



**INTERFIT TECHNO
PRODUCTS LIMITED**
COIMBATORE

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*13th Annual
Report*
2005 / 2006



INTERFIT TECHNO PRODUCTS LIMITED

BOARD OF DIRECTORS

Mr. T.Dulip Singh, Chairman
Mr V.Baskar Rao, Whole Time Director
(Appointed on 30.12.2005)
Mr. K.Ramanujam, Whole Time Director
(Resigned on 30.12.2005)
Mr. A.V.Palaniswamy
Mr. Raymond H Jensen
(Resigned on 29.10.2005)
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 13th 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 Thursday the 31st day of August 2006 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 2006 together with Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. A.V. Palaniswamy who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Shen Ming Show, 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. V Bhaskar Rao be and is hereby appointed as Director of the Company.

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

"RESOLVED that subject to the provisions of sections 198,269,309,and 310 read with schedule XIII of the Companies Act, 1956 and other applicable provisions, if any, Mr.V Bhaskar Rao be and is hereby appointed as a Whole Time Director of the Company for a period of two years with effect from 30th December 2005 on the following remuneration"

Salary: At Rs 65,000/- per month subject to the deduction of Income tax as applicable.

"FURTHER RESOLVED that the Board of Directors be and are hereby authorized to alter or vary the terms of remuneration set out herein above in such manner so as not to exceed limits specified in Schedule XIII or any amendments thereto"

"FURTHER RESOLVED that the aforesaid minimum remuneration to be paid in the event of loss (or) in adequacy of profits in any financial year shall be as per schedule XIII of the Companies Act, 1956."

"FURTHER RESOLVED that the remuneration payable to Mr.V.Bhaskar Rao , Whole Time Director shall be paid with effect from 02.01.2006."

/ By order of the Board /

Place : Coimbatore
Date : 29.06.2006

For INTERFIT TECHNO PRODUCTS LTD.
V. Bhaskar Rao
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 24.08.2006 to 31.08.2006 (both days inclusive) in connection with the 13th 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:**Item 5 :**

The Board of Directors of the Company had appointed Mr. V. Bhaskar Rao as Additional Director with effect from 30.12.2005. 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 V. Bhaskar Rao as Director of the Company.

Your Directors recommend that the resolution proposing the appointment of Mr V. Bhaskar Rao be passed. Except Mr.V.Bhaskar Rao none of the other Directors is concerned or interested in this resolution.

Item 6 :

The Board of Directors of the Company had appointed Mr.V. Bhaskar Rao as Whole Time Director for a period of two years with effect from 30.12.2005 subject to compliance with the applicable provisions of the Companies Act and subject to the approval of the members of the Company on the terms and conditions detailed in the resolution .

Mr V. Bhaskar Rao is highly qualified engineer with more than 15 years experience in foundry management and his association will be of technical strength to the company in achieving projected levels of quality



production. Considering the need to have a whole time director your board has appointed Mr V.Bhaskar Rao. Your board recommends that his appointment be confirmed by the members of the Company . Except Mr.V.Bhaskar Rao none of the other 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 Thirteenth Annual Report together with the Audited Balance Sheet & Profit and Loss Account for the year ended 31.03.2006.

FINANCIAL RESULTS :

The operating results for the year 2005-2006 are given below :

| | (Rs. in Lakhs) | |
|--|----------------|---------------|
| Profit before Interest and Depreciation & Other adjustments | | 155.22 |
| Less : Interest | 67.20 | |
| Depreciation | 56.73 | |
| Preliminary & Product Development Expenses written off | 5.61 | |
| Other Adjustments | (0.23) | |
| | | <u>129.31</u> |
| Net Profit before Tax | | 25.91 |
| Provision for Tax | | |
| Current Tax | Nil | |
| Deferred Tax | 9.39 | |
| Fringe Benefit Tax | 0.23 | |
| | | <u>9.62</u> |
| Net Profit after Tax | | <u>16.29</u> |

PERFORMANCE:

The manufacture of Pipe fittings and ball valves carried out by the Company resulted in a turnover of Rs 748.53 lacs as against Rs 579.37 lacs in the previous year. The profit before interest and depreciation was Rs 155.22 lacs during the year under review as against the loss of Rs 45.07 lacs in the previous year. The Company could perform better during this year by sustained efforts in cost reduction and cost control measures. The performance could be improved further provided the steps taken by the company are implemented in full in the subsequent years like development of high value products, reduction in costs, conservation of energy, standardization of manufacturing process, tighten current assets management and rationalization of manpower. These efforts will resulting in satisfactory returns in the coming years.

