



**INTERFIT TECHNO
PRODUCTS LIMITED**
COIMBATORE

report  junction.com

*10th Annual
Report*
2002 / 2003



INTERFIT TECHNO PRODUCTS LIMITED

BOARD OF DIRECTORS

Mr. T. Dulip Singh, Chairman
Mr. K. Ramanujam, Whole Time Director
Mr. A.V. Palaniswamy
Mr. Raymond H Jensen
Mr. Shen Ming Show
Mr. M. Loganathan (Alternate Director to
Mr. Shen Ming Show)
Mr. M.J. Vijayaraaghavan

BANKERS

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

AUDITORS

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

REGD. OFFICE & WORKS

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

SHARE TRANSFER AGENTS

SKDC Consultants Ltd.,
11, Seth Narayandass Layout,
Street No. 1, West Power House Road,
Coimbatore - 641 012



NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE is hereby given that the 10th ANNUAL GENERAL MEETING of the Company will be held at the Registered Office of the Company at SF No.112, Madhapur Road, Kaniyur Village, Via Karumathampatti - 641 659, Coimbatore District on Saturday the 23rd August 2003 at 3.30 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statements of accounts for the year ended 31st March 2003 together with Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Raymond H Jensen who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. T. Dulip Singh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the current financial year and fix their remuneration. M/s. Krishnaa & Co., Chartered Accountants, Chennai, retire and are eligible for re-appointment.

/ By order of the Board /

Place : Coimbatore
Date : 30.06.2003

For INTERFIT TECHNO PRODUCTS LTD.
K. Ramanujam
Whole-time 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 19.8.2003 to 23.8.2003 (both days inclusive) in connection with the 10th Annual General Meeting of the Company.
- 4) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.
- 5) All communications should be addressed to: The Secretarial Department, INTERFIT TECHNO PRODUCTS LIMITED, Administrative Office, 2, NKPM Layout, Redfields, Coimbatore - 641 018



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 Physical and Demat Segments :

M/s. SKDC Consultants Ltd.
11, Seth Narayandoss Layout,
Street No. 1, West Power House Road,
Coimbatore - 641 012

junction.com



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the Tenth Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2003.

FINANCIAL RESULTS :

The operating results for the year 2002-2003 are given below :

Profit before Interest and Depreciation

Less Interest

Depreciation

Preliminary Expenses written off

Prior Period Income

Net Loss before Tax

Provision for Tax

Net Loss after Tax

(Rs. in Lakhs)	
	53.45
86.53	
83.04	
0.02	
0.65	
	170.24
	116.79
	1.74
	118.53

PERFORMANCE:

As done in the past during the year under review the Company had continued to manufacture Stainless Steel Pipe Fittings & Stainless Steel Ball Valves. The Company has been predominantly exporting its products in addition to catering to the domestic market.

Due to severe competition in the international market, there has been continued pressure on the selling prices whereas there has been increase in the input costs, consumables & power. Your directors have reduced the prices to a certain extent & thereafter decided to hold on to the price levels even at the cost of losing orders.

Consequently the Company has posted a turnover of Rs. 864.85 Lakhs as against Rs. 1047.76 Lakhs in the previous year. The gross profit before interest & depreciation was Rs.53.45 lakhs during the year under review against Rs. 199.34 lakhs in the previous year.

PREFERENTIAL ALLOTMENT OF EQUITY SHARES TO PROMOTERS :

The members are aware that the proposal to issue and allot 32,50,000 Equity Shares of the Company to M/s. Interfit India Limited, Promoters, on preferential basis in terms of Section 81(1A) of the Companies Act 1956 and SEBI Guidelines on preferential allotment of securities to select group, was approved by the shareholders at the Extraordinary General Meeting of the shareholders held on 29.06.2002 and your Board of Directors at their meeting held on 29.06.2002 had allotted the shares as approved by the shareholders.

Consequent to the above allotment of shares, your Company had become a Subsidiary of Interfit India Limited from 29.06.2002, the date of allotment, in terms of the provisions of Section 4(1)(b)(ii) of the Companies Act 1956 as the shareholdings of Interfit India Ltd. in your Company had exceeded 50 % of the total paid up capital.



