended use.</p>
f) Intangible assets	<p>Intangible assets purchased are measured at cost as of the date of acquisition, as applicable, less accumulated amortization and accumulated impairment, if any.</p>
g) Leases	<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>
h) Impairment	<p>The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.</p>
i) Investments	<p>Long-term investments , are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.</p>

Notes forming part of the financial statements for the year ended 31.03.2019.

Note 2 Significant accounting policies (Contd.)

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

j) Employee benefits

Short Term Employee Benefits

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

Post Employment / Retirement Benefits

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

Defined Obligation Plans - The Present Value of the obligation under such plans, is determined based on an actuary valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss account.

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

Termination Benefits

Termination Benefits are recognized as and when incurred.

k) Revenue recognition

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

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Revenue is net of Indirect taxes (Excise duty, VAT, GST).

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

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

l) Income Taxes

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or

Notes forming part of the financial statements for the year ended 31.03.2019.
Note 2 Significant accounting policies (Contd.)
Note Particulars

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.

m) Foreign currency transactions and translations

- i. The transactions involving Foreign Currencies are accounted for at the rates prevailing on the date of transactions and accordingly Gains/(Losses) arising out of fluctuation in exchange rates are recognized in the Profit & Loss Statement
- ii. In case of forward contracts, if any, the difference between the forward rate and the exchange rate at the prevailing period is recognized in the Profit & Loss Statement over the life of the contract.
- iii. Foreign currency monetary Assets & Liabilities such as cash, receivables, payables etc., are translated at the exchange rate prevailing at the year end and overall net gain/loss is adjusted to the Profit & Loss Statement.
- iv. Non-monetary items denominated in foreign currency such as investment, fixed assets etc., are valued at the exchange rate prevailing on the date of transactions.

n) Inventories

Inventories of Raw Materials, Stores and Spares parts, Work in progress and Finished goods are valued at the lower of cost ascertained on weighted average cost basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads .

Stock of tools are valued at cost and are written off over a period of ten years.

o) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised or disclosed in the financial statements.

Notes forming part of the financial statements for the year ended 31.03.2019.

Note 2 Significant accounting policies (Contd.)

Note	Particulars
p) Financial instruments	<p>Financial assets and liabilities are recognised when the Company becomes a party to the contractual provision of the instrument. Financial asset and liabilities are initially measured at fair value. Cash comprises cash on hand and demand deposits with banks.</p>
q) Cash and cash equivalents	<p>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.</p>
r) Stock of Tools	<p>The stocks of Tools including those developed in-house are being written off over a period of 10 years. Expenses incurred on New Product Development are written off over a period of 5 years.</p>
s) Earnings per share	<p>Basic and diluted earning per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.</p>
t) Segment reporting	<p>The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.</p> <p>The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.</p> <p>Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.</p> <p>Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.</p>
u) Cost recognition	<p>Cost and expenses are recognised when incurred and have been classified according to their nature. The borrowing cost represents interest payable on loans taken for carrying out business operations and the same is charged to revenue.</p>

Notes forming part of the financial statements for the year ended 31.03.2019.
Note 2.1 Property, Plant and Equipment

	Freehold Land	Buildings	Plant and Equipment	Pattern & Tools	Lab Equipment	Electrical Installation	Computers	Furniture and Fixtures	Vehicles	Office equipment	Intangible Asset (FM License)	Capital Work in Progress	Total
Cost as at April 1, 2018	12,95,10,231	8,34,82,317	25,57,34,472	1,33,32,651	54,19,388	1,42,44,645	43,16,670	16,67,160	1,98,16,732	18,06,668	1,00,00,000	1,32,59,959	55,25,90,893
Additions	4,34,390	60,28,496	6,91,00,066	74,77,767	91,022	14,88,558	5,91,437	48,970	24,78,606	11,56,612		49,53,216	9,38,49,140
Disposals			1,04,35,233	3,14,800				13,790	7,44,488			57,21,493	1,72,29,804
Cost as at March 31, 2019	12,99,44,621	8,95,10,813	31,43,99,305	2,04,95,618	55,10,410	1,57,33,203	49,08,107	17,02,340	2,15,50,850	29,63,280	1,00,00,000	1,24,91,682	62,92,10,229
Accumulated depreciation as at April 1, 2018	—	1,56,75,375	8,55,81,151	96,69,878	23,69,973	53,48,293	33,43,201	8,21,744	34,22,069	12,08,809	46,69,835		13,21,10,328
Depreciation for the year	—	35,74,440	1,54,54,501	17,50,970	5,78,078	10,95,035	4,68,874	2,56,496	20,91,135	3,93,190	8,05,028		2,64,67,747
Disposals	—		97,33,181	2,86,925				13,790	7,07,264				1,07,41,160
Accumulated depreciation as at March 31, 2019	—	1,92,49,815	9,13,02,471	1,11,33,923	29,48,051	64,43,328	38,12,075	10,64,450	48,05,940	16,01,999	54,74,863	—	14,78,36,915
Net carrying amounts as at March 31, 2019	12,99,44,621	7,02,60,998	22,30,96,834	93,61,695	25,62,359	92,89,875	10,96,032	6,37,890	1,67,44,910	13,61,281	45,25,137	1,24,91,682	48,13,73,314

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

Notes forming part of the financial statements (Contd.)

