



**INTERFIT TECHNO
PRODUCTS LIMITED**
COIMBATORE

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*12th Annual
Report*
2004 | 2005



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. R. Alagar

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
Ph : 0421-2333315 / 2332563

SHARE TRANSFER AGENTS

SKDC Consultants Ltd.,
11, Seth Narayandoss Layout,
Street No. 1, West Power House Road,
Coimbatore - 641 012
Ph : 0422-5549995



NOTICE OF ANNUAL GENERAL MEETING TO THE SHAREHOLDERS

NOTICE is hereby given that the 12th 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 Wednesday, the 31st day of August 2005 at 3.00 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 2005 together with Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. T. Dulip Singh, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Raymond H. Jensen, 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.

5. SPECIAL BUSINESS

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

"RESOLVED that Mr. R. Alagar be and is hereby appointed as Director of the Company whose office shall be liable for retirement by rotation".

To consider and if thought fit to pass with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT the Company do apply to Coimbatore Stock Exchange and Madras Stock Exchange, for voluntary de-listing of the equity shares from Madras Stock Exchange and Coimbatore Stock Exchange by following the procedures prescribed in SEBI (De-listing of Securities) Guidelines, 2003."

"FURTHER RESOLVED THAT the Board be and is hereby authorized to take all necessary steps in this regard including authorizing any Directors/Officers/Executives of the Company to do all such acts, deeds or things to give effect to the above resolution."

/ By order of the Board /

Place : Coimbatore
Date : 29.06.2005

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 25.08.2005 to 31.08.2005 (both days inclusive) in connection with the 12th Annual General Meeting of the Company.
- 4) Members are requested to intimate Change of Address, if any, immediately and quote the Registered Folio Number in the correspondence with the Company.
- 5) All communications should be addressed to:

The Secretarial Department,
 INTERFIT TECHNO PRODUCTS LIMITED,
 Registered Office :
 SF No 112, Madhapur Road,
 Kaniyur Village, Palladam Taluk,
 Karumathampatti (Via) - 641 659,
 Coimbatore District.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT 1956:**Agenda 5 :**

The Board of Directors of the Company had appointed Mr. R.Alagar as Additional Director with effect from 29.6.2005. He will hold office only upto the date of the forthcoming Annual General Meeting. The Company had received notices in writing from members signifying their intention to propose the appointment of Mr R.Alagar as Director of the Company.

Mr R. Alagar aged 54 years, is a qualified and a practicing Company Secretary. A fellow of the Institute of Company Secretaries of India, has experience in handling all issues relating to Companies Act and other relevant statutes, having been associated with a number of leading Companies. He has handled all matters relating to public issue formalities among other matters relating to a listed Company. Your board of Directors are of the opinion that his association with the Company as a Director would be of the meaningful professional help to the Company in general and in conducting the affairs of the Company in particular.

Your Directors recommend that the resolution proposing the appointment of Mr R.Alagar be passed. None of the Directors except Mr. R. Alagar is concerned or interested in the above resolutions.

Agenda 6 :

The Company's equity shares are presently listed in The Stock Exchange, Mumbai, Coimbatore Stock Exchange and Madras Stock Exchange. As per clause 5.1 of the Securities and Exchange Board of India



(De-listing of Securities) Guidelines, 2003, the Company is permitted to voluntarily delist the equity shares subject to the following conditions: (a) The securities of the Company have been listed for a minimum period of 3 years on any Stock Exchanges (b) An exit opportunity has been given to the Investors and (c) obtained approval of the shareholders by way of special resolution. The Guidelines further provide that an exit opportunity need not be given in cases where the securities continue to be listed in a stock exchange having nationwide terminal viz.BSE.

No trading has taken place in Coimbatore Stock Exchange and Madras Stock Exchange for the past two years. The voluntary delisting will not affect the liquidity of the company's shares since with the extensive networking of Bombay Stock Exchange, the Investors have access to online dealings with the Company's securities across the country. Neither the company nor the investors derive any particular benefit by continuing the listing on the Coimbatore Stock Exchange and Madras Stock Exchange. Since the Company's equity shares have been listed for more than 8 years, the company is entitled to seek voluntary delisting subject to the approval of the shareholders and other statutory authorities.

Hence it is proposed to voluntarily seek delisting of the equity shares from the Coimbatore Stock Exchange and the Madras Stock Exchange and the company's equity shares shall continue to be listed on BSE. The proposed resolution is in the interest of the Company and the Board recommends the resolution before the meeting for the passing the same by the shareholders.

None of the Directors is concerned or interested in this 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 Physical and Demat Segments :

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



DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting the 12th Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2005.

FINANCIAL RESULTS :

The operating results for the year 2004-2005 are given below :

Profit before Interest and Depreciation
& Other adjustments

Less : Interest

Depreciation

Preliminary & Product Development

Expenses written off

Prior Period Expenses

Net Loss before Tax

Provision for Tax

Net Loss after Tax

(Rs. in Lakhs)	
	(45.07)
74.30	
64.53	
4.39	
0.93	
	144.15
	189.22
	8.58
	197.80

PERFORMANCE:

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.

During the year under review, the Company has posted a turnover of Rs. 558.38 Lakhs as against Rs. 705.31 Lakhs in the previous year. The gross profit / (Loss) before interest & depreciation was Rs. (45.07) lakhs during the year under review as against Rs. (44.89) lakhs in the previous year.

