



## Smiths & Founders (India) Limited

SFIL/COSEC/BSE/2608/2019-20  
Monday 26 August, 2019

**The Manager**  
**Department of Corporate Relations**  
**BSE Limited,**  
**PJ Towers, Dalal Street**  
**Fort, MUMBAI 400 001**

Dear Sir,

**Sub: Regulation 34(1) of SEBI (LODR) Regulations, 2015**

**Ref: Scrip Code: 513418**

We are uploading soft copy of Annual Report of the Company for the financial year ended March 31, 2019 pursuant to Regulation 34(1) of SEBI (LODR) Regulations, 2015. The proof of dispatch is enclosed.

This is for your information and records.

Thank you,

Yours truly,  
**Smiths & Founders (India) Limited**

**Suresh Shastry**  
**Managing Director**

Encl: as above





## Smiths & Founders (India) Limited

**M/S. RAMYA ENTERPRISES**  
# 46/1, CM Mohan Building,  
Yeshwanthpur,  
Bangalore - 560022

SFIL/DEL/ANNUAL/REPORT/06082019-20  
Tuesday, August 06, 2019

Kind Attention: Mr. Ramesh N  
Mobile No. 9880015150

Dear Sirs,

**Sub: Dispatch of Annual Report of our Company for the financial year 2018-19**

**Ref: Our Work Order No. SFIL/BLR/WO/008/2019-20, dated 02.08.2019 to avail your domestic courier and cargo services**

We draw your kind attention to the above and the e mails exchanged relating to the captioned subject.

Please note that we hereby hand over to you 7,063 nos. of Annual Report of our Company, for the financial year 2018-19, for dispatch to the shareholders of the Company, pan -India, as per address list made available to you.

Please arrange to dispatch the annual reports.

Please acknowledge receipt.

Thank you,

Yours truly,

**Smiths and Founders (India) Limited**



**Saadananda Zutti**  
Chief Finance Officer  
Encl: as above

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*K.N. Raju*  
M/s. RAMYA ENTERPRISES  
No. 46/1, C. Mohan Building,  
Tumkur Road, Yeshwanthpur,  
BANGALORE - 560022.



# SMITHS & FOUNDERS (INDIA) LIMITED

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## BOARD OF DIRECTORS

Suresh Shastry	<i>Managing Director</i>
Sathish Shastry	<i>Whole-Time Director (Till 31.03.2019)</i>
Umesh Shastry	<i>Whole-Time Director (Till 31.03.2019)</i>
Supriya Shastry	<i>Whole-Time Director</i>
V Parthasarathy	<i>Chairman &amp; Independent Director</i>
Sudhindra N Kalghatgi	<i>Independent Director</i>
Shailaja Suresh	<i>Non-Executive &amp; Non-independent Director (Wef 01.04.2019)</i>

## CHIEF FINANCIAL OFFICER

Sadananda S Zutti (Wef 01.04.2019)

## COMPANY SECRETARY & COMPLIANCE OFFICER

Ravi V

## AUDITORS

B.N.Subramanya & Co.  
Chartered Accountants  
# 101, R.V-15, 'E' Block, 6th Main Road  
Malleswaram, Bangalore - 560 003

## REGISTRAR & TRANSFER AGENTS

Integrated Registry Management Services Private Limited  
30, Ramana Residency, 4th Cross, Sampige Road  
Malleswaram, Bangalore – 560003

## REGISTERED OFFICE

No.505, 5th Floor, Brigade Rubix,  
No.20, H M T Main Road, Bangalore - 560013

## WORKS

1. Plot No N12 and N13,  
Industrial Estate, Sagar Road,  
Shimoga, Karnataka, 577204
2. Shed No M 7, 8, 9, 10,  
Industrial Estate, Sagar Road,  
Shimoga, Karnataka, 577204
3. SM10, Industrial Estate,  
Sagar Road, Shimoga,  
Karnataka, 577204

## NOTICE

Notice is hereby given that the Twenty Eighth Annual General Meeting of the Members of Smiths & Founders (India) Limited will be held at MEWS Ladies Club, No.37, 17th Cross (between 4th and 6th Main), Malleswaram, Bangalore – 560 055, on Saturday, August 31, 2019, at 10.00 A.M to transact the following business:

### ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Supriya Shastry (DIN:01327762), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Suresh Shastry (DIN:01099554), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 4. Re- Appointment of Mr. V. Parthasarathy as an Independent Director

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. V. Parthasarathy (holding Director Identification Number 06761878), a Non Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for re appointment, be and is hereby reappointed as an Independent Director of the Company, to hold office for a term of five consecutive years, from 14.02.2019 to 13.02.2024.”

#### 5. Re-Appointment of Mr. Sudhindra Narayan Kalghatgi as an Independent Director

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

“**RESOLVED THAT** pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sudhindra Narayan Kalghatgi (holding Director Identification Number 06994850), a Non Executive

Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for reappointment, be and is hereby reappointed as Independent Director of the Company, to hold office for a term of five consecutive years, from 14.02.2019 to 13.02.2024.”

#### 6. Appointment of Ms. Shailaja Suresh, as a Non-Executive Director

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

“**RESOLVED THAT** pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Shailaja Suresh (DIN 01326440), who was appointed as an Additional Director of the Company by the Board of Directors, as per Section 161(1) of the Companies Act, 2013 and who holds office only up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as Non-Executive Director of the Company, whose office is liable to retire by rotation.”

**By the Order of the Board  
Ravi V**

**Company Secretary & Compliance Officer**

#### Registered Office:

No.505, 5th Floor, Brigade Rubix,  
No.20, HMT Main Road, Bangalore 560 013  
CIN:L85110KA1990PLC11303  
E-mail Id: cosec@smithsandfoundersindia.com  
Website: www.smithsandfoundersindia.com

Place : Bangalore

Date : 15.06.2019

#### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The instrument appointing the proxy should, however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

A person can act as proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy.

# SMITHS & FOUNDERS (INDIA) LIMITED

However, such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, relating to Appointment of Ms. Shialaja Suresh, as a Non-Executive Director & the Directors proposed to be re-appointed are annexed hereto.
4. Register of Members and Share Transfer Books of the Company will remain closed from August 26, 2019, to August 31, 2019 (both days inclusive).
5. Members are requested to bring their Attendance Slips with their copy of the Annual Report to the meeting.
6. Relevant documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m and 1.00 p.m. upto the date of the Meeting.
7. Section 72 of the Companies Act, 2013 provides for nomination by the shareholders of the Company in the prescribed Form SH-13. Shareholders are requested to avail this facility.
8. Members are requested to a) intimate to the Company's Registrar and Transfer Agents, changes, if any, in their registered addresses at an early date, in case of Shares held in physical form; b) intimate to the respective Depository Participant, changes, if any, in their registered address at an early date, in case of Shares held in dematerialised form; c) quote their folio number/Client ID/DP ID in all correspondence and d) consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.
9. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for these transactions, is mandatory.
10. Your Company supports in full measure the 'green initiative' of the Ministry of Corporate Affairs under which, service of notices/documents including Annual Report, can be effected by sending the same through electronic mode to the registered e-mail addresses of the shareholders. To support this green initiative of the Government, members who would like to receive such notices/documents in electronic mode and who have not registered their e-mail addresses so far, are requested to do so by sending a request to the Company's Share Transfer Agent mentioning their folio number and e-mail addresses to which such documents can be sent. For shareholders holding shares in electronic form, such request can also be sent electronically to cosec@smithsandfoundersindia.com from the same e-mail address registered with the depository participants.
11. A route map showing directions to reach the venue of the 28th Annual General Meeting (AGM) is given at the end of Annual Report accompanying this Notice.

## 12. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI Regulations, as amended from time to time, the Company is pleased to provide its members the facility of 'remote e-voting (e-voting from a place other than the venue of the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 28th August, 2019 (9.00 a.m) and ends on 30th August, 2019 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 23rd August, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders/Members
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user, follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth in (dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>



## TWENTY EIGHTH ANNUAL REPORT 2018-19

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- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the relevant EVSN of "Smiths & Founders (India) Limited" on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password, then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - The Company has appointed Mr. V Shivaprakash (Membership No. ACS 7488), Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
  - The members attending the AGM, who have not already cast their vote through remote e-voting facility shall be able to exercise their voting rights at the AGM. The members who have already cast their vote through remote e-voting facility may attend the AGM but shall not be entitled to cast their vote again at the AGM.
  - The voting rights of members shall be in proportion to their share in the paid up capital of the Company as on the cut-off date.
  - Any Person who acquires the shares and becomes a member of the Company after dispatch of the Notice and holds shares as on the cut-off date i.e., August 23,2019, should follow the same procedure for e-Voting as mentioned above.
  - The scrutinizer shall immediately after the conclusion of the voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make, not later than three days of conclusion of the meeting a consolidated scrutinizer's report of the votes cast in favour or against, to the Chairman of the Company.
  - The results shall be declared on or after the Annual General Meeting. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com) and on the website of CDSL e-Voting and communicated to the BSE Limited where the shares of the Company are listed.

# SMITHS & FOUNDERS (INDIA) LIMITED

## ANNEXUE TO THE NOTICE OF TWENTY EIGHTH ANNUAL GENERAL MEETING EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

### Item No.4&5

#### Appointment of Independent Directors

##### Mr.V.Parthasarathy

Mr. V. Parthasarathy is a Non-executive Independent Director of the Company. He joined the Board of Directors of the Company on 27th January, 2014. Mr. V. Parthasarathy's appointment as an Independent Director up to March 31, 2019, for a period of 5 years from the date of commencement of the Companies Act, 2013, was approved by the shareholders at the Annual General Meeting, held on 27.12.2014.

Pursuant to revised Clause 49 of the Listing Agreement, he is eligible for re-appointment for one more term of 5 years, after March 31, 2019.

This is not a case of appointment of a new independent Director and hence special notice and deposit of requisite amount is not required to be paid.

In the opinion of the Board, Mr. V. Parthasarathy fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his reappointment as an Independent Director of the Company and he is independent of the management. Copy of the draft letter for appointment of Mr. V.Parthasarathy as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. V. Parthasarathy, as an Independent Director. Mr. V.Parthasarathy is Chairman of the Board of Directors and the Audit Committee and is a member of the Nomination & Remuneration Committee and Stakeholders' Relationship Committee of the Board. The Board recommends the resolution in relation to re appointment of Mr. V.Parthasarathy as an Independent Director, for the approval by the members of the Company.

Except Mr. V. Parthasarathy, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item no.4.

##### Mr. Sudhindra Narayan Kalghatgi

Mr. Sudhindra Narayan Kalghatgi is a Non-executive Independent Director of the Company. He joined the Board of Directors of the Company on 14th November,2014. Mr. V. Sudhindra Narayan Kalghatgi's appointment as an

Independent Director up to March 31, 2019, for a period of 5 years from the date of commencement of the Companies Act, 2013, was approved by the shareholders at the Annual General Meeting, held on 27.12.2014.

Pursuant to revised Clause 49 of the Listing Agreement, he is eligible for re-appointment for one more term of 5 years, after March 31, 2019.

This is not a case of appointment of a new independent Director and hence special notice and deposit of requisite amount is not required to be paid.

In the opinion of the Board, Mr. Sudhindra Narayan Kalghatgi fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his reappointment as an Independent Director of the Company and he is independent of the management. Copy of the draft letter for appointment of Mr. Sudhindra Narayan Kalghatgi as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. V. Sudhindra Narayan Kalghatgi, as an Independent Director. Mr. Sudhindra Narayan Kalghatgi is Chairman of the Nomination & Remuneration Committee & Stakeholders' Relationship Committee and a member of the Audit Committee of the Board. The Board recommends the resolution in relation to re appointment of Mr. Sudhindra Narayan Kalghatgi as an Independent Director, for the approval by the members of the Company.

Except Mr. Sudhindra Narayan Kalghatgi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, in the resolution set out at Item no.4.

### Item No.6

#### Appointment of Ms. Shailaja Suresh, as a Non-Executive Director

In accordance with the provisions of Section 152 of the Companies Act, 2013, appointment of Director requires approval of members. Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors have proposed that Ms. Shailaja Suresh be appointed as Non-Executive Director on the Board, whose office is liable to retire by rotation.

The appointment of Ms. Shailaja Suresh shall be effective upon approval by the members at the Meeting. The Company has

## TWENTY EIGHTH ANNUAL REPORT 2018-19

received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act, proposing the candidature of Ms. Shailaja Suresh for the office of Director of the Company. Ms. Shailaja Suresh is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. Brief

### Resume of Shailaja Suresh

Ms. Shailaja Suresh is a graduate in Science. She is one of the Promoters of the Company. It will be in the interest of the Company that Ms. Shailaja Suresh is appointed as a Non-Executive Director of the Company. Ms. Shailaja Suresh was appointed as an Additional Director by the Board in their meeting held on 19.04.2019. Ms. Shailaja Suresh is a member of the Nomination and Remuneration Committee of the Board of Directors of the Company.

Ms. Shailaja Suresh is holding 53,000 (0.05%) shares in the Company. The Board considers that her continued association would be of benefit to the Company. Accordingly, the Board

recommends the resolution in relation to appointment of Ms. Shailaja Suresh as a Non-Executive Director, for approval by the shareholders of the Company. Copy of the draft letter for appointment of Ms. Shailaja Suresh as a Non-Executive Director setting out the terms and conditions is available for inspection by members at the Registered Office of the Company. Ms. Shailaja Suresh is the spouse of Mr. Suresh Shastry, Managing Director and mother of Ms. Supriya Shastry, Executive Director.