Particulars	As at	As at
	31 March, 2019	31 March 2018
	₹	₹

Note: 2.2 Investments consist of the following

a) Investment - non-current		
Investment in body corporates	59,02,424	56,53,424
Investment in subsidiary	—	—
b) Investment - current		
Mutual Fund units (Quoted)	95,26,000	1,03,27,916

	As at 31st March, 2019			As at 31st March, 2018		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
Investments (At cost):						
A Trade						
(a) Investment in Balanced Fund						
(i) 14350.50 (31.03.2018 85138.186 units) units of Rs.132.40 in M/s ICICI Prudential - Growth (Balanced Fund) Market value as on 31.03.2019 Rs.19,29,275/-	19,00,000		19,00,000	21,27,910		21,27,910
(ii) 73669.10 (31.03.2018 14416.899 units) units of Rs.25.80 in M/s L&T India - Growth (Balanced fund) Market value as on 31.03.2019 Rs.19,24,090/-	19,00,000		19,00,000	21,00,001		21,00,001
(iii) (31.03.2018 82222.128 units) in M/s DSP Blackrock Balanced Fund Market value as on 31.03.2018 Rs.19,95,860/-			—	21,00,002		21,00,002
(iv) 46071.50 (31.03.2018 Nil) units of Rs.43.40 in M/s Axis Long Term Equity fund - Growth Market value as on 31.03.2019 Rs.20,16,172/-	20,00,001		20,00,001	—		
(v) 2429.70 (31.03.2018 112704.636 units) units of Rs.751.50 in M/s Aditya Birla Sun Life - Growth (Balanced Fund) Market value as on 31.03.2019 Rs.18,47,501/-	18,25,999		18,25,999	19,00,000		19,00,000
(vi) 9629.403 (31.03.2018 67655.813 units) units of Rs.197.30 in M/s HDFC Advantage Fund - Growth (Balanced Fund) Market value as on 31.03.2019 Rs.19,36,120/-	19,00,000		19,00,000	21,00,003		21,00,003
(b) Investment in Equity Shares						
(i) 400 shares of ₹ 10 each fully paid up in M/s. Bank of India Ltd. Market Value as on 31.03.2019 Rs. 41,720/-	18,000		18,000	18,000		18,000

Notes forming part of the financial statements (Contd.)

	As at 31st March, 2019			As at 31st March, 2018		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	₹	₹	₹	₹	₹	₹
(ii) 26,667 shares of ₹ 1 each fully paid up in M/s. South Indian Bank Ltd. Market Value as on 31.03.2019 Rs. 4,41,072/-	1,26,924		1,26,924	1,26,924		1,26,924
(iii) 2,000 shares of ₹ 10 each fully paid up in M/s. Rajshree Sugars & Chemicals Ltd. Market Value as on 31.03.2019 Rs.44,000/-	20,000		20,000	20,000		20,000
(c) Investment in Clover Energy Pvt Ltd						
473750 equity shares (As on 31st March 2018 468850 equity shares) of Rs.10 each Market value as on 31.03.2019 not ascertained		47,37,500	47,37,500		46,88,500	46,88,500
(d) Investment in Mytrah Energy (India) Private Limited						
100000 Equity Shares (As on 31st March 2018, 80000 shares) of Rs.10 Each fully paid up - Market value as on 31.03.2019 not ascertained		10,00,000	10,00,000		8,00,000	8,00,000
Total investment	96,90,924	57,37,500	1,54,28,424	1,04,92,840	54,88,500	1,59,81,340
Aggregate amount of quoted investments			96,90,924			1,04,92,840
Aggregate market value of listed and quoted investments			1,01,79,950			1,06,25,486
Provision for diminution in the value of investments			—			—
Aggregate value of listed but not quoted investments			—			—
Aggregate amount of unquoted investments			57,37,500			54,88,500

