



NATIONAL FITTINGS LIMITED (FORMERLY INTERFIT TECHNO PRODUCTS LIMITED)

BOARD OF DIRECTORS

Mr. A.V. Palaniswamy, Managing Director
Mr. M. Loganathan, Non-Executive Independent Director
Mr. R. Alagar, Non-Executive Independent Director
Mrs. A. Panath Anitha, Executive Woman 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, Suler Taluk
Karumathampatti Via - 641 659
Coimbatore District

SHARE TRANSFER AGENTS

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

**NATIONAL FITTINGS LIMITED**

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

CIN No. : L29199TZ1993PLC008034 Tel : +91 99432 93000 / 99439 93001

email : admin@nationalfitting.com web : www.nationalfitting.com

NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

Notice is hereby given that the 23rd ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at SF No.112, Madhapur Road, Kaniyur Village, Sulur Taluk, Karumathampatti (via), Coimbatore - 641 659 on Friday the 12th day of August 2016 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 2016 together with Reports of the Directors and Auditors thereon.
2. To approve the Interim Dividend declared on Equity Shares for the financial year 2015 - 2016
3. To declare a final dividend on Equity shares for the financial year ended 31st March, 2016.
4. To appoint a Director in place of Mr A Panath Anitha, who retires by rotation and being eligible offers himself for re-appointment
5. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution

“RESOLVED that pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the rules framed there under, as amended from time to time, the company hereby ratifies the appointment of M/s. Krishna & Co., Chartered Accountants (Firm Registration No. 001453S) as Auditors of the company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of 24th AGM of the Company to be held in the year 2017 at such remuneration plus service tax, reimbursement of travelling and other out-of-pocket expenses incurred by them in connection with the audit as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

/ By order of the Board /

Place : Coimbatore
Date : 28.05.2016

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 05th August, 2016 to 12th August 2016 (both days inclusive) in connection with the 23rd Annual General Meeting of the Company.
- 4) The final Dividend Rs 1.00 per Equity shares has been recommended by the Board of Directors for the year ended 31st March, 2016 and subject to the approval of the shareholders at the ensuing Annual General Meeting, is proposed to be paid on and after 31.08.2016.
- 5) Members wishing to claim unclaimed dividends are requested to correspond 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.
- 6) This notice and Annual Report will be available on the website of the Company.
- 7) The route map of the venue of the meeting is given in the Notice
- 8) 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
- 9) 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.
- 10) 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 23rd 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 09th August, 2016 (9:00 am) and ends on 11th August, 2016 (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 05th August, 2016, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- v) The process and manner for remote e-voting are as under:
 - A. In case a member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participants(s)] :
 - I. Open the email and open PDF file viz; "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
 - II. Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com>.
 - III. Click on Shareholder – Login.
 - IV. Put user ID and password as initial password/PIN noted in step (i) above. Click Login.
 - V. Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - VI. Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
 - VII. Select "EVEN" of National Fittings Limited.
 - VIII. Now you are ready for e-voting as Cast Vote page opens.
 - IX. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 - X. Upon confirmation, the message "Vote cast successfully" will be displayed.
 - XI. Once you have voted on the resolution, you will not be allowed to modify your vote.
 - XII. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to bkcacbe@gmail.com with a copy marked to evoting@nsdl.co.in
 - B. In case a Member receives physical copy of the Notice of Annual General Meeting [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:



- I. Initial password is provided at the bottom of the attendance slip : EVEN (E Voting Event Number) USER ID PASSWORD/PIN

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
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- II. Please follow all steps from serial no. (II) to serial no. (XII) above, to cast vote.
- vi) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available in the downloads section of www.evoting.nsdl.com or call on toll free No.: 1800-222-990.
- vii) If you are already registered with NSDL for remote e-voting then you can use your existing user ID and password/PIN for casting your vote.
- viii) You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- ix) The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 04th August, 2016.
- x) Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. 04th August, 2016, 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.

- xi) A member may participate in the Annual General Meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the Annual General Meeting.
- xii) A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the Annual General Meeting through ballot paper.
- xiii) Mr. B Krishnamoorthy, Chartered Accountant (Membership No. 20439) has been appointed for as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- xiv) The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "remote e-voting" or "Ballot Paper" or "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.
- xv) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote

e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting a consolidated scrutinizer's report of the total votes cast in 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.

xvi) 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.

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

12) All communications should be addressed to:

The Secretarial Department

NATIONAL FITTINGS LIMITED

(CIN No. : L29199TZ1993PLC008034)

Registered Office

SF No 112, Madhapur Road

Kaniyur, Suler Taluk

Karumathampatti - Via Coimbatore - 641 659

Ph: 99432 93000 / 99439 93001

Email id: accounts@nationalfitting.com, nationalfittingsltd@gmail.com

SHAREHOLDER INFORMATION

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

The Bombay Stock Exchange Limited

Phiroze Jeejeebhoy Towers,

Dalal Street,

Mumbai - 400 001

B) Share Transfer Services:

Share Transfer Agents/Registrars for Physical and Demat Segments:

M/s. SKDC Consultants Ltd.

Kanapathy Towers, 3rd Floor

1391/A-1, Sathy Road

Ganapathy

Coimbatore - 641 006

Ph : 0422 - 6549995, 2539835

email : info@skdc-consultants.com

**DIRECTORS' REPORT TO THE SHAREHOLDERS**

Your Directors have pleasure in presenting the Twenty Third Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2016

FINANCIAL RESULTS

The operating results for the year 2015-2016 are given below :

	(₹ in Lakhs)	
Profit before Interest and Depreciation and Other adjustments		1307.33
Less: Interest	75.69	
Depreciation	121.36	197.06
Net Profit before Tax		1110.27
Provision for Tax :		
Current Tax	393.38	
Deferred Tax (income) / expenses	(21.90)	371.48
Net Profit after Tax		738.79
Amount brought forward from previous year		368.25
Amount available for appropriation		1107.04
Appropriations		
General Reserve		350.00
Interim Dividend on Equity Shares		166.40
Final Dividend on Equity Shares		83.20
Dividend Distribution Tax		50.81
Surplus carried over to Balance Sheet		456.63

FINANCIAL PERFORMANCE:

The Company's gross income for the financial year ended 31st March, 2016 was Rs. 5,398.72 lacs compared to Rs.5,048.54 lacs in the previous year. The profit before tax for the Company is Rs. 1,110.27 lacs as against Rs. 829.76 lacs in the previous year. The depreciation for the year is Rs.121.36 lacs compared to Rs.116 lacs in the previous year.

After providing Taxation, the Company's net profit stands at Rs.738.79 lacs against Rs.549.72 lacs in the previous year.

Your company proposes to transfer Rs. 350 lacs to General Reserve out of the amount available for appropriation and an amount of Rs. 456.63 lacs is to be carried over to Balance Sheet after appropriation of Dividend on Preference Shares and Equity Shares including Dividend Tax.

The Net worth of the company is at Rs.1958.44 lacs as on 31.03.2016 as against Rs.1820.05 lacs in the previous year.

DIVIDEND

The Board of Directors declared an interim dividend of Rs 2/- per Equity Share on 83, 20,000 equity shares of Rs 10/- each aggregating to Rs 166.40 lacs on 16.03.2016 and the dividend had been distributed to the shareholders. The approval of the shareholders has been perused in this Annual General Meeting.

The Board of Directors has recommended a final dividend of Re 1/- per Equity share on 83, 20,000 equity shares Rs 10/- each aggregating to Rs 83.20 lacs for the financial year ended 31st March, 2016, which if approved in the ensuing Annual General Meeting will be paid to all the equity shareholders, whose names appear in the Register of Members as on 05h August, 2016.

With the approval of the final dividend the total dividend for the financial year ended 31st March 2016 has been Rs. 3/- per share (Rs. 249.6 lacs).

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

The company had redeemed 3,00,000 9% Non-Convertible Non-Cumulative Redeemable Preference shares of Rs 100/- each amounting to Rs 300 lacs on 14.08.2015.

PERFORMANCE:

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

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

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

The Company has a comfortable back order position in spite of a slowdown in the Middle East market. "Make in India" movement by the Government has not improved the domestic market segment as anticipated last year.

Products for joining 2" and under pipe sizes have been approved by the testing agencies and will start production during the financial year 2016-2017.

DIRECTORS

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

KEY MANAGEMENT PERSONNEL

Mr. A.V. Palaniswamy, Managing Director, Mrs Panath Anitha, 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.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

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



The striving towards continuous improvement in total quality and keeping abreast of the latest technologies 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.

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 2016 and of the Profit of the company and the cash flow statement for the year ended 31.03.2016.
- (iii) there have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.
- (v) the directors, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively

Internal financial control means the policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

- (vi) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CODE OF CONDUCT

All Directors and senior management of the Company have affirmed Compliance with the Code of Conduct of National Fittings Limited for the financial Year ended 31st March 2016.

DECLARATION OF INDEPENDENT DIRECTORS

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

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

The company shall have such person on the Board who complies with the requirements of the Companies Act, 2013. Directors/KMPs shall be persons of sound integrity and honesty, apart from knowledge, experience etc in the respective fields.

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

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

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

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

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

Independent directors are not entitled for ESOPs

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

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

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

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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

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

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

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

The particulars of Contracts or Arrangements with the related parties made under Section 188 of the Companies Act, 2013 are furnished in **Annexure – 1** and are attached to this report.

LISTING OF SHARES IN EXCHANGE AND DELISTING

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



The Company duly paid the necessary listing fees with Bombay Stock Exchange.