Except Mr. Suresh Shastry, Managing Director and Ms. Supriya Shastry, Executive Director of the Company and Ms. Shailaja Suresh, being the appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 4. This Explanatory Statement may also be regarded as a disclosure under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Your Directors recommend the Resolution for your approval.

### PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT

(Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Particulars	Ms. Supriya Shastry	Mr. Suresh Shastry
DIN	01327762	01099554
Date of Birth	2/7/1985	12/11/1956
Date of Appointment	17/3/2014	22/10/1990
Qualifications	M.B.A-Finance	Advanced Diploma in Forge Technology (ADFT), NIF&FT, Ranchi
Expertise in specific functional areas	Has over 15 years experience in Accounts & Finance	Has over 38 years experience in Forging Industry
Number of Meetings of the Board attended during the year	5/5	5/5
Other Directorships/ Committee Chairmanships/ Memberships	None	None
Number of Shares held in the Company	1,86,33,125	2,80,90,175
Relationship between directors inter-se	Daughter of Mr. Suresh Shastry	Father of Ms. Supriya Shastry
Terms and conditions of appointment	As per Remuneration and Nomination Policy of the Company, as displayed on the Company's website	

#### Registered Office:

No.505, 5th Floor, Brigade Rubix, No.20, HMT Main Road, Bangalore 560 013  
CIN : L85110KA1990PLC011303  
E-mail Id: cosec@smithsandfoundersindia.com  
Website: www.smithsandfoundersindia.com

By the Order of the Board

Ravi.V  
Company Secretary & Compliance Officer

Place : Bangalore  
Date : 15.06.2019



# SMITHS & FOUNDERS (INDIA) LIMITED

## DIRECTORS' REPORT

Dear Members,

Your Directors present the Twenty Eighth Annual Report, together with the Audited Statements of Account for the financial year ended March 31, 2019.

### 1. FINANCIAL RESULTS.

During the year under review the Company has achieved the following financial results:

Particulars	Rs. in Lakhs	
	31.03.2019	31.03.2018
Revenue from operations	1015.77	882.87
Other Income	5.11	1.02
Profit /(Loss) before Financial Charges, Depreciation, Taxation and Prior Period items	-52.64	42.42
Less: Depreciation	29.42	26.36
Less: Finance Costs	28.32	24.25
Profit /(Loss) before Taxation and Prior Period items	(110.38)	(8.19)
Profit /(Loss) for the year	(110.38)	(8.19)
Net Profit/(Loss) for the year	(110.38)	(8.19)
Balance of Profit/(Loss) brought forward from last year	(805.16)	(796.97)
Profit/(Loss) Carried forward to Balance sheet	(915.54)	(805.16)

### 2. OVERVIEW OF COMPANY PERFORMANCE:

During the year under review sales has registered an increase of 15.06 % compared to previous year.

The loss has gone up steeply due to increase in direct costs, unwillingness of customers to pay higher price for the product due to huge increase in costs of materials and below par demand for your company's products during the later half of the year.

### 3. DIVIDEND & RESERVES:

In view of loss incurred by the Company, your Directors do not recommend any dividend for the financial year ended March 31, 2019.

During the year under review no amount was transferred to General Reserve.

### 4. SHARE CAPITAL:

The Paid Up Capital of the Company as at March 31, 2019 stood at Rs. 10,19,96,525/-. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equities. As on March 31, 2019 none of the Directors of the Company hold instruments convertible into equity shares of the Company.

### 5. EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return

in form MGT-9, as required under Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014, is included in this Report as Annexure – A and forms an integral part of this Report.

### 6. DIRECTORS:

To comply with Corporate Governance requirements changes have taken place in the composition of the Board of Directors of your Company and presently the Board comprises the following directors.

Directors	Category
1. Mr. V. Parthasarathy	Chairman & Non-Executive, Independent Director
2. Mr. Suresh Shastry	Promoter, Managing Director
3. Mrs. Shailaja Suresh	Promoter, Non-Executive Director
4. Mrs. Supriya Shastry	Non Promoter, Executive Director
5. Mr. Sudhindra Narayan Kalghatgi	Non-Executive, Independent Director

Mr. Umesh Shastry and Mr. Sathish Shastry, Executive Directors have resigned from The Board of Directors of the Company, with effect from 01.04.2019, to facilitate your company complying with the requirement, that the Board

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of directors will have an optimum combination of executive and non – executive directors, with not less than fifty per cent of the board of directors comprising of non-executive directors, in line with the provisions of corporate governance, as per SEBI (LODR), Regulations, 2015.

Your Company places on record its sincere appreciation for the excellent work carried out by the outgoing Directors, Mr. Umesh Shastry and Mr. Sathish Shastry.

The Mr.V.Parthasarathy and Mr. Sudhinda Narayan Kalghatgi, Independent Directors have been reappointed for a further period of five years, from 14.02.2019 to 13.02.2024, in line with the provisions of the Companies Act, 2013 and the listing agreement and the same is subject to approval of the shareholders, at the ensuing Annual General Meeting.

The Independent Directors have given declaration that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Mrs. Shailaja Suresh has been appointed, with effect from 01.04.2019, as an Additional Non- Executive Director, on the Board of Directors of the Company, pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 & subject to confirmation by the shareholders at the ensuing AGM.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Ms. Supriya Shastry, Director and Mr. Suresh Shastry, Managing Director, retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment, for consideration of the Members of the Company at the ensuing Annual General Meeting.

During the year under review, there was no change in the Board of Directors of the Company.

### 7. NUMBER OF MEETINGS OF THE BOARD:

During the Financial Year 2018-19, 5 (five) meetings of the Board were held, details of which are given in the Corporate Governance Report.

### 8. KEY MANAGERIAL PERSONNEL:

The following are the Key Managerial Personnel of the Company:

1. Suresh Shastry - Managing Director
2. Supriya Shastry - Whole Time Director
3. Umesh Shastry - Whole Time Director (till 31.03.2019)
4. Sathish Shastry - Whole Time Director (till 31.03.2019)

5. Mr. Sadaanand S Zutti - Chief Financial Officer (wef 01.04.2019)

6. Ravi.V - Company Secretary

### 9. COMMITTEES OF THE BOARD:

The Board of Directors has the following Committees:

1. Audit Committee
2. Remuneration and Nomination Committee
3. Stakeholders' Relationship Committee &
4. Share Transfer Committee

Details of the Committee/s along with their composition, number of meetings and attendance at the meetings are provided in the Corporate Governance Report.

### 10. BOARD EVALUATION:

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of Board's functioning, composition of the Board and its Committees and performance of specific duties, obligations and governance.

The performance evaluation of Independent Directors was completed. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors through a meeting of Independent Directors.

### 11. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

The details of programmes for familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company and related matters are put up on the website of the Company, [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com).

### 12. FIXED DEPOSITS:

The Company has not accepted fixed deposits from the public and shareholders within the meaning of Section 73(1) of the Companies Act, 2013 and Rules made there under, during the year under review.

### 13. DIRECTORS' RESPONSIBILITY STATEMENT:

As required under Section 134(3)(c) of the Companies Act, 2013, your Directors state that:

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) the Directors have selected such accounting policies

# SMITHS & FOUNDERS (INDIA) LIMITED

and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2019 and its loss for the year ended on that date;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a 'going concern' basis;
- e) 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; and
- f) 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.

#### 14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY:

During the year under review the Company has not given any loan, guarantee or made any investment covered under the provisions of Section 186 of the Companies Act, 2013.

#### 15. REMUNERATION AND NOMINATION POLICY:

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. The policy also lays down criteria for selection and appointment of Board Members. The Policy is given in Annexure-B and forms an integral part of this report.

#### 16. RELATED PARTY TRANSACTIONS:

During the year under review the Company has not entered into any transaction with any related party attracting the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder. The disclosure required pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC 2 is given in Annexure-C and forms an integral part of this report. Further there are no material related party transactions during the year under review with the Promoter, Directors or Key Managerial Personnel.

All Related Party Transactions are placed before the Audit Committee and also to the Board for approval.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company, [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com).

#### 17. VIGIL MECHANISM /WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy of the Company can be accessed on the Company's website at [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com)

#### 18. RISK MANAGEMENT:

The Company has in place Risk Management Policy according to which the Board of Directors of the Company and the Audit Committee periodically review and evaluate the risk management system of the Company so that the management controls the risks through properly defined network.

#### 19. CORPORATE SOCIAL RESPONSIBILITY:

No disclosures on Corporate Social Responsibility are required as provision under Section 135 of the Companies Act, 2013 and Rules made thereunder are not applicable to the Company.

#### 20. CORPORATE GOVERNANCE:

As per Regulations 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed by the Company, together with a Certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

#### 21. MANAGEMENT DISCUSSION AND ANALYSIS:

The Report on Management Discussion and Analysis forms part of this Report. Certain statements in this section may be forward looking. Many factors may affect the actual results, which could be different from that the Directors envisage in terms of the future performance and outlook.

#### 22. COMPLIANCE WITH SECRETARIAL STANDARDS

Your Company has complied with Secretarial Standards, SS-1 and SS-2, issued by The Institute of Company Secretaries of India. Secretarial Standard, SS-3 is not applicable to your Company.

#### 23. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company has appointed Mr. V Shivaprakash, Practicing Company Secretary as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed as Annexure – D and forms an integral part of this Report.

The company has been given certain relaxation in respect of composition of Board of Directors for the period 20.02.2014 to 19.02.2019 as per rehabilitation scheme sanctioned by Hon'ble BIFR (Bureau for Industrial & Financial Reconstruction) during the year 2014.

The company has, however, reconstituted the Board as per requirement of composition of Board of Directors from 01.04.2019.

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### **24. AUDITORS:**

The Company's Auditors, M/s. B.N.Subramanya & Co., Chartered Accountants, were re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of Twenty Seventh Annual General Meeting, held on 29th September 2018, until the conclusion of the Thirty Second Annual General Meeting to be held in the year 2023.

The Auditors' Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2019. The statements made by the Auditors in their Report are self-explanatory and do not call for any further comments.

### **25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

The adjudication officer, Securities and Exchange Board of India (SEBI) has passed an order on 20.12.2018, levying a penalty of Rs.4,00,000/- for non compliance with Minimum Public Shareholding (MPS) requirements, for the period from 20.02.2017 to 10.10.2017.

The rehabilitation scheme sanctioned by Hon. BIFR (Board for Industrial & Financial Reconstruction) in the year 2014 had given directions, as to categorisation of promoters and based on the same your Company had always complied with MPS requirements.

Based on your Company's representation SEBI, Corporate Finance Department of Hon. SEBI had accepted the categorisation of promoters, on the basis of the directions of Hon. BIFR and had advised the Company to file revised share holding pattern, for the earlier periods and your company had complied with the same.

Also, your Company had filed an appeal with Securities Appellate Tribunal, contesting the order of the adjudication officer, Securities and Exchange Board of India.

### **26. CONTINGENT LIABILITY:**

The notes forming part of the financials cover fine proposed by BSE Limited towards Corporate Governance compliance requirements and relating to demand in respect of Company's Income Tax Assessment pending for the financial year 2015-16.

### **27. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:**

The Company has an adequate internal control system commensurate with its size and nature of its business.

### **28. HEALTH, SAFETY AND ENVIRONMENT:**

The health and safety of the workforce is of paramount importance. The Company aims to provide a workplace that is free from any occupational hazards or illness.

### **29. SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013.**

During the year under review the Company has not received any complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

### **30. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY.**

No material changes and commitment affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report.

### **31. STATUTORY INFORMATION**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134 (3)(m) of the Companies Act, 2013, read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in Annexure-E, which forms part of this Report.

There were no employees employed throughout the year who were in receipt of remuneration of Rs. 1.02 Crore per annum or more. There were no employees employed for part of the year who were in receipt of remuneration of Rs. 8.50 Lakhs per month or more. During the year under review the Company had 75 employees.

The information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2019 is given in Annexure-F to this Report.

### **32. ACKNOWLEDGEMENTS:**

Your Directors wish to place on record their appreciation, for the contribution made by the employees at all levels but for whose hard work and support, your Company's achievements would not have been possible. Your Directors also wish to thank its Members, Government Authorities, Banks, Customers and Vendors for their sustained support to the Company.

