



# INTERFIT TECHNO PRODUCTS LIMITED

## BOARD OF DIRECTORS

**Mr. A.V. Palaniswamy**, Managing Director

**Mr. M. Loganathan**, Non-Executive Independent Director

**Mr. R. Alagar**, Non-Executive Independent Director

**Mr. K. Arunachalam**, Non-Executive Independent Director

**Mr. Philip K Baby**, Executive Non-Independent Director

## BANKERS

### BANK OF INDIA

Main Branch  
324, Oppanakara Street  
Coimbatore - 641 001

## AUDITORS

### KRISHAAN & CO.

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

## REGD. OFFICE & WORKS

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

## SHARE TRANSFER AGENTS

### SKDC CONSULTANTS LTD.,

Kanapathy Towers, 3rd Floor  
1391/A-1, Sathy Road  
Ganapathy  
Coimbatore - 641 006  
Ph : 0422-6549995, 2539835



## INTERFIT TECHNO PRODUCTS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

Notice is hereby given that the 19th ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at SF No.112, Madhapur Road, Kaniyur, Sulur Taluk, Karumathampatti, Coimbatore - 641 659 on Monday the 13th day of August 2012 at 9.30 AM to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited statements of accounts for the year ended 31st March 2012 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr M Loganathan, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors for the current financial year and fix their remuneration. M/s. Krishnaan & Co., Chartered Accountants, Chennai, retires and are eligible u/s 224(1A) of Companies Act for re-appointment.

#### SPECIAL BUSINESS:

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

“Resolved that pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, or any statutory modification or re-enactment thereof the approval of the members of the Company be and is hereby accorded to revise the remuneration of Mr A V Palaniswamy, Managing Director as follows, for the remaining period of his tenure subject to approvals, if any, as may be required.

(a) Salary : Rs. 75,000/- per month  
(w.e.f. 01.06.2012)

The all other existing terms of remuneration of the Managing Director as approved earlier remain unchanged.

/ By order of the Board /

Place : Coimbatore  
Date : 26.05.2012

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

#### NOTES :

- 1) A member entitled to attend and vote is entitled to appoint a Proxy to attend and vote instead of himself and such a Proxy need not be a member. The Proxy form duly stamped and executed should be deposited at the Registered Office of the Company at least forty-eight hours before the time fixed for the commencement of the meeting.



- 2) Members/Proxies should bring the Attendance slip duly filled in, to the meeting.
- 3) Pursuant to Clause 16 of the listing agreement with the Stock Exchanges, the Register of Members and Share Transfer Register will remain closed from 06th August, 2012 to 13th August 2012 (both days inclusive) in connection with the 19th Annual General Meeting of the Company.
- 4) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.
- 5) All communications should be addressed to:

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

## **SHAREHOLDER INFORMATION**

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

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

### **B) Share Transfer Services:**

Share Transfer Agents/Registrars for Physical and Demat Segments:

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



### EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT 1956:

#### Agenda 4:

Mr A V Palaniswamy was appointed as Managing Director with effect from 01.04.2009 for a period of five years as approved by the shareholders at their meeting on 30.07.2009 with the remuneration of Rs 48000/- per month.

As it is expedient and necessary to revise the remuneration of Managing Director in conformity with the current efficiency standards and as per the recommendation of the Remuneration Committee the Board approved an increase in his salary from Rs 48000/- to Rs 75000/- per month with effect from 01.06.2012 and all other terms and conditions of his appointment remained unchanged subject to the approval of the shareholders.

Your Directors recommend that the revision of remuneration be confirmed by the members of the company

Except A V Palaniswamy none of the other Directors is concerned or interested in this resolution.



## DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the Audited Balance Sheet and Profit and Loss Statement for the year ended 31.03.2012.

### FINANCIAL RESULTS :

The operating results for the year 2011-2012 are given below :

	(₹ in Lakhs)	
Profit before Interest and Depreciation and Other adjustments		337.27
Less: Interest	64.68	
Depreciation	42.98	107.66
Net Profit before Tax		229.61
Provision for Tax :		
Current Tax	46.04	
Deferred Tax (Assets) / Liability	(3.84)	42.20
		187.41
Add:		
MAT Credit Entitlement		44.71
Surplus carried over to Balance Sheet		232.12

### PERFORMANCE:

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

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

Company has been evaluating different methods to produce castings with minimum power requirement and will be implementing these methods during the current year.

During the year, the company made a net profit of ₹ 229 lacs and by virtue of this, the net worth of the company has become positive this year. With the business of the company continuing to improve, the company hopes to generate adequate surplus and wipe out the accumulated losses, in the next two years.

### DIRECTORS:

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

Mr. Philip K Baby, Director resigned from Director – Marketing w.e.f 01.12.2011.

### COMPANY SECRETARY:

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



## DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors further report that

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures;
- (ii) the accounting policies selected by them have been applied consistently. Prudent Judgments and estimates have been made to give a true and fair view of the state of affairs of the company as at 31st March 2012 and of the Profit of the company and the cash flow statement for the year ended 31.03.2012.
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The annual accounts have been prepared on a going concern basis.

## DELISTING :

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

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

## CORPORATE GOVERNANCE :

### Company's Philosophy on Code of Corporate Governance:

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

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

Some of the Measures included:

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

### Board of Directors:

Composition of Board of Directors:

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

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

**BOARD MEETINGS :**

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

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

Four meetings of the Board of Directors were held during the financial year on 30.05.2011, 11.08.2011, 10.11.2011, and 13.02.2012 and AGM was held on 11.08.2011.

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

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

**Code of Conduct:**

All Directors and senior management of the Company have affirmed Compliance with the Code of Conduct of Interfit Techno Products Limited for the financial Year ended 31st March 2012

**COMMITTEES OF THE BOARD****(i) AUDIT COMMITTEE :**

Composition :

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

The terms of reference Include:

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

**Attendance:**

The committee met 4 times during the period on the following dates: 30.05.2011, 11.08.2011, 10.11.2011 and 13.02.2012



## INTERFIT TECHNO PRODUCTS LIMITED

Sl. No.	Name of the Members	No of meetings held during the period 2011-2012	No. of meeting attended
01.	Mr.R. Alagar (Chairman)	4	4
02.	Mr.M Loganathan	4	4
03.	Mr A.V. Palaniswamy	4	4

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

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

### (ii) SHARE TRANSFER COMMITTEE:

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

The Company has appointed M/s. SKDC Consultants Limited, Coimbatore as Share Transfer Agent. Transfer/transmissions, issue of duplicate certificates etc as well as requests for de-materialization are approved/ confirmed, as the case may be, within the prescribed period through the above Share Transfer Agent. No valid transfer request remained pending for transfer to the transferees as on 31.03.2012.

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

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

The Share Transfer Committee met 8 times during the financial year 2011-12 for the above purpose.

### (iii) REMUNERATION COMMITTEE:

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

#### 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





## Details of Remuneration paid to Directors during the Financial Year ended 31st March 2012

Director	Salary	Perquisites & Other benefits	Sitting Fees	Total
1. A.V. Palaniswamy	5,76,000/-	Nil	Nil	5,76,000/-
2. Philip K Baby	8,00,000/-	80,500/-	Nil	8,80,500/-
3 R Alagar	Nil	Nil	17,500/-	17,500/-
4 M. Loganathan	Nil	Nil	10,000/-	10,000/-
5 K Arunachallam	Nil	Nil	10,000/-	10,000/-

### GENERAL BODY MEETING :

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

<i>Financial Year</i>	<i>Venue</i>	<i>Date</i>	<i>Time</i>
2008-2009	Registered Office of the Company S.F. No. 112, Mathapur Road, Kaniyur, Karumathampatti, Coimbatore - 641 659	30.07.2009	9.30 AM
2009-2010		07.08.2010	9.30 AM
2010-2011		11.08.2011	9.30 AM

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

### DISCLOSURES :

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

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

The Company has no Un-listed subsidiary company.