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2019 ₹	As at 31 March 2018 ₹
Note 2.3 Other Financial Assets - Non-Current		
(a) Security deposits (Unsecured, considered good)		
Electricity Deposit	1,24,50,661	1,50,38,076
Telephone Deposits	97,408	1,06,119
Cylinder Deposits	92,550	82,350
Rental deposits	1,74,050	1,46,050
Other Deposits	2,000	2,000
(b) Balances with government authorities (Unsecured, considered good)		
(i) Advance paid against disputed excise duty	11,41,559	11,41,559
(ii) Advance paid against disputed Employee State Insurance	27,025	27,025
Total	1,39,85,253	1,65,43,179

Note 2.4 Inventories

(At lower of cost and net realisable value)

(a) Raw materials	1,60,82,345	1,17,07,643
(b) Work-in-progress (Refer Note Below)	8,71,55,071	8,31,58,586
(c) Packing Materials	5,43,753	1,96,389
(d) Stores and spares	1,91,25,116	1,67,16,157
(e) Loose tools	6,98,812	6,34,358
(f) Stock in Trade	67,64,517	—
Total	13,03,69,613	11,24,13,134

Note: Details of inventory of work-in-progress

SG Iron Fittings	5,59,48,571	6,04,56,732
SS Fittings	2,29,21,136	1,66,70,519
SS Ball Valves	82,85,364	60,31,335
	8,71,55,071	8,31,58,586

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2019 ₹	As at 31 March 2018 ₹
Note 2.5 Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
(Unsecured, considered good)	9,24,192	15,91,730
Doubtful	—	—
	9,24,192	15,91,730
Other Trade receivables		
(Unsecured, considered good)	4,54,90,132	2,84,62,888
Doubtful	—	—
	4,54,90,132	2,84,62,888
Total	4,64,14,324	3,00,54,618

Note 2.6 Cash and Cash Equivalents

(a) Cash on hand	2,19,094	3,45,752
(b) Balances with banks		
(i) In current account with Scheduled Banks	2,05,31,184	1,01,31,532
(ii) In deposit accounts with Scheduled Banks (Refer Note below)	13,62,22,588	13,83,75,604
(iii) In Margin Money accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	2,010	2,128
(iv) In Dividend Account with Scheduled Bank	79,81,204	85,43,824
Total	16,49,56,078	15,73,98,838

Note:

- (i) Balances with banks include deposits with a scheduled bank amounting to Rs.13,62,22,588/- (As at 31 March, 2018, Rs.13,83,75,604/-) which have an original maturity of 12 months.

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2019 ₹	As at 31 March 2018 ₹
Note 2.7 Short-term loans and advances		
(a) Advance for supplies		
(i) To related parties @	—	—
(ii) Others	67,06,252	1,42,49,900
(b) Capital Advance for Land		
(i) To related parties @	—	—
(c) Loans and advances to employees	85,16,863	83,42,815
(d) Prepaid expenses	31,48,337	21,50,353
(e) Balances with government authorities		
Unsecured, considered good		
(i) GST / CENVAT credit receivable	80,37,141	73,83,230
(ii) Export Incentives receivable	37,89,335	72,28,123
(iii) VAT credit receivable	—	—
(f) MEIS License in Hand	27,20,062	1,72,559
(g) Other Advances	36,16,277	22,83,138
(h) Product Development Expenditure	47,59,356	—
(i) Advance Tax (net or provision)	1,92,05,635	69,76,889
Total	6,04,99,257	4,87,87,007

Note 2.8 Other current assets

(a) Accruals		
(i) Interest accrued on deposits	3,09,716	3,42,583
(ii) Vehicle Tollgate Deposit	2,500	2,100
Total	3,12,216	3,44,683

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

	As at 31st March, 2019		As at 31 March, 2018	
	Number of shares	Amount	Number of shares	Amount
(a) Authorised				
Equity shares of Rs. 10 each				
Opening Balance	2,45,00,000	24,50,00,000	87,50,000	8,75,00,000
Changes during the year (on account of Merger) (Refer Note No. 2.32)			1,57,50,000	15,75,00,000
Closing Balance	2,45,00,000	24,50,00,000	2,45,00,000	24,50,00,000
Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	5,00,000	5,00,00,000	5,00,000	5,00,00,000
(b) Issued, Subscribed and fully paid up				
Equity shares of Rs. 10 each with voting rights	90,83,182	9,08,31,820	90,83,182	9,08,31,820
Total	90,83,182	9,08,31,820	90,83,182	9,08,31,820

Refer Notes (i) to (iv) below

Notes:

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

Particulars	Opening Balance	Issued during the year	Redeemed during the year	Closing Balance
Equity shares with voting rights				
Year ended 31 March, 2019				
- Number of shares	90,83,182	—	—	90,83,182
- Amount (₹)	9,08,31,820	—	—	9,08,31,820
Year ended 31 March, 2018				
- Number of shares	90,83,182	763182	—	98,46,364
- Amount (₹)	9,08,31,820	7631820	—	9,84,63,640

Notes forming part of the financial statements (Contd.)