SHARES

There was no issue of fresh equity shares during the financial year. No Bonus Shares were issued. The Company has not issued any Sweat Equity Shares and not provided any Employee Stock Option Scheme.

The Company has not bought back any of its securities during the year under review.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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

The Company also assures that internal controls are operating effectively.

MATERIAL CHANGES AND COMMITMENTS

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

RISK MANAGEMENT POLICY

Potential risk for the business of the Company and methods to handle those risks have been reviewed and monitored regularly. Few risks and the steps taken for handling them have been detailed below:

1) Sourcing of Component

Company is witnessing an increasing trend of Chinese products acceptance in the market due to the longer delivery periods requested by the Company.

Company is taking steps to increase the production capacities of the component suppliers and additional manufacturing capacity will be created in house for all the components made in house and processing.

2) Market Risk

Oil prices have not improved in the Middle East market to continue the expansion in the infrastructure projects where most of our products are utilized.

Company is exploring alternate markets like Africa, Iran and Australia in spite of larger presence of Chinese products. Expecting the domestic markets to improve in the infra structure areas.

3) Exchange Risk

Company is expecting the exchange rate to be stable due to RBI policies and the risks have diminished considerably.

4) Manpower Requirement

Products manufactured by the Company are labor intensive and the Company and Component Suppliers are facing shortage of skilled local labor. Presently Company is employing 60% of the man power requirement from outside the State and the economies of those states improve, there is a likelihood of 60% labor to move back.

Company and component suppliers are taking steps to modernize the manufacturing methods by mechanization and automation. Special purpose machines are being envisaged to reduce labor.

5) Power

Power cuts have been removed from 15th June, but interruption of power are still prevalent. Unless the financial condition of the state power supply companies are improved, there may be more interruption due to unwillingness of the private power production to supply power to state owned companies.

Company is taking steps to buy power directly from private power producers through the dedicated feeders.

6) Chinese Factor

Chinese economy is projected to slow down further and due to higher production capacities in our product lines, the Chinese companies are increasingly entering the export markets like Middle East, Africa, and India. Chinese Government is funding the infrastructure projects in these countries and the Chinese companies are preferred for all supplies over other countries. Export from India to Middle East has decreased considerably due to this Chinese factor in all areas.

Company will maintain the market share with shorter deliveries due to the increased production capacities and introduction of new product design and new products.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

A Board level Committee of CSR has been constituted and the Board has adopted a CSR Policy as recommended by the Committee.

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

ANNUAL RETURN

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

LEGAL COMPLIANCE

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

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

The Company has unclaimed dividend amounting to Rs 6304442/-

No amount is required to be transferred to Investor Education and Protection Fund for this financial year.

DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

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



NATIONAL FITTINGS LIMITED

Name of Directors/Key Management Personnel	Ratio to Median Remuneration (times)	% Increase / Decrease in Remuneration
Mr A V Palaniswamy, Managing Director	37.87	84.62
Mr M Loganathan	0.36	58.62
Mr R Alagar	2.37	93.55
Mrs A Panath Anitha	3.95	19.14
Mr J Saravanan (Chief Financial Officer)	8.66	8.93
Mr S Aravinthan (Company Secretary)	7.03	9.19

- iii) The percentage increase in the median remuneration of employees in the financial year : 6%
- iv) The number of permanent employees on the rolls of the Company : 76
- v) Explanation on the relationship between average increase in remuneration and company performance:

On an average, employees received an increase of 4% during the financial year 2015-16. The remuneration components include a fair proportion of fixed and variable pay. The increase in remuneration is in line with the market. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

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

Aggregate remuneration of key managerial personnel (KMP) in FY16	3644700
Revenue	521858665
Remuneration of KMPs (as % of revenue)	0.70
Profit before Tax (PBT)	111027428
Remuneration of KMP (as % of PBT)	3.28

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

(In Lacs)

Particulars	As at 31.03.2016	As at 31.03.2015	% Increase
Closing price of share at BSE (Rs.)	72.45	74.90	(3.271)
Market Capitalisation (Rs.)	6027.84	6231.68	(3.271)
Price Earnings ratio	8.159	12.04	(32.24)
Net worth	1958.43	1820.06	7.60

- viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average increase in salaries of employees other than managerial personnel in 2015-16 was 4%. Percentage increase in the managerial remuneration for the year was 50%.



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

	Mr. A V Palaniswamy Managing Director	Ms. A Panatha Anitha Whole Time Director	Mr. J Saravanan Chief Financial Officer	Mr. S Aravinthan Company Secretary
Remuneration in FY16	2400000	250200	549000	445500
Revenue	521858665	521858665	521858665	521858665
Remuneration as % of Revenue	0.46	0.05	0.11	0.09
Profit before Tax (PBT)	111027428	111027428	111027428	111027428
Remuneration (as % of PBT)	2.16	0.23	0.49	0.40

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

The information required under Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 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 Krishaan & Co., Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company from the conclusion of the Annual General Meeting held on 14.08.2015 until the conclusion of forth Annual General Meeting to be held after that meeting. The Company has received a certificate from the above Auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Their continuance of appointment and payment of remuneration are to be confirmed and approved in the ensuing Annual General Meeting.

SECRETARIAL AUDIT REPORT

Pursuant to the requirements of the Companies Act, 2013, the Company has appointed Mr M R L Narasimha, B.com, FCS, Practicing Company Secretary (Cop No: 799) as the Secretarial Auditor for the financial year 2016 whose report on 28th May, 2016 is attached separately to this report.

Annexure 4.

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

There were no qualifications, reservations or adverse remarks made either by the Auditors or by the Practicing Company Secretary in their respective reports.

BOARD MEETINGS

I. BOARD OF DIRECTORS

a) Composition of Board of Directors:

Executive Promoter Director	1
Executive Non-Promoter Director	1
Non-Executive Independent Director	2

b) Non-Executive Directors Compensation

There are no pecuniary relationship/transactions with the Non-Executive Directors vis-à-vis the Company.

c) Board Meetings

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

d) Number of Board meetings conducted on the year under review

The Company had five Board meetings during the financial year under review as on 29.05.2015, 14.08.2015, 13.11.2015, 12.02.2016 and 16.03.2016. The AGM was held on 14.08.2015.

e) Attendance of Board of Directors at Board Meetings and AGM are:

S No	Name of the Directors	No of Board Meetings attended	Last AGM Present/Absent
1	Mr. A. V. Palaniswamy	5	Present
2	Mr. M. Loganathan	5	Present
3	Mr. R. Alagar	5	Present
4	Mrs. A. Panath Anitha	5	Present

COMMITTEES OF THE BOARD

(A) AUDIT COMMITTEE:

(i) Composition

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

Members of the Audit Committee have requisite financial and management expertise

(ii) Terms of reference

- Recommendation for appointment, remuneration and term of appointment of the auditors of the Company.

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

(iii) Attendance

The committee met 4 times during the period on the following dates: 29.05.2015, 14.08.2015, 13.11.2015 and 12.02.2016

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

VIGIL MECHANISM

The Company has established a vigil mechanism and overseas through the committee the genuine concerns expressed by the employees and other Directors. The Company has also provided adequate safeguards against victimization of employees and Directors who express their concerns. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of co employees and the Company.

(B) SHAREHOLDERS RELATIONSHIP COMMITTEE

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

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

There were no complaints received for this financial year. No instrument of transfers was pending on 31st March, 2016.

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

During the year the Committee was met 10 times.

S Aravinthan, Company Secretary is the Compliance Officer.



The Company has appointed M/s. SKDC Consultants Limited, Coimbatore as Share Transfer Agent. Transfer/transmissions, issue of duplicate certificates etc as well as requests for de-materialization are approved/ confirmed, as the case may be, within the prescribed period through the above Share Transfer Agent. No valid transfer request remained pending for transfer to the transferees as on 31.03.2016.

(C) NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

CORPORATE GOVERNANCE

SEBI relaxed the applicability of Corporate Governance for certain companies (companies having paid up equity share capital not exceeding 10 crores and net worth not exceeding 25 crores as on the last day of the previous financial year) by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The equity share capital of the company is 8.32 crores and net worth is 19.58 crores and as such Corporate Governance Report has not been submitted along with the Board Report.

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

CONSERVATION OF ENERGY

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

TECHNOLOGY ABSORPTION

Company has developed the fittings for 2" and under pipe sizes and will be the second company in the world to produce and market in Ductile Iron.

Company has developed several items in Stainless Steel products for railway brake systems and water treatment plants.

Grooved products are being re-designed to reduce material content and minimize processing periods.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange inflow (actual)	:	Rs.	41,90,55,528/-
Foreign exchange used (actual)	:	Rs.	1,00,47,048/-

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 : 28.05.2016

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

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

**Form No. AOC – 2**

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

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

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

2) Nature of Contracts/arrangements/transactions

- a) Contracts for the purchase of rough iron castings (Interfit India Limited – Rs 17,29,19,430/- and Merit Industries Limited - Rs 10,15,24,765/-)
- b) Leasing of land and factory building (from Interfit India Limited – Rs 61,20,000/-)

3) Duration of Contracts/arrangements/transactions

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

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

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

Based on the requirement the orders have been placed In regular basis. The supplies are as per quality standard stipulated for which the invoices have been raised at arm's length rates complying with local and state laws.

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

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

6) Amount Paid as advances, if any:

Advances have been made ongoing basis (Interfit India Limited -Nil- and Merit Industries Limited Rs 2,86,83,873/-) for the supply of rough iron castings and have been adjusted with regular supplies.