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

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

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

### MEANS OF COMMUNICATION

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



## INTERFIT TECHNO PRODUCTS LIMITED

### GENERAL SHAREHOLDER INFORMATION

- a) The 19th Annual General Meeting of the Members of the Company will be held on Monday, the 13th day of August 2012 at 9.30 AM at the Registered Office of the Company, SF No.112, Mathapur Road, Kaniyur Village, Karumathampatti Via, Coimbatore - 641 659.
- b) Normal Financial year : 1st April to 31st March
- c) Dates of Book Closure: 06th August, 2012 to 13th of August 2012.
- d) The Company's shares are listed in (i) Coimbatore Stock Exchange Ltd (ii) Madras Stock Exchange (iii) The Stock Exchange, Mumbai
- e) Market Price Data

Market Price data and Number of shares traded for the year 2011-09 in Mumbai Stock Exchange are as below.

Month	No of shares Traded	High (₹)	Low (₹)
April 2011	33,411	11.70	08.50
May 2011	10,458	13.00	08.59
June 2011	33,381	12.73	08.25
July 2011	8,860	11.50	09.21
August 2011	4,136	09.99	07.78
September 2011	22,935	09.30	06.72
October 2011	1,085	10.90	08.05
November 2011	7,400	11.53	07.80
December 2011	25,909	07.92	05.97
January 2012	12,815	08.47	05.19
February 2012	21,869	13.21	08.05
March 2012	5,504	12.14	09.50

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

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

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



## DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2012

### A. PROMOTERS HOLDINGS

		No. of Shares	%
<b>A.</b>	<b>Promoters Holdings</b>		
<b>1.</b>	<b>Promoters</b>		
	Indian Promoters	46,97,810	56.46
	Foreign Promoters	7,56,472	09.09
<b>2.</b>	<b>Person acting in Concert</b>	Nil	Nil
	<b>Sub Total</b>	<b>54,54,282</b>	<b>65.55</b>
<b>B.</b>	<b>Non-Promoters</b>		
<b>3.</b>	<b>Institutional Investors</b>		
	a) Mutual Funds and UTI	500	0.01
	b) Bank, Financial Institutions, Insurance companies (Central / State Government Institutions / Non-Government Institutions)	100	0.01
	c) FIs	200	0.01
	<b>Sub Total</b>	<b>800</b>	<b>0.03</b>
<b>4.</b>	<b>Others</b>		
	a) Directors and Relatives	14,690	0.18
	b) Private Corporate Bodies	4,46,232	5.36
	c) Indian Public	19,49,897	23.43
	d) NRI-NRE / NRI-NRO/OCBs	3,82,106	4.59
	e) Any other (HUF)	71,993	0.86
	<b>Sub Total</b>	<b>28,64,918</b>	<b>34.42</b>
	<b>Grand Total</b>	<b>83,20,000</b>	<b>100.00</b>

#### NOTE

<b>1.</b>	<b>Total Foreign Holding</b>	<b>11,38,578</b>	<b>13.68</b>
<b>2.</b>	<b>GDR &amp; ADR Holdings</b>	Nil	Nil
<b>3.</b>	<b>Dematerialization of Shares and Liquity</b>		
	Total No. of Shares	83,20,000 Equity shares of ₹ 10/- each	
	<b>Dematerialized</b>		
	Central Depository Securities Limited	4,64,509 (5.583%)	
	National Securities Depository Limited	60,49,591 (72.711%)	



## INTERFIT TECHNO PRODUCTS LIMITED

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

### INVESTOR EDUCATION AND PROTECTION FUND

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

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### TRENDS AND DEVELOPMENT :

The economic slow down of Middle East where most of the products are sold has not reduced the demand for the products. Improvement in the building sector in areas other than Dubai in Middle East and the appreciation of dollar will continue to improve sales and margins during the year 2011-12. Company has started active domestic marketing arrangements and has started supplies to several major projects like Bombay Airport, Indian Oil Corporation Paradeep port refinery through Essar, building sector in Pune etc.

#### AUDITORS:

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

#### DEPOSITS :

The Company has not accepted any deposits from the public.

#### CONSERVATION OF ENERGY :

- a) No effective step was taken to reduce power consumption per ton due to 40% power cut, non-availability of power for 8 hours per day and limitation of power during 18 hours to 22 hours every day. Frequent stopping and restarting of melting equipments and other continuous process operations like wax preparation, shell coating under controlled air conditioned temperature resulted in higher usage of power than normal. Power situation may continue for next 12-18 months.
- b) Power and fuel consumption;
  - i) The Company has consumed 10,81,662 Units of power during the year 31.03.2012.
  - ii) Consumption per Unit of Production :

6825 Units consumed per MT of Rough Castings as against 5962 units in the last year required for Stainless Steel Pipe Fittings and Ball Valves.

227 Units consumed per MT of Finished Goods as against 223 units in the last year required for Stainless Steel Pipe Fittings and SG Iron Pipe Fittings.

**TECHNOLOGY ABSORPTION :**

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

**FOREIGN EXCHANGE INFLOW AND OUTGO:**

Foreign exchange inflow : ₹ 20,98,83,223/-  
Foreign exchange used : ₹ 1,72,40,399/-

**PARTICULARS OF EMPLOYEES :**

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

**INDUSTRIAL RELATIONS :**

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

**ACKNOWLEDGEMENT :**

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

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore  
Date : 26.05.2012

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

Sd/- **M. LOGANATHAN**  
Director



## INTERFIT TECHNO PRODUCTS LIMITED

### REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the attached Balance Sheet of M/s. INTERFIT TECHNO PRODUCTS LIMITED as at 31st March 2012 and the Profit and Loss Statement and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our Audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An Audit includes examining, on test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditor's Report) Order, 2003 (CARO 2003), issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraph 4 of the said order.
3. Further to our comments in Annexure referred to in paragraph 2 above, we report that:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of the books of the company.
  - c) The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by the report are in agreement with the Books of Account of the Company.
  - d) In our opinion, the Balance Sheet, the Profit and Loss Statement and the Cash Flow Statement dealt with by this report comply with Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956, to the extent applicable.
  - e) On the basis of the written representations received from the Directors as on 31st March 2012, and taken on record by the Board of Directors, we report that none of the Directors are disqualified as on 31st March 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with accounting principles generally accepted in India:
    - i) In the case of the Balance Sheet, of the STATE OF AFFAIRS of the Company as at 31st March 2012.
    - ii) In the case of the Profit and Loss Statement of the PROFIT for the year ended on that date.
    - iii) In so far as it relates to the Cash Flow Statement, of the CASH FLOWS of the Company for the year ended on that date.

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

Place : COIMBATORE  
Date : 26.05.2012

**ANNEXURE TO THE AUDITORS' REPORT**

STATEMENT REFERRED TO IN PARAGRAPH 2 OF THE AUDITORS REPORT OF EVEN DATE TO THE MEMBERS OF M/S. INTERFIT TECHNO PRODUCTS LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2012.

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

1. In respect of Fixed Assets:
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
  - b) As explained to us, the fixed assets have been physically verified by the Management during the year in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the company and nature of its assets. No material discrepancies were noticed on such physical verification.
  - c) In our opinion, the company has not disposed of substantial part of fixed assets during the year and the going concern status of the company is not affected.
2. In respect of its inventories:
  - a) As explained to us, the management at regular intervals during the year has physically verified inventories.
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification as compared to the book records.
3. The company has not granted (or) taken any loans secured or unsecured to / from Companies / Firms or other parties listed in the Register maintained u/s 301 of the Companies Act, 1956.