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

Class of shares / Name of shareholder	As at 31 March, 2019		As at 31 March, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
Promoter Group	30,92,093	34.04	30,92,093	34.04

(iv) Terms / rights attached to shares

- (a) The company has only one class of equity shares having at par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. No dividend has been proposed by the Board of Directors for the year.
- (b) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2019 ₹	As at 31 March 2018 ₹
Note 2.10 Other Equity		
(a) Capital reserve		
Opening balance	36,04,029	15,00,000
Add: Additions during the year - On account of Merger		1,09,26,935
Transfer from General Reserves		1,00,00,000
Less: Utilised / transferred during the year- On Impact of Merger (Refer Note No. 2.32)	—	(1,88,22,906)
Closing balance	36,04,029	36,04,029
(b) Capital Redemption Reserve		
Opening balance	5,19,38,600	5,00,00,000
Add: Additions during the year - On account of Merger (Refer Note No. 2.32)	—	19,38,600
Less : Utilised during the year	—	—
Closing balance	5,19,38,600	5,19,38,600
(c) Securities Premium account		
Opening balance	4,00,75,360	10,00,000
Add: Additions during the year - On account of Merger		3,90,75,360
Less : Utilised during the year	—	—
Closing balance	4,00,75,360	4,00,75,360
(d) General reserve		
Opening balance	3,17,75,993	2,19,80,000
Add: Additions during the year - On account of Merger (Refer Note No. 2.32)		1,97,95,993
Add: Transferred from surplus in Profit and Loss Statement	-	-
Less: Utilised / transferred during the year - Capital Reserve		(1,00,00,000)
Closing balance	3,17,75,993	3,17,75,993
(e) Revaluation reserve		
Opening balance	2,36,855	-
Add: Additions during the year - On account of Merger (Refer Note No. 2.32)		3,67,545
Less: Transferred to surplus in Profit and Loss Statement	(1,30,690)	(1,30,690)
Closing balance	1,06,165	2,36,855

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2019 ₹	As at 31 March 2018 ₹
(e) Surplus / (Deficit) in Profit and Loss Statement		
Opening balance	25,31,43,554	11,95,80,791
Add: Additions during the year - On account of Merger (Refer Note No. 2.32)		7,77,92,785
Add: Profit / (Loss) for the year	2,99,06,781	7,75,03,959
Transferred from Revaluation Reserve	1,30,690	1,30,690
MAT Credit adjustment	16,37,145	
Less: Utilised / transferred during the year	—	—
Interim Dividend on Eq. Share (Current year ... (previous year Rs.2)	—	1,09,20,384
Dividend Distribution Tax on above	—	3,10,737
Final Dividend on Eq. Share	—	72,45,980
Dividend Distribution Tax on above	—	33,87,571
Transfer to General Reserve	—	—
Closing balance	28,48,18,170	25,31,43,554
Total (a+b+c+d+e)	41,23,18,317	38,07,74,390

Note 2.11 Long - term borrowings

Non-convertible Non-cumulative Redeemable 9% preference shares

4,00,000 Non-convertible Non-cumulative Redeemable

9% preference shares of ₹100 each

	4,00,00,000	4,00,00,000
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Secured

Term Loans from a Bank

	5,76,72,470	5,08,37,605
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Total

	9,76,72,470	9,08,37,605
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Other Note

a) Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each

The reconciliation of number of shares outstanding and the amount of share capital as at March 31, 2019, March 31, 2018.

Class of shares / Name of shareholder	As at 31st March, 2019		As on 31.03.2018	
	Numbers of Shares	Amount	Numbers of Shares	Amount
No. of Shares at the beginning of the year	4,00,000	4,00,00,000	4,00,000	4,00,00,000
No. of Shares Issued during the year / period	—	—	—	—
No. of Shares at the End of the year / period	4,00,000	4,00,00,000	4,00,000	4,00,00,000



Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2019 ₹	As at 31 March 2018 ₹
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Name of Shareholders	No of shares	% holding	No of shares	% holding
Western India Steel Company Private Limited	2,00,000	50.00%	2,00,000	50.00%
Asian Fittings	2,00,000	50.00%	2,00,000	50.00%
Total number of shares outstanding	4,00,000	100.00%	4,00,000	100.00%

The company has only one class of Preference shares having at par value of Rs.100/- per share which is non-convertible and non-cumulative. The preference shares are entitled to a dividend of 9% and will be redeemable at par subject to the provision of the Companies Act, 2013 after the expiry of the sixth year but before the expiry of the twelfth year from the date of allotment of the shares by one or more installments at the option of the company by giving 3 month's notice.