FOR AND ON BEHALF OF THE BOARD

Place : Coimbatore
Date : 28.05.2016

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

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

ANNUAL REPORT ON CSR ACTIVITIES

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

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

The Company’s CSR projects focused on

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

2) Composition of CSR Committee:

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

3) Average Net Profit of the Company for the last three financial years for the purpose of computation of CSR: Rs 574.79 lacs

4) Prescribed CSR Expenditure (2% of the Average Net Profit): Rs. 11.50 lacs

5) Details of CSR spent during the financial year:

- a) Total amount to be spent for the financial year: Rs 11,50,000/-
- b) Unspent in Previous year Rs. 3,08,660/-
- c) Total amount to be spent Rs 14,58,660/-
- d) Amount spent this financial year Rs. 13,45,670/-
- e) Amount unspent, if any Rs. 1,11,337/-
- f) Manner in which the amount spent during the financial year

Sl No	CSR Project/ activity identified	Section in which the project is covered	Projects or programs (Local area or other) (State/District where they have been undertaken)	Amount outlay (budget) Project or programs wise	Cumulative expenditure up to the reporting period	Amount Spent (Direct or through implementing agency)
1	Community Development	Schedule VII (x)	Local Area (Kaniyur Village)	65,176/-	65,176/-	Direct
2	Community Development	Schedule VII (i)	Local Area (Kaniyur Village)	1,82,197/-	1,82,197/-	Direct



NATIONAL FITTINGS LIMITED

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)
3	Community Development	Schedule VII (viii)	Pan India	98,297/-	98,297/-	Direct
4	Contribution to Indian Red Cross, W A School, Siruthuli	Schedule VII (iv)	Pan India	10,00,000/-	10,00,000/-	Through implementing agency
			Total	13,38,423/-	13,45,670/-	

g) Reason for not spending the amount:

Though the company has spent on CSR activities during the year, there has been a marginal shortfall in expenditure. During the current year the required amount will be spent.

RESPONSIBILITY STATEMENT BY THE CSR COMMITTEE

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

Place : Coimbatore
Date : 28.05.2016

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



EXTRACT OF THE ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED 31ST MARCH 2016

FORM NO. MGT-9

[PURSUANT TO SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULE 12(1) OF THE COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	CIN: L29199TZ1993PLC008034
ii)	Registration Date	21-04-1993
iii)	Name of the Company	NATIONAL FITTINGS LIMITED (formerly INTERFIT TECHNO PRODUCTS LIMITED)
iv)	Category/sub category of the Company	Public Company
v)	Address of the Registered office and contact details	SF 112, Madhapur Road, Kaniyur Village, Karumathampatti via, Coimbatore - 641659 Tamil Nadu, INDIA Tel: +91 99432 93000 Fax No: 0421-2333317 email id: nationalfittingsltd@gmail.com website: www.nationalfitting.com
vi)	Whether shares listed on recognized Stock Exchange(s)	Yes; Listed in Bombay Stock Exchange Ltd (BSE)
vii)	Name, Address Contact details of Registrar and Transfer Agents (RTA)	S K D C Consultants Limited, Kanapathy Towers, 3rd floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore – 641006 Tamil Nadu, INDIA 0422 – 6549995, 2539835 email id: info@skdcconsultants.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Stainless Steel Pipe Fittings	7,307	6.60
2	S G Cast Fittings	7,307	93.38

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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



NATIONAL FITTINGS LIMITED

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	—	—	—	—	—	—	—	—	—
b) Central Govt	—	—	—	—	—	—	—	—	—
c) State Govt(s)	—	—	—	—	—	—	—	—	—
d) Bodies Corporate	46,96,310	1,500	46,97,810	56.464	46,96,310	700	46,97,010	56.454	(0.01)
e) Banks / FI	—	—	—	—	—	—	—	—	—
f) Any other	—	—	—	—	—	—	—	—	—
Sub Total	46,96,310	1,500	46,97,810	56.464	46,96,310	700	46,97,010	56.454	(0.01)
2. Foreign									
a) Individuals (NRI / Foreign Individuals)	—	7,56,472	7,56,472	9.092	7,56,472	—	7,56,472	9.092	—
b) Bodies Corp.	—	—	—	—	—	—	—	—	—
c) Institutions	—	—	—	—	—	—	—	—	—
d) Qualified Foreign Investor	—	—	—	—	—	—	—	—	—
Sub Total	—	7,56,472	7,56,472	9.092	7,56,472	—	7,56,472	9.092	—
Total shareholding of Promoter (A+B)	46,96,310	7,57,972	54,54,282	65.556	54,72,582	700	54,53,482	65.546	(0.01)
B. Public Shareholding									
1. Institutions	500	—	500	0.006	500	—	500	0.006	—
a) Mutual Funds	—	—	—	—	—	—	—	—	—
b) Banks / FI	100	—	100	0.001	100	—	100	0.001	—
c) Central Govt	—	—	—	—	—	—	—	—	—
d) State Govt(s)	—	—	—	—	—	—	—	—	—
e) Venture Capital Funds	—	—	—	—	—	—	—	—	—
f) Insurance Companies	—	—	—	—	—	—	—	—	—
g) FIs	—	—	—	—	—	—	—	—	—
h) Foreign Venture Capital Funds	—	—	—	—	—	—	—	—	—
i) Others (specify)	—	—	—	—	—	—	—	—	—
Sub-total (B)(1):-	600	—	600	0.007	600	—	600	0.007	—
2. Non-Institutions									
a) Bodies Corp.	—	—	—	—	—	—	—	—	—
i) Indian	3,34,667	16,700	3,51,367	4.223	3,24,566	16,700	3,41,266	4.102	(0.121)
ii) Overseas	—	—	—	—	—	—	—	—	—
b) Individuals	—	—	—	—	—	—	—	—	—

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	6,54,415	4,89,710	11,44,125	13.752	6,63,442	4,73,910	11,37,352	13.671	(0.081)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	6,94,035	3,36,950	10,30,985	12.392	871654	1,82,050	10,83,704	13.025	0.633
c) Others (specify)	—	—	—	—	—	—	—	—	—
Non Resident Indians	60,749	1,68,868	2,29,617	2.76	62,225	1,60,068	2,22,293	2.67	(0.09)
Overseas Corporate Bodies	—	—	—	—	—	—	—	—	—
Foreign Nationals	—	—	—	—	—	—	—	—	—
Clearing Members	28,038	—	28,038	0.337	27,682	—	27,682	0.333	(0.004)
Trusts	—	—	—	—	—	—	—	—	—
HUF	80,986	—	80,986	0.973	53,621	—	53,621	0.644	(0.329)
Foreign Bodies - D R	—	—	—	—	—	—	—	—	—
Sub-total (B)(2):-	18,52,890	10,12,228	28,65,118	34.437	20,03,190	8,62,728	28,65,918	34.447	0.01
Total Public Shareholding (B)=(B)(1)+(B)(2)	18,53,490	10,12,228	28,65,718	34.444	20,03,190	8,63,328	28,66,518	34.454	0.01
Grand Total (A+B+C)	65,49,800	17,70,200	83,20,000	100.00	74,55,972	8,64,028	83,20,000	100.00	—

(B) Shareholding of Promoters

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Interfit India Limited	46,97,810	56.464	Nil	46,97,010	56.454	Nil	(0.01)
2	A V Palaniswamy	7,56,472	9.092	Nil	7,56,472	9.092	Nil	Nil
	Total	54,54,282	65.556	Nil	54,53,482	65.546	Nil	(0.01)

(C) Change in Promoters' Shareholding (please specify, if there is no change)

SN		Shareholding at the beginning of the year		Cumulative Share holding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	54,54,282	65.556	54,54,282	65.556
	Date wise Increase / Decrease in Promoters Share holding during the year (07.08.2015)	800	(0.01)	800	(0.01)
	At the end of the year	54,53,482	65.546	54,53,482	65.546

(D) Shareholding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs)

SN	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Peppercorn Advisory Private Limited	1,50,000	1.802	1,50,000	1.802
	At the end of the year	NA	NA	1,50,000	1.802
2	Kumudha Palaniswamy	1,76,900	2.126	1,76,900	2.126
	At the end of the year	NA	NA	1,76,900	2.126
3	Zen Global Finance Limited	1,34,900	1.621	1,34,900	1.621
	At the end of the year	NA	NA	1,34,900	1.621
4	Deepinder Singh Poonian	1,26,044	1.515	1,26,044	1.515
	At the end of the year	NA	NA	1,26,044	1.515
5	Pravin Chandra Batavia	1,25,000	1.502	1,25,000	1.502
	At the end of the year	NA	NA	1,25,000	1.502
6	Mina Pruthviraj Parikh	1,10,982	1.334	1,10,982	1.334
	At the end of the year	NA	NA	1,10,982	1.334
7	Shishir Vasant Dalal	1,00,000	1.202	1,00,000	1.202
	At the end of the year	NA	NA	1,00,000	1.202
8	Vinithra Sekhar	Nil	Nil	Nil	Nil
	Add: 15.01.2016 Market Purchase	76142	0.915	76142	0.915
	Add: 22.01.2016 Market Purchase	3858	0.047	80000	0.962
	At the end of the year	NA	NA	80000	0.962