In view of the above 3(b),(c) and (d) are not applicable to the company for the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purposes of inventory, fixed assets and also for the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
5. In respect of transactions covered under Section 301 of the Companies Act, 1956:
  - a) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.



## INTERFIT TECHNO PRODUCTS LIMITED

6. The Company has not accepted any deposits from the public.
7. In our opinion, the Internal Audit system of the Company is commensurate with its size and nature of its business.
8. The Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the manufacturing activities of the Company.
9. In respect of statutory dues:
  - a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, value added tax, custom duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities. No undisputed amounts payable in respect of income-tax, wealth-tax, service-tax, sales-tax, customs duty and excise duty were outstanding, at the year end for a period of more than six months from the date they became payable.
  - b) According to the information and explanation given to us and also based on Management representation, the disputed statutory dues aggregating to Rs 2.84 Lacs, that have not been deposited on account of matters pending before Appropriate Authorities are as under.

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

10. The Company has accumulated losses, which do not exceed 50% of the Net Worth of the Company and has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.
11. The Company has not defaulted in repayment of dues to the bank.
12. In our opinion and according to the information and explanation given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence the question of maintenance of records reporting on deficiencies does not arise.
13. The Company is not a chit fund or a nidhi / mutual benefit /society.
14. In our opinion during the period under audit, the company did not engage in trading in shares / securities and debentures.
15. The Company has not given any guarantees for loans taken by others from Banks or financial institutions.
16. The Company has not taken any new term loans during the year.
17. According to the information and explanation given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for Long term Investments and vice versa.
18. According to the information and explanations given to us, during the period under audit, the company has not made any preferential allotment of Preference shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.





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

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

Place : COIMBATORE  
Date : 26.05.2012

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

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

To

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

We have examined the compliance of conditions of Corporate Governance by M/s. INTERFIT TECHNO PRODUCTS LIMITED for the year ended 31st March 2012, as stipulated in clause 49 of the Listing Agreements of the said company with stock exchanges.

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

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

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

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

Place : COIMBATORE  
Date : 26.05.2012



# INTERFIT TECHNO PRODUCTS LIMITED

## BALANCE SHEET AS AT 31ST MARCH 2012

Particulars	Note No.	As at 31 March, 2012 ₹	As at 31 March, 2011 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2.1	133,200,000	133,200,000
(b) Reserves and surplus	2.2	<u>(4,737,268)</u>	<u>(27,949,154)</u>
		<b>128,462,732</b>	105,250,846
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings		—	—
(b) Other long-term liabilities	2.3	301,717	391,567
(c) Long-term provisions	2.4	<u>738,201</u>	<u>658,317</u>
		<b>1,039,918</b>	1,049,884
<b>3 Current liabilities</b>			
(a) Short-term borrowings	2.5	30,396,017	20,261,971
(b) Trade payables	2.6	23,323,875	16,240,888
(c) Other current liabilities	2.7	2,119,367	2,481,866
(d) Short-term provisions	2.8	<u>361,495</u>	<u>729,472</u>
		<b>56,200,753</b>	39,714,197
TOTAL (1+2+3)		<u><b>185,703,403</b></u>	<u>146,014,927</u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
<b>(a) Fixed assets</b>			
(i) Tangible assets	2.9	65,480,075	42,672,626
(ii) Intangible assets		—	—
		<b>65,480,075</b>	42,672,626
(b) Non-current investments			
(c) Deferred tax assets (net)	2.10	15,126,746	14,742,096
(d) Long-term loans and advances	2.11	8,756,207	4,354,906
(e) Other non-current assets		—	—
		<b>89,363,028</b>	61,769,628
<b>2 Current assets</b>			
(a) Current investments			
(b) Inventories	2.12	47,494,834	40,360,404
(c) Trade receivables	2.13	15,902,543	18,552,431
(d) Cash and cash equivalents	2.14	8,723,460	5,479,361
(e) Short-term loans and advances	2.15	24,216,538	19,727,304
(f) Other current assets	2.16	<u>3,000</u>	<u>125,798</u>
		<b>96,340,375</b>	84,245,299
TOTAL (1+2)		<u><b>185,703,403</b></u>	<u>146,014,927</u>

Significant accounting policies and Notes on Accounts 1 & 2

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

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

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

Sd/- **M. LOGANATHAN**  
Director

Place : Coimbatore  
Date : 26.05.2012



**PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012**

Particulars	Note No.	For the year ended 31 March, 2012 ₹	For the year ended 31 March, 2011 ₹
1 Revenue from operations (gross)	2.17	<b>290,649,488</b>	267,037,961
Less: Excise duty		<b>5,508,528</b>	6,105,420
Revenue from operations (net)		<b>285,140,960</b>	260,932,541
2 Other income	2.18	<b>5,876,220</b>	1,370,435
<b>3 Total revenue (1+2)</b>		<b>291,017,180</b>	262,302,976
<b>4 Expenses</b>			
(a) Cost of materials consumed	2.19(a)	<b>182,848,737</b>	152,024,077
(b) Purchases of traded goods	2.19(b)	<b>452,455</b>	1,535,492
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.19(c)	<b>(7,291,710)</b>	2,212,974
(d) Employee benefits expense	2.20	<b>16,817,269</b>	16,156,481
(e) Finance costs	2.21	<b>6,468,315</b>	4,827,494
(f) Depreciation and amortisation expense	2.9	<b>4,298,213</b>	2,270,829
(g) Other expenses	2.22	<b>64,463,182</b>	61,658,690
<b>Total expenses</b>		<b>268,056,461</b>	240,686,037
<b>5 Profit / (Loss) before exceptional and extraordinary items and tax (3 - 4)</b>		<b>22,960,719</b>	21,616,939
6 Exceptional and Extraordinary items		<b>NIL</b>	NIL
<b>7 Profit / (Loss) before tax after extraordinary items (5 + 6)</b>		<b>22,960,719</b>	21,616,939
<b>8 Tax expense:</b>			
(a) Current tax expense for current year		<b>4,604,613</b>	1,802,640
(b) (Less): MAT credit		<b>—</b>	—
(c) Net current tax expense		<b>(4,604,613)</b>	1,802,640
(d) Deferred tax		<b>(384,650)</b>	11,782
		<b>4,219,963</b>	1,814,422
<b>9 MAT Credit Entitlement</b>		<b>4,593,923</b>	1,760,027
<b>Less: Excess Provision of MAT earlier year</b>		<b>122,793</b>	—
		<b>4,471,130</b>	1,760,027
<b>10 Profit / (Loss) after Tax and Exceptional Items (7-8+9)</b>		<b>23,211,886</b>	21,562,544
11 Earnings per share (of ₹10/- each):			
(a) Basic		<b>2.79</b>	2.59
(b) Diluted		<b>2.79</b>	2.59

Significant accounting policies and Notes on Accounts 1 & 2

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

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

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

Sd/- **M. LOGANATHAN**  
Director

Place : Coimbatore  
Date : 26.05.2012



# INTERFIT TECHNO PRODUCTS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
<b>A. Cash flow from operating activities</b>		
Net Profit / (Loss) before extraordinary items and tax	22,960,719	21,616,939
<i>Adjustments for:</i>		
Depreciation and amortisation	4,298,213	2,686,389
Product development expenditure written off	122,798	
(Profit) / loss on sale / write off of assets	19,327	
Finance costs	6,468,315	4,827,494
Interest income	(518,761)	(106,083)
Rental income from Machineries	(260,905)	(82,000)
Liabilities / provisions no longer required written back	(14,331)	(38,968)
Operating profit / (loss) before working capital changes	33,075,375	7,286,832
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(7,134,430)	(441,674)
Trade receivables	2,649,888	4,233,822
Short-term loans and advances	(4,489,234)	3,585,501
Long-term loans and advances	(4,401,302)	1,793,352
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	7,097,318	1,661,503
Other current liabilities	(362,499)	44,959
Other long-term liabilities	(89,850)	3,740
Short-term provisions/borrowings	3,741,658	1,747,625
Long-term provisions	79,884	76,094
	(2908565)	19,991,754
Cash flow from extraordinary items		
Cash generated from operations	30,166,810	19,991,754
Net income tax (paid) / refunds	(4,243,118)	(1,073,168)
Net cash flow from / (used in) operating activities (A)	25,923,692	21,064,922
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(27,170,011)	(13,256,662)
Proceeds from sale of fixed assets	45,022	10,075
Interest received	518,761	106,083
Rental from Machineries	260,905	82,000
	(26,345,323)	
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) investing activities (B)	(26,345,323)	(13,058,504)



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2012 (Contd.)

Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
<b>C. Cash flow from financing activities</b>		
Repayment of long-term borrowings		
Net increase / (decrease) in working capital borrowings		
Proceeds from other short-term borrowings	10,844,859	2,311,865
Repayment of other short-term borrowings	(710,813)	(566,656)
Finance cost	(6,468,315)	(4,827,494)
Cash flow from extraordinary items	<u>3,665,731</u>	<u>3,082,285</u>
<b>Net cash flow from / (used in) financing activities (C)</b>	<u>3,665,731</u>	<u>(3,082,285)</u>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>	<b>3,244,099</b>	<b>4,924,133</b>
Cash and cash equivalents at the beginning of the year	5,479,361	555,228
Cash and cash equivalents at the end of the year	<u>8,723,460</u>	<u>5,479,361</u>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>		
Cash and cash equivalents as per Balance Sheet (Refer Note 2.14)	8,723,460	5,479,361
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	—	—
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 2.14	<u>8,723,460</u>	<u>5,479,361</u>
<b>Cash and cash equivalents at the end of the year *</b>	<u>8,723,460</u>	<u>5,479,361</u>
* Comprises:		
(a) Cash on hand	9,987	79,080
(b) Balances with banks		
(i) In current accounts	1,026,417	1,510,882
(ii) In deposit accounts with original maturity of less than 3 months	7,095,600	3,323,144
(iii) In Margin Money account	591,456	
(c) Others / LC Margin money		566,255
	<u>8,723,460</u>	<u>5,479,361</u>

See accompanying notes forming part of the financial statements

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

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

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

Sd/- **M. LOGANATHAN**  
Director

Place : Coimbatore  
Date : 26.05.2012

**Notes forming part of the financial statements for the year ended 31.03.2012.**

<b>Note</b>	<b>Particulars</b>
<b>1</b>	<b>Significant accounting policies</b>
<b>1.1</b>	<b>Basis of accounting and preparation of financial statements</b> The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention.
<b>1.2</b>	<b>Use of estimates</b> The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.
<b>1.3</b>	<b>Inventories</b> “Inventories of Raw Materials, Stores and Spares parts, Work in progress and Finished goods are valued at the lower of cost ascertained on weighted average cost basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Stock of tools are valued at cost and are written off over a period of ten years.”
<b>1.4</b>	<b>Cash and cash equivalents (for purposes of Cash Flow Statement)</b> Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.
<b>1.5</b>	<b>Cash flow statement</b> Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.
<b>1.6</b>	<b>Depreciation and amortisation</b> Depreciation has been provided on the straight-line method at the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of patterns in whose case the value of the patterns written off over the period of three years. Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation
<b>1.7</b>	<b>Revenue recognition</b> Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Export sales are exclusive of both excise duty and sales tax since exempted. Domestic sales are inclusive of excise duty but exclude sales tax.



**Notes forming part of the financial statements for the year ended 31.03.2012.**

**Note 1 Significant accounting policies (Contd.)**

Note	Particulars
<b>1.8 Other income</b>	Interest income is accounted on accrual basis.
<b>1.9 Tangible fixed assets</b>	Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.
<b>1.10 Foreign currency transactions and translations</b>	<ul style="list-style-type: none"> <li>i. The transactions involving Foreign Currencies are accounted for at the rates prevailing on the date of transactions. Gains. Losses arising out of fluctuation in exchange rates are recognized in the Profit and Loss Statement.</li> <li>ii In case of forward contracts, if any, the difference between the forward rate and the exchange rate at the date of transaction is recognized in the Profit and Loss Statement over the life of the contract.</li> <li>iii. Foreign currency monetary Assets &amp; Liabilities are restated at the exchange rate prevailing at the year end and overall net gain/loss is adjusted to the Profit and Loss Statement.</li> </ul>
<b>1.11 Government grants, subsidies and export incentives</b>	<p>Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.</p> <p>Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.</p> <p>Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.</p>
<b>1.12 Investments</b>	Investments are stated at cost.
<b>1.13 Deferred Revenue Expenditure</b>	The stocks of Tools including those developed in-house are being written off over a period of 10 years. Expenses incurred on New Product Development are written off over a period of 5 years.
<b>1.14 Employee benefits</b>	<p><b>Short Term Employee Benefits</b></p> <p>All employee benefits payable within twelve months of rendering the services are recognized in the period in which the employee renders the related service.</p>

**Notes forming part of the financial statements for the year ended 31.03.2012.****Note 1 Significant accounting policies (Contd.)**

Note	Particulars
	<b>Post Employment / Retirement Benefits</b>
	Defined Contribution Plans such as Provident Fund etc., are charged to the Profit and Loss Statement 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 Statement. In the case of Gratuity, which is partly funded with the Life Insurance Corporation of India under the Group Gratuity (Cash Accumulation) Scheme, the fair value of the plan Asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.
	Other Long Term Employee Benefits are recognized in the same manner as Defined Benefit Plans.
	<b>Termination Benefits</b>
	Termination Benefits are recognized as and when incurred.
<b>1.15</b>	<b>Borrowing costs</b>
	The borrowing cost represents interest payable on loans taken for carrying out business operations and the same is charged to revenue.
<b>1.16</b>	<b>Leases</b>
	The Company has taken premises on lease which is generally non cancellable and the lease payments are recognised in the Profit and Loss Statement, under "Rent".
	For Premises and equipment taken on lease, lease rentals payable are charged to revenue.
	For equipment given on lease, lease rentals receivable are credited to revenue.
<b>1.17</b>	<b>Segment reporting</b>
	The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.
	The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.
	Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.
	Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".
<b>1.18</b>	<b>Earnings per share</b>
	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.





**Notes forming part of the financial statements for the year ended 31.03.2012.**

**Note 1 Significant accounting policies (Contd.)**

Note	Particulars
<b>1.19 Taxes on income</b>	<p>Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.</p> <p>Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.</p> <p>Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.</p> <p>Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Profit and Loss Statement.</p>
<b>1.20 Impairment of assets</b>	<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 Profit and Loss Statement, except in case of revalued assets.</p>
<b>1.21 Provisions and contingencies</b>	<p>A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes.</p>
<b>1.22 Insurance claims</b>	<p>Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.</p>
<b>1.23 Service tax input credit</b>	<p>Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.</p>



## Notes forming part of the financial statements for the year ended 31.03.2012.

### Note 2.1

#### Share Capital

	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
<b>(a) Authorised</b>				
Equity shares of ₹ 10 each	8,750,000	87,500,000	8,750,000	87,500,000
Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	500,000	50,000,000	500,000	50,000,000
<b>(b) Issued Subscribed and fully paid up</b>				
Equity shares of ₹ 10 each with voting rights	8,320,000	83,200,000	8,320,000	83,200,000
Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	500,000	50,000,000	500,000	50,000,000
<b>Total</b>	<b>8,820,000</b>	<b>133,200,000</b>	<b>8,820,000</b>	<b>133,200,000</b>