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

Note: 2.12 Deferred Tax Liability (net)

Deferred Tax Liability (Net)	2,06,06,637	1,62,49,294
Ref. additional information note 2.31	2,06,06,637	1,62,49,294

Note 2.13 Employee Benefit Obligation

Provision for employee benefits:

(i) Provision for Earned Leave	4,16,376	23,86,227
(ii) Provision for Gratuity (net) (Refer Note 2.27.b)	53,35,678	30,75,319

Total	57,52,054	54,61,546
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Note 2.14 Short - term borrowings

Loans repayable on demand

From banks		
Secured		
Working Capital	2,43,76,239	2,28,34,503
Export Packing Credit from Bank of India #	11,45,86,614	8,09,22,361
Letter of Credit from Bank of India #	54,70,705	—
Demand Loan against Deposits@	1,30,50,000	2,37,08,790

Total	15,74,83,558	12,74,65,654
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Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2019 ₹	As at 31 March 2018 ₹
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From HDFC BANK:

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

From BANK OF INDIA:

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

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

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

Note 2.15 Trade and other payables

Trade payables:

Other than Acceptances #	7,58,34,529	4,81,23,296
Total	7,58,34,529	4,81,23,296

Trade payables includes payable to related parties

a. Haitima (India) Private Ltd	43,421	44,095
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Note 2.16 Other current liabilities

(i) Unclaimed Dividend	79,90,427	85,64,961
(ii) Other dues payable		
(a) Statutory remittances	35,20,493	11,24,557
(b) Advances from customers	1,75,64,724	1,30,77,229
(c) Provision for Expenses	2,33,60,496	1,90,92,600
Total	5,24,36,140	4,18,59,347

Note 2.17 Current income tax liabilities (net)

Provision for tax (net of advance tax)	—	—
Total	—	—

Note:2.18 Employee benefit obligation

(i) Provision for Earned Leave	28,223	59,734
(ii) Provision for Gratuity (net) (Ref Note 2.26.b)	3,74,733	3,40,678
Total	4,02,956	4,00,412

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2019 ₹	For the year ended 31 March 2018 ₹
2.19 Revenue from operations		
(a) Sale of products (Refer Note (i) below)	55,78,67,904	58,87,45,391
	55,78,67,904	58,87,45,391
(b) Other operating revenues (Refer Note (iii) below)	2,24,82,630	3,05,11,176
	58,03,50,534	61,92,56,567
Notes.		
(i) Sale of products comprises:		
Manufactured goods		
SG Pipe Fittings	50,10,25,085	54,47,32,574
SS Fittings	4,97,88,438	4,24,81,388
SS Ball Valves	25,22,841	14,65,429
	55,33,36,364	58,86,79,391
# Sales includes (Export) cargo stock	80,60,030	39,43,873
Traded goods		
Water Pump	29,87,696	—
Roll Grooving machine and others	15,43,844	66,000
	45,31,540	66,000
Total - Sale of products	55,78,67,904	58,87,45,391
(ii) Geographical Revenue from:		
Domestic	13,11,05,049	9,77,68,525
Export	42,67,62,855	49,09,76,866
Total	55,78,67,904	58,87,45,391
(iii) Other operating revenues comprise:		
Scrap Sale	16,36,957	62,95,968
Duty drawback and other export incentives	2,08,45,673	2,42,15,208
Total - Other operating revenues	2,24,82,630	3,05,11,176
2.20 Other Income		
(a) Interest income (Refer Note (i) below)	1,00,22,584	1,00,42,628
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	46,09,416	61,83,358
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	40,95,796	1,12,20,667
Total	1,87,27,796	2,74,46,653