**By the Order of the Board**

Place : Bangalore  
Date : 29.05.2019

**Suresh Shastry**  
**Managing Director**

# SMITHS & FOUNDERS (INDIA) LIMITED

Annexure - A

## **FORM NO. MGT 9** **EXTRACT OF ANNUAL RETURN**

As on financial year ended on, 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L85110KA1990PLC011303
2.	Registration Date	22/10/1990
3.	Name of the Company	Smiths & Founders (India) Limited
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-government Company
5.	Address of the Registered office & contact details	No.505, 5th Floor, Brigade Rubix, No.20, HMT Main Road, Bangalore 560 013, Karnataka Phone: 080-29724155
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Private Limited, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 Phone: 080-23460815/6/7/8, Fax: 080-23460819

### 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	Manufacture of closed die steel forgings, cast iron castings & cast iron cylinder liners	7326	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GIN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
			NIL		



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

#### i Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2018				No. of Shares held at the end of the year - 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/HUF	89238225	-	89238225	87.49	28143175	-	28143175	27.59	59.90
b) Central Govt.or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL:(A) (1)</b>	<b>89238225</b>	<b>-</b>	<b>89238225</b>	<b>87.49</b>	<b>28143175</b>	<b>-</b>	<b>28143175</b>	<b>27.59</b>	<b>59.90</b>
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>"Total Shareholding of Promoter (A)= (A)(1)+(A)(2)"</b>	<b>89238225</b>	<b>-</b>	<b>89238225</b>	<b>87.49</b>	<b>28143175</b>	<b>-</b>	<b>28143175</b>	<b>27.59</b>	<b>-59.90</b>
<b>B. PUBLIC SHAREHOLDING</b>									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	6100	-	6100	0.01	6100	-	6100	0.01	-
c) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	--
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>SUB TOTAL (B)(1):</b>	<b>6100</b>	<b>-</b>	<b>6100</b>	<b>0.01</b>	<b>6100</b>	<b>-</b>	<b>6100</b>	<b>0.01</b>	<b>-</b>
(2) Non Institutions									
a) Bodies corporates									
i) Indian	581560	110500	692060	0.68	255732	11500	366232	0.36	0.32
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	9166802	587318	9754120	9.56	9465513	568918	10034431	9.84	0.27

# SMITHS & FOUNDERS (INDIA) LIMITED

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2018				No. of Shares held at the end of the year - 31.03.2019				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	1569926	0	1569926	1.54	62733682	0	62733682	61.51	59.97
c) Others (specify)									
NRI	274883	200	275083	0.27	280500	200	280700	0.28	0.01
Clearing Member	171423	-	171423	0.17	144017	-	144017	0.14	0.03
Trust	900	-	900	0.00	900	-	900	0.00	-
Unclaimed or Suspense or Escrow Account	288688		288688	0.28	287288		287288	0.28	0.00
<b>SUB TOTAL (B)(2):</b>	<b>12054182</b>	<b>698018</b>	<b>11752237</b>	<b>12.50</b>	<b>73167632</b>	<b>679618</b>	<b>73847250</b>	<b>72.40</b>	<b>59.90</b>
<b>"Total Public Shareholding (B)= (B)(1)+(B)(2)"</b>	<b>12060282</b>	<b>698018</b>	<b>11758337</b>	<b>12.51</b>	<b>73173732</b>	<b>679618</b>	<b>73853350</b>	<b>72.41</b>	<b>59.90</b>
<b>"C. Shares held by Custodian for GDRs &amp; ADRs"</b>									
<b>Grand Total (A+B+C)</b>	<b>101298507</b>	<b>698018</b>	<b>101996525</b>	<b>100.00</b>	<b>101316907</b>	<b>679618</b>	<b>101996525</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoters -

Sl No.	Shareholders Name	"Shareholding at the beginning of the year - 01.04.2018"			"Shareholding at the end of the year - 31.03.2019"			% 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	SURESH SHASTRY	28090175	27.54	-	28090175	27.54	-	0.00
2	SHAILAJA SURESH	53000	0.05	-	53000	0.05	-	0.00
	<b>Total</b>	<b>28143175</b>	<b>27.59</b>	<b>-</b>	<b>28143175</b>	<b>27.59</b>	<b>-</b>	<b>0.00</b>

## iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2018			Date	Increase / Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2019	
		No. of shares	"% of total shares of the company"					No. of shares	% of total shares of the company
1	SURESH SHASTRY	28090175	27.54	01.04.2018	0		28090175	27.54	
							No Movement This Year		
				31.03.2019			28090175	27.54	
2	SHAILAJA SURESH	53000	0.05	01.04.2018	0		53000	0.05	
							No Movement This Year		
				31.03.2019			53000	0.05	

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**(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs and ADRs):**

Sl. No.	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2018		Date	Increase/ Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2019	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	SUPRIYA SHASTRY	18632125	18.27	01.04.2018	-	-	18632125	18.27
				18.01.2019	1000	TRANSFER	18633125	18.27
				31.03.2019	-	-	18633125	18.27
2	SATHISH SHASTRY	17024000	16.69	01.04.2018	-	-	17024000	16.69
				No Movement This Year		31.03.2019	-	-
3	SACHIN SHASTRY	12585125	12.34	01.04.2018	-	-	12585125	12.34
				No Movement This Year		31.03.2019	-	-
4	UMESH SHASTRY	7195700	7.05	01.04.2018	-	-	7195700	7.05
				20.04.2018	250000	TRANSFER	7445700	7.30
				31.03.2019	-	-	7445700	7.30
5	HEMA SATHISH	5370875	5.27	01.04.2018	-	-	5370875	5.27
				No Movement This Year		31.03.2019	-	-
6	SANTOSH KUMAR KHEMKA	370953	0.36	01.04.2018	-	-	370953	0.36
				13.04.2018	4011	TRANSFER	374964	0.37
				06.07.2018	11900	TRANSFER	386864	0.38
				31.03.2019	-	-	386864	0.38
7	AMIT KUMAR DAS	311891	0.31	01.04.2018	-	-	311891	0.31
				No Movement This Year		31.03.2019	-	-
8	SMITHS AND FOUNDERS (INDIA)LIMITED - UNCLAIMED SUSPENSE ACCOUNT	287488	0.28	01.04.2018	-	-	287488	0.28
				07.09.2018	-100	TRANSFER	287388	0.28
				22.03.2019	-100	TRANSFER	287288	0.28
				31.03.2019	-	-	287288	0.28
9	CHITRA KHEMKA	285108	0.28	01.04.2018	-	-	285108	0.28
				No Movement This Year		31.03.2019	-	-
10	AMRUTHA UMESH SHASTRY	250000	0.25	01.04.2018	-	-	250000	0.25
				20.04.2018	-250000	TRANSFER	0	0.00
				31.03.2019	-	-	0	0.00
11	SURESHKUMAR CHELARAJJ JAIN	205985	0.20	01.04.2018	-	-	205985	0.20
				13.04.2018	-1	TRANSFER	205984	0.20
				14.09.2018	-4	TRANSFER	205980	0.20
				19.10.2018	-92	TRANSFER	205888	0.20
				26.10.2018	-68	TRANSFER	205820	0.20
				02.11.2018	-40	TRANSFER	205780	0.20
31.03.2019	-	-	205780	0.20				

## SMITHS & FOUNDERS (INDIA) LIMITED

### v) Shareholding of Directors and Key Managerial Personnel:

SI No.	Particulars	Shareholding at the beginning of the year -01.04.2018		Increase / Decrease in No. of shares	Cumulative Shareholding during the year – 31.03.2019	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1.	Suresh Shastry	2,80,90,175	27.54	0	2,80,90,175	27.54
2.	Supriya Shastry	1,86,32,125	18.27	1,000	1,86,33,125	18.27
	Increase – Transfer/Purchased on 18.01.2019	1,000				
3.	Umesh Shastry	71,95,700	7.05	250,000	74,45,700	7.30
	Increase – Transfer/Purchased on 20.04.2018	250,000				
4.	Sathish Shastry	1,7024,000	16.69	0	1,7024,000	16.69

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

(In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	220.54	0	0	220.54
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
<b>Total (i+ii+iii)</b>	<b>220.54</b>	<b>0</b>	<b>0</b>	<b>220.54</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	196.02	87.54	0	283.56
* Reduction	73.63	42.43	0	116.06
<b>Net Change</b>	<b>122.39</b>	<b>45.11</b>	<b>0</b>	<b>167.50</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	342.93	45.00	0	387.93
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0.11	0	0.11
<b>Total (i+ii+iii)</b>	<b>342.93</b>	<b>45.11</b>	<b>0</b>	<b>388.04</b>

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### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(In Lakhs)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		MD	WTD			
		Suresh Shastry	Sathish Shastry	Umesh Shastry	Supriya Shastry	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19.20	19.20	19.20	19.20	76.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.44	0.02	0.15	0.00	0.61
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission - as % of profit - others, specify	0.00	0.00	0.00	0.00	0.00
5	Others-contribution to funds	3.00	3.00	3.00	3.00	12.00
	<b>Total (A)</b>	<b>22.64</b>	<b>22.22</b>	<b>22.35</b>	<b>22.20</b>	<b>89.41</b>
	Ceiling as per the Act	Due to inadequate profit, remuneration is paid as per the limit prescribed under Part II of Schedule V of the Companies Act, 2013.				

#### B. Remuneration to other directors

(In Lakhs)

SN.	Particulars of Remuneration	Name of Directors		Total Amount
		V.Parthasarathy	Sudhindra N. Kalghatgi	
1	Independent Directors			
	Fee for attending board committee meetings	0.00	0.00	0.00
	Commission	0.00	0.00	0.00
	Others, please specify	0.00	0.00	0.00
	Total (1)	0.00	0.00	0.00
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	0.00	0.00	0.00
	Total Managerial Remuneration	0.00	0.00	0.00
	Overall Ceiling as per the Act			



# SMITHS & FOUNDERS (INDIA) LIMITED

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(In Lakhs)

SN.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	6.70	-	6.70
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	0.00	-	0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.00	-	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0.00	-	0.00
2	Stock Option	-	0.00	-	0.00
3	Sweat Equity	-	0.00	-	0.00
4	Commission		0.00	-	0.00
	- as % of profit	-	0.00	-	0.00
	others, specify	-	0.00	-	0.00
5	Others-contribution to funds	-	0.20	-	0.20
	<b>Total</b>	-	<b>6.70</b>	-	<b>6.70</b>

## 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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## **NOMINATION AND REMUNERATION POLICY**

### **Introduction:**

The Company's policy is to consider human resources as its invaluable assets, pay reasonable and sufficient remuneration to all Directors, Key Managerial Personnel (KMP) and employees of the Company, to harmonize the aspirations of human resources consistent with the goals of the Company and in terms of the provisions of the Companies Act, 2013 and the listing agreement, as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Committee and approved by the Board of Directors.

### **Objective and purpose of the Policy:**

#### **The objective and purpose of this policy are:**

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in the industry in which the company is operating.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 30th May, 2014.

### **Effective Date:**

This policy shall be effective from 1st April, 2014.

### **Constitution of the Nomination and Remuneration Committee:**

The Nomination and Remuneration Committee comprises of following Directors, effective 19.04.2019.

1. Mr. Sudhindra N. Kalghatgi, Chairman (Independent & Non – Executive Director)
2. Mr.V.Parthasaraht, Member (Independent & Non – Executive Director)
3. Mrs. Shailaja Suresh, Member (Non-Executive Director)

The Board has the power to reconstitute the Committee consistent with the Company's policy and applicable statutory requirement.

### **Definitions**

- Board means Board of Directors of the Company.
- Directors mean Directors of the Company.
- Committee means Nomination and Remuneration Committee of the Company, as constituted or reconstituted by the Board.
- Company means Smiths & Founders (India) Limited.
- Independent Director means a director referred to in Section 149 (6) of the Companies Act, 2013.
- Key Managerial Personnel (KMP) means-
  - I. Executive Chairman and / or Managing Director;
  - II. Whole-time Director;
  - III. Chief Executive Officer;
  - IV. Chief Financial Officer;
  - V. Company Secretary;
  - VI. Such other officer as may be prescribed under the applicable statutory provisions / regulations.
- Senior Management means personnel of the Company occupying the position of Chief Executive Officer (CEO) of any unit / division or Vice President / General Manager including Vice President / General Manager of any unit / division of the Company. Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 as may be amended from time to time shall have the meaning respectively assigned to them therein.

### **Applicability**

The Policy is applicable to

- Directors (Executive and Non Executive)
- Key Managerial Personnel
- Senior Management Personnel

### **General**

This Policy is divided in three parts:

- (i) Part – A covers the matters to be dealt with and recommended by the Committee to the Board,
- (ii) Part – B covers the appointment and nomination and
- (iii) Part – C covers remuneration and perquisites etc.

# SMITHS & FOUNDERS (INDIA) LIMITED

- The key features of the Company's policy shall be included in the Board's Report.

## PART – A

### MATTERS TO BE DEALT WITH, PERUSED AND RECOMMENDED TO THE BOARD BY THE NOMINATION AND REMUNERATION COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.

## PART – B

### POLICY FOR APPOINTMENT AND REMOVAL OF DIRECTOR, KMP AND SENIOR MANAGEMENT

- Appointment, criteria and qualifications:
  1. The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment.
  2. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.
  3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- Term / Tenure:

#### 1. Managing Director/Whole-time Director:-

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

#### 2. Independent Director:-

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and

will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he / she shall be eligible for appointment for one more term of 5 years only.
- At the time of appointment of Independent Director it should be ensured that number of Boards on which such Independent Director serves is restricted to seven listed companies as an Independent Director and three listed companies as an Independent Director in case such person is serving as a Whole-time Director of a listed company.

- **Evaluation:**

The Committee shall carry out evaluation of performance of every Director, KMP and Senior Management Personnel at regular interval (yearly).

- **Removal:**

Due to reasons for any disqualification mentioned in the Companies Act, 2013, rules made thereunder or under any other applicable Act, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions and compliance of the said Act, rules and regulations.

- **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

## PART – C

### POLICY RELATING TO THE REMUNERATION FOR THE WHOLE-TIME DIRECTOR, KMP AND SENIOR MANAGEMENT PERSONNEL

- **General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management

Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company and The Central Government, wherever required.

2. The remuneration and commission to be paid to the Whole-time Director shall be in accordance with the Articles of Association of the Company and as per the provisions of the Companies Act, 2013, and the rules made thereunder.
3. Increments to the existing remuneration / compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director. Increments will be effective from 1st April in respect of Whole-time Directors and other employees of the Company.
4. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

- **Remuneration to Whole-time / Executive / Managing Director, KMP and Senior Management Personnel:**

1. **Fixed pay:**

The Whole-time Director / KMP and Senior Management Personnel shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The break up of the pay scale and quantum of perquisites including, employer's contribution to P.F, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and The Central Government, wherever required.