During the year the market for the major raw materials like Stainless steel scrap, Nickel, Ferro molybdenum and other alloys had continued to be highly volatile. However, we could not pass on the increase in input costs to our foreign buyers, due to severe competition from the Chinese manufacturers. Also the strengthening of Indian Rupee vis-à-vis US dollars had affected the already shrinking margin and the Company had incurred substantial losses in the export business. In view of the above, your Directors have decided to reduce the Company's exposure to the export business and concentrate more on the domestic market.

Your Directors are also taking steps to modify the product mix by introducing new product line both for export and domestic market.

DIRECTORS:

Mr.M.J.Vijayaaraghavan, Director, had resigned from the Board citing professional pre-occupation. During his tenure as a Director and as the Chairman of the audit committee, he gave valuable guidance to the Company. Your Directors wish to place on record their sincere appreciation of the valuable services rendered by him.

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

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



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Mr. R.Alagar, was appointed as Additional Director with effect from 29.06.2005. He will hold office upto the date of the forthcoming Annual General Meeting.

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, judgements 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 2005, Loss of the company and the cash flow statement for the year ended 31.03.2005 .
- (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.

DE-LISTING

The Company's shares have not been traded in Coimbatore Stock Exchange and Madras Stock Exchange for the past two years.

As the shares are listed in Bombay Stock Exchange and will be continued to be listed in Bombay Stock Exchange which has expensive networking, the investors have access to on line dealings with the company's securities across the country. Considering the forgoing, your Directors are proposing to take steps to delist the company's equity shares from Coimbatore Stock Exchange and Madras Stock Exchange as morefully described in the Explanatory Statement forming part of the Notice.

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 Director	1
Non-Executive Promoter Directors	3
Non-Executive Independent Directors	2

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


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Four meetings of the Board Meetings were held during the financial year on 30.06.2004, 31.07.2004, 25.10.2004 & 31.01.2005

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	2	Present
02.	Mr. A.V. Palaniswamy	4	Present
03.	Mr. K Ramanujam	4	Present
04.	Mr. M Loganathan (Alternate Director to Mr. Shen Ming Show)	4	Present
05.	Mr. Raymond H Jensen	NIL	Absent
06.	Mr. Shen Ming Show	NIL	Absent
07.	Mr. M J Vijayaraaghavan	3	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 4 times during the period on the following dates: 26.06.2004, 31.07.2004, 25.10.2004 and 25.01.2005.

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 2004-2005	No. of meeting attended
01.	Mr. A.V. Palaniswamy	4	4
02.	Mr. M. Loganathan	4	4
03.	Mr. M.J. Vijayaraaghavan	4	3

The Chairman of the Audit Committee Mr. M.J. Vijayaraghavan had resigned from the Board as Director with effect from 10.1.2005.

Mr R.Alagar was appointed as Additional Director with effect from 29.06.2005 and was nominated to the Audit Committee. He will function as the Chairman of the Audit Committee.

SHARE TRANSFER COMMITTEE :

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

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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 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 31.03.2005.

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. K.Ramanujam was appointed as compliance officer. The Share Transfer Committee met 28 times during the period financial year 2004-2005 for the above purpose.

REMUNERATION COMMITTEE:

The Company does not have a Remuneration Committee. The functions of the remuneration committee are carried out by the Board.

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>
2001-2002	Registered Office of the Company SF No.112, Mathapur Road Kaniyur Village, Karumathampatti Via Coimbatore - 641 659	17.08.2002	3.00 PM
2002-2003		23.08.2003	3.30 PM
2003-2004		31.08.2004	3.30 PM

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.

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 12th Annual General Meeting of the Members of the Company will be held on Wednesday the 31st day of August 2005 at 3.00 PM at the Registered Office of the Company , SF No.112, Mathapur Road, Kaniyur Village, Karumathampatti Via, Coimbatore 641 659.
- Normal Financial Year : 1st April to 31st March
- Dates of Book Closure : 25.08.2005 to 31.08.2005
- The Company's shares are listed in (i) Coimbatore Stock Exchange Ltd (ii) Madras Stock Exchange Ltd., (iii) The Stock Exchange, Mumbai


INTERFIT TECHNO PRODUCTS LIMITED
e) Market Price Data : The Stock Exchange, Mumbai

Year	Month	Highest-----		----- Lowest -----	
		Rate (Rs.)	Date	Rate (Rs.)	Date
2004	April	Nil	Nil	Nil	Nil
	May	4.15	24.05.2004	3.73	03.05.2004
	June	Nil	Nil	Nil	Nil
	July	3.75	30.07.2004	3.70	06.07.2004
	August	Nil	Nil	Nil	Nil
	September	4.30	17.09.2004	2.60	24.09.2004
	October	2.99	20.10.2004	1.90	28.10.2004
	November	3.94	08.11.2004	2.50	02.11.2004
	December	4.30	15.12.2004	2.81	07.12.2004
2005	January	4.49	04.01.2005	3.10	14.01.2005
	February	4.11	02.02.2005	3.00	18.02.2005
	March	4.99	08.03.2005	3.10	29.03.2005

The Shares were not traded on Madras and Coimbatore Stock Exchanges during the year ended under review.

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

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

g) Dematerialisation of Shares : Trading in the Company's shares in dematerialised form has been made compulsory. The Company entered into an agreement with the Depositories NSDL and CDSL for dematerialised form of shares and the Company provides option to members for dematerialisation. All requests for dematerialisation of shares are processed and confirmed through the Electronic Agent and the concerned depository.
DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2005

	No of Shares	%
A. PROMOTERS HOLDINGS		
1. Promoters		
Indian Promoters	46,72,670	56.16
Foreign Promoters	8,81,272	10.59
2. Person acting in Concert	NIL	NIL
Sub Total	55,53,942	66.75
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