Refer Notes (i) to (iv) below

Notes:

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

Particulars	Opening Balance	Closing Balance
<b>Equity shares with voting rights</b>		
Year ended 31 March, 2012		
- Number of shares	8,320,000	8,320,000
- Amount (₹)	83,200,000	83,200,000
Year ended 31 March, 2011		
- Number of shares	8,320,000	8,320,000
- Amount (₹)	83,200,000	83,200,000
<b>Non-Convertible Non-Cumulative Redeemable 9% preference shares</b>		
Year ended 31 March, 2012		
- Number of shares	500,000	500,000
- Amount (₹)	50,000,000	50,000,000
Year ended 31 March, 2011		
- Number of shares	500,000	500,000
- Amount (₹)	50,000,000	50,000,000


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

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

Particulars	Equity shares with voting rights	% of Holding	Redeemable preference shares	% of Holding
	Number of shares			
<b>As at 31 March, 2012</b>				
M/s. Interfit India Limited, the holding company	4,697,810	56.46	500,000	100.00
<b>As at 31 March, 2011</b>				
M/s. Interfit India Limited, the holding company	4,697,810	56.46	500,000	100.00

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

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares				
M/s. Interfit India Limited	4,697,810	56.46	4,697,810	56.46
Mr. A.V. Palaniswamy	593,862	7.14	593,862	7.14
9% Redeemable preference shares (non-convertible, non-cumulative)				
M/s. Interfit India Limited	500,000	100.00	500,000	100.00

(iv) Terms / rights attached to shares

- The company has only one class of equity shares having at par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. No dividend has been proposed by the board of directors during the year
- The company has only one class of Preference shares having at par value of ₹ 100/- per share which is non-convertible and non-cumulative. The preference shares are entitled to a dividend of 9% and will be redeemable at par subject to the provision of section 80 and other applicable provisions of the Companies Act, 1956 after the expiry of the sixth year but before the expiry of the twelfth year from the date of allotment of the shares by one or more installments at the option of the company by giving 3 month's notice.
- In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.



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

Particulars	As at 31 March, 2012 ₹	As at 31 March 2011 ₹
<b>Note 2.2</b>		
<b>Reserves and surplus</b>		
(a) Capital reserve (Backward area subsidy)		
Opening balance	1,500,000	1,500,000
Add: Additions during the year	—	—
Less: Utilised / transferred during the year	—	—
Closing balance	<b>1,500,000</b>	<b>1,500,000</b>
(b) Securities premium account		
Opening balance	1,000,000	1,000,000
Add : Premium on shares issued during the year	—	—
Less : Utilised during the year	—	—
Closing balance	<b>1,000,000</b>	<b>1,000,000</b>
(c) General reserve		
Opening balance	14,480,000	14,480,000
Add: Transferred from surplus in Profit and Loss Statement	—	—
Less: Utilised / transferred during the year	—	—
Closing balance	<b>14,480,000</b>	<b>14,480,000</b>
(d) Surplus / (Deficit) in Profit and Loss Statement		
Opening balance	(44,929,154)	(66,491,698)
Add: Profit / (Loss) for the year	23,211,886	21,562,544
Less: Utilised / transferred during the year	—	—
Closing balance	<b>(21,717,268)</b>	<b>(44,929,154)</b>
Total (a+b+c+d)	<b>(4,737,268)</b>	<b>(27,949,154)</b>

## Note 2.3

### Other long-term liabilities

(a) Trade Payables	—	—
(b) Others:		
(i) Advances from customers	301,717	391,567
Total	<b>301,717</b>	<b>391,567</b>



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

Particulars	As at 31 March, 2012 ₹	As at 31 March 2011 ₹
<b>Note 2.4</b>		
<b>Long-term provisions</b>		
Provision for employee benefits:		
(i) Provision for Earned Leave	59,805	—
(ii) Provision for gratuity (net) (Refer Note 2.24.b)	678,396	658,317
Total	<u>738,201</u>	<u>658,317</u>

**Note 2.5**

**Short-term borrowings**

**(a) Loans repayable on demand**

From banks

Secured

Export Packing Credit from Bank of India #	24,896,100	18,909,511
Loan against Term Deposit from Bank of India @	4,858,270	—
	<u>29,754,370</u>	<u>18,909,511</u>

**(b) Loans and advances from related parties**

Unsecured

Loan from Managing Director	16,530	113,362
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**(c) Other loans and advances**

Unsecured

Interest free Sales Tax Loan ##	625,117	1,239,098
Total	<u>30,396,017</u>	<u>20,261,971</u>

# Working capital loans comprising of Cash Credit, Export Packing Credit and other non-fund based limits are secured by hypothecation of stocks and book debts and collaterally secured by the equitable mortgage of Block Assets and Hypothecation of Machinery. Further the above are guaranteed personally by the Managing Director and a relative of the Managing Director and also by Corporate guarantee of M/s. Interfit India Limited, the holding company. During the year the company has not defaulted in repayment of loan and interest.

@ Lien has been marked on the Term Deposit for the Loans availed.

## The Company has been granted Eligibility Certificate entitled to the benefit of IFST deferral scheme for manufacturing SS Fittings for nine years ending 30.11.03 for deferral of sales tax not exceeding ₹ 390.45 lakhs against which the company had availed ₹ 25.89 lakhs. Such sales tax deferred has to be repaid before November 2012 in stipulated instalments commencing from December 2003 and the company has so far paid ₹ 19,64,158/- (Previous year ₹ 13,50,177).

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

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

Particulars	As at	As at
	31 March, 2012	31 March 2011
	₹	₹
<b>Note 2.6</b>		
<b>Trade Payables</b>		
Trade payables:		
Acceptances	—	—
Due to Micro, Small and Medium Enterprises	—	—
Other than Acceptances @	23,323,875	16,240,888
Total	<b>23,323,875</b>	<b>16,240,888</b>

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

@ Trade payables include ₹44,74,804 due to M/s. Interfit India Limited, the Holding Company.

**Note 2.7****Other current liabilities**

(i) Statutory remittances (Contributions to PF and ESIC, TDS, Excise Duty, VAT, Service Tax, etc.) "	345,493	655,005
(ii) Advances from customers	847,047	652,043
(iii) Provision for Expenses (Electricity Charges, Rent, Telephone etc.)	926,827	1,174,818
Total	<b>2,119,367</b>	<b>2,481,866</b>

**Note 2.8****Short-term provisions**

(i) Provision for tax [net of advance tax ₹ 42,43,118 (As at 31 March, 2011 ₹ 10,73,168)]	361,495	729,472
Total	<b>361,495</b>	<b>729,472</b>



Notes forming part of the financial statements

Note 2.9 Fixed assets

Tangible Assets	Gross Block				Depreciation				Net Block	
	Balance as at 1 April, 2011	Additions	Disposals	Balance as at 31 March, 2012	Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2012	Balance as at 31 March, 2011	
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Land - Freehold	1,218,334	—	—	1,218,334	—	—	—	1,218,334	1,218,334	
(b) Buildings - Own use	15,829,487	1,073,127	—	16,902,614	8,239,020	541,829	—	8,780,849	7,590,467	
(c) Plant and Equipment - Owned	92,574,041	22,971,717	—	115,545,758	63,881,306	2,847,400	—	66,728,706	28,692,735	
(d) Electrical Installation - Owned	6,774,946	—	—	6,774,946	5,936,814	320,235	—	6,257,049	838,132	
(e) Computers - Owned	1,648,001	954,700	—	2,602,701	757,172	170,934	—	928,106	890,829	
(f) Furniture and Fixtures - Owned	691,025	—	—	691,025	409,384	24,280	—	433,664	281,641	
(g) Vehicles - Owned	1,220,424	2,019,967	—	3,240,391	421,562	257,859	—	679,421	798,862	
(h) Office equipment - Owned	2,930,774	150,500	65,000	3,016,274	569,148	135,676	651	704,173	2,361,626	
<b>Total</b>	<b>122,887,032</b>	<b>27,170,011</b>	<b>65,000</b>	<b>149,992,043</b>	<b>80,214,406</b>	<b>4,298,213</b>	<b>651</b>	<b>84,511,968</b>	<b>65,480,075</b>	<b>42,672,626</b>
Previous year	109,630,371	13,256,662	—	122,887,032	77,943,577	2,270,829	—	80,214,406	—	42,672,626