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. **Provisions for excess remuneration:**

If any Whole-time Director draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Companies Act, 2013 or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

- **Remuneration to Non- Executive / Independent Director:**

1. **Remuneration / Commission:**

The remuneration / commission to be paid shall be in accordance with the Articles of Association of the Company and the Companies Act, 2013 and the rules made thereunder.

2. **Sitting Fees:**

The Non-Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rs. One lakh per meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

3. **Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limit not exceeding 1% of the profits of the Company computed as per the applicable provisions of the Companies Act, 2013.

4. **Stock Options:**

An Independent Director shall not be entitled to any stock option of the Company.

# SMITHS & FOUNDERS (INDIA) LIMITED

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## Annexure C

### **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, 2014)*

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis : NIL**

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts / arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
- (e) Justification for entering into such contracts or arrangements or transactions:
- (f) Date(s) of approval by the Board:
- (g) Amount paid as advances, if any:
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:

**2. Details of material contracts or arrangement or transactions at arm's length basis: NIL**

- (a) Name(s) of the related party and nature of relationship:
- (b) Nature of contracts/arrangements/transactions:
- (c) Duration of the contracts/arrangements/transactions:
- (d) Salient terms of the contracts or arrangements or transactions Including the value, if any:
- (e) Date(s) of approval by the Board, if any
- (f) Amount paid as advances, if any:

**(Suresh Shastry)**  
*Managing Director*



**FORM MR- 3**  
**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31.03.2019

*Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014*

**To**  
**The Members**  
**Smiths & Founders (India) Limited**  
**(CIN: L85110KA1990PLC011303)**

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smiths and Founders (India) Limited(CIN: L85110KA1990PLC011303) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2019 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by EPSOM Properties Limited for the financial year ended on 31.03.2019 according to the provisions of:

- (i). The Companies Act, 2013 (the Act) and the rules made there under;
- (ii). The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii). The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv). 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;
- (v). The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - (i). Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - (ii). Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (iii). Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (iv). Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
  - (v). Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (vi). Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (vii). Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
  - (viii). Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (ix). The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (x). The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (xi). Circulars/Guidelines issued there under;
- (vi). The other following general laws as may be applicable to the Company during the audit:
  - (1) Employer/Employee Related Laws & Rules:
    - i. Industries (Development & Regulation) Act, 1951
    - ii. The Factories Act, 1948
    - iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959
    - iv. The Apprentices Act, 1961
    - v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
    - vi. The Employees State Insurance Act, 1948

# SMITHS & FOUNDERS (INDIA) LIMITED

- vii. The Workmen's Compensation Act, 1923
- viii. The Maternity Benefits Act, 1961
- ix. The Payment of Gratuity Act, 1972
- x. The Payment of Bonus Act, 1965
- xi. The Industrial Disputes Act, 1947
- xii. The Payment of Wages Act, 1936
- xiii. The Minimum Wages Act, 1948
- xiv. The Child Labour (Regulation & Abolition) Act, 1970
- xv. The Contract Labour (Regulation & Abolition) Act, 1970.
- xvi. The Industrial Employment (Standing Orders) Act, 1946
- xvii. Equal Remuneration Act, 1976
- xviii. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xix. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xx. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxi. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxii. The Labour Welfare Fund Act, 1965

(2) Environment Related Acts & Rules:

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Water (Prevention & Control of Pollution) Cess Act, 1977
- iv. The Air (Prevention & Control of Pollution) Act, 1981
- v. The Government Order Under Environment (Protection) Act, 1986

I have also examined compliances with the applicable clauses of Secretarial Standards on Board and General Meetings (SS – 1 and SS – 2) issued by the Institute of Company Secretaries of India.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Certain nonmaterial findings made during the course of the audit relating to the provisions of Companies Act, Secretarial Standards, Labour Laws were addressed suitably by the Management.

Further, I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that

Based on my examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2 and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2019 except as follows:

1. The company has been given certain relaxation in respect of composition of Board of Directors for the period 20.02.2014 to 19.02.2019 as per rehabilitation scheme sanctioned by Hon'ble BIFR (Board for Industrial & Financial Reconstruction) during the year 2014.
2. The Board of Directors of the Company was not duly constituted with proper balance of Executive Directors and Non-Executive Directors, between the period 20.02.2019 and 31.03.2019.
3. The Nomination and Remuneration Committee (N&RC) was not duly constituted, between the period 20.02.2019 and 31.03.2019, which requires that all members of the Committee to be Independent Directors."

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that there was no Chief Financial Officer in the Company until 31.03.2019.

**Vishwanath Shivprakash**

*Company Secretary*

Place : Bangalore

ACS No: 7488

Date : 27.05.2019

C P No.:7123

Note: This report is to be read with my letter of even date which is annexed as Annexure and forms an integral part of this report.

## **"Annexure"**

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Customs Act, Goods and Service Tax Act
4. Wherever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The 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 : Bangalore  
Date : 27.05.2019

Vishwanath Shivprakash  
Company Secretary  
ACS No: 7488  
C P No.:7123

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### **Annexure-E**

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2019 is given here below and forms part of the Director's Report

##### **A. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION.**

There are no items to disclose under this head. However, the Company develops its own technology in house for new products, process development and cost reduction and it has systems to absorb the technology developed.

##### **B. FOREIGN EXCHANGE EARNING AND OUTGO**

During the year under review Foreign Exchange earnings was Rs. 41.99 Lakhs (Previous Year Rs. 34.61 Lakhs) and Foreign Exchange outgo was Rs.0.75 Lakhs (Previous Year Nil)

# SMITHS & FOUNDERS (INDIA) LIMITED

## Annexure-F

### DETAILS OF REMUNERATION

Details pertaining to remuneration as required under Section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The percentage increase in remuneration of each Director and Company Secretary during the Financial Year 2018-19, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2018-19 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/ KMP	Designation	Remuneration of Director /KMP for the Financial Year 2018-19 (Rs. in Lakhs)	% increase in Remuneration in the Financial Year 2018-19	Ratio of Remuneration of each Director to median remuneration of employees for the Financial Year	Comparison of the Remuneration of the KMP against the performance of the Company
1	Suresh Shastry	Managing Director	22.64	There was no increase in remuneration during the Financial Year	10.71	Remuneration received during the Financial year – Rs. 22.64 Lakhs as against Net Loss of Rs. 110.38 Lakhs.
2	Sathish Shastry	Executive Director	22.22	There was no increase in remuneration during the Financial Year	10.50	Remuneration received during the Financial year – Rs. 22.22 Lakhs as against Net Loss of Rs. 110.38 Lakhs.
3	Umesh Shastry	Executive Director	22.35	There was no increase in remuneration during the Financial Year	10.66	Remuneration received during the Financial year – Rs. 22.35 Lakhs as against Net Loss of Rs. 110.38 Lakhs.
4	Supriya Shastry	Executive Director	22.20	There was no increase in remuneration during the Financial Year	10.50	Remuneration received during the Financial year – Rs.22.20 Lakhs as against Net Loss of Rs. 110.38 Lakhs.
5	V. Parthasarathy	Independent Director	0.00	0.00	0.00	-
6	Sudhindra N.Kalghatgi	Independent Director	0.00	0.00	0.00	-
7	Ravi.V	Company Secretary	6.70	There was no increase in remuneration during the Financial Year	-	- 6+

**(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year:**

The median remuneration of employees of the Company during the Financial Year was Rs.211, 449/- and the ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the above table.

**(ii) The percentage increase in remuneration of each director and Company Secretary in the Financial Year:**

There was no increase in remuneration of the Directors and Company Secretary in the Financial Year 2018-19.

**(iii) The percentage increase in the median remuneration of employees in the Financial Year:**

In the Financial Year, there was an increase of 0.51 % in the median remuneration of employees. The increase

was due to increment in salary made to the employees.

**(iv) The number of permanent employees on the rolls of the Company:**

There were 75 permanent employees on the rolls of the Company as on March 31, 2019.

**(v) The explanation on the relationship between average increase in remuneration and Company performance:**

The increase in the median remuneration of employees was 0.51%. As regards Company's performance, its net loss for the Financial Year 2018-19 was Rs. 110.38 Lakhs as against net loss of Rs. 8.19 Lakhs in the Financial Year 2017-18.

Remuneration to Employees is as per the HR Policy of the Company in force from time to time and in compliance with applicable regulatory requirements.

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**(vi) Comparison of the remuneration of the Key Managerial Personnel against performance of the Company:**

The Total remuneration of Key Managerial Personnel has remained the same compared to previous year; the Company had posted a net loss of Rs.8.19 Lakhs & Rs.110.38 Lakhs, during the financial years 2017-18 & 2018-19, respectively.

**(vii) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of current financial year and previous financial year and the percentage increase or decrease in market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed Companies:**

The market capitalization as on 31st March 2019 was Rs.7.96 Crores (Rs.6.12 Crores as on 31st March, 2018). The price of the share during March, 2019 was Rs. 0.78 and as on 31st March, 2018 was Rs. 0.60. The Earnings Per Share was Rs. -0.11 for the Financial Year ended 31st March, 2019 and Rs. (0.00) for the financial year ended 31st March, 2018. The Initial Public offer was made by the Company in the year 1993 and the issue was for 31,00,000 equity shares of Rs. 10/- each at par. In the year 2006, the Company split the shares by reducing the face value to Re. 1/-. In the year 2014 the Company reduced the Share Capital by 90% and allotted 9,76,76,525 new equity shares to the shareholders of the amalgamating Company, as per the Scheme of Rehabilitation sanctioned by the Hon. BIFR in February, 2014. As against issue of equity shares of Rs.10/- at par in 1993 and post share capital reduction by 90% and issue of new equity shares, the average share price of the Company at BSE Limited, during March 2019 was Rs.0.80, per equity share, of the face value of Re.1/- per share.

**(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 percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:**

During the financial year 2018-19, average percentile increase in salaries of employees other than the managerial personnel was 0.51%. There was no increase in the managerial remuneration.

**(ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company:**

Details are provided in the above table.

**(x) The key parameters for any variable component of remuneration availed by the Directors**

During the Financial Year 2018-19 the remuneration paid to Directors does not include any variable component.

**(xi) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but remuneration in excess of the highest paid director during the year:**

Not applicable.

**(xii) Affirmation that the remuneration is as per the remuneration policy of the Company.**

It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FORMING PART OF DIRECTORS' REPORT FOR 2018-19

The Indian auto-components industry has experienced healthy growth over the last few years. Some of the factors attributable to this include: a buoyant end-user market, improved consumer sentiment and return of adequate liquidity in the financial system.

The Indian automobile sector is currently driving in growth lane in the new fiscal year with robust sales growth across all vehicle categories, and the forging industry too opened the year 2018-19 on a robust note. The Association of Indian Forging Industry (AIFI) says compared to the usual trend of low production during the April-May in a fiscal year, in 2018-19 the industry witnessed a continued higher demand during the first quarter, due to positive consumer sentiment, improved end-user market and restoration of adequate liquidity in the financial system.

However, due to subdued growth in the automobile / auto components sector from July 2018 till March 2019, forging industry's growth became muted.

#### **Industry Structure and Developments:**

The turnaround for the Indian auto industry which began in the Financial Year 2016-17 continued in the Financial Year 2017-18 & early part of the year 2018-19. However, your Company could not add any major customers resulting in nominal sales growth in the financial year 2018-19.

#### **Opportunities and Threats**

Despite the industry witnessing growth in the recent past, there are a few concerns which seem to hamper the overall growth in the long run, including the rising steel prices and demand supply gap, high electricity tariff, rising fuel prices, government's thrust on electric vehicles and technology upgradation and modernization.

Given the importance of the automobile industry to the economy, its potential for generating employment opportunities and its backward and forward linkages with several sectors, the Government is keen to support its development under the Make in India initiative.

Going forward, the Auto Industry is expected to show good growth across all segments on the back of healthy economic outlook, finance penetration, investment in roads, infrastructure and new launches by OEMs.

Growing concerns over air pollution, road safety, sustainability and urban congestion, among consumers and society at large, are driving the regulations and policies for electric motor vehicles and urban development. These will impact ownership patterns and in turn will have a significant effect on the future of the automotive industry.

#### **Segment-wise or product wise performance:**

Your Company is primarily engaged in the business of automotive components and hence there are no separate reportable segments.

#### **Outlook:**

The rapidly globalising world is opening up newer avenues for the transportation industry, especially while it makes a shift towards electric, electronic and hybrid cars, which are deemed more efficient, safe, more environment friendly and reliable modes of transportation. Over the next decade, this will lead to newer verticals and opportunities for auto-component manufacturers, who would need to adapt to the change via systematic research and development.

The Indian Auto Component industry is expected to grow by 8-10 per cent in FY 2019-20, based on higher localisation by Original Equipment Manufacturers (OEM), higher component content per vehicle, and rising exports from India. The industry is set to become the third largest in the world by 2025.

A normal monsoon along with ongoing reforms such as Good and Services Tax, which is gathering momentum, may push up the country's growth rate in the current year.

#### **Risks and Concerns:**

The Company's business is exposed to many internal and external risks and it has consequently put in place robust systems and processes, along with appropriate review mechanisms to actively monitor, manage and mitigate these risks. The Management of your Company takes overall responsibility of total risk management process in the organisation.

#### **Internal Control Systems and their adequacy:**

The Company has an adequate system of internal control commensurate with the size and nature of its business, which ensures that transactions are recorded, authorised and reported correctly apart from safeguarding its assets against loss from wastage, unauthorised use and removal.

#### **Discussion on Financial performance with respect to operational performance:**

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and comply with the Accounting Standard specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.



