



**INTERFIT TECHNO
PRODUCTS LIMITED**
COIMBATORE

Report *8th* Annual Report
2000-2001
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INTERFIT TECHNO PRODUCTS LIMITED

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

Item No. 5

The members are aware that presently the Company's equity shares are listed at the following stock exchanges.

1. Coimbatore Stock Exchange Ltd., Coimbatore
2. The Stock Exchange, Mumbai
3. Madras Stock Exchange Ltd., Chennai

With the extensive networking of The Stock Exchange, Mumbai (BSE) and the extension of the BSE terminals to other cities, the investors have wide access to online dealings in the company's securities across the country. The bulk of the trading in the Company's equity shares takes place only on the BSE and the depth and liquidity of trading in the Company's shares on the other two stock exchanges are very minimum.

The Company's equity shares are one of the scripts which the SEBI has specified for settlement only in dematerialised form by all investors, since November 2000.

As part of Company's cost saving measures, the company has proposal to delist the shares from the Madras Stock Exchange, subject to necessary approvals/permissions/consent from the shareholders and other concerned authorities. However the shares will continue to be listed in Coimbatore and Mumbai Stock Exchanges.

Your Directors recommend the Special Resolution for approval of members.

None of the Directors of the Company is, in any way, concerned or interested in the above resolution.

SHAREHOLDER INFORMATION

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

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

B Share Transfer Services :

Share Transfer Agents / Registrars for Dematerialised Form :

M/s. SKDC Consultants Pvt. Ltd.
11, Seth Narayandoss Street No. 2, West Power House Road, Coimbatore - 641 012

For Materialised Form :

INTERFIT TECHNO PRODUCTS LIMITED
Administrative Office : 2, NKPM Layout, Redfields, Coimbatore - 641 018.



INTERFIT TECHNO PRODUCTS LIMITED

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2001.

FINANCIAL RESULTS :

The operating results for the year 2000-2001 are given below :

Profit before Interest and Depreciation

Less Interest

Depreciation

Preliminary Expenses written off

Prior Period Expenses

Net Loss for the Year

(Rs. in Lakhs)	
	26.79
82.94	
93.79	
6.99	
1.72	
	185.44
	158.65

PERFORMANCE:

The Company had continued to manufacture stainless steel pipe fittings and ball valves. In addition to exports, the company had moved its products in the domestic market and the response of the market is encouraging. Though the sales/turnover is maintained at the same level, the gross profit before interest and depreciation had declined to Rs.26.79 lakhs during the year under review mainly due to the increase in the prices of inputs, particularly the raw materials and power without a commensurate increase in selling prices due to international markets scenario. Further due to volatility of the US Dollar and its likelihood of continuing so, with long term perspective, Directors opted to convert the FCNR-B loan into Rupee Term Loan which had resulted in increased interest cost. However, the management has taken necessary steps to improve the performance of the Company by adopting various cost control measures.

OUTLOOK:

Presently, the Company has a very good order position for Stainless Steel fittings and management has taken necessary steps to remove the bottlenecks in the production process and the performance has improved in the past couple of months. Similarly production process for the value added Ball Valve line of product has been established for production in volumes. Thus, your management is confident of improving the performance of the Company during the following years.

DIRECTORS:

Mr. T. Dulip Singh, Director, who retires by rotation, and being eligible, offers himself for reappointment.

Mrs. Kumudha Palaniswamy, Director, who retires by rotation, and being eligible, offers herself for reappointment.



INTERFIT TECHNO PRODUCTS LIMITED

DE-LISTING :

The members are aware that presently the Company's equity shares are listed at the following stock exchanges.

4. Coimbatore Stock Exchange Ltd., Coimbatore
5. The Stock Exchange, Mumbai
6. Madras Stock Exchange Ltd., Chennai

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The Company's equity shares are one of the scripts which the SEBI has specified for settlement only in dematerialised forms by all investors, since November 2000.