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2018 ₹	For the year ended 31 March 2018 ₹
Notes.		
(i) Interest income comprises:		
Interest from banks:		
On Fixed Deposits	86,55,976	92,49,657
On LC and BG Margin Money Deposits		
Other interest	13,66,608	7,92,971
Total - Interest income	1,00,22,584	1,00,42,628
(ii) Other non-operating income comprises:		
Sales Tax refund received	—	78,54,752
Rental from Machines	1,32,096	-
Profit on sale of Investment	—	3,27,916
Dividend Income	6,81,049	6,14,966
Profit on sale of asset (net of)	31,65,277	-
Sundry balance written back	—	10,98,954
Provision no longer required	—	1,68,957
Labour charges receipt	—	8,94,439
Others	1,17,374	2,60,683
Total Other non-operating income	40,95,796	1,12,20,667
2.21(a) Cost of Raw Material consumed		
Opening stock	1,17,07,643	44,91,919
Add: Opening Stock on Merger (Refer Note No. 2.32)	—	28,20,245
Add: Purchases	19,18,72,004	17,02,32,971
	20,35,79,647	17,75,45,135
Less: Closing stock	1,60,82,345	1,17,07,643
Total	18,74,97,302	16,58,37,492
Material consumed comprises:		
M S Scrap and other alloys	14,75,00,008	13,60,22,116
EPDM Rubber	1,99,10,208	1,77,00,886
SS Scrap & other alloys	2,00,87,086	1,21,14,490
Total	18,74,97,302	16,58,37,492

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

Particulars	For the year ended 31 March, 2019 ₹	For the year ended 31 March 2018 ₹
2.21(b) Purchase of traded goods	1,06,34,291	—
Total	1,06,34,291	—
2.21(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		
Inventories at the end of the year:		
Finished goods	—	—
Work-in-progress	8,71,55,071	8,31,58,586
Stock-in-trade	67,64,517	—
	9,39,19,588	8,31,58,586
Inventories at the beginning of the year:		
Finished goods	—	—
Work-in-progress	8,31,58,586	5,96,17,090
Work-in-progress - On Account Merger (Refer Note No. 2.32)	—	1,38,05,530
Stock-in-trade	—	—
	8,31,58,586	7,34,22,620
Net (increase) / decrease	(1,07,61,002)	(97,35,966)
2.22 Employee benefits expense		
Salaries and wages	7,87,68,004	6,70,33,458
Contributions to provident and other funds	49,34,814	40,68,218
Gratuity expenses	—	20,000
Staff welfare expenses	63,54,499	41,92,368
Total	9,00,57,317	7,53,14,044
2.23 Finance costs		
(a) Interest expense on:		
(i) Packing Credit and Cash Credit	77,93,776	42,77,904
(ii) Bills discounted/ Realised	24,60,128	40,26,828
(iii) Letters of Credit	1,58,577	1,65,041
(iv) Overdue bills	12,158	—
(v) Others (Including Interest on Loan against Term Deposit Receipt)	62,61,574	78,04,990
(vi) Bank Charges	4,15,365	5,26,168
Total	1,71,01,577	1,68,00,932

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2019 ₹	For the year ended 31 March 2018 ₹
Note 2.24 Other Expenses		
Consumption of stores and spare parts	9,13,85,315	8,83,93,608
Consumption of packing materials	1,00,32,113	96,79,489
Corporate Social Responsibility	18,69,299	34,56,943
Power and fuel	8,50,81,911	7,92,74,509
Water	6,83,570	9,48,700
Rent	3,65,703	3,53,700
Repairs and maintenance - Buildings	3,35,670	23,17,538
- Machinery	33,60,853	1,46,05,788
- Computer	7,37,925	5,28,739
- Vehicle (Including Fuel)	30,83,180	24,36,510
- Others	29,05,708	68,06,714
Insurance - Export	10,05,434	7,06,650
- Product Liability	2,82,396	2,51,052
- Others	4,06,009	4,00,110
Directors sitting fees and Meeting expenses	2,99,000	3,17,500
Rates and taxes	12,85,440	17,41,129
Watch and Ward expenses	20,61,645	19,95,994
Communication	3,24,148	3,43,595
Travelling and conveyance	11,17,674	16,95,413
Printing and stationery	8,77,085	7,32,049
Postage and Telegram	1,98,875	4,69,803
Freight and forwarding	1,45,05,688	1,67,33,136
Loss on sale of License, short realisation and processing charges	6,53,214	19,88,872
Business promotion including advertisement	3,91,170	70,332
Donations and contributions	4,400	4,000
Legal and professional	40,23,579	44,81,651
Payments to auditors (Refer Note (i) below)	11,32,428	11,44,994
Bad trade and other receivables, loans and advances written off	8,090	19,01,376
Product Development and Tool room expenses written off	12,97,157	1,50,635
Preliminary Expenses written off	9,04,069	—
Loss on sale of investments	8,01,916	—
Loss on fixed assets sold / scrapped / written off	—	17,28,075
Miscellaneous expenses	19,72,736	37,65,585
Total	23,33,98,400	24,94,34,188

Notes:

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

For Statutory audit	6,90,000	5,50,000
For taxation matters	90,000	2,40,000
For company law matters	1,62,000	1,85,000
For other services	—	—
Reimbursement of expenses	1,90,428	1,69,994
Total	11,32,428	11,44,994