## TWENTY EIGHTH ANNUAL REPORT 2018-19

### Results of Operations:

#### Income

(Rs.in Lakhs)

Particulars	Financial Year 2018-19		Financial Year 2017-18		+/-
	Amount	%	Amount	%	%
Revenue from Operations	1015.77	99.50	882.87	99.88	15.05
Other Income	5.11	0.50	1.02	0.12	401
<b>Total</b>	<b>1020.88</b>	<b>100.00</b>	<b>883.89</b>	<b>100.00</b>	<b>15.50</b>

#### Net Sales & Other Income:

Net Sales has increased by 15.05 %. Other Income has increased due to forex gain and sale of asset, during the Financial Year 2018-19.

#### Expenses

(Rs.in Lakhs)

Particulars	Financial Year 2018-19		Financial Year 2017-18		+/-
	Amount	%	Amount	%	%
Material Costs	467.70	46.04	308.41	34.93	51.65
Employee Benefits Expense	299.24	29.46	278.63	31.56	7.40
Finance Costs	28.32	2.79	24.25	2.75	16.78
Depreciation & Amortisation Expense	29.42	2.90	26.36	2.98	11.61
Direct Expenses	243.46	23.97	193.91	21.96	25.55
Administration Expenses	51.74	5.09	57.57	6.52	-10.13
Selling & Distribution Expenses	5.98	0.59	2.95	0.33	102.71
<b>Total Expenses</b>	<b>1125.86</b>	<b>110.84</b>	<b>892.08</b>	<b>101.03</b>	<b>26.21</b>

#### Administration expenses.

Above have come down due to improved operational efficiency.

#### Finance Costs

Finance costs have gone up due to availing overdraft facility, to fund operational requirements.

#### Direct Expenses

Direct expenses have gone up due to increase in labour costs and power charges.

Material developments in Human Resources/Industrial Relations front, including number of people employed:

The Company considers its people as the most critical and valuable resource. The relations between the employees and the Company remained cordial throughout the year. The Company continues to focus on safety, training and

development of the employees. The total number of employees on the rolls of the Company as on March 31, 2019 was 75.

#### Cautionary Statement:

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and other incidental factors, over which the Company does not have any direct control.

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## ANNEXURE TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019, in terms of Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

Your Company believes in good corporate governance and continuously endeavours to improve focus on it by increasing transparency and accountability to its shareholders in particular and other stakeholders in general. The Company undertakes to behave responsibly towards its shareholders, business partners, employees, society and the environment. The Company is committed to business integrity, high ethical values and professionalism in all its activities.

### 2. BOARD OF DIRECTORS:

#### a) Composition and Size of the Board.

The Board of Directors comprised of Six Directors. Composition of the Board, as at 31.03.2019 was as follows:

Directors	Category	Directorships in other Indian Public Limited Companies*	No. of Board Committees in which Chairman/ Member
<b>Executive</b>			
Mr. Suresh Shastry	Managing Director (Promoter)	Nil	3
Mr. Sathish Shastry	Executive Director	Nil	Nil
Mr. Umesh Shastry	Executive Director	Nil	Nil
Mrs. Supriya Shastry	Executive Director	Nil	Nil
<b>Non Executive and Independent</b>			
Mr. Sudhindra Narayan Kalghatgi	Independent Director	Nil	3
Mr. V. Parthasarathy	Chairman & Independent Director	Nil	3

\* Excludes private limited companies, foreign companies and companies registered under Section 8 of the Companies Act, 2013.

Mr. Suresh Shastry, Mr. Satish Shastry, Mr. Umesh Shastry and Mrs. Supriya Shastry are related to each other.

To comply with Corporate Governance requirements the following changes have taken place in the composition of the Board of Directors, of your Company, with effect from April 01, 2019.

Directors	Category
1. Mr. V. Parthasarathy	Chairman & Non-Executive, Independent Director
2. Mr. Suresh Shastry	Promoter, Managing Director
3. Mrs. Shailaja Suresh	Promoter, Non-Executive Director
4. Mrs. Supriya Shastry	Non Promoter, Executive Director
5. Mr. Sudhindra Narayan Kalghatgi	Non-Executive, Independent Director

Mr. Umesh Shastry and Mr. Sathish Shastry, Executive Directors have resigned from the Board of Directors of the Company, with effect from 01.04.2019, to facilitate your company complying with the corporate governance requirement, that the Board of directors will have an optimum combination of executive and non – executive directors, with not less than fifty per cent of the board of directors comprising of non-executive directors.

## TWENTY EIGHTH ANNUAL REPORT 2018-19

### b) Attendance of Directors at the Board Meetings and at the last Annual General Meeting.

Name of the Director	Number of Board Meetings held during the year 2018-19		Attendance at the Last AGM held on 29.09. 2018
	Held	Attended	
Mr. Suresh Shastry	5	5	Yes
Mr. Sathish Shastry	5	2	Yes
Mr. Umesh Shastry	5	2	Yes
Mrs. Supriya Shastry	5	5	Yes
Mr. Sudhindra Narayan Kalghatgi	5	5	Yes
Mr. V. Parthasarathy	5	4	Yes

### c) Number of Board Meetings:

Five Board Meetings were held during the year 2018-19 and the gap between two consecutive meetings did not exceed one hundred twenty days. The dates on which the Board meetings were held were 26.05.2018, 14.08.2018, 14.11.2018, 28.11.2018 & 14.02.2019.

### 3. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Regulation 18 of the Listing Regulation read with Section 177 of the Companies Act, 2013.

The terms of reference of the Audit Committee cover all areas prescribed by Regulation 18 of the Listing Regulation and include the following:

The Audit Committee comprises of a) Mr. V.Parthasarathy, Chairman and Non-Executive Independent Director b) Mr. Suresh Shastry, Managing Director and c) Mr. Sudhindra N. Kalghatgi, Non-Executive Independent Director. All members of the Audit Committee are financially literate and bring in expertise in the fields of finance, accounts and business management. The Chairman of the Committee Mr. V. Parthasarathy is a retired banker having more than 32 years experience in the banking industry. The Company Secretary is the Secretary to the Committee.

The Audit Committee has been granted powers as prescribed under Regulation 18 of the Listing Regulation.

The Audit Committee met four times during the year 2018-19 and the gap between two consecutive meetings did not exceed one hundred twenty days. The dates on which the Audit Committee Meetings were held on: 26.05.2018, 14.08.2018, 14.11.2018, & 14.02.2019.

**The attendance at the Meetings was as under :**

Members	No. of Meetings held during the year 2018-19	No. of Meetings Attended
Mr. V. Parthasarathy	4	3
Mr. Suresh Shastry	4	4
Mr. Sudhindra N. Kalghatgi	4	4

**The terms of reference of the Audit Committee include the following:**

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required replacement or removal of statutory auditors and fixation of audit fees. Approval of payment to statutory auditors for any other services.

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3. Reviewing with management, the quarterly and annual financial statements before submission to the Board for approval.
4. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
5. Reviewing with management performance of statutory and internal auditors and adequacy of internal control systems.
6. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
7. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

#### 4. NOMINATION AND REMUNERATION COMMITTEE:

The Company had constituted a Nomination and Remuneration Committee consisting of Two Non-Executive Independent Directors, one of them Mr. V. Parthasarathy, as the Chairmen, and One Executive Director as against the requirement of at least three Non-executive directors.

Your Company was exempted from compliance under Regulation 19 of Listing Regulation for a period of 5 years by the Scheme of Rehabilitation sanctioned by the Hon. BIFR.

Consequent upon the above exemption coming to a close, your Company has reconstituted, the Committee, to conform to Corporate Governance requirements; the composition is as under.

Directors	Category
1. Mr. Sudhindra Narayan Kalghatgi - Non-Executive, Independent Director	Chairman
2. Mr. V. Parthasarathy - Non-Executive, Independent Director	Member
3. Mrs. Shailaja Suresh – Promoter, Non-Executive Director	Member

The Committee has formulated a Nomination and Remuneration Policy in compliance with Section 178 of the Companies Act, 2013. The policy, inter alia, states its objective and purpose, applicability, remuneration for the Whole-time Directors, Key Managerial and Senior Management Personnel. The Policy is furnished in Annexure –B to the Directors' Report.

#### 5. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Company's Stakeholders' Relationship Committee functions under the Chairmanship of Mr. Sudhindra N. Kalghatgi, Independent Director. Mr. Suresh Shastry and Mr V.Parthasarthy are the members of the Committee. The Company Secretary is the Compliance Officer of the Company for the purpose of Listing Regulation.

This Committee monitors and redresses investors' complaints, transfer/ transmission of shares, etc.

The Committee Meetings were held on 26.05.2018, 14.08.2018, 14.11.2018, & 14.02.2019.

The attendance at the meetings was as under:

Members	No. of Meetings held during the year 2017-18	No. of Meetings Attended
Mr. V. Parthasarathy	4	3
Mr. Suresh Shastry	4	4
Mr. Sudhindra N. Kalghatgi	4	4

During the year, no complaints were received from the shareholders. As on date, there are no pending share transfers pertaining to the year under review.

#### 6. SHARE TRANSFER COMMITTEE

The Company's share transfer Committee was formed on 09.08.2017, essentially to approve transfer/ transmission, etc. requests received from time to time from shareholders, through Registrar and Share Transfer Agents, instead of waiting for the meeting/s of stakeholders' relationship committee, held once in every 3/4 months.

The share transfer committee functions under the Chairmanship of Mr. Mr. Suresh Shastry, Managing Director and Ms. Supriya Shastry, Director is the other member of the Committee. The Company Secretary is the Compliance Officer of the Company for the purpose of Listing Regulation.

The Committee Meetings were held on 29.10.2018, 05.12.2018, 07.01.2019, 16.01.2019, 05.03.2019 & 25.03.2019.

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The attendance at the meetings was as under:

Members	No. of Meetings held during the year 2018-19	No. of Meetings Attended
Mr. Suresh Shastry	6	6
Ms. Supriya Shastry	6	6

### 7. REMUNERATION OF DIRECTORS:

In line with the principles of transparency and consistency, the Company has adopted a Policy of Remuneration of Directors, Key Managerial Personnel and other employee, which has been approved by the Board of the Company at its meeting held on May 30, 2014, based on the recommendations of the Nomination and Remuneration Committee.

Remuneration paid to Managing Director and Executive Independent Directors (Whole-time Directors) for the year ended March 31, 2019 is given below: (Rs. in Lakhs )

Directors	Salary	Company's Contributions to funds*	Perquisites & Allowances	Total	Contract Period
Suresh Shastry, (Managing Director)	19.20	3.00	0.44	22.64	1.4.2017 to 31.3.2022
**Sathish Shastry, (Executive Director)	19.20	3.00	0.02	22.22	1.4.2017 to 31.3.2022
**Umesh Shastry, (Executive Director)	19.20	3.00	0.15	22.35	1.4.2017 to 31.3.2022
Supriya Shastry, (Executive Director)	19.20	3.00	-	22.20	1.4.2017 to 31.3.2022

\* Aggregate of Company's contributions to Superannuation Fund and Provident Fund.

\*\* Have resigned as Executive Directors, with effect from 01.04.2019.

No remuneration has been paid to Non-Executive Independent Directors during the year under review.

### 8. APPOINTMENT OF CHIEF FINANCIAL OFFICER (CFO), OF THE COMPANY

The Company has appointed a CFO, with effect from 01.04.2019.

### 9. CEO CERTIFICATION

The Managing Director has certified to the Board that all the requirements of the Listing Regulation have been complied with.

### 10. ANNUAL GENERAL MEETINGS:

Details of Annual General Meeting held during the preceding 3 years and Special Resolutions passed thereat are given below:

Year	AGM	Location	Date & Time	Special Resolution passed
2015-16	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore 560 055	24.09.2016 10.00 a.m.	None
2016-17	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore 560 055	16.09.2017 10.00 a.m.	Approval of re appointment of all the four Whole Time Directors, of the Company, for a period of five years and remuneration payable to them. Approval of alteration to Articles of Association of the Company, to be in line with the provisions of the Companies Act, 2013.
2017-18	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore 560 055	29.09.2018 10.00 a.m.	

No special resolutions were passed through Postal Ballot during the year 2018-19.

### 11. a. Disclosures on materially significant related party transactions that may have potential conflict with the interest of the Company at large:

The Company has formulated a policy on Materiality and dealing with Related Party transactions which specify the manner of entering into related party transactions. This Policy has been posted on the website of the Company, [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com).

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During the year 2018-19, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or the Management or Relatives, etc., that may have potential conflict with the interests of the Company. Further, details of transactions with related parties are disclosed in Note 29.1 of Notes to accounts, forming part of the Annual Report.

- b. Details of non-compliance by the Company, penalties, strictures, imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital matters, during the last three years.

BSE Limited and SEBI had advised your Company about non-compliance with Minimum Public Share Holding requirements (MPS). Your Company had made representation SEBI, claiming exemption on the basis of clause 12.10(b) of the order of the Hon. BIFR dated February 20, 2014 granting exemption from the applicability of the MPS requirements. SEBI had vide its communication dated March 7, 2019 accepted the contention of the Company. However, independent of above, the Adjudication Officer, SEBI, after issue of Show Cause Notice and personal hearing about non-compliance with the MPS requirements, had levied a penalty of Rs.400,000/- towards above. Your Company had appealed against the order of the Adjudication Officer, SEBI, before the Securities Appellate Tribunal (SAT) and had paid the penalty amount of Rs.4,22,000/- inclusive of interest to SEBI, under protest, pending disposal of the appeal, by SAT.