SN	For Each of the Top 10 Shareholders Name, Date & Reason of change	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
9	P Shunmugavelu	78,250	0.941	78,250	0.941
	At the end of the year	NA	NA	78,250	0.941
10	Ritu Garg	Nil	Nil	Nil	Nil
	Add: 03.07.2015 (Market Purchase)	55178	0.663	55178	0.663
	Add: 10.07.2015 (Market Purchase)	9756	0.117	64934	0.780
	Add: 17.07.2015 (Market Purchase)	8335	0.101	73269	0.881
	Add: 24.07.2015 (Market Purchase)	6542	0.078	79811	0.959
	Add: 31.07.2015 (Market Purchase)	3678	0.044	83489	1.003
	Add: 07.08.2015 (Market Purchase)	2500	0.031	85989	1.034
	Add: 04.09.2015 (Market Purchase)	11	0.000	86000	1.034
	Less: 16.10.2015 (Market Sales)	25109	0.302	60891	0.732
	Less: 23.10.2015 (Market Sales)	391	0.005	60500	0.727
	At the end of the year	NA	NA	60500	0.727

(E) Shareholding of Directors and Key Managerial Personnel

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

V. INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment

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

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

SN.	Particulars of Remuneration	Name of Managing Director	Name of Whole Time Director	Total Amount
		A V Palaniswamy	A Panath Anitha	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24,00,000	2,50,200	26,50,200
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option	—	—	—
3	Sweat Equity	—	—	—
4	Commission - as % of profit - others, specify...	—	—	—
5	Others, please specify Vehicle Maintenance and Local conveyance	2,47,416	—	247,416
	Total (A)	26,47,416	2,50,200	28,97,616
	Ceiling as per the Act (@ 5% of Profits calculated u/s198 of the Companies Act, 2013)	—	—	1,25,07,080



(B) Remuneration to other directors

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		M Loganathan	R Alagar	
1	Independent Directors			
	Fee for attending board committee meetings	23,000	1,50,000	1,73,000
	Commission	—	—	—
	Others, please specify Travelling expense, Local Conveyance	36,151	60,680	96,831
	Total (1)	59,151	2,10,680	2,69,831
2	Other Non-Executive Directors			
	Fee for attending board committee meetings	—	—	—
	Commission	—	—	—
	Others, please specify	—	—	—
	Total (2)	—	—	—
	Total (B)=(1+2)	59,151	2,10,680	2,69,831
	Total Managerial Remuneration	59,151	2,10,680	2,69,831
	Ceiling as per the Act (@ 1% of Profits calculated u/s198 of the Companies Act, 2013)			11,10,274

(D) Remuneration to Key Management Personnel other than MD / Manager / WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS S Aravinthan	CFO J Saravanan (from 01.10.2015)	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	—	4,45,500	5,49,000	9,94,500
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	—	—	—	—
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	—	—	—	—
2	Stock Option	—	—	—	—
3	Sweat Equity	—	—	—	—
4	Commission	—	—	—	—
	- as % of profit	—	—	—	—
	others, specify...	—	—	—	—



NATIONAL FITTINGS LIMITED

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS S Aravinthan	CFO J Saravanan (from 01.10.2015)	Total
5	Others, please specify (Local Conveyance)	—	26,655	15,400	42,055
	Total		4,72,155	5,64,400	10,36,555

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[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, Sullur TK

Karumathampatti(Via) - 641549

I have conducted a secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by M/s. National Fittings Limited (hereinafter called "the Company"). 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, 2016 and also after 31st March, 2016 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 2016 (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, 1992 (up to 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May, 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) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines 1999 / Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October, 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 (effective 1st July, 2015).
 - ii) The Listing Agreement entered into by the Company with BSE Limited (upto 30th November, 2015) and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015).
5. During the period under review, and also considering the compliance related action taken by the Company after 31st March, 2016 but before the issue of this report, the Company has complied with the provisions of the Acts, Rules, Regulations and Agreements mentioned under paragraph 1 above, to the extent applicable.
6. I further report that:
 - (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. There were no changes in the composition of the Board of Directors that took place during the period under review.
 - (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 (effective 1st July, 2015).
 - (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.

Place : Coimbatore
Date : 28-05-2016

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

Annexure A to Secretarial Audit Report of even date

To

The Members,

National Fittings Limited

[CIN: L29199TZ1993PLC008034]

SFNO: 112, Madhapur Road

Kaniyur Village, Suler TK

Karumathampatti(Via) - 641549

My Secretarial Audit Report (Form MR-3) of even date for the financial year ended 31ST March, 2016 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, 2016 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 : 28-05-2016

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



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

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. NATIONAL FITTINGS LIMITED ("the company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
- 2) As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) On the basis of written representations received from the directors as on 31 March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016, 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"; and
 - 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 2.23(i)(a) and Note 2.23(ii)(a) to the financial statements;
 - ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For and on behalf of
KRISHAAN & CO.,
Firm Regn. No. 001453S
Chartered Accountants,
Sd/- **S RATHINAMOORTHY**
Partner
Membership No. 233449

Place : COIMBATORE
Date : 28.05.2016

Annexure – A to the Independent Auditors’ Report

The Annexure referred to in our Independent Auditors’ Report to the members of the Company on the standalone financial statements for the year ended 31 March 2016, we report that:

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

- i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
 - (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 are held in the name of the Company.
- ii) (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
 - (b) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material, which have been properly dealt with in the books of account.
- iii) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms, LLPs or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses iii (a), iii (b) and iii (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 covered under section 73 to 76 of the Companies Act, 2013.
- vi) As per information and explanation given by the management, The Central Government has not prescribed 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, wealth tax, Excise duty, service tax, duty of customs, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income tax, sales tax, wealth tax, Excise duty, service tax, duty of customs, value added tax, cess and other material statutory dues were

in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

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

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

- viii) According to the information and explanations given to us, the Company has not defaulted in repayment dues to financial institutions, banks or debenture holders during the year.
- ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loan raised during the year have been applied for the purpose for which those are raised.
- x) According to the information and explanations given to us, no 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) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanations given to us and based on our examination of the records of the Company, 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 financial statements as required by the applicable accounting standards.
- xiv) According to the information and explanations give 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.
- 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.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For and on behalf of
KRISHAAN & CO.,
 Firm Regn. No. 001453S
 Chartered Accountants,
Sd/- S RATHINAMOORTHY
 Partner
 Membership No. 233449

Place : COIMBATORE
 Date : 28.05.2016



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, 2016 in conjunction with our audit of the 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 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. 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 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company 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 March 31, 2016, 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 and on behalf of
KRISHAAN & CO.,
Firm Regn. No. 001453S
Chartered Accountants,
Sd/- **S RATHINAMOORTHY**
Partner
Membership No. 233449

Place : COIMBATORE
Date : 28.05.2016



NATIONAL FITTINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH 2016

Particulars	Note No.	As at 31 March, 2016 ₹	As at 31 March, 2015 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2.1	83,200,000	113,200,000
(b) Reserves and surplus	2.2	<u>112,643,646</u>	<u>68,805,981</u>
		195,843,646	182,005,981
2 Non-current liabilities			
(a) Deferred Tax Liability (net)	2.3	2,992,906	5,182,474
(b) Other long-term liabilities	2.4	—	—
(c) Long-term provisions	2.5	<u>1,826,416</u>	<u>1,291,042</u>
		4,819,322	6,473,516
3 Current liabilities			
(a) Short-term borrowings	2.6	61,379,816	48,107,082
(b) Trade payables	2.7	21,378,552	13,123,724
(c) Other current liabilities	2.8	15,647,621	9,785,058
(d) Short-term provisions	2.9	<u>18,729,014</u>	<u>14,474,748</u>
		117,135,003	85,490,612
TOTAL (1+2+3)		<u>317,797,971</u>	<u>273,970,109</u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	2.10	58,030,309	51,023,706
(ii) Capital Work-in-Progress		1,391,267	901,656
(b) Long-term loans and advances	2.11	<u>1,450,089</u>	<u>1,274,479</u>
		60,871,665	53,199,841
2 Current assets			
(a) Inventories	2.12	66,177,127	49,921,644
(b) Trade receivables	2.13	25,742,281	23,932,940
(c) Cash and cash equivalents	2.14	101,961,278	73,931,892
(d) Short-term loans and advances	2.15	63,043,621	72,985,541
(e) Other current assets	2.16	<u>2,000</u>	<u>2,250</u>
		256,926,307	220,770,267
TOTAL (1+2)		<u>317,797,971</u>	<u>273,970,109</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/- **S. RATHINAMOORTHY**

Partner, M.No. 233449

Place : Coimbatore

Date : 28.05.2016

For and on behalf of the Board

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

DIN No. 01817391

Managing Director

Sd/- **S. ARAVINTHAN**

Company Secretary

Sd/- **M. LOGANATHAN**

DIN No. 01936839

Director

Sd/- **J. SARAVANAN**

Chief Financial Officer



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

Particulars	Note No.	For the year ended 31 March, 2016 ₹	For the year ended 31 March, 2015 ₹
1 Revenue from operations (Net of Excise Duty Rs. 75,21,510/- Previous year Rs. 92,63,592)	2.17	521,858,665	495,329,986
2 Other income	2.18	18,013,032	9,524,513
3 Total revenue (1+2)		539,871,697	504,854,499
4 Expenses			
(a) Cost of Raw materials consumed	2.19(a)	302,179,860	275,697,467
(b) Purchases of traded goods	2.19(b)	—	—
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	2.19(c)	(14,936,242)	5,893,122
(d) Employee benefits expense	2.20	26,621,980	25,711,908
(e) Finance costs	2.21	7,569,330	10,700,050
(f) Depreciation and amortisation expense	2.10	12,136,946	11,600,298
(g) Other expenses	2.22	95,272,395	92,275,857
Total expenses		428,844,269	421,878,702
5 Profit / (Loss) before exceptional items and tax (3 - 4)		111,027,428	82,975,797
6 Tax expense:			
(a) Current tax expense for current year		39,337,974	29,314,709
(b) Tax for Earlier years		—	559,515
(c) Deferred tax (Income) / Expenses	2.28	(2,189,568)	(1,870,070)
		37,148,406	28,004,154
7 Profit / (Loss) after Tax (5-6)		73,879,022	54,971,643
8 Earnings per share (of ₹10/- each):			
(a) Basic	2.27	8.88	6.22
(b) Diluted	2.27	8.88	6.22