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

Particulars	As at 31 March, 2012 ₹	As at 31 March 2011 ₹
<b>Note 2.10</b>		
<b>Deferred Tax Assets (Net)</b>	<b>15,126,746</b>	<b>14,742,096</b>
Ref. additional information Note 2.28 (b)		
<b>Note 2.11</b>		
<b>Long-term loans and advances</b>		
(a) Security deposits		
Unsecured, considered good		
Electricity Deposit	968,182	1,039,685
Telephone and Telex Deposits	54,808	53,108
Deposit for cylinder	8,150	4,750
Rental deposits	60,000	53,000
	<u>1,091,140</u>	<u>1,150,543</u>
	1,091,140	1,150,543
(b) Fringe Benefits Tax Paid [net of provisions ₹ Nil (As at 31 March, 2011 ₹ Nil)] - Unsecured, considered good	19,153	19,153
(c) Advance income tax [net of provisions ₹ 15610 (As at 31 March, 2011 ₹ 15610)] - Unsecured, considered good	97,505	97,505
(d) MAT credit entitlement - Unsecured, considered good	6,231,157	1,760,027
(e) Balances with government authorities		
Unsecured, considered good		
(i) Sales Tax Advance (disputed)	168,292	168,292
(ii) Advance paid against disputed excise duty	283,659	283,659
(f) Other loans and advances		
Unsecured, considered good		
Advances for supplies	865,302	875,727
Total	<u><b>8,756,207</b></u>	<u><b>4,354,906</b></u>





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

Particulars	As at 31 March, 2012 ₹	As at 31 March 2011 ₹
<b>Note 2.12</b>		
<b>Inventories</b>		
(At lower of cost and net realisable value)		
(a) Raw materials	2,983,847	5,668,029
(b) Work-in-progress	31,559,750	24,268,040
(c) Packing Materials	523,296	184,087
(d) Stores and spares	11,519,444	9,323,305
(e) Loose tools	908,496	916,944
Total	<b>47,494,834</b>	<b>40,360,404</b>

**Note: Details of inventory of work-in-progress**

SG Iron Fittings	15,676,800	8,215,490
SS Fittings	10,731,475	11,749,925
SS Bal Valves	4,601,575	3,654,000
Other items	549,900	648,625
	<b>31,559,750</b>	<b>24,268,040</b>

**Note 2.13**

**Trade Receivables**

Trade receivables outstanding for a period exceeding six months from the date they were due for payment

Secured, considered good		
Unsecured, considered good	1,794,238	2,494,351
Doubtful	—	—
	<b>1,794,238</b>	<b>2,494,351</b>
Other Trade receivables		
Secured, considered good		
Unsecured, considered good	14,108,305	16,058,080
Doubtful	—	—
	<b>14,108,305</b>	<b>16,058,080</b>
Total	<b>15,902,543</b>	<b>18,552,431</b>

**Note: Trade receivables include debts due from a related party**

Merit Industries Limited - Company in which a Director of the Company is a Director	1,070,544	3,475,312
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**Notes forming part of the financial statements (Contd.)**

Particulars	As at 31 March, 2012 ₹	As at 31 March 2011 ₹
<b>Note 2.14</b>		
<b>Cash and Cash Equivalents</b>		
(a) Cash on hand	9,987	79,080
(b) Balances with banks		
(i) On current account with Bank of India	1,026,417	1,510,882
(ii) On deposit accounts with Bank of India (Refer Notes below)	7,095,600	3,323,144
(iii) In earmarked accounts		
- Unpaid dividend accounts	—	—
- Unpaid matured deposits	—	—
- Unpaid matured debentures	—	—
- Share application money received for allotment of securities and due for refund	—	—
- Balances held as margin money or security against borrowings, guarantees and other commitments	591,456	566,255
- Other earmarked accounts	—	—
Total	<b>8,723,460</b>	<b>5,479,361</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	8,723,460	5,479,361

**Notes:**

- (i) Balances with banks include deposits amounting to ₹58,00,000 (As at 31 March, 2011 ₹ 23,00,000) which have an original maturity of more than 12 months.
- (ii) Lien has been marked on Term Deposit for the Loan availed

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

(a) Loans and advances to related parties @	—	3,440,994
(b) Loans and advances to employees	27,000	20,899
(c) Prepaid expenses	588,448	757,580



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

Particulars	As at 31 March, 2012 ₹	As at 31 March 2011 ₹
(d) Balances with government authorities		
(i) CENVAT credit receivable	6,708,030	3,478,775
(ii) Export Incentives receivable	6,217,968	8,278,281
(iii) VAT credit receivable	2,444,835	1,593,297
(iv) Sales Tax refund receivable	4,136,012	1,565,821
(v) TNGST Advance Tax	—	34,112
(e) Others (Advances to suppliers)	4,094,245	557,545
Total	<b>24,216,538</b>	<b>19,727,304</b>

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

M/s. Interfit India Limited, the Holding Company	—	3,440,994
	—	3,440,994

**Note 2.16**

**Other Current assets**

(a) Unamortised expenses		
(i) Product Development expenditure	—	122,798
(b) Accruals		
(i) Interest accrued on deposits	3,000	3,000
Total	<b>3,000</b>	<b>125,798</b>



# INTERFIT TECHNO PRODUCTS LIMITED

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

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March 2011 ₹
<b>Note 2.17</b>		
<b>Revenue from operations</b>		
(a) Sale of products (Refer Note (i) below)	279,974,724	254,788,514
(b) Other operating revenues (Refer Note (ii) below)	10,674,764	12,249,447
	<u>290,649,488</u>	<u>267,037,961</u>
Less:		
(c) Excise duty	5,508,528	6,105,420
Total	<u><b>285,140,960</b></u>	<u><b>260,932,541</b></u>
<b>(i) Sale of products comprises:</b>		
<u>Manufactured goods</u>		
SG Pipe Fittings	240,075,822	216,616,505
SS Fittings	33,466,208	32,958,526
SS Bal Valves	3,356,422	2,715,805
Others	2,250,544	2,322,678
<b>Total - Sale of manufactured goods</b>	<u><b>279,148,996</b></u>	<u><b>254,613,514</b></u>
<u>Traded goods</u>		
Grooving Machine	825,728	175,000
<b>Total - Sale of traded goods</b>	<u><b>825,728</b></u>	<u><b>175,000</b></u>
<b>Total - Sale of products</b>	<u><b>279,974,724</b></u>	<u><b>254,788,514</b></u>
<b>(ii) Other operating revenues comprise:</b>		
Duty drawback and other export incentives net of processing fees	10,674,764	12,249,447
<b>Total - Other operating revenues</b>	<u><b>10,674,764</b></u>	<u><b>12,249,447</b></u>