BSE Limited have imposed fine of Rs.759,920, Rs.542,800 & Rs.531,00, for quarters ended 30.09.2018, 31.12.2018 & 31.03.2019, respectively, towards non-compliance with requirements relating to composition of Board of Directors. Your Company had represented to BSE Limited, that the Hon. BIFR vide its order dated 20.02.2014 [clause 12.10(c)] had exempted the Company for a period of five years, up to 19.02.2019, from meeting the requirements pursuant to clause 49(1) (A) Corporate Governance and Listing Agreement. Your Company had represented that it is in the process of compliance, since the deviation was only for the period from February 20, 2019 to March 31, 2019. The response from BSE Limited is awaited.

During April 2019, your Company had fully complied with the corporate governance requirements, as mandated by SEBI.

- c. **Whistle Blower Policy**

Pursuant to Section 177(9) and(10) of the Companies Act, 2013 and Regulation 22 of the Listing Regulation, the Company has formulated Whistle Blower Policy for vigil mechanism of Directors and employees to report to the management about the unethical behaviour, fraud or violation of Company's Code of Conduct. The mechanism provides for adequate safeguards against victimization of employees and Directors who use such mechanism and makes provision for direct access to the Chairperson of the Audit Committee in exceptional cases. None of the personnel of the Company has been denied access to the Audit Committee. The Whistle Blower Policy is available on the website of the Company, [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com). During the year, under Whistle Blower Policy, no complaints were reported to Audit Committee.

- d. **Non-mandatory requirements**

Adoption of non-mandatory requirements of the Listing Regulation is being reviewed by the Board from time to time.

### 12. MEANS OF COMMUNICATION:

- A. **Quarterly Results:**

The approved financial results are forthwith sent to the Stock Exchange where the shares are listed and are published in the newspapers as required by the Listing Agreement. The Quarterly, Half-yearly and Yearly Results are published in Financial Express and EE-Sanje, which are national and local dailies respectively.

- B. **Website:**

The Company maintains a functional website [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com), which is updated on regular basis. Quarterly, Half-yearly and Yearly results, Annual Reports, Code of Conduct and Ethics and Shareholding Pattern are available on the website in a user friendly and downloadable form.

- C. **Annual Report:**

The Annual Report containing inter alia the Audited Annual Accounts, Directors' Report, Auditors' Report, Report on Corporate Governance and other important information is circulated to Members and others entitled thereto. The Management Discussion and Analysis forms part of the Annual Report.



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### 13. GENERAL SHAREHOLDER INFORMATION:

#### 13.1 AGM:

Date and Time : August 31, 2019 at 10.00 AM  
 Venue : MEWS Ladies Club, No. 37, 17th Cross, (between 4th and 6th Main),  
 Malleswaram, Bangalore - 560 055

Last date for receipt of Proxy forms : August 29, 2019, before 10.00 AM

#### 13.2 Financial Year of the Company:

Financial year covers the period from April 1, every year and ends on March 31, in the succeeding year.

Tentative dates for Board Meeting for consideration of quarterly financial results for 2019-20 are given below.

- |  |   |                                |
|--|---|--------------------------------|
| I. Quarter ending June 30, 2019          | - | On or before August 14, 2019   |
| II. Quarter ending September 30, 2019    | - | On or before November 14, 2019 |
| III. Quarter ending December 31, 2019    | - | On or before February 14, 2020 |
| IV. Quarter & Year ending March 31, 2020 | - | End May, 2020                  |

#### 13.3 Book Closure Date: 26-08-2019 to 31-08-2019 (inclusive of both days)

#### 13.4 Dividend Payment Date: Not Applicable

#### 13.5 Listing on Stock Exchanges:

Equity Shares: BSE Limited, Mumbai

Annual listing fee payable to BSE Ltd. for Financial Year 2019-20 has been paid.

#### 13.6 Stock Codes:

(a) BSE Ltd. - 513418

(b) ISIN Code - INE728B01032

#### 13.7 Stock Market Data:

MONTH	Share Price Movements-2018-19	
	Share Price at BSE Ltd. (Rs.)	
	HIGH	LOW
April 2018	0.66	0.60
May 2018	0.63	0.60
June 2018	0.63	0.60
July 2018	0.65	0.65
August 2018	0.65	0.65
September 2018	0.68	0.65

MONTH	Share Price Movements-2018-19	
	Share Price at BSE Ltd. (Rs.)	
	HIGH	LOW
October 2019	0.96	0.62
November 2018	1.00	0.92
December 2018	0.96	0.92
January 2019	0.92	0.88
February 2019	0.90	0.86
March 2019	0.82	0.78

#### 13.8. Share Price Performance in Comparison to Broad Based indices-BSE Sensex

Month/Year	BSE Sensex Index		Share Price at BSE Ltd. (Rs.)	
	HIGH	LOW	HIGH	LOW
April 2018	35,213.30	32,972.56	0.66	0.60
May 2018	35,993.53	34,302.89	0.63	0.60
June 2018	35,877.41	34,784.68	0.63	0.60
July 2018	37,644.59	35,106.57	0.65	0.65
August 2018	38,989.65	37,128.99	0.65	0.65
September 2018	38,934.35	35,985.63	0.68	0.65
October 2019	36,616.64	33,291.58	0.96	0.62
November 2018	36,389.22	34,303.38	1.00	0.92
December 2018	36,554.99	34,426.29	0.96	0.92
January 2019	36,701.03	35,375.51	0.92	0.88
February 2019	37,172.18	35,287.16	0.90	0.86
March 2019	38,748.54	35,926.94	0.82	0.78

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## 13.9 Registrar and Transfer Agents:

### Integrated Registry Management Services Private Limited

30, Ramana Residency  
4th Cross, Sampige Road  
Malleswaram,  
Bangalore 560 003

Tel: 080 2346 0815 to 818

Fax: 080 2346 0819

E-mail: vijayagopal@integratedindia.in  
irg@integratedindia.in

Website: www.iepindia.com

## 13.10 Share Transfer System: The Registrar and Transfer Agents, M/s. Integrated Registry Management Services Private Limited, Bangalore are authorised by the Board for processing of share transfers, which are approved by the Company's Stakeholders Relationship Committee.

Share Transfer requests are processed and despatched to the shareholders generally within 10 days from the date of receipt. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

In compliance with the Listing Regulation 40, a Practicing Company Secretary carries out audit of the system of Transfer and a Certificate to that effect is issued.

Also, pursuant to Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996, certification is done by a Company Secretary in Practice regarding timely dematerialisation of the shares of the Company. Further, secretarial audit is done on a quarterly basis for reconciliation of the share capital of the Company.

## 13.11 Distribution of Shareholding as on 31.03.2019

No of shares held	Number of Shareholders	Number of shares held	% Shareholding
Up to 500	9980	1517182	1.49
501-1000	919	809339	0.79
1001-2000	545	892164	0.87
2001-3000	208	541857	0.53
3001-4000	114	417639	0.41
4001-5000	127	606739	0.59
5001-10000	174	1346533	1.32
10001 & above	180	95865072	93.99
<b>TOTAL</b>	<b>12,247</b>	<b>10,19,96,525</b>	<b>100.00</b>

## 13.12 Dematerialization of Shares:

99.33% of the Shares of the Company are in dematerialised form as on 31st March, 2019.

## 13.13 Outstanding GDR / Warrants and Convertible Bonds, Conversion Date and likely impact on Equity: N.A.

- 13.14 Plant Locations :
1. Plot Nos. N 12 & N 13, Industrial Estate, Sagar Road, Shimoga-577 204, Karnataka
  2. Shed No. M 7 – M 10, Industrial Estate Sagar Road, Shimoga 577 204, Karnataka
  3. S M 10, Industrial Estate, Sagar Road, Shimoga-577 204, Karnataka

## 13.15 Investor Correspondence:

- a. For Shares in physical form: To the Registrar & Transfer Agents
- b. For Shares in Dematerialization Form: To the Depository Participant

Declaration by the Managing Director under Regulation 26(3) and pursuant to Schedule V(D) read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 regarding compliance with Code of Conduct.

I, Suresh Shastry, Managing Director of Smiths & Founders (India) Limited, declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed their compliance with the Company's code of conduct for the year ended March 31, 2019.

Place : Bangalore

Date : 29.05.2019

**Suresh Shastry**  
**Managing Director**

## **CEO CERTIFICATION**

I, Suresh Shastry, Managing Director, responsible for the finance function, certify that:

- i. I have reviewed the financial statements, read with the cash flow statement of Smiths & Founders (India) Limited for the year ended March 31,2019 and that to the best of my knowledge and belief, state that:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- ii. there are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- iii. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they

have been disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.

- iv. I have indicated to the Auditors and the Audit Committee:
  - i. Significant changes, if any, in internal control over financial reporting during the year.
  - ii. significant changes , if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements and
  - iii. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Place : Bangalore  
Date : 29.05.2019

**Suresh Shastry**  
*Managing Director*

# SMITHS & FOUNDERS (INDIA) LIMITED

## Independent Auditor's certificate on corporate Governance

To The Members of **Smiths & Founders (India) Limited**

1. We, B.N.Subramanya & Co., Chartered Accountants, the Statutory Auditors of **Smiths & Founders (India) Limited** ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 March 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("SEBI Listing Regulations").

### Managements' Responsibility

2. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in the SEBI Listing Regulations.

### Auditor's Responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

4. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

7. Based on our examination of the relevant records and according to the information and explanations provided to us and the representation provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI Listing Regulations during the year ended March 31, 2019 except as follows:

The company has been given certain relaxation in respect of composition of Board of Directors for the period 20.02.2014 to 19.02.2019 as per rehabilitation scheme sanctioned by Hon'ble BIFR (Bureau of Industrial & Financial Reconstruction) during the year 2014.

The company has, however, reconstituted the Board as per requirement of composition of Board of Directors from 01.04.2019.

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For B.N.Subramanya & Co**  
Chartered Accountants  
Firm Reg.No.004142S

**Devendra Nayak**  
Partner  
M.No: 027449

Place : Bangalore  
Date : 29.05.2019

**INDEPENDENT AUDITORS' REPORT**

**TO THE MEMBERS OF M/s. SMITHS & FOUNDERS (INDIA) LIMITED**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the standalone financial statements of M/s. SMITHS & FOUNDERS (INDIA) LIMITED ("the Company"), which comprise the standalone balance sheet as at 31st March 2019, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Revenue Recognition**

The key audit matter	How the matter was addressed in our audit
<p>Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations. The performance obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.</p> <p>Revenue from sale of services is recognised upon completion of service.</p> <p>Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.</p> <p>There is a risk of revenue being overstated due to fraud, including through manipulation of rebates and discounts, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p>	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.</li> <li>• We tested the design, implementation and operating effectiveness of management's general IT controls and key application controls over the Company's IT systems which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system.</li> <li>• We tested the design, implementation and operating effectiveness of Internal Financial Controls.</li> </ul> <p>We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects.</p>

## SMITHS & FOUNDERS (INDIA) LIMITED

The key audit matter	How the matter was addressed in our audit
	<ul style="list-style-type: none"> <li>• We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company's revenue recognition policies with reference to the requirements of the applicable accounting standards.</li> <li>• We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects, to assess whether the revenue was recognized in the correct period.</li> </ul>

### Assessment of contingent liabilities relating to litigations, warranty claims and Bank guarantees' issued.

The key audit matter	How the matter was addressed in our audit
<p>The Company is periodically subject to challenges/scrutiny on the matters relating to direct tax. Further, potential exposures may also arise from general legal proceedings in course of business.</p> <p>Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities.</li> <li>• We discussed the status and potential exposures in respect of significant litigation and claims with the Company's management including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company's advisors.</li> <li>• We assessed the adequacy of disclosures made.</li> </ul>

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity 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 maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting 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 adequate internal financial controls, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee



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that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- a. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify

during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **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 paragraphs 3 and 4 of the Order, to the extent applicable.
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 purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 Companies Act, 2013, read with the Rule 7 of the Companies (Accounts) Rules, 2014;
  - e. On the basis of written representations received from the directors as on March 31st 2019, taken on record by the Board of Directors, none of the directors is disqualified as on March 31st 2019, from being appointed as a director in terms of section 164 (2) of the Act;

# SMITHS & FOUNDERS (INDIA) LIMITED

- 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";
- 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 does not have any pending litigation which would impact its financial position;
- (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
3. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act.

**For B.N.Subramanya & Co**  
*Chartered Accountants*  
FRN No: 004142S

**Devendra Nayak**  
*Partner*  
M.No: 027449

Place : Bangalore  
Date : 29.05.2019

## 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 31st March 2019, we report that:

### i) Fixed Assets

- a) The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation of the assets.
- b) The Management has conducted a physical verification of the fixed assets during the year and no material discrepancies were noticed on such verification.
- c) The title deeds of immovable properties are held in the name of the company.

### ii) Inventory

The inventory has been physically verified during the year by the management at reasonable intervals and there are no material discrepancies noticed.

### iii) Loans and Advances

The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of Companies Act, 2013. Accordingly, provisions of clause (iii) (a), (b) & (c) of the above said order are not applicable to the Company.

### iv) Loans/Investments/Guarantees

In our opinion and according to the information and explanations given to us, provisions of section 185 and 186

of the Companies Act, 2013 have been complied with in respect of loans, investments, guarantees, and security given by the company.

### v) Deposits

According to the information and explanation given to us, the company has not accepted any deposits, consequently directives of the RBI and the provision of Section 73 and 76 or any other relevant provision of the Companies Act, 2013, and the rules framed there under are not applicable to the company.

### vi) Cost records

According to information and explanation given to us, the company is not required to maintain cost records as per sub section (1) of section 148 of the Act, hence no comment is required on the same.