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/- **S. RATHINAMOORTHY**
Partner, M.No. 233449
Place : Coimbatore
Date : 28.05.2016

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



NATIONAL FITTINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
A. Cash flow from operating activities		
Net Profit / (Loss) before extraordinary items and tax	111,027,428	82,975,797
<i>Adjustments for:</i>		
Depreciation and amortisation	12,136,946	11,600,298
Product development expenditure written off	—	—
(Profit) / loss on sale / write off of assets	23,096	—
Finance costs	7,569,330	10,700,050
Interest income	(6,055,070)	(6,035,109)
Rental income from Machineries	(669,689)	(408,000)
Liabilities / provisions no longer required written back	(43,977)	(5,337)
Bad Debts written off	201,614	273,692
	<u>13,162,250</u>	<u>273,692</u>
Operating profit / (loss) before working capital changes	124,189,678	99,101,392
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(16,255,482)	4,444,688
Trade receivables	(2,014,955)	(5,893,249)
Short-term loans and advances	9,941,920	(28,445,059)
Long-term loans and advances	(175,610)	3,531,037
Other current asset	250	-
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	8,298,805	(7,233,571)
Other current liabilities	5,862,563	4,824,184
Other long-term liabilities	-	-
Short-term provisions	(2,570,875)	(7,035,606)
Long-term provisions	535,374	473,055
	<u>3,621,990</u>	<u>(35,334,521)</u>
Cash flow from extraordinary items		
Cash generated from operations	127,811,668	63,766,871
Net income tax (paid) / refunds	(32,512,833)	(25,476,023)
Net cash flow from / (used in) operating activities (A)	<u>95,298,835</u>	<u>38,290,847</u>
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(19,663,875)	(2,357,716)
Proceeds from sale of fixed assets	7,619	—
Interest received	6,055,070	6,035,109
Rental from Machineries	669,689	408,000
	<u>(12,931,497)</u>	<u>4,085,393</u>
Cash flow from extraordinary items	—	—
Net cash flow from / (used in) investing activities (B)	<u>(12,931,498)</u>	<u>4,085,392</u>



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016 (Contd.)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
C. Cash flow from financing activities		
Repayment of Preference Share Capital	(30,000,000)	(20,000,000)
Net increase / (decrease) in working capital borrowings	—	—
Proceeds from Short-Term borrowings	13,272,734	17,059,270
Repayment of other short-term borrowings	—	—
Finance cost	(7,569,330)	(10,700,050)
Interim Dividend paid including Dividend Distribution Tax	(20,027,571)	—
Dividend paid including Dividend Distribution Tax	(10,013,786)	(13,276,309)
Cash flow from extraordinary items	<u>(54,337,953)</u>	<u>(26,917,089)</u>
Net cash flow from / (used in) financing activities (C)	<u>(54,337,953)</u>	<u>(26,917,089)</u>
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	<u>28,029,386</u>	<u>15,459,150</u>
Cash and cash equivalents at the beginning of the year	<u>73,931,892</u>	<u>58,472,740</u>
Cash and cash equivalents at the end of the year	<u>101,961,278</u>	<u>73,931,892</u>
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 2.14)	101,961,278	73,931,892
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>101,961,278</u>	<u>73,931,892</u>
Cash and cash equivalents at the end of the year*		
* Comprises:		
(a) Cash on hand	64,965	31,354
(b) Balances with banks		
(i) In current accounts	12,575,465	8,485,648
(ii) In deposit accounts	88,382,831	64,528,623
(iii) In Margin Money account (Earmarked fund) (Refer Note below)	938,017	886,266
(c) Others	—	—
	<u>101,961,278</u>	<u>73,931,892</u>
Note:		
These earmarked account balances with banks can be utilised only for the specific identified purposes.		
a) In Letter of Credit Margin Money Account	615,452	585,707
b) In Bank Guarantee Margin Account	322,565	300,560
	<u>938,017</u>	<u>886,266</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/- **S. RATHINAMOORTHY**

Partner, M.No. 233449 Place : Coimbatore
Date : 28.05.2016

For and on behalf of the Board

Sd/- **A.V. PALANISWAMY** Sd/- **M. LOGANATHAN**
DIN No. 01817391 DIN No. 01936839
Managing Director Director

Sd/- **S. ARAVINTHAN** Sd/- **J. SARAVANAN**
Company Secretary Chief Financial Officer

Notes forming part of the financial statements for the year ended 31.03.2016.

Note	Particulars
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1 Corporate Information

National Fittings Limited (formerly known as Interfit Techno Products Limited) incorporated as a Public Limited Company under the provisions of Companies Act, 1956 to Manufacture and market SG Iron Grooved and Screwed Pipe Fittings, Stainless Pipe Fittings and Ball Valves for industrial and non-industrial applications.

2 Significant accounting policies

a Basis of accounting and preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or are vision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b Use of estimates

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.

c 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.

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

d Cash and cash equivalents (for purposes of Cash Flow Statement)

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.

e Cash flow statement

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.

Notes forming part of the financial statements for the year ended 31.03.2016.

Note 2 Significant accounting policies (Contd.)

Note	Particulars
f	Revenue recognition
	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.
g	Other Income
	Interest income is accounted on accrual basis.
h	Tangible fixed assets
	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.
i	Depreciation and amortisation
	Depreciation on tangible assets is provided on the straight-line method over the useful lives of assets as prescribed under Part C of Schedule II of the Companies Act 2013 except for Plant and Machinery for which the Management estimates the useful lives as follows:
	a) Plant and Machinery (1) 5-10 Years
	b) Patterns and Moulds 3 Years
	(1) For these Plant and Machinery, based on the internal assessment and independent technical evaluation carried out by the management, the useful lives as given above represent the period over which management expects to use these assets. Hence useful lives of these assets is different from the part C of Schedule II of the Companies Act, 2013.
	Depreciation and amortisation method, useful lives and residual values are reviewed periodically, including at each financial year
	Depreciation for assets purchased/sold during a period is proportionately charged.
	Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.
i	Foreign currency transactions and translations
	i. The transactions involving Foreign Currencies are accounted for at the rates prevailing on the date of transactions and accordingly Gains/(Losses) arising out of fluctuation in exchange rates are recognized in the Profit & Loss Statement
	ii In case of forward contracts, if any, the difference between the forward rate and the exchange rate at the prevailing period is recognized in the Profit & Loss Statement over the life of the contract.
	iii. Foreign currency monetary Assets & Liabilities are restated at the exchange rate prevailing at the year end and overall net gain/loss is adjusted to the Profit & Loss Statement.

Notes forming part of the financial statements for the year ended 31.03.2016.
Note 2 Significant accounting policies (Contd.)

Note	Particulars
k	<p>Government grants, subsidies and export incentives</p> <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>
l	<p>Investments</p> <p>Investments are stated at cost.</p>
m	<p>Stock of Tools</p> <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>
n	<p>Employee benefits</p> <p><i>Short Term Employee Benefits</i></p> <p>All employee benefits payable within twelve months of rendering the services are recognized in the period in which the employee renders the related service.</p> <p><i>Post Employment / Retirement Benefits</i></p> <p>Defined Contribution Plans such as Provident Fund etc., are charged to the Profit and Loss account as incurred.</p> <p>Defined Obligation Plans - The Present Value of the obligation under such plans, is determined based on an actuary valuation, using the Projected Unit Credit Method. Actuarial gains and losses arising on such valuation are recognized immediately in the Profit and Loss account. In the case of Gratuity, which is partly funded with the Life Insurance Corporation of India under the Group Gratuity (Cash Accumulation) Scheme, the fair value of the plan Asset is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.</p> <p>Other Long Term Employee Benefits includes Compensated Absences are recognized in the same manner as Defined Obligation Plans.</p> <p><i>Termination Benefits</i></p> <p>Termination Benefits are recognized as and when incurred.</p>
o	<p>Borrowing costs</p> <p>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 31.03.2016.

Note 2 Significant accounting policies (Contd.)

Note	Particulars
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p Leases

The Company has leased Certain tangible assets and such leases where the company has substantial retained all the risk and rewards of ownership are classified as operating leases. Lease income on such operating leases are recognised in the Statement of Profit and Loss account on Straight Line Basis over the lease term.

Lease in which a significant portion of the risk and rewards of ownership are classified as operating leases. Lease Payments on such operating leases are recognised in the Statement of Profit and Loss account on Straight Line Basis over the period of lease.

q Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

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

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under “unallocated revenue / expenses / assets / liabilities”.

r Earnings per share

Basic and diluted earning per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year.

s Taxes on income

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

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

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such

assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

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

t Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

u Provisions and contingencies

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

v Insurance claims

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

w Service tax input credit

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

Notes forming part of the financial statements for the year ended 31.03.2016.