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

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March 2011 ₹
<b>Note 2.18</b>		
<b>Other Income</b>		
(a) Interest income (Refer Note (i) below)	518,761	106,083
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	4,839,770	1,104,709
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	517,689	159,643
Total	<b>5,876,220</b>	<b>1,370,435</b>
<b>(i) Interest income comprises:</b>		
Interest from banks on:		
deposits	433,467	10,760
other balances	50,391	53,073
Other interest	34,903	42,250
Total - Interest income	<b>518,761</b>	<b>106,083</b>
<b>(ii) Other non-operating income comprises:</b>		
Rental from Machines	260,905	82,000
Liabilities / provisions no longer required written back	14,331	38,968
Insurance claim received	93,553	—
Labour charges receipt	148,900	38,675
Total - Other non-operating income	<b>517,689</b>	<b>159,643</b>
<b>Note 2.19(a)</b>		
<b>Cost of Materials consumed</b>		
Opening stock	5,668,029	3,099,814
Add: Purchases	180,164,556	154,592,291
	185,832,585	157,692,105
Less: Closing stock	2,983,847	5,668,029
<b>Cost of material consumed</b>	<b>182,848,737</b>	<b>152,024,077</b>

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

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March 2011 ₹
<b>Material consumed comprises:</b>		
S G Iron Castings	159,293,610	130,115,247
Nordel	10,962,041	9,245,563
SS Scraps	11,409,024	11,633,020
Other items	1,184,062	1,030,247
Total	<u>182,848,737</u>	<u>152,024,077</u>

**Note 2.19(b)****Purchase of Traded goods**

Grooving Machine	452,455	1,535,492
Total	<u>452,455</u>	<u>1,535,492</u>

**Note 2.19(c)****Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Inventories at the end of the year

Finished goods		
Work-in-progress	31,559,750	24,268,040
Stock-in-trade	—	—
	<u>31,559,750</u>	<u>24,268,040</u>

Inventories at the beginning of the year:

Finished goods		
Work-in-progress	24,268,040	26,481,014
Stock-in-trade	—	—
	<u>24,268,040</u>	<u>26,481,014</u>

<b>Net (increase) / decrease</b>	<b><u>(7,291,710)</u></b>	<b><u>2,212,974</u></b>
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**Notes forming part of the financial statements (Contd.)**

Particulars	For the year ended 31 March, 2012 ₹	For the year ended 31 March 2011 ₹
<b>Note 2.20</b>		
<b>Employee benefits expenses</b>		
Salaries and wages	14,125,435	14,016,576
Contributions to provident and other funds	1,327,322	826,053
Gratuity expenses (unfunded)	238,689	283,373
Staff welfare expenses	1,125,822	1,030,479
Total	<b>16,817,269</b>	<b>16,156,481</b>

**Note 2.21**
**Finance costs**

(a) Interest expense on:		
(i) Packing Credit	2,285,909	943,417
(ii) Bills discounted/ Realised	3,153,746	1,770,292
(iii) Cash Credit Loan	—	1,200,090
(iv) Letter of Credit	658,841	718,104
(v) Overdue bills	102,462	15,311
(vi) Others ( Including Interest on Loan against TDR)	138,275	6,695
(b) Bank Charges	129,083	173,585
Total	<b>6,468,315</b>	<b>4,827,494</b>

**Note 2.22**
**Other Expenses**

Consumption of stores and spare parts	25,981,602	24,073,677
Consumption of packing materials	4,225,800	3,574,067
Power and fuel	10,570,759	9,698,045
Water	350,925	179,100
Rent	3,794,355	3,832,550
Repairs and maintenance - Buildings	363,457	196,053
Repairs and maintenance - Machinery	2,007,976	992,985
Repairs and maintenance - Computer	87,036	48,494
Repairs and maintenance - Vehicle (Including Fuel)	1,106,800	1,089,239
Repairs and maintenance - Others	467,597	214,031
Insurance - Export	286,375	125,534



# INTERFIT TECHNO PRODUCTS LIMITED

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

Particulars	For the year ended	For the year ended
	31 March, 2012	31 March 2011
	₹	₹
Insurance - Product Liability	253,296	283,724
Insurance - Others	113,850	56,785
Directors sitting fees and Meeting expenses	65,381	39,419
Rent, Rates and taxes	739,207	649,838
Watch and Ward expenses	571,064	452,539
Communication	197,785	204,548
Travelling and conveyance	267,265	597,144
Printing and stationery	418,965	431,707
Postage and Telegram	135,637	36,917
Freight and forwarding	7,363,615	6,330,982
Royalty	2,343,780	2,121,920
Sales commission	305,159	898,634
Sales discount	136,185	90,479
Business promotion including advertisements	13,217	8,049
Donations and contributions	5,000	10,000
Membership and Subscription	89,595	37,425
Legal and professional	1,334,946	1,398,873
Payments to auditors (Refer Note (i) below)	304,422	272,348
Bad and doubtful debts and advances written off	5,140	2,535,596
Product Development and Tool room expenses written off	324,943	415,560
Loss on fixed assets sold / scrapped / written off	19,327	—
Prior period items (net) (Refer Note (ii) below)		77,956
Miscellaneous expenses	212,720	684,472
<b>Total</b>	<b>64,463,182</b>	<b>61,658,690</b>

Notes:

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

As auditors - statutory audit	75,000	75,000
For taxation matters	50,000	50,000
For company law matters	80,000	50,000
For other services	15,000	15,000
Reimbursement of expenses	84,422	82,348
<b>Total</b>	<b>304,422</b>	<b>272,348</b>

**(ii) Details of Prior period items (net)**

Prior period expenses		
Purchases relating to earlier periods		77,956
<b>Total</b>	<b>—</b>	<b>77,956</b>





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

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

Note	Particulars	As at 31 March 2012 ₹	As at 31 March, 2011 ₹
2.23	Contingent liabilities and commitments (to the extent not provided for)		
(i)	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 ₹ 3,85,764/- the CECAT has decided in favour of the department, reducing the claim to ₹ 2,83,658/- against which the Company has preferred an appeal with the High Court, Chennai. However the Company has paid the duty amount of ₹ 2,83,658/- under protest).	2,83,658	2,83,658
	(b) Other money for which the Company is contingently liable		
	Letter of Credit established by the Bankers and outstanding as on the date of the Balance Sheet	81,45,490	68,48,644
	Export bills discounted with Bankers as on the date of the Balance Sheet	2,34,11,940	1,11,84,752

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

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

Note	Particulars	For the year ended 31 March 2012 ₹	For the year ended 31 March, 2011 ₹
(iii)	<b>Value of imports calculated on CIF basis</b>		
	Raw materials	37,08,101	51,17,535
	Components and Consumable	1,19,45,141	85,59,157
	Spare parts		
	Total Components and spare parts	1,19,45,141	85,59,157
(iv)	<b>Expenditure in foreign currency</b>		
	Professional and consultation fees	3,15,840	1,07,816



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

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

Note	Particulars		
(v)	<b>Details of consumption of imported and indigenous items</b>		
	Imported	₹	%
	Raw materials	46,49,041 (3,871,815)	29.91 (29.13)
	Components and Consumable	1,08,90,721 (94,16,060)	70.09 (70.87)
	Total	1,55,39,762 (1,32,87,875)	100 (100)
	Indigenous		
	Raw materials	17,81,99,696 (14,81,52,262)	92.19 (90.99)
	Components and Consumable	1,50,90,881 (1,46,57,617)	7.81 (9.01)
	Total	19,32,90,577 (16,28,09,879)	100 (100)

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

		For the year ended 31 March 2012 ₹	For the year ended 31 March, 2011 ₹
(vi)	Earnings in foreign exchange		
	Export of goods calculated on FOB basis	21,65,53,993	18,44,90,106

#### 2.24 Employee benefit plans

##### 2.24 a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 8,17,708/- (Year ended 31 March, 2011 ₹5,08,297/-) for Provident Fund contributions and ₹4,79,816/- (Year ended 31 March, 2011 ₹ 3,03,138/-) for Employees State Insurance contributions in the Profit and Loss Statement. The contributions payable to these plans by the Company are at rates specified in the rules of the respective schemes.