### vii) Statutory Dues

- a) Undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, Goods and Services tax, cess and other statutory dues applicable to it have generally been regularly deposited by the Company with the appropriate authorities.
- b) According to the records of the Company, there are no dues of Sales tax or Service tax or Goods and Services tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute, , except for the following:

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Name of Statute	Nature of the Dues	Amount	Period to which the amount related to	Forum where dispute is pending
Income Tax Act, 1961	Income-tax	Rs. 97,04,798/-	Assessment Year - 2016-17	Commissioner of Income tax Appeals

### viii) Repayment of Loans

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

### ix) Diversion of Funds

The company has neither borrowed any term loan nor raised money by way of public offer. Hence paragraph 3(ix) of the order is not applicable.

### x) Frauds noticed / Detected

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no material fraud by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.

### xi) Managerial Remuneration

According to the information and explanations given to us and based on our examination of the records of the company, managerial remuneration has been paid/provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

### xii) Nidhi Company

The company is not a Nidhi Company as mentioned in section 406 of the Companies Act, 2013 and hence no comment is required on the same.

### xiii) Related Party Transactions

According to the information and explanations given to us and on the basis of our examination of the records of the

Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of the transactions have been disclosed in the Financial Statements as required by the accounting standards and The Companies Act, 2013.

### xiv) Preferential allotment

According to the information and explanations given to us and on the basis of 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 under review and hence no comment is required on the same.

### xv) Non-cash transactions

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him and hence no comment is required on the same.

### xvi) Certification for Non-Banking Financial Institution

The company is not a Non-Banking Financial Institution, hence registration under section 45-IA of the Reserve Bank of India Act, 1934 is not required.

**For B.N.Subramanya & Co**

*Chartered Accountants*

FRN No: 004142S

**Devendra Nayak**

*Partner*

M.No: 027449

Place : Bangalore

Date : 29.05.2019

## Annexure B to Auditors' 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 **M/s. SMITHS & FOUNDERS (INDIA) LIMITED** ("the Company") as of March 31st, 2019 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 judgment, 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, 2019, 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 B.N.Subramanya & Co**

*Chartered Accountants* FRN No: 004142S

**Devendra Nayak, Partner**

Place : Bangalore

Date : 29.05.2019

*M.No: 027449*

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**BALANCE SHEET AS AT 31st MARCH, 2019**

Amount in Rs.

Particulars	Note No.	31-Mar-19	31-Mar-18
<b>ASSETS</b>			
<b>1. Non-current assets</b>			
a. Property, Plant and Equipment	2	6,27,72,323	5,86,58,062
b. Capital work-in-progress		6,25,763	2,77,257
c. Investment Property		-	-
d. Goodwill		-	--
e. Other Intangible Assets	3	40,434	48,054
f. Intangible Assets under development		-	-
g. Biological Assets under development		-	-
h. Financial Assets		-	-
Changes in inventories of finished goods and work-in-progress		-	-
ii. Trade Receivables		-	-
iii. Loans		-	--
iv. Others		-	--
i. Deferred tax assets (net)		-	-
j. Other non-current assets	4	20,84,424	17,59,850
<b>2. Current Assets</b>			
a. Inventories	5	1,66,29,490	1,96,39,254
b. Financial assets		-	-
i. Investments		-	-
ii. Trade receivables	6	93,58,879	99,12,731
iii. Cash and cash equivalents	7	5,82,353	13,13,736
iv. Bank balances other than (iii) above		-	-
v. Loans		-	-
vi. Others		-	-
c. Current Tax assets (net)		-	-
d. Other Current assets	8	18,58,110	11,73,465
<b>Total Assets</b>		<b>9,39,51,776</b>	<b>9,27,82,409</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a. Equity Share Capital	9	10,19,96,525	10,19,96,525
b. Other equity	10	(6,22,84,492)	(5,12,46,444)
<b>LIABILITIES</b>			
<b>1. Non-current liabilities</b>			
<b>a. Financial liabilities</b>			
i. Borrowings	11	1,18,74,009	1,39,20,175
ii. Trade Payables		-	-
iii. Other financial liabilities		-	-
b. Provisions	12	68,51,754	57,07,545
c. Deferred tax liabilities (net)		-	-
d. Other non-current liabilities		-	-
<b>2. Current liabilities</b>			
<b>a. Financial liabilities</b>			
i. Borrowings	13	2,41,12,696	60,78,184
ii. Trade Payables	14	16,82,495	78,93,356
iii. Other financial liabilities	15	28,16,972	20,55,769
b. Other current liabilities	16	69,01,817	63,77,300
c. Provisions		-	-
d. Current tax liabilities (net)		-	-
<b>Total Equity and Liabilities</b>		<b>9,39,51,776</b>	<b>9,27,82,409</b>
Significant accounting policies	1		
Notes to accounts	2 to 37		

The notes referred to above form an integral part of the financial statements.  
This is the Balance Sheet referred to in our report of even date.

**For B.N. Subramanya & Co.**  
Chartered Accountants  
FRN: 004142S

Place: Bangalore  
Date: 29.05.2019

**Suresh Shastry**  
Managing Director  
DIN: 1099554

**Supriya Shastry**  
Whole Time Director  
DIN: 1327762

**Ravi V**  
Company Secretary  
M.No. F2014

**Sadaanand S Zutti**  
Chief Financial Officer  
PAN AAACPZ8476F

**Devendra Nayak**  
Partner  
M.No: 027449



# SMITHS & FOUNDERS (INDIA) LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Amount in Rs.

Particulars	Note No.	31-Mar-19	31-Mar-18
<b>REVENUE</b>			
Revenue from operations	17	10,15,76,618	9,04,61,750
Other Income	18	5,11,563	1,01,511
<b>Total Revenue</b>		<b>10,20,88,182</b>	<b>9,05,63,261</b>
<b>EXPENSES</b>			
Cost of materials and consumables	19	4,53,15,436	3,53,36,304
Changes in inventories of finished goods and work-in-progress	20	14,55,229	(44,95,002)
Excise duty		-	21,75,007
Employee benefit expenses	21	2,99,23,636	2,78,62,741
Finance costs	22	28,31,533	24,24,765
Depreciation and amortization	23	29,41,697	26,35,625
Direct Expenses	24	2,43,46,875	1,93,90,995
Administration Expenses	25	51,74,012	57,57,207
Selling and distribution expenses	26	5,97,529	2,95,046
<b>Total Expenses</b>		<b>11,25,85,946</b>	<b>9,13,82,687</b>
<b>Profit/(loss) before exceptional items and tax</b>		<b>(1,04,97,765)</b>	<b>(8,19,426)</b>
Exceptional items		-	-
<b>Profit/(loss) before tax</b>		<b>(1,04,97,765)</b>	<b>(8,19,426)</b>
Tax expense:			
1. Current tax		-	-
2. Deferred tax		-	-
<b>Profit/(loss) for the period before other comprehensive Income</b>		<b>(1,04,97,765)</b>	<b>(8,19,426)</b>
<b>Other Comprehensive Income, Net off Income Tax</b>		-	-
A. (i) Items that will not be reclassified to Profit & Loss			
- Actuarial Loss		5,40,283	
(ii) Income tax relating to items that will not be reclassified to profit or loss -			
B. Items that will be reclassified to Profit & Loss			
<b>Total Comprehensive Income for the period</b>		<b>(5,40,283)</b>	<b>-</b>
<b>Profit/(Loss) for the period</b>		<b>(1,10,38,048)</b>	<b>(8,19,426)</b>
Earnings per equity share (for continuing operation)			
Weighted average no. of equity shares		10,19,96,525	10,19,96,525
Basic (in Rs.)		(0.1082)	(0.0080)
Diluted (in Rs.)		-	-
Earnings per equity share (for discontinued operation)			
Basic (in Rs.)		(0.1082)	(0.0080)
Diluted (in Rs.)		(0.1082)	(0.0080)
Earnings per equity share (for continuing and discontinued operation)			
Basic (in Rs.)		(0.1082)	(0.0080)
Diluted (in Rs.)		-	-
Significant accounting policies	1		
Notes to accounts	3 to 37		

The notes referred to above form an integral part of the financial statements.  
This is the Statement of Profit & Loss referred to in our report of even date.

**For B.N. Subramanya & Co.**  
Chartered Accountants  
FRN: 004142S

Place: Bangalore  
Date: 29.05.2019

**Suresh Shastry**  
Managing Director  
DIN: 1099554

**Supriya Shastry**  
Whole Time Director  
DIN: 1327762

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Chief Financial Officer  
PAN AAACPZ8476F

**Devendra Nayak**  
Partner  
M.No: 027449



**CASH FLOW STATEMENT FOR THE YEAR ENDED**

Amount in Rs.

Particulars		31-Mar-19		31-Mar-18	
<b>A</b>	<b>Cash flows from operating activities</b>				
	Net Profit Before Taxation and Extraordinary item	(1,04,97,765)		(8,19,426)	
	Adjustments for:				
	Depreciation	29,41,697		26,35,624	
	Actuarial losses/(gains) on employee benefits				
	Financial expenses (Considered under Financial Activities)	28,31,533		24,24,765	
	Interest Income (Considered under Investment Activities)	(113,952)		(96,402)	
	Income Tax of Previous year	-		-	
	Loss on sale of Asset (Considered in Investment Activities)	41,187		2,449	
	Profit on sale of Asset (Considered in Investment Activities)	(1,87,783)		-	
	<b>Operating Profit Before Working Capital Changes</b>		<b>(49,85,083)</b>		<b>41,47,010</b>
	(Increase)/ Decrease in Current Assets, Loans & Advances	28,78,971		(85,09,884)	
	Increase/(Decrease) in Current Liabilities	(31,341)		25,91,967	
	Working Capital changes		28,47,630		(59,17,916)
	<b>Cash Generated from operations</b>		<b>(21,37,454)</b>		<b>(17,70,906)</b>
Income Tax (including Fringe Benefit Tax)		-		-	
Cash Flow Before Extraordinary Item		(21,37,454)		(17,70,906)	
Other Comprehensive Income		5,40,283		-	
<b>Net cash from operating activities</b>		<b>(26,77,737)</b>		<b>(17,70,906)</b>	
<b>B</b>	<b>Cash flows from Investment activities</b>				
	Additions to Fixed Assets	(75,92,389)		(31,49,072)	
	Sale of Fixed Asset	3,42,139		1,271	
	(Increase) / Decrease in Non-current Deposits	(3,24,574)		(3,03,266)	
	Interest Income	1,13,952		96,402	
<b>Net cash from Investing activities</b>		<b>(74,60,872)</b>		<b>(33,54,665)</b>	
<b>C</b>	<b>Cash flows from financing activities</b>				
	Repayment of Loans, Deposits & Overdraft	(12,84,962)		(1,57,76,940)	
	Acceptance of Loans			1,51,83,340	
	Financial Cost	(28,31,533)		(24,24,765)	
	<b>Net cash from Financing activities</b>		<b>(41,16,495)</b>		<b>(30,18,365)</b>
<b>Net Increase / Decrease in cash and cash equivalents</b>		<b>(1,42,55,103)</b>		<b>(81,43,936)</b>	
Cash and cash equivalents at beginning of period		(47,64,448)		33,79,488	
<b>Cash and cash equivalents at end of period</b>		<b>(1,90,19,550)</b>		<b>(47,64,448)</b>	

**Notes to the cash flow statement :**

- Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 : "Statement of Cash Flows" as specified in Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- Components of cash and cash equivalents as per Ind AS 7 is as under:

Particulars	31-Mar-19	31-Mar-18
Cash in hand	5,72,892	12,98,328
Bank balance		
In current account	9,461	15,408
Bank overdraft	(1,96,01,903)	(60,78,184)
<b>Total</b>	<b>(1,90,19,550)</b>	<b>(47,64,448)</b>

- The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.

This is the Cash Flow Statement referred to in our Audit report of even date.

**For B.N. Subramanya & Co.**  
Chartered Accountants  
FRN: 004142S

Place: Bangalore  
Date: 29.05.2019

**Suresh Shastry**  
Managing Director  
DIN: 1099554

**Supriya Shastry**  
Whole Time Director  
DIN: 1327762

**Ravi V**  
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Partner  
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# SMITHS & FOUNDERS (INDIA) LIMITED

## Notes to the Financial Statements for the year ended 31st March 2019

### Note 1

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis of preparation of Financial Statements

The Accompanying financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention and on accrual basis, applicable provisions of the Companies Act, 2013 and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

##### 2. Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

##### 3. Revenue Recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Revenue from sale of services is recognised by reference to the stage of completion, and is measured net of service tax. Stage of completion is measured by reference to proportion of cost incurred till date to the total estimated contract cost.

##### 4. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Expenditure which are of a Capital nature are Capitalized at cost, which comprises purchase price (net of rebates and discounts), duties, levies and any directly attributable cost of bringing the assets to its working condition for the intended use.

Assets in the course of construction are capitalized in the assets under capital work in progress account. At the point when an asset is operating at management's intended use, the cost of construction is transferred to the

appropriate category of property, plant and equipment.

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

##### 5. Other Intangible Assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any.

Certain computer software costs are capitalized and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected to flow therefrom for a period longer than one year.

##### 6. Depreciation and Amortisation

(i) Up to 31st March, 2014, depreciation is provided from the date the assets have been installed and put to use, on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.

(ii) With effect from 1st April, 2014, depreciation on assets carried at historical cost is provided on Straight Line Method based on useful life as under:

Category of the Asset	No of useful life in years
Factory Building	30
Office Building	60
Wells	5
Plant and Machinery	15
Electrical Installations	10
Furniture and Fixtures	10
Office Equipment	5
Computer and Accessories	3
Vehicles	8
Software	6

(iii) The carrying value of the assets as on April 1st, 2014, is depreciated over the remaining useful life of the asset determined based on useful life mentioned in clause (b) supra.