Note 2.1 Share Capital

	As at 31 March, 2016		As at 31 March, 2015	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
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) Issued Subscribed and fully paid up				
Equity shares of ₹ 10 each with voting rights	8,320,000	83,200,000	8,320,000	83,200,000
Non-convertible Non-cumulative Redeemable 9% preference shares of ₹100 each	—	—	300,000	30,000,000
Total	8,320,000	83,200,000	8,620,000	113,200,000

Refer Notes (i) to (iv) below

Notes:

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

Particulars	Opening Balance	Redeemed during the year	Closing Balance
Equity shares with voting rights			
Year ended 31 March, 2016			
- Number of shares	8,320,000	—	8,320,000
- Amount (₹)	83,200,000	—	83,200,000
Year ended 31 March, 2015			
- Number of shares	8,320,000	—	8,320,000
- Amount (₹)	83,200,000	—	83,200,000
Non-Convertible Non-Cumulative Redeemable 9% preference shares			
Year ended 31 March, 2016			
- Number of shares	300,000	300,000	—
- Amount (₹)	30,000,000	30,000,000	—
Year ended 31 March, 2015			
- Number of shares	500,000	200,000	300,000
- Amount (₹)	50,000,000	20,000,000	30,000,000

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			
As at 31 March, 2016				
M/s. Interfit India Limited, the holding company	4,697,010	56.45	—	—
As at 31 March, 2015				
M/s. Interfit India Limited, the holding company	4,697,810	56.47	300,000	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, 2016		As at 31 March, 2015	
	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	4,697,010	56.45	4,697,810	56.47
Mr. A.V. Palaniswamy	756,472	9.09	756,472	9.09
9% Non-convertible, Non-Cumulative, Redeemable Preference shares				
M/s. Interfit India Limited	—	—	300,000	100.00

(iv) Terms / rights attached to shares

- (a) The company has only one class of equity shares having at par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The Board of Directors has declared and paid Rs.2/- per equity share as interim dividend. Additionally, The Board of Directors have recommended a dividend of Rs. 1/- per equity share of Rs. 10/- each amounting to Rs.83.20 Lacs excluding Dividend Distribution Tax subject to approval of members in the Ensuing Annual General Meeting.
- (b) The company has only one class of Preference shares having at par value of Rs.100/- per share which is non-convertible and non-cumulative. The preference shares are entitled to a dividend of 9% and will be redeemable at par subject to the provision of section 80 and other applicable provisions of the Companies Act, 1956 after the expiry of the sixth year but before the expiry of the twelfth year from the date of allotment of the shares by one or more installments at the option of the company by giving 3 month's notice. During the year, the company has redeemed 300,000 preference shares at Par.
- (c) In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2016 ₹	As at 31 March 2015 ₹
Note 2.2 Reserves and surplus		
(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	1,500,000	1,500,000
(b) Capital Redemption Reserve		
Opening balance	20,000,000	—
Add: Transferred from General Reserve	30,000,000	20,000,000
Less: Utilised / transferred during the year	—	—
Closing balance	50,000,000	20,000,000
(c) Securities premium account		
Opening balance	1,000,000	1,000,000
Add : Premium on shares issued during the year	—	—
Less : Utilised during the year	—	—
Closing balance	1,000,000	1,000,000
(d) General reserve		
Opening balance	9,480,000	24,480,000
Add: Transferred from surplus in Profit and Loss Statement	35,000,000	5,000,000
Less: Utilised / transferred during the year for redemption of Non-Convertible Non-Cumulative Redeemable 9% Preference Shares	30,000,000	20,000,000
Closing balance	14,480,000	9,480,000
(e) Surplus / (Deficit) in Profit and Loss Statement		
Opening balance	36,825,981	130,646
Add: Profit / (Loss) for the year	73,879,022	54,971,643
Less: Utilised / transferred during the year		
Preference Share Dividend (Current year 9% (Previous year Rs. 1 per share)	—	2,700,000
Dividend Distribution Tax on above	—	552,816
Interim Dividend on Equity Share (Current year Rs. 2 per share - Previous year Nil)	16,640,000	—
Interim Dividend Distribution Tax on above	3,387,571	—
Final Dividend on Equity Share (Current year Rs. 1 per share. PY Rs. 1 per share)	8,320,000	8,320,000
Final Dividend Distribution Tax on above	1,693,786	1,703,493
Transfer to General Reserve	35,000,000	5,000,000
Closing balance	45,663,646	36,825,981
Total (a+b+c+d)	112,643,646	68,805,981

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2016 ₹	As at 31 March 2015 ₹
Note 2.3 Deferred Tax Liability (net)		
Deferred Tax Liability (Net)	2,992,906	5,182,474
Ref. Additional information Note 2.28		
Total	<u>2,992,906</u>	<u>5,182,474</u>

Note 2.4 Other long-term liabilities

Others	—	—
Total	<u>—</u>	<u>—</u>

Note 2.5 Long-term provisions

Provision for employee benefits:

(i) Provision for Earned Leave	144,520	115,140
(ii) Provision for gratuity (net) (Refer Note 2.24.b)	1,681,896	1,175,902
Total	<u>1,826,416</u>	<u>1,291,042</u>

Note 2.6 Short-term borrowings
(a) Loans repayable on demand

From banks

Secured

Export Packing Credit from Bank of India #	46,787,859	22,937,278
Letter of Credit form Bank of India #	676,416	1,206,374
Demand Loan against Deposits @	13,915,541	23,963,430

Total	<u>61,379,816</u>	<u>48,107,082</u>
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Working capital loans comprising of cash credit Export Packing Credit and other non fund based limits are secured by hypothecation of stocks and book debts and collaterally secured by Hypothecation of Machinery and equitable mortgage of property situate at Kaniyur Village.

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

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

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2016 ₹	As at 31 March 2015 ₹
Note 2.7 Trade Payables		
Trade payables:		
Other than Acceptances #	21,378,552	13,123,724
Total	21,378,552	13,123,724
# Trade payables includes payable to related parties		
a. Interfit India Ltd - The Holding Company	11,413,763	—
Note 2.8 Other current liabilities		
(i) Unclaimed Dividend	6,304,442	625,810
(ii) Other due payable		
(a) Statutory remittances	446,956	378,266
(b) Advances from customers	4,875,943	4,405,323
(c) Provision for Expenses	4,020,280	4,375,659
Total	15,647,621	9,785,058
Note 2.9 Short-term provisions		
(a) Provision for Income tax		
(i) Provision for Tax (Net of advance tax Rs. 8,01,76,370/-) (As at 31st March, 2015 Rs. 4,76,68,556/-)	8,671,691	1,154,902
(b) Provision for Dividend		
(i) Proposed Preference Dividend	—	2,700,000
(ii) Tax on Dividend	—	552,816
(iii) Proposed Equity Dividend	8,320,000	8,320,000
(iv) Tax on Dividend	1,693,786	1,703,493
(c) Provision for employee benefits:		
(i) Provision for Earned Leave	3,868	3,868
(ii) Provision for Gratuity (Net) (Ref. Note 2.24.b)	39,669	39,669
Total	18,729,014	14,474,748

Notes forming part of the financial statements
Note 2.10 Fixed assets

Tangible Assets	Gross Block				Depreciation				Net Block	
	Balance as at 1 April, 2015	Additions	Disposals	Balance as at 31 March, 2016	Balance as at 1 April, 2015	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Balance as at 31 March, 2016	Balance as at 31 March, 2015	Balance as at 31 March, 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
(a) Freehold Land	1,218,334	13,121,400	—	14,339,734	—	—	—	—	—	14,339,734
(b) Buildings	21,382,654	—	—	21,382,654	10,335,845	965,517	—	11,301,362	—	10,081,292
(c) Plant and Equipment	101,527,385	5,351,986	—	106,879,371	68,900,291	9,002,857	—	77,903,148	—	28,976,223
(d) Electrical Installation	4,453,374	—	—	4,453,374	4,429,863	9,562	—	4,439,425	—	13,949
(e) Computers	3,469,301	12,500	—	3,481,801	1,772,951	695,420	—	2,468,371	—	1,013,430
(f) Furniture and Fixtures	659,205	326,799	—	986,004	475,204	34,017	—	509,221	—	476,783
(g) Vehicles	4,417,301	—	—	4,417,301	1,977,544	676,715	—	2,654,259	—	1,763,042
(h) Office equipment	3,488,664	361,579	52,000	3,798,243	1,700,814	752,858	21,285	2,432,387	21,285	1,365,857
Total Tangible Assets	140,616,217	19,174,264	52,000	159,738,481	89,592,511	12,136,946	21,285	101,708,172	21,285	58,030,309
Capital Work In Progress	901,656	489,611	—	1,391,267	—	—	—	—	—	1,391,267
Total Assets	141,517,873	19,663,875	52,000	161,129,748	89,592,511	12,136,946	21,285	101,708,172	21,285	59,421,576
Previous year	139,160,157	2,357,716	—	141,517,873	77,992,213	11,600,298	—	89,592,511	—	51,925,362

Note: Capital Work In Progress includes

- a) Building - Staff & Workers Canteen amounting to Rs.12,98,506/-
- b) Grinding Buffing Machine amounting to Rs.92,761/-

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2016 ₹	As at 31 March 2015 ₹
Note 2.11 Long-term loans and advances		
(a) Security deposits (Unsecured, considered good)		
Electricity Deposit	990,572	795,809
Telephone Deposits	59,408	59,408
Cylinder Deposit	23,450	23,450
Rental deposits	93,000	93,000
	1,166,430	971,667
(b) Fringe Benefits Tax Paid [net of provisions ₹ Nil (As at 31 March, 2015 ₹ Nil)] - Unsecured, considered good	—	19,153
(c) Balances with government authorities (Unsecured, considered good)		
(i) Advance paid against disputed excise duty	283,659	283,659
Total	1,450,089	1,274,479