##### 2.24 b Defined benefit plans

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

- i. Gratuity
- ii. Leave Encashment


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

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

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
<b>Components of employer expense</b>				
Current service cost	47,642	10,579	46292	9284
Interest cost	45,579	3,229	39936	6853
Expected return on plan assets	Nil	Nil	Nil	Nil
Curtailment cost / (credit)	Nil	Nil	Nil	Nil
Settlement cost / (credit)	Nil	Nil	Nil	Nil
Past service cost	Nil	Nil	Nil	Nil
Actuarial losses/(gains)	145,469	16,936	197,145	(37,824)
Total expense recognised in the Profit and Loss Statement	238,690	30,744	283,373	(21,688)
<b>Actual contribution and benefit payments for year</b>				
Actual benefit payments	—	—	—	—
Actual contributions	—	—	—	—
Net asset / (liability) recognised in the Balance Sheet	—	—	—	—
Present value of defined benefit obligation	697,019	59,805	676,939	51,234
Fair value of plan assets	18,623	Nil	18623	Nil
Funded status [Surplus / (Deficit)]	—	—	—	—
Unrecognised past service costs	—	—	—	—
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>678,396</b>	<b>59,805</b>	<b>658,316</b>	<b>51,234</b>



**Notes forming part of the financial statements**

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

Note	Particulars			
	Year ended 31 March, 2012		Year ended 31 March, 2011	
Particulars	Gratuity	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	676,939	51,234	600,845	97,913
Current service cost	45,579	10,579	46,292	9,284
Interest cost	47,642	3,229	39,936	6,853
Curtailment cost / (credit)	Nil	Nil	Nil	Nil
Settlement cost / (credit)	Nil	Nil	Nil	Nil
Plan amendments	Nil	Nil	Nil	Nil
Acquisitions	Nil	Nil	Nil	Nil
Actuarial (gains) / losses	145,469	16,936	197,145	(37,824)
Past service cost	—	—	—	—
Benefits paid	218,610	22,173	207,279	24,991
Present value of DBO at the end of the year	697,019	59,805	676,939	51,234
<b>Change in fair value of assets during the year</b>				
Plan assets at beginning of the year	18,623	Nil	18,623	Nil
Acquisition adjustment		Nil	Nil	Nil
Expected return on plan assets		Nil	Nil	Nil
Actual company contributions		Nil	Nil	Nil
Actuarial gain / (loss)		Nil	Nil	Nil
Benefits paid		Nil	Nil	Nil
Plan assets at the end of the year	18,623	—	18,623	Nil
<b>Actuarial assumptions</b>				
Discount rate	8%	8%	8%	8%
Expected return on plan assets	NA		NA	


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

Particulars	Year ended 31 March, 2012		Year ended 31 March, 2011	
	Gratuity	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
Salary escalation	0.05	0.05	0.05	0.05
Attrition	3%	3%	3%	
Medical cost inflation	—	—	—	—
Mortality tables	LIC 94-96	LIC 94-96	LIC 94-96	LIC 94-96
Performance percentage considered	31.03.2012	31.03.2012	31.03.2011	31.03.2011

Estimate of amount of contribution in the immediate next year

**2.25a. Segment information**

Particulars	For the year ended 31 March, 2012		
	Business segments		Total
	A	B	
	Outside India	Within India	₹
Revenue	2,311.60 (1,998.63)	594.90 (672.48)	2,906.50 (2671.10)
Total	2,311.60 (1,998.63)	594.90 (672.48)	2,906.50 (2,671.1)
Segment result	272.59 (317.76)	93.21 (64.90)	365.80 (382.66)
Unallocable expenses (net)			194.96 (180.20)
Other income (net)			58.76 (13.71)
Profit before taxes			229.61 (216.17)
Tax expense			46.05 (18.03)
Net profit for the year			183.56 (198.14)



## Notes forming part of the financial statements

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

**Note** **Particulars**

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

Geographic Segment	Revenues For the year ended 31.03.2012 ₹
Americas	0.26 (7.41)
Europe	Nil
India	594.9 (672.48)
Others (Middle East)	2311.34 (1991.22)

Note : Figures in brackets related to the previous year.

#### 2.26 Related party transactions

Description of relationship	Names of related parties
Holding Company	Interfit India Ltd
Associates	Merit Industries Ltd
Key Management Personnel	A V Palaniswamy (Managing Director) R Alagar (Director) M Loganathan ( Director) K Arunachalam ( Director) Philip K Baby (Director)
Relatives of Key Management Personnel and their Enterprises	Mrs Kumudha Palaniswamy (wife of Mr A V Palaniswamy)

Note: Related parties as identified by the Management.

Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012

₹ in lakhs

	Holding Company	Associates	KMP	Relatives of KMP	Total
Purchase of Goods	1781.18 (1,384.79)	— (—)	— (—)	— (—)	1781.18 (1,384.79)
Sale of goods	9.81 (233.29)	26.71 (29.90)	— (—)	— (—)	36.52 (263.19)


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

Note	Particulars				
	₹ in lakhs				
	Holding Company	Associates	KMP	Relatives of KMP	Total
Purchase of fixed assets	191.57 (100)	33.42 (—)	— (—)	— (—)	224.99 (100)
Sale of fixed assets	— (—)	— (—)	— (—)	— (—)	— (—)
<b>Expenses</b>					
Rent and Services	2.10	0.50			2.6
Remuneration	— (—)	— (—)	14.57 (18.84)	1.20 (1.35)	15.77 (20.19)
Director sitting Fees	— (—)	— (—)	0.37 (0.21)	— (—)	0.37 (0.21)
Royalty and Lease Rent	59.43 (57.21)	— (—)	— (—)	— (—)	59.43 (57.21)
Other Expenses	— (—)	3.06 (9.05)	2.91 (5.75)	(0.02)	5.97 (14.82)
<b>Income</b>					
Rent and Services	— (—)	3.17 (0.07)	— (—)	— (—)	3.17 (0.07)
<b>Outstanding at end of the year</b>					
Payable	44.75 (—)	— (—)	0.17 (1.13)	— (—)	44.92 (1.13)
Receivable	— (34.41)	10.2 (34.75)	— (—)	— (—)	10.2 (69.16)

Note : Figures in bracket relates to the previous year.

Note	Particulars	For the year ended 31.03.2012	For the year ended 31.03.2011
2.27	<b>Earning per share</b>		
	Net profit / (loss) for the year from continuing operations (₹ In lakhs) ***	232.12	215.63
	Weighted average number of equity shares	83,20,000	83,20,000
	Par value per share	10	10
	Basic and diluted earnings per share in Rupees	2.79	2.59

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

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

Note	Particulars
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**2.28 Taxation**

a. Provision for Income Tax including Minimum Alternate Tax u/s 115 JB of the Income Tax Act, 1961 has been made considering the carried forward losses of earlier years. Accordingly, the MAT credit entitlement of ₹ 44.71 lakhs has been recognised.

**b. Deferred Taxation : (₹ in lakhs)**

	Accumulated as at 31.03.2011 ₹	Changes/ (credit) in P&L during the year ₹	As at 31.03.2012
Deferred tax Liability on account of			
Depreciation	263.51	(4.15)	259.36
Total	263.51	(4.15)	259.36
Deferred Tax Asset on Account of			
Gratuity	0.81	0.07	0.74
Leave Encashment and Bonus	2.77	0.23	2.54
Unabsorbed Depreciation and business loss	407.35	—	407.35
Total	410.93	—	410.63
Net Deferred Tax Asset	147.42	(3.85)	151.27

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

In accordance with Accounting Standard 22, the deferred tax Asset of ₹ 3.85 lacs for the year have been recognised in Profit and Loss Statement.