REDEMPTION OF REDEEMABLE PREFERENCE SHARES:

Utilising a portion of the proceeds from the issue of equity shares on preferential basis, your Company had redeemed 125,000 10% Cumulative Redeemable Preference Shares of Rs.100.00 each at par.

DIRECTORS:

Mrs. Kumudha Palaniswamy, Director, had resigned from the Board citing personal reasons. Your Directors place their appreciation on record for the valuable services rendered by Mrs. Kumudha Palaniswamy.

Mr. Raymond H Jensen, Director, who retires by rotation, and being eligible, offers himself for reappointment.

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

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 2003 and of the Loss of the company for the year ended 31.03.2003.
- (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 :

Company's Philosophy on Code of Corporate Governance:

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

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

Board of Directors:

a) Composition of Board of Directors:

Executive Directors	1
Non-Executive Promoter Directors	1
Non-Executive Independent Directors	5

There are no pecuniary relationship or transactions of the Non-Executive Directors vis-à-vis the Company.

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

Six meetings of the Board were held during the financial year on 18.05.2002, 29.06.2002, 31.07.2002, 31.10.2002, 30.01.2003 & 17.03.2003



INTERFIT TECHNO PRODUCTS LIMITED

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

Sl. No.	Name of the Directors	No. of Board Meetings Attended	Last AGM Present/absent
01.	Mr. T Dulip Singh	3	Present
02.	Mr. A.V. Palaniswamy	5	Present
03.	Ms. Kumudha Palanisway	1	Present
04.	Mr. K Ramanujam	6	Present
05.	Mr. M Loganathan (Alternate Director to Mr. Shen Ming Show)	3	Present
06.	Mr. Raymond H Jensen	NIL	Absent
07.	Mr. Shen Ming Show	NIL	Absent
08.	Mr. M J Vijayaaraghavan	5	Present

AUDIT COMMITTEE :

Audit Committee of the Directors had been constituted in compliance with the provisions of Section 292A of the Companies Act 1956. The committee met 2 times during the period on the following dates 29.06.2002 & 31.10.2002

The main objective of Audit Committee is to monitor and provide effective supervision of the financial reporting process with a view to ensure accurate, timely and proper financial disclosures as required by the management and legislation.

The responsibilities of the Audit Committee include overseeing the financial reporting process to ensure proper disclosure of financial statements. The Audit Committee reviews the financial statements before submission to the Board, the internal audit function, internal controls and other related matters.

Composition and attendance of Members at the Audit Committee held during the period

Sl. No.	Name of the Members	No of meetings held During the period 2002-2003	No. of meeting attended
01.	Mr. A.V. Palaniswamy	2	2
02.	Mr.M Loganathan	2	2
03.	Mr.M J Vijayaaraghavan	2	2

SHARE TRANSFER COMMITTEE :

The Share Transfer Committee also functions as Investors Grievances Redressal Committee. Hitherto, the Board had delegated to the Share Transfer Committee to authorise transfers/transmissions, issue of duplicate share certificates and transposition of names of shareholders.

The Company has appointed M/s. SKDC Consultants Ltd., Coimbatore as Share Transfer Agent. Transfer/transmissions, issue of duplicate certificates etc. as well as requests for dematerialisation 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 31.03.2003.



INTERFIT TECHNO PRODUCTS LIMITED

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

Compliance Officer : Mr.B. Murugesan was appointed as Compliance Officer. The Share Transfer Committee met 12 times during the period financial year 2002-2003 for the above purpose.

GENERAL BODY MEETING :

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

<i>Financial Year</i>	<i>Venue</i>	<i>Date</i>	<i>Time</i>
1999-2000	Registered Office of the Company SF No.112, Mathapur Road Kaniyur Village, Karumathampatti Via Coimbatore - 659	26.08.2000	3.00 PM
2000-2001		01.09.2001	3.00 PM
2001-2002		17.08.2002	3.30 PM

The Company conducted an Extra-Ordinary General Meeting of the Members of the Company on 29th June 2002. For the forthcoming Annual General Meeting, there is no business/resolution that requires voting through postal ballot as per the new rule 4 of Companies (Passing of Resolution by Postal Ballot) Rules, 2001.