Note 2.12 Inventories

(At lower of cost and net realisable value)

(a) Raw materials	2,960,378	4,511,750
(b) Work-in-progress (Refer Note Below)	49,052,310	34,116,068
(c) Packing Materials	382,558	145,881
(d) Stores and spares	13,194,571	10,573,588
(e) Loose tools	587,310	574,357
Total	66,177,127	49,921,644

Note: Details of inventory of work-in-progress

SG Iron Fittings	32,513,160	22,006,455
SS Fittings	13,716,100	11,868,213
SS Ball Valves	2,823,050	241,400
	49,052,310	34,116,068

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2016 ₹	As at 31 March 2015 ₹
Note 2.13 Trade Receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	97,951	445,258
Doubtful	—	—
	97,951	445,258
Other Trade receivables		
Unsecured, considered good	25,644,330	23,483,681
Doubtful	—	—
	25,644,330	23,483,681
Total	25,742,281	23,932,939

Note: Trade receivables include debts due from a related party

(i) Sema Impex Pvt Ltd, Company in which a Director of the Company is a Director	—	120,590
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Note 2.14 Cash and Cash Equivalents

(a) Cash on hand	64,965	31,354
(b) Balances with banks		
(i) On current account with Scheduled Bank	6,290,448	7,853,274
(ii) On deposit accounts with Scheduled Bank (Refer Note below)	88,382,831	64,528,623
(iii) In Margin Money account		
- Balances held as margin money or security against borrowings, guarantees and other commitments	938,017	886,266
(iv) In Dividend Account with Scheduled Bank	6,285,017	632,374
Total	101,961,278	73,931,892

Note:

- (i) Balances with banks include deposits with scheduled bank amounting to Rs. 8,83,82,831/- (As at 31 March, 2015 Rs. 6,45,28,623/-) which have an original of 12 months.

Notes forming part of the financial statements (Contd.)

Particulars	As at 31 March, 2016 ₹	As at 31 March 2015 ₹
Note 2.15 Short-term loans and advances		
(a) Advance for supplies		
(i) To related parties @	29,381,429	27,961,627
(ii) Others	120,524	281,826
(b) Capital Advance for Land		
(i) To related parties @	5,087,500	4,000
(c) Loans and advances to employees	1,438,770	536,685
(d) Prepaid expenses	1,477,580	1,254,830
(e) Balances with government authorities		
Unsecured, considered good		
(i) CENVAT credit receivable	14,256,890	20,185,730
(ii) Export Incentives receivable	11,191,929	11,081,481
(iii) VAT credit receivable	88,999	1,414,569
(iv) Sales Tax refund receivable	—	10,264,794
Total	63,043,621	72,985,541

@ Note: Loans and advances to related party include :

M/s. Interfit India Limited, the Holding Company	—	17,312,607
M/s. Merit Industries Ltd.	29,381,429	10,649,020
M/s. Haitima India Pvt. Ltd.	5,087,500	4,000

Note 2.16 Other Current assets

(a) Accruals		
(i) Interest accrued on deposits	2,000	2,250
Total	2,000	2,250

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

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March 2015 ₹
Note 2.17 Revenue from operations		
(a) Sale of products (Refer Note (i) below)	512,068,619	481,880,123
Less: Excise duty	7,521,510	9,263,592
	<u>504,547,109</u>	<u>472,616,531</u>
(b) Other operating revenues (Refer Note (ii) below)	17,311,556	22,713,455
Total	<u>521,858,665</u>	<u>495,329,986</u>
Notes:		
(i) Sale of products comprises:		
<u>Manufactured goods</u>		
SG Pipe Fittings	471,098,421	433,342,290
SS Fittings	32,063,581	37,133,768
SS Ball Valves	1,310,107	2,056,203
Total - Sale of manufactured goods	<u>504,472,109</u>	<u>472,532,261</u>
<u>Traded goods</u>		
Grooving Machine	75,000	84,270
Total - Sale of traded goods	<u>75,000</u>	<u>84,270</u>
Total - Sale of products	<u>504,547,109</u>	<u>472,616,531</u>
(ii) Geographical Revenue from:		
Domestic	80,010,626	95,470,288
Export	424,536,483	377,146,243
Total	<u>504,574,109</u>	<u>472,616,531</u>
(iii) Other operating revenues comprise:		
Scrap sales	1,422,775	2,898,638
Duty drawback and other export incentives net of processing fees	15,888,781	19,814,817
Total - Other operating revenues	<u>17,311,556</u>	<u>22,713,455</u>

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March 2015 ₹
Note 2.18 Other Income		
(a) Interest income (Refer Note (i) below)	6,055,070	6,035,109
(b) Net gain on foreign currency transactions and translation (other than considered as finance cost)	2,750,096	3,068,763
(c) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	9,207,866	420,641
Total	18,013,032	9,524,513
Notes		
(i) Interest income comprises:		
Interest from banks:		
On Fixed Deposits	5,909,085	5,895,770
On LC and BG Margin Money Deposits	72,483	72,918
Other interest	73,502	66,421
Total - Interest income	6,055,070	6,035,109
(ii) Other non-operating income comprises:		
Sales Tax refund received	8,270,698	—
Rental from Machines	669,689	408,000
Excess Bonus Provision written back	43,977	5,337
Insurance claim received	—	5,000
Labour charges receipt	—	2,199
Others	223,502	105
Total - Other non-operating income	9,207,866	420,641
Note 2.19(a) Cost of Raw Materials consumed		
Opening stock	4,511,750	5,474,636
Add: Purchases	300,628,488	274,734,581
	305,140,238	280,209,217
Less: Closing stock	2,960,378	4,511,750
Cost of Raw material consumed	302,179,860	275,697,467

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

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March 2015 ₹
Raw Material consumed comprises:		
S G Iron Castings	275,033,435	240,202,767
Nordel	15,112,331	18,409,704
SS Scraps	12,034,094	17,084,996
Total	302,179,860	275,697,467
Note 2.19(b) Purchase of Traded goods		
Total	—	—
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	49,052,310	34,116,068
Stock-in-trade	—	—
	49,052,310	34,116,068
Inventories at the beginning of the year:		
Finished goods	—	—
Work-in-progress	34,116,068	40,009,190
Stock-in-trade	—	—
	34,116,068	40,009,190
Net (increase) / decrease	(14,936,242)	5,893,122

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March 2015 ₹
Note 2.20 Employee benefits expenses		
Salaries and wages	24,156,440	23,264,492
Contributions to provident and other funds	1,391,393	1,335,196
Gratuity expenses	529,899	536,356
Staff welfare expenses	544,248	575,864
Total	26,621,980	25,711,908
Salaries and Wages includes Salary paid to		
a) Key Management Personnel	3,199,200	1,640,703
b) Relatives of Key Management Personnel	120,000	120,000
Note 2.21 Finance costs		
(a) Interest expense on:		
(i) Packing Credit	1,537,083	1,567,675
(ii) Bills discounted/ Realised	4,253,516	5,378,154
(iii) Letters of Credit	313,703	859,200
(iv) Overdue bills	129,516	313,064
(v) Others (Including Interest on Loan against Term Deposit Receipt)	1,247,950	2,122,993
(vi) Bank Charges	87,561	458,964
Total	7,569,330	10,700,050
Note 2.22 Other Expenses		
Consumption of stores and spare parts	38,433,974	39,543,775
Consumption of packing materials	7,554,661	6,997,476
Corporate Social Responsibility	1,345,670	441,340
Power and fuel	14,625,803	14,989,717
Water	105,300	120,200
Rent	6,191,200	4,987,978
Repairs and maintenance - Buildings	433,627	181,816
- Machinery	1,893,131	2,333,672
- Computer	705,079	511,848
- Vehicle (Including Fuel)	1,190,282	1,300,000
- Others	1,790,592	1,083,050

Notes forming part of the financial statements (Contd.)

Particulars	For the year ended 31 March, 2016 ₹	For the year ended 31 March 2015 ₹
Insurance - Export	399,957	274,004
- Product Liability	189,868	275,550
- Others	99,349	118,492
Directors sitting fees and Meeting expenses	182,128	92,000
Rates and taxes	495,540	809,244
Watch and Ward expenses	821,874	727,840
Communication	288,333	222,177
Travelling and conveyance	335,464	236,637
Printing and stationery	725,145	608,050
Postage and Telegram	295,344	254,922
Freight and forwarding	10,886,128	11,504,413
Sales commission	—	208,665
Sales Discount	21,748	14,889
Business promotion including advertisement	—	—
Donations and contributions	1,000	—
Legal and professional	2,046,891	1,532,432
Payments to auditors (Refer Note (i) below)	450,681	380,341
Bad trade and other receivables, loans and advances written off	201,614	273,692
Product Development and Tool room expenses written off	152,799	178,925
Loss on fixed assets sold / scrapped / written off	23,096	—
Miscellaneous expenses	3,386,117	2,072,712
Total	95,272,395	92,275,857

Notes:

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

As auditors - statutory audit	125,000	125,000
For taxation matters	75,000	75,000
For company law matters	80,000	80,000
For other services	40,000	10,000
Reimbursement of expenses	130,681	90,341
Total	450,681	380,341

Notes forming part of the financial statements (Contd.)