As part of Company's cost saving measures, the company has proposed to delist the shares from the Madras Stock Exchange, subject to necessary approvals/permissions / consent from the shareholders and other concerned authorities. However the shares will continue to be listed in Coimbatore and Mumbai Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT :

Your Directors further report that

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed and there were no material departures;
- (ii) the accounting policies selected by them have been applied consistently, judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the state of affairs of the company as at 31st March 2001 and of the loss of the company for the period ended 31.03.2001.
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE :

The Company is taking necessary steps for implementation of the corporate governance in terms of the listing agreement which is required to be complied with by March 2003. Audit Committee of the Directors had been constituted in compliance with the provisions of Section 292A of the Companies Act 1956.

AUDITORS:

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

DEPOSITS:

The Company has not accepted any deposits from the public.

**CONSERVATION OF ENERGY:**

a) Energy Conservation measures taken:

Adoption of better melting practices.

In the lost-wax process, for reclamation of wax, modifications were carried out in the process, avoiding repeated operations of re-melting.

b) Impact of measures taken:

The above measures are expected to result in considerable savings in the cost of production over the years

c) Power and fuel consumption:

i) The Company has consumed 17,94,900 Units of power during the year ended 31.3.2001.

ii) Consumption per Unit of Production:

6,192 Units consumed per MT of Castings required for Stainless Steel Pipe Fittings.

TECHNOLOGY ABSORPTION:

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

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange earned	Rs. 6,24,07,772
Foreign Exchange used	Rs. 72,34,223

PARTICULARS OF EMPLOYEES:

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

INDUSTRIAL RELATIONS:

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

ACKNOWLEDGEMENT:

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

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Place : Coimbatore
Date : 30.06.2001

A.V. PALANISWAMY
Director

FOR AND ON BEHALF OF THE BOARD
K. RAMANUJAM
Whole Time Director



INTERFIT TECHNO PRODUCTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/S. INTERFIT TECHNO PRODUCTS LIMITED as at 31st March, 2001 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto and report that:-

1. As required by the Manufacturing and other Companies (Auditors' Report) Order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in Paragraphs 4 & 5 of the said order:
2. Further to our comments in the Annexure referred to earlier, we report that :
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far, as appears from our examination of the Books.
 - c) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the above books of account.
 - d) In our opinion, the Profit and Loss Account and Balance Sheet complied with the accounting standards referred to in sub-section (3C) of Section 211.
 - e) On the basis of confirmation received from the Directors, and companies in which the Directors of the Company are Directors, taken on record by the Board of Directors, and based on information and explanations given to us, none of the directors of the Company are prima facie disqualified as on 31st March 2001 from being appointed as Directors in terms of Clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the schedules and notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :-
 - 1) In the case of the Balance Sheet of the STATE OF AFFAIRS of the Company as on 31.3.2001.
 - 2) In the case of the Profit & Loss Account, of the LOSS for the year ended on that date.

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Place : COIMBATORE
Date : 30.06.2001

For and on behalf of
KRISHAAN & CO.,
Chartered Accountants,
S. SYAMSUNDAR
Partner



ANNEXURE TO THE AUDITORS' REPORT

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF OUR REPORT TO THE SHAREHOLDERS ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2001

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. However, the Fixed Assets Register needs to be updated. The fixed assets have been physically verified by the Management at reasonable intervals and no material discrepancies were noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. The stocks of finished goods, stores, spare parts and raw materials have been physically verified by the Management at reasonable intervals.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to the book records were not material in relation to the size of the Company and nature of business and have been properly dealt with in the Book of Accounts.
6. On the basis of our examination of stock records, we are of the opinion that the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. According to the information and explanations given to us, the company has not taken any loans, secured or unsecured from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of Section 370 are no longer applicable to a company since 31st October 1998.
8. According to the information and explanations given to us, the company has not granted any loans, secured or unsecured to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act 1956. In terms of sub-section (6) of Section 370 of the Companies Act, 1956, provisions of Section 370 are no longer applicable to a company since 31st October 1998.
9. The parties including employees to whom loans and advances in the nature of loans have been given by the Company are repaying the principal amount and interest, wherever applicable, as stipulated.
10. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of stores, raw materials, including components, plant and machinery, equipment and other assets and for the sale of goods.
11. According to the information and explanations given to us, there were no transactions for purchase of goods and materials and sale of goods, materials and services, made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 as aggregating during the year to Rs.50,000/- or more.