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

Note	Particulars	As at 31 March 2019 ₹	As at 31 March, 2018 ₹
2.26	Contingent liabilities and commitments (to the extent not provided for)		
(i) (a)	Contingent liabilities		
	(a) Claims against the Company not acknowledged as debt (In respect of the appeal filed by the Central Excise department for the Modvat claim of Rs.3,85,764/- the CECAT has decided in favour of the department, reducing the claim to Rs.2,83,658/- against which the Company has preferred an appeal with the High Court, Chennai. However the Company has paid the duty amount of Rs.2,83,658/- under protest).	—	—
	(b) Demand raised by Employees Insurance Corporation for claiming damages for the period 2004-2011. The company has preferred an appeal before ESI Court. However the company has paid 15% of the damages for Rs.27,025/- under protest	1,53,425/-	1,53,425/-
	(c) Demand of Interest by the Excise Department for certain non compliances has been appealed by the company	12,094	12,094/-
	(d) Appeal preferred by the company before CESTAT for the duty and penalty demanded by the Customs Department in 2006-07 which has also been paid is pending decision.	98,560/-	98,560/-
	(e) Appeal preferred by the company before CESTAT for the duty, interest and penalty demanded by the Excise Department for the year 2007-08 for Rs.75,74,834/- and company has paid as pre deposit for Rs.10,00,000/- under protest which is pending decision.	65,74,834/	65,74,834/
	(2) Other money for which the Company is contingently liable		
	a) Letter of Credit established by the Bankers and outstanding as on the date of the Balance Sheet	54,70,705	—
	b) Export bills discounted with Bankers as on the date of the Balance Sheet	60,18,126	70,72,891
	c) Estimated differential sales tax liability on account of non-receipt of C-Forms	—	321

Notes forming part of the financial statements (Contd.)

Note 2. Additional information to the financial statements

Note	Particulars		
(b)	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	9,82,901	2,52,77,459

(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.

		For the year ended 31 March 2019 ₹	For the year ended 31 March, 2018 ₹
(iii)	Value of imports calculated on CIF basis		
	Raw materials	—	—
	Components and Consumable	21,18,249	52,09,871
	Total Components and Spare Parts	21,18,249	52,09,871
(iv)	Expenditure in foreign currency		
	Professional and consultation fees	12,83,043	7,62,478
(v)	Earnings in foreign currency		
	Export of goods calculated on FOB basis	42,11,04,609	48,34,78,037

(vi)	Details of consumption of imported and indigenous items	For the year ended 31 March 2019	
		₹	%
	Imported		
	Raw materials	— (—)	— (—)
	Components and Consumable	16,79,674 (21,18,249)	100.00 (100.00)

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

Note	Particulars		
	Total	16,79,674 (21,18,249)	100.00 (100.00)
	Indigenous		
	Raw materials	18,74,97,302 (16,30,17,247)	67.64 (65.40)
	Components and Consumable	8,97,05,641 (8,62,75,359)	32.36 (34.60)
	Total	27,72,02,944 (24,92,92,606)	100 (100)

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

2.27 Employee benefit plans
2.27 a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 18,79,839/- (year ended 31 March, 2018 Rs.19,88,631) towards Provident Fund contribution and Rs.22,36,559/- (Year ended 31 March, 2018 Rs19,55,850) towards Employees State Insurance contribution in the Statement of Profit and Loss. The contributions payable are at the rates specified in the rules of the schemes.

2.27 b Defined benefit plans

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

- i. Gratuity
- ii. Leave Encashment

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

Particulars	For the year ended 31.03.2019		for the year ended 31.03.2018	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
Employee Profile				
Age of Retirement	58	58	58	58
No. of Employees	51	54	23	50
Total monthly relevant salary for gratuity	5,13,718		2,65,845	
Total monthly relevant salary for leave		6,93,616		6,17,776
Total monthly Cost to Company (CTC) for leave		7,75,770		6,92,208
Average Age	46.00	44.80	44.10	89.90
Average past service	19.90	18.70	16.80	39.90

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Particulars	For the year ended 31.03.2019		for the year ended 31.03.2018	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
No. of Leave days (EL)		828.00		701.00
Estimated Average Future working life	9.00	9.60	10.10	10.70
Actuarial assumptions				
Discount rate as per para 83 of IND AS19	7.37%	7.37%	7.64%	7.50%
Rate of increase in compensation levels	8.00%	8.00%	8.00%	8.00%
Attrition rate fixed by Enterprise	4.00%	4.00%	4.00%	4.00%
FUNDING MECHANISM	partly funded	unfunded	partly funded	unfunded
Expected Utilization Pattern of Carried Forward Leave Days				
# Proportion of Leave availment	—	10.00%	—	10.00%
# Proportion of encashment during service	—	0.00%	—	0.00%
# Proportion of encashment on separation	—	90.00%	—	90.00%
SUMMARY OF KEY RESULTS				
PRESENT VALUE OF OBLIGATION (PVO)	57,29,034	4,44,599	54,79,720	3,60,201