Note 2. Additional information to the financial statements

Note	Particulars	As at 31 March 2016 ₹	As at 31 March, 2015 ₹
2.23	Contingent liabilities and commitments (to the extent not provided for)		
(i) (a)	Contingent liabilities		
	(1) Claims against the Company not acknowledged as debt (In respect of the appeal filed by the Central Excise department for the Modvat claim of Rs.3,85,764/- the CECAT has decided in favour of the department, reducing the claim to Rs.2,83,658/- against which the Company has preferred an appeal with the High Court, Chennai. However the Company has paid the duty amount of Rs.2,83,658/- under protest).	283,658	283,658
	(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	676,416	1,206,374
	b) Export bills discounted with Bankers as on the date of the Balance Sheet	26,458,579	28,294,077
	c) Estimated differential Sales Tax liability on account of non-receipt of C-Forms	256,636	347,432
(b)	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	5,912,500	1,000,000

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

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

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

Note	Particulars	For the year ended 31 March 2016 ₹	For the year ended 31 March, 2015 ₹
(iii)	Value of imports calculated on CIF basis		
	Raw materials	—	—
	Components and Consumable	10,525,396	11,184,245
	Total Components and Spare Parts	10,525,396	11,184,245
(iv)	Expenditure in foreign currency		
	Professional and consultation fees	735,743	559,103
(v)	Earnings in foreign currency		
	Export of goods calculated on FOB basis	419,733,617	371,324,071
(vi)	Details of consumption of imported and indigenous items		
	Imported	₹	%
	Raw materials	— (—)	— (—)
	Components and Consumable	8,370,648 (5,561,838)	100.00 (100.00)
	Total	8,370,648 (5,561,838)	100 (100)
	Indigenous		
	Raw materials	302,179,860 (275,697,467)	95.63 (89.03)
	Components and Consumable	13,700,155 (22,269,768)	4.37 (10.97)
	Total	315,880,015 (297,967,235)	100 (100)

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

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Note	Particulars
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2.24 Employee benefit plans

2.24 a Defined contribution plans

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 6,20,109 (Year ended 31 March, 2015 Rs.5,53,492) towards Provident Fund contribution and Rs.7,20,840 (Year ended 31 March, 2015 Rs.7,30,939) towards Employees State Insurance contribution in the Statement of Profit and Loss. The contributions payable are at the rates specified in the rules of the schemes.

2.24 b Defined benefit plans

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

- i. Gratuity
- ii. Leave Encashment

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

Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015	
	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
Components of employer expense				
Current service cost	68,248	41,638	57,720	38,572
Interest cost	95,335	9,283	60,997	6,661
Expected return on plan assets	—	—	—	—
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Past service cost	—	—	—	—
Actuarial losses/(gains)	366,316	(21,541)	377,639	(7,596)
Total expense recognised in the Profit and Loss statement	529,899	29,380	496,356	37,637

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

Note	Particulars			
	Year ended 31 March, 2016		Year ended 31 March, 2015	
Particulars	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
Actual contribution and benefit payments for year				
Actual benefit payments	—	—	—	—
Actual contributions	—	—	—	—
Net asset / (liability) recognised in the Balance Sheet				
Present value of defined benefit obligation	1,740,188	148,388	1,234,194	119,008
Fair value of plan assets	18,623	—	18,623	—
Funded status [Surplus / (Deficit)]	—	—	—	—
Unrecognised past service costs	—	—	—	—
Net asset / (liability) recognised in the Balance Sheet	1,721,565	148,388	1,215,571	119,008
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	1,234,194	119,008	787,075	85,158
Current service cost	68,248	41,638	57,720	38,572
Interest cost	95,335	9,283	60,997	6,661
Curtailment cost / (credit)	—	—	—	—
Settlement cost / (credit)	—	—	—	—
Plan amendments	—	—	—	—
Acquisitions	—	—	—	—
Actuarial (gains) / losses	366,316	(21,541)	377,639	(7,596)
Past service cost	—	—	—	—
Benefits paid	23,905	—	49,237	3,787
Present value of DBO at the end of the year	1,740,188	148,388	1,234,194	119,008

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Note	Particulars			
Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015	
	Gratuity (partly funded)	Leave Encashment (unfunded)	Gratuity (partly funded)	Leave Encashment (unfunded)
Change in fair value of assets during the year				
Plan assets at beginning of the year	18,623	—	18,623	—
Acquisition adjustment	—	—	—	—
Expected return on plan assets	—	—	—	—
Actual company contributions	—	—	—	—
Actuarial gain / (loss)	—	—	—	—
Benefits paid	—	—	—	—
Plan assets at the end of the year	18,623	—	18,623	—
Actual return on plan assets				
Actuarial assumptions				
Discount rate	7.60%	7.80%	7.60%	7.80%
Expected return on plan assets	NA		NA	
Salary escalation	8.00%	8.00%	8.00%	8.00%
Attrition	3.00%	3.00%	3.00%	3.00%
Medical cost inflation				
Mortality tables	LIC 94-96	LIC 94-96	LIC 94-96	LIC 94-96
Performance percentage considered	31.03.2016	31.03.2016	31.03.2015	31.03.2015

Estimate of amount of contribution in the immediate next year

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

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

2.25a. Segment information
(Rs. in lakhs)

Particulars	For the year ended 31 March, 2016		
	Business segments		Total
	A	B	
	Outside India	Within India	₹
Revenue	4,404.25 (3,969.61)	889.55 (1,076.33)	5,293.80 (5,045.94)
Total	4,404.25 (3,969.61)	889.55 (1,076.33)	5,293.80 (5,045.94)
Segment result	969.53 (1,100.76)	159.43 (258.64)	1,128.97 (1,359.40)
Unallocable expenses (net)			198.82 (624.88)
Other income (net)			180.13 (95.25)
Profit before taxes			1,110.26 (829.76)
Tax expense			371.48 (280.04)
Net profit for the year			738.78 (549.72)

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 31.03.2016 ₹
Americas	Nil
Europe	Nil
India	814 (984)
Others (Middle East)	4,245 (3,771)

Note : Figures in brackets related to the previous year.

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

Note	Particulars
2.26 Related party transactions	
Description of relationship	Names of related parties
Holding Company	Interfit India Ltd
Enterprises in which Directors have Significant influence	Merit Industries Ltd Sema Impex Pvt. Ltd. Haitima India Pvt. Ltd.
Key Management Personnel	A V Palaniswamy (Managing Director) Panath Anitha (Executive Director) J Saravanan (Chief Financial Officer)
Relatives of Key Management Personnel and their Enterprises	Mrs Kumudha Palaniswamy (wife of Mr A V Palaniswamy)

Note: Related parties as identified by the Management.

Details of related party transactions during the year ended 31 March, 2016 and balances outstanding as at 31 March, 2016

₹ in lakhs

	Holding Company	KMP	Relatives of KMP	Others	Total
Purchase of Goods	1,697.78 (1,985.88)	— (—)	— (—)	965.08 (447.08)	2,662.86 2,432.96
Sale of goods	1.04 (1.76)	— (—)	— (—)	2.55 (9.53)	3.59 (11.29)
Purchase of fixed assets	30.54 (—)	— (—)	— (—)	116.31 (1.18)	146.85 (1.18)
Expenses					
Rent and Services	2.30 (3.12)	— (—)	— (—)	5.00 (—)	7.30 (3.12)
Remuneration	— (—)	31.99 (16.40)	1.20 (1.20)	— (—)	33.19 (17.60)
Royalty and Lease Rent	61.20 (49.20)	— (—)	— (—)	— (—)	61.20 (49.20)
Other Expenses	— (—)	2.63 (1.60)	— (—)	— (—)	2.63 (1.60)
Income					
Rent and Services	— (—)	— (—)	— (—)	10.44 (8.24)	10.44 (8.24)

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

Note	Particulars				
	Holding Company	KMP	Relatives of KMP	Others	Total
Outstanding at end of the year					
Payable	114.14 (—)	— (—)	— (—)	— (—)	114.14 (—)
Advances & Receivable	— (173.12)	— (—)	— (—)	338.69 (107.74)	338.69 (280.86)

Note : Figures in bracket relates to the previous year.

Note	Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
2.27	Earning per share		
	Net profit / (loss) for the year from continuing operations (₹ In lakhs)	738.79	549.72
	Less: Dividend to Preference Shareholders	—	32.53
	Net Profit /(Loss) attributable to Equity Shareholders	738.79	517.19
	Weighted average number of equity shares	8,320,000	8,320,000
	Par value per share	10	10
	Basic and diluted earnings per share in Rupees	8.88	6.22

Notes forming part of the financial statements

Note 2. Disclosures under Accounting Standards (contd.)

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

2.28 Deferred Taxation : (₹ in lakhs)

	Accumulated as at 31.03.2015 ₹	Changes/ (credit) in P&L during the year ₹	As at 31.03.2016
Deferred tax Liability on account of			
Fixed Assets	239.18	(23.33)	215.85
Total	239.18	(23.33)	215.85
Deferred Tax Asset on Account of			
Gratuity	2.07	1.67	0.40
Leave Encashment & Bonus	4.59	(0.23)	4.82
Unabsorbed Depreciation and business loss	180.70	—	180.70
Total	187.36	1.44	185.92
Net Deferred Tax Asset	(51.82)	(21.89)	(29.93)

In accordance with Accounting Standard 22, the deferred tax Asset of ₹ 21.89 lacs for the year have been recognised in Profit and Loss Statement.

2.29 Proposed Dividend:

The final Dividend proposed for the year as follows:

	As At 31st March 2016	As At 31st March 2015
(i) On Equity Shares of Rs.10 each		
Amount of Proposed Dividend	8320000	8320000
Dividend per Equity Share	1	1
(ii) On Non Convertible Non-Cumulative Redeemable 9% Preference Share of Rs.100 each		
Amount of Proposed Dividend	—	2700000
Dividend per Preference Share	—	9