As in earlier years most of major inputs continued to be volatile, resulting in reduced margins. Further severe competition from overseas sources like China prevented the Company from increasing the prices. As decided earlier your Company concentrated more on the domestic market due to stability in prices. The Company hopes to do better in the coming years due to increase in sales in the domestic market.

DIRECTORS:

Mr.K.Ramanujam, Whole Time Director, had resigned from the Board due to professional pre-occupation. During his tenure as a whole time Director his services were of meaningful help to the Company.



Mr Raymond H.Jensen, Director, also resign from the Board due to advanced age and his inability to participate in the board meetings.

Your Directors wish to place on record their sincere appreciation of the valuable services rendered by them.

Mr V. Bhaskar Rao a qualified senior engineer with experience in foundry management was appointed as a whole time director of the company with effect from 30.12.2005, subject to approval of the members in the ensuing general body meeting.

Mr A.V. Palaniswamy, Director, who retires by rotation, and being eligible, offers himself for reappointment.

Mr Shen Ming show 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, 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 2006, Profit of the company and the cash flow statement for the year ended 31.03.2006 .
- (iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

DELISTING

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

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, for which the members' approval has already been obtained.

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 endeavors for a system to develop, manufacture and supply most efficiently products that meet the customer requirements; to comply with the requirements of quality management systems 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 | 2 |
| 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



Five meetings of the Board Meetings were held during the financial year on 29.06.2005, 30.07.2005, 29.10.2005, 30.12.2005 & 31.01.2006

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 | Absent |
| 02. | Mr.A.V. Palaniswamy | 5 | Present |
| 03. | Mr.K Ramanujam | 3 | Present |
| 04. | Mr.M Loganathan (Alternate Director to Mr.Shen Ming Show) | 5 | Present |
| 05. | Mr.Raymond H Jensen | NIL | Absent |
| 06. | Mr.Shen Ming Show | NIL | Absent |
| 07. | Mr.R. Alagar | 5 | Present |
| 08. | Mr V. Bahskar Rao | 2 | 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 5 times during the period on the following dates: 29.06.2005, 30.07.2005, 29.10.2005, 30.12.2005 & 31.01.2006

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 2005-2006 | No. of meeting attended |
|---------|----------------------|---|-------------------------|
| 01. | Mr. R. Alagar | 5 | 5 |
| 02. | Mr. M. Loganathan | 5 | 5 |
| 03. | Mr. A.V. Palaniswamy | 5 | 5 |

SHARE TRANSFER COMMITTEE :

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

The Company has appointed M/s. SKDC Consultants Limited, Coimbatore as Share Transfer Agent. Transfer/transmissions, issue of duplicate certificates etc as well as requests for 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 31.03.2006.



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

Mr. V. Bhaskar Rao was appointed as compliance officer in the place of Mr.K.Ramanujam, who had resigned. The Share Transfer Committee met 39 times during the period financial year 2005-2006 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 by passing necessary resolutions in the Members' meeting.

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> |
|-----------------------|---|-------------|-------------|
| 2002-2003 | Registered Office of the Company SF No.112, Mathapur Road Kaniyur Village, Karumathampatti Via Coimbatore - 641 659 | 23.08.2003 | 3.30 PM |
| 2003-2004 | | 31.08.2004 | 3.30 PM |
| 2004-2005 | | 31.08.2005 | 3.00 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 13th Annual General Meeting of the Members of the Company will be held on Thursday the 31st day of August 2006 at 9.30 AM 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 : 24.08.2006 to 31.08.2006
- The Company's shares are listed in (i) Coimbatore Stock Exchange Ltd (ii) Madras Stock Exchange (iii) The Stock Exchange, Mumbai.