DISCLOSURES :

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

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

The Company's application for listing of 32,50,000 Equity Shares of Rs.10/- each, issued on preferential basis to promoters had been approved by Coimbatore and Madras Stock Exchanges; and approval is awaited from The Stock Exchange, Mumbai.

MEANS OF COMMUNICATION

Financial results, quarterly/half yearly results, are published within the stipulated period in English and vernacular newspapers. The Company from time to time presents all the relevant information as required by the legislation within the prescribed time.

GENERAL SHAREHOLDER INFORMATION

- The 10th Annual General Meeting of the Members of the Company will be held on Saturday 23rd August, 2003 at 3.30 PM at the Registered Office of the Company , SF No.112, Mathapur Road, Kaniyur Village, Karumathampatti Via, Coimbatore 641 656.
- Normal Financial Year : 1st April to 31st March
- Dates of Book Closure : 19.08.2003 to 23.08.2003.
- The Company's shares are listed in (i) Coimbatore Stock Exchange Ltd (ii) Madras Stock Exchange (iii) The Stock Exchange, Mumbai


INTERFIT TECHNO PRODUCTS LIMITED

- e) Market Price Data : Due to very few transactions in the Company's scrips, this information is not presented.
- f) Share Transfer Agents : M/s. SKDC Consultants Ltd, Coimbatore
 Share Transfer System : All shares have been transferred and returned within 30 days from the date of lodgement, provided the necessary documents were in order.
 The Share Transfer Committee meets regularly
- g) Dematerialisation of Shares : Trading in the Company's shares in dematerialised form has been made compulsory. The Company entered into an agreement with the Depositories NSDL and CDSL for dematerialised form of shares and the Company provides option to members for dematerialisation. All requests for dematerialisation of shares are processed and confirmed through the Electronic Agent and the concerned depository.

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2003

	No of Shares	%
A. PROMOTERS HOLDINGS		
1. Promoters		
Indian Promoters	50,65,480	60.88
Foreign Promoters	4,80,062	5.77
2. Person acting in Concert	NIL	NIL
Sub Total	55,45,542	66.65
B NON-PROMOTERS		
3. Institutional Investors		
a) Mutual Funds & UTI	500	0.01
b) Bank, Financial Institutions, Insurance Companies (Central/State Government Institutions/Non-Government Institutions)	100	0.00
c) FIs	NIL	NIL
Sub Total	600	0.01
4. Others		
a). Private Corporate Bodies	4,50,240	5.41
b) Indian Public	18,65,600	22.42
c) NRI-NRE/NRI-NRO/OCBs	4,58,018	5.51
d) Any other	NIL	NIL
sub Total	27,73,858	33.34
Grand Total	83,20,000	100.00



INVESTORS HELP DESK

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

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

- | | |
|--|--|
| (a) M/s. SKDC Consultants Ltd.,
11, Seth Narayanadoss Layout
Street No. 1, West Power Hosue Road
Coimbatore - 641 012 | (b) The Compliance Officer
INTERFIT TECHNO PRODUCTS LIMITED
2 NKPM Layout, Kamaraj Road
Redfields, Coimbatore 641 018 |
|--|--|

INVESTOR EDUCATION AND PROTECTION FUND

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

TRENDS & DEVELOPMENT :

Your company for the period registered lower than expected sales performance due to severe competition from China and uncertainty in the market due to international scene. Company has utilised this period to stream-line its production process and manpower utilisation to meet future requirements cost effectively.

Products not conforming to recognised standards have been the main cause of lower pricing from China. Company has been targeting those customers who are specific in buying products conforming to standards marginally at highest price levels. More and more customers are realising the importance of products conforming to standards and the trend is favouring our Company.

Introduction of ball valves to the market has been successful and acceptance level has increased substantially. We hope to double our output of Ball Valves in the coming year. Company has also developed some series of Ball Valves in Copper based alloys and hope to enter the market during the period.

AUDITORS:

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

DEPOSITS :

The Company has not accepted any deposits from the public.

CONSERVATION OF ENERGY :

- a) Energy Conservation measures taken and (b) Impact of measures taken

To offset the increased power cost, Company has installed a chilled water system to reduce the production time of molds, thereby doubling the production capacity. This will result in about 3% savings in power consumption. Better utilisation of compressed air system and reduced heat treatment cycle times will reduce power consumption by 2%.