2.28a. Segment information

(Rs. in lakhs)

Particulars	For the year ended 31 March, 2019		
	Business segments		Total
	A	B	
	Outside India	Within India	₹
Revenue	4,476.09 (5,151.92)	1,327.42 (1,040.64)	5,803.51 (6,192.56)
Total	4,476.09 (5,151.92)	1,327.42 (1,040.64)	5,803.51 (6,192.56)
Segment result	603.15 (1,140.47)	122.12 (262.38)	725.27 (1,402.86)
Unallocable expenses (net)			465.72 (455.33)
Other income (net)			187.28 (274.47)
Profit before taxes			446.83 (1,221.99)
Tax expense			147.76 (430.58)
Net profit for the year			299.07 (791.41)

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

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

Geographic Segment	Revenues For the year ended 31.03.2019 ₹
Americas	— (—)
Europe	— (—)
India	1,311.05 (977.69)
Others (Middle East)	4,267.63 (4,910)

Note : Figures in brackets related to the previous year.

2.29 Related party transactions

Description of relationship	Names of related parties
Enterprises in which Directors have Significant influence	Haitima India Pvt. Ltd.
Key Management Personnel	A V Palaniswamy (Managing Director) Jayaram Govindarajan, Whole Time Director Panath Anitha (Executive Director) J Saravanan (Chief Financial Officer)
Relatives of Key Management Personnel and their Enterprises	Mrs Kumudha Palaniswamy (wife of Mr A V Palaniswamy)

Note: Related parties as identified by the Management.

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

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

Details of related party transactions during the year ended 31 March, 2019 and balances outstanding as at 31 March, 2019

₹ in lakhs

	KMP / Director	Relatives of KMP	Others	Total
Purchase of Goods	— (—)	— (—)	— (—)	— (—)
Sale of goods	— (—)	— (—)	— (—)	— (—)
Purchase of fixed assets	— (—)	— (—)	— (—)	— (—)
Expenses				
Rent and Services	— (1.00)	— (—)	— (—)	— (1.00)
Remuneration	51.85 (49.43)	1.20 (1.20)	— (—)	53.05 (50.63)
Director Sitting Fees	2.80 (0.92)	— (—)	— (—)	2.80 (0.92)
Royalty & Lease Rent	— (—)	— (—)	— (—)	— (—)
Other Expenses	8.63 (12.60)	0.36 (—)	— (—)	8.99 (12.60)
Income				
Rent and Services	— (—)	— (—)	— (—)	— (—)
Outstanding at end of the year				
Payable	— (—)	— (—)	— (0.44)	— (0.44)
Advances & Receivable	— (—)	— (—)	0.43 (—)	0.43 (—)

Note : Figures in bracket relates to the previous year.

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

Note	Particulars	For the year ended 31.03.2019	For the year ended 31.03.2018
2.30	Earning per share		
	Net profit / (loss) for the year from continuing operations (₹ In lakhs)	299.07	775.04
	Net Profit / (Loss) attributable to Equity Shareholders	299.07	775.04
	Weighted average number of equity shares	90,83,182	90,83,182
	Par value per share	10	10
	Basic and diluted earnings per share in Rupees	3.29	8.53

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

2.31 Deferred Taxation :

(₹ in lakhs)

	Opening Balance as on 01.04.2018 ₹	Changes/ (credit) in P&L during the year ₹	As at 31.03.2019
Deferred tax Liability on account of			
Fixed Assets	776.92	54.02	830.94
Total	776.92	54.02	830.94
Deferred Tax Asset on Account of			
Gratuity	(3.73)	4.42	0.69
Leave Encashment & Bonus	(4.06)	6.02	1.96
Unabsorbed Depreciation and business loss	622.22	—	622.22
Total	614.43	10.44	624.87
Net Deferred Tax Asset	162.49	43.58	206.07

In accordance with Accounting Standard 22, the deferred tax Asset of Rs.43.58 lacs for the year have been recognised in Profit and Loss statement.

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

Note	Particulars
2.32	In respect of actuarial valuation, the actuarial valuation obtained separately for Transferor Companies as at 31.3.2018 adopted as it is in Transferee company.
2.33.	Previous year figures Previous year's figures have been restated, rearranged and regrouped, wherever necessary.