(iv) Where the useful life of the asset is NIL as on 1st April, 2014, the carrying value as on 1st April, 2014, has been added to the opening balance of deficit in the Statement of Profit and Loss in accordance with Schedule II of the Companies Act, 2013.

##### 7. Foreign Currency Transactions:

Transactions in Foreign currencies are generally recorded at the exchange rate prevailing at the time of receipt / payment of money by the Company. Current Assets and Liabilities in foreign currencies are translated at the exchange rate prevailing at the Balance Sheet date. Any resulting loss/gain is charged/taken to the Profit & Loss Account.

### 8. Inventories:

Raw materials and consumables are valued at landed cost which includes freight.

In case of valuation of work-in-process, cost of materials as well as conversion cost is taken into consideration. Cost is determined using FIFO (first-in-first-out) method.

Finished goods are valued based on retail method as per Ind AS 2, where a percentage profit margin is reduced from the sale value to arrive at the cost.

### 9. Employee benefits:

a. Benefits in the form of provident fund whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Statement of profit and loss.

b. The company has formed employee superannuation trust to provide the benefit of superannuation to its employees.

c. Defined benefit plans

Payment of present liability of future payment of gratuity is being made to approved gratuity funds, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The employee's gratuity is a defined benefit funded plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation as at the date of Balance Sheet. The company has created a group gratuity trust for the same.

Provisions for the liability on account of leave encashment has been made based on the actuarial valuation as at the date of Balance Sheet. The company has availed a policy under LIC's employee's group leave encashment cum life assurance scheme.

### 10. Income tax and Deferred tax:

**Income tax:** Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with provisions of Income Tax Act, 1961, and based on the expected outcome of assessments / appeals.

**Deferred Tax:** Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

b. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the

foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

a. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

b. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

### 11. Borrowing costs:

Interest on borrowings is recognised in the Statement of profit and loss, except interest incurred on borrowings, specifically raised for projects that is capitalised to the cost of the assets until such time as the asset is ready to put to use for its intended purpose, except where installation is extended beyond reasonable/normal time lines.

### 12. Provisions, Contingent Liabilities, Contingent Assets and Capital Commitments:

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- The company has a present obligation as a result of a past event,
- A probable outflow of resources is expected to settle the obligation; and
- The amount of obligation can be reliably estimated.

**Contingent liability is disclosed in case of**

- Present obligation arising from past events, when it

# SMITHS & FOUNDERS (INDIA) LIMITED

is not probable that an outflow of resources will be required to settle the obligation,

- e. Present obligation when no reliable estimate is possible; and
- f. A possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are not recognized.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

## Capital Commitments:

- g. Capital Commitments: Estimated amount of contracts to be executed on capital account not provided for Rs. NIL (Previous year NIL).

## 13. Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise of the net profit after tax for the year. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares

used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares, which would have been issued on conversion of dilutive potential equity shares, if any.

## 14. Impairment of assets

An Asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss is charged to the statement of profit and loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

## 15. Cash flow statement:

Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 : "Statement of Cash Flows" as specified in Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.

## Note 2 : Property, Plant and Equipment

Amount in Rs.

Description	Life Span of Assets in Years	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2018	Additions	Deletions/ Transfers	As at 31.03.2019	As at 01.04.2018	Additions	Deletions/ Transfers	As at 31.03.2019	As at 31.03.2019	As at 01.04.2018
a) Tangible Assets											
Factory Building	30	85,08,957	7,90,059		92,99,016	55,68,285	2,33,605		58,01,889	34,97,126	29,40,672
Office Building	60	1,51,83,684	-		1,51,83,684	8,16,387	2,40,408		10,56,795	1,41,26,889	1,43,67,297
Wells	5	1,33,351	19,132		1,52,483	67,694	14,958		82,652	69,831	65,657
Land	-	2,81,94,000	-		2,81,94,000	-			-	2,81,94,000	2,81,94,000
Plant and Machinery	15	4,84,23,002	46,88,902	<b>7,50,830</b>	5,23,61,074	3,93,63,284	11,17,652	7,09,643	3,97,71,293	1,25,89,781	90,59,718
Electrical Installations	10	26,39,821	1,19,758		27,59,579	16,64,082	3,37,375		20,01,457	7,58,122	9,75,739
Furniture and Fixtures	10	13,93,164	7,627		14,00,791	5,09,585	1,43,556		6,53,141	7,47,650	8,83,579
Office Equipment	5	2,1,08,259	1,35,686		22,43,944	9,78,956	2,82,041		12,60,997	9,82,948	11,29,303
Changes in inventories of finished goods and work-in-progress,	3	2,25,451	89,307		3,14,758		69,495	88,090	1,57,585	1,57,172	1,55,955
Vehicles	8	2,7,96,654	13,73,291	6,64,378	35,05,567	19,10,512	4,56,271	5,10,021	18,56,762	16,48,805	8,86,142
<b>Total</b>		<b>10,96,06,342</b>	<b>72,23,761</b>	<b>14,15,208</b>	<b>11,54,14,895</b>	<b>5,09,48,280</b>	<b>29,13,956</b>	<b>12,19,664</b>	<b>5,26,42,572</b>	<b>6,27,72,323</b>	<b>5,86,58,062</b>

- (i) The recoverable amount of all assets exceeds the carrying amount, as at 31st March, 2019 hence the Company has not recognized any impairment losses as required by Ind AS 36 as at that date.
- (ii) The Depreciation is charged on Straight Line basis over the useful life of the assets as per Schedule II of the Companies Act, 2013.

## Note 3 : Other Intangible Assets

Amount in Rs.

Description	Life Span of Assets in Years	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2018	Additions	Deletions/ Transfers	As at 31.03.2019	As at 01.04.2018	Additions	Deletions/ Transfers	As at 31.03.2019	As at 31.03.2019	As at 01.04.2018
Computer Software	6	2,60,850	20,121	-	2,80,971	2,12,796	27,741	-	2,40,537	40,434	48,054
<b>Total</b>		<b>2,60,850</b>	<b>20,121</b>	<b>-</b>	<b>2,80,971</b>	<b>2,12,796</b>	<b>27,741</b>	<b>-</b>	<b>2,40,537</b>	<b>40,434</b>	<b>48,054</b>

- (i) The recoverable amount of all computer software exceeds the carrying amount, as at 31st March, 2019 hence the Company has not recognized any impairment losses as required by Ind AS 36 as at that date.

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### Note 4 : Other Non-Current Assets

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Security Deposits (Unsecured, considered good)		
Deposits with Government Authorities	20,68,555	17,43,981
Other Deposits	15,869	15,869
<b>Total</b>	<b>20,84,424</b>	<b>17,59,850</b>

### Note 5 : Inventories

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Raw material (Valued at landed cost which includes freight)	28,33,821	47,31,241
Consumables (Valued at landed cost which includes freight)	45,34,084	41,91,199
Work-in-Progress (Valued at cost of material & conversion cost)	56,39,053	79,60,284
Finished Goods (Valued at retail method as per Ind AS 2)	36,22,532	27,56,530
<b>Total</b>	<b>1,66,29,490</b>	<b>1,96,39,254</b>

### Note 6 : Trade Receivables

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
(Unsecured, considered good)		
Trade receivables	93,58,879	99,12,731
<b>Total</b>	<b>93,58,879</b>	<b>99,12,731</b>

### Note 7 : Cash and cash equivalents

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Balances with Banks		
Current Accounts	5,72,892	12,98,328
Cash on hand	9,461	15,408
<b>Total</b>	<b>5,82,353</b>	<b>13,13,736</b>

### Note 8 : Other Current Assets

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Advances to creditors other than capital advances	1,01,212	5,96,105
Prepaid Expenses	4,85,666	2,71,640
TDS and Advance Tax	33,466	575
Amounts with government authorities	7,55,827	1,70,796
Earnest Money Deposit	1,18,000	1,18,000
Retention Money Receivable	3,63,939	16,349
<b>Total</b>	<b>18,58,110</b>	<b>11,73,465</b>



# SMITHS & FOUNDERS (INDIA) LIMITED

## Note 9 : Equity Share Capital

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Authorized Share Capital (10,25,00,000 Equity Shares of Re.1/- each)	10,25,00,000	10,25,00,000
Issued, Subscribed & Paid Up Share Capital (10,19,96,525 Equity Shares of Re.1/- each fully paid up)	10,19,96,525	10,19,96,525
<b>Total</b>	<b>10,19,96,525</b>	<b>10,19,96,525</b>

(a) Shares outstanding at beginning & end of the reporting period

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Shares outstanding at the beginning of the year	10,19,96,525	10,19,96,525
Shares Issued during the year	-	-
Capital Reduction during the year	-	-
Shares outstanding at the end of the year	<b>10,19,96,525</b>	<b>10,19,96,525</b>

(b) The Company has only one class of shares ("Equity Shares"), having a face value of Re. 1 each.

(c) Shares in company held by each shareholders holding > 5% shares specifying number of shares held

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Suresh Shastry	2,80,90,175	2,80,90,175
Supriya Shastry	1,86,33,125	1,86,32,125
Satish Shastry	1,70,24,000	1,70,24,000
Sachin Shastry	1,25,85,125	1,25,85,125
Umesh Shastry	74,45,700	71,95,700
Hema Satish	53,70,875	53,70,875
<b>Total</b>	<b>8,91,49,000</b>	<b>8,88,98,000</b>

(d) The Company has not allotted any fully paid up shares either by way of bonus shares or pursuant to contract(s), without payment being received in cash, during the period of five years immediately preceding the balance sheet date.

(e) No shares are reserved for issue under options or contracts/commitments for the sale of shares/disinvestment.

(f) There are no calls unpaid by directors or officers of the company.

## Note 10 : Statement of changes in equity for the year ended 31st March, 2019

### A. Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the period	Balance at the end of the reporting period
10,19,96,525	-	10,19,96,525



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### B. Other Equity

Amount in Rs.

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	-	-	77,92,779	(8,05,16,065)	-	-	-	2,14,76,842	-	-	-	(5,12,46,444)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in inventories of finished goods & work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	(1,10,38,048)	-	-	-	-	-	-	-	(1,10,38,048)
<b>Balance at the end of the reporting period</b>	-	-	-	-	<b>77,92,779</b>	<b>(9,15,54,113)</b>	-	-	-	<b>2,14,76,842</b>	-	-	-	<b>(6,22,84,492)</b>

### Note 11: Non-current borrowings

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Term loans from Banks		
(i) ICICI bank - Term Loan 1 (Loan for Acquisition of Building at Unit 505, Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 9.10% interest, balance repayable in 40 Months.)	40,03,215	54,82,089
(ii) ICICI bank - Term Loan 2 (Top-up Loan, secured by way of Mortgage of Unit 505, Brigade Rubix building, 9.10% interest, balance repayable in 105 Months.)	77,75,294	84,38,086
(iii) Ford Credit India loan 010101000024354 (Loan for ford Ecosport car, secured by hypothecation of car)	95,500	-
<b>Total</b>	<b>1,18,74,009</b>	<b>2,23,58,261</b>

### Note 12 : Non-current provisions

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Provision for employee benefits		
Provision for Superannuation	55,18,000	48,96,000
Gratuity Payable actuarial	10,02,363	3,70,442
Compensated Absences	3,31,391	4,41,102
<b>Total</b>	<b>68,51,754</b>	<b>57,07,544</b>

# SMITHS & FOUNDERS (INDIA) LIMITED

## Note 13 : Current Borrowings

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Loans repayable on demand From Karnataka Bank Ltd Secured Bank overdraft (Secured by way of Hypothecation of Stock and Book Debts with Collateral security secured by way of Equitable Mortgage of Property Plot # N-12 & N-13 situated at Industrial Estate, Sagar Road Shivamogga - 577204)	1,96,01,903	60,78,184
From Directors Unsecured Smt. Supriya Shastry	20,04,661	-
Sri. Satish Shastry	9,02,649	-
Sri. Umesh Shastry	-	-
Sri. Suresh Shastry	16,03,483	-
<b>Total</b>	<b>2,41,12,696</b>	<b>60,78,184</b>

## Note 14 : Trade Payables

Particulars	31-Mar-19	31-Mar-18
Dues to Micro, Small and Medium Enterprises	44,811	-
Others	16,37,684	78,93,356
<b>Total</b>	<b>16,82,495</b>	<b>78,93,356</b>

Note: Balances of trade payables and classification of MSME are subject to confirmation by the concerned parties.

## Note 15 : Other current financial liabilities

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Current maturities of long-term debt	27,25,345	19,56,050
Interest accrued on ICICI Loans	91,627	99,719
<b>Total</b>	<b>28,16,972</b>	<b>20,55,769</b>

## Note 16 : Other Current Liabilities

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Advances received from Customers	8,67,270	9,58,105
Statutory Dues Payable	12,32,972	10,80,917
Directors Remuneration payable	5,73,900	3,74,300
<b>Other Payables</b>		
Ex-gratia payable	22,735	20,988
LIC Contribution payable	36,884	36,836
Other outstanding Liabilities	33,079	48,518
Gratuity payable	6,39,744	4,57,460
Compensated Absences	6,68,000	4,97,000
Power Charges Payable	6,49,764	8,76,179
Salaries and Bonus Payable	17,00,929	15,26,998
Security Deposit from customer	4,76,540	5,00,000
<b>Total</b>	<b>69,01,817</b>	<b>63,77,299</b>

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### Note 17: Revenue from operations

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Sales of Products	9,89,98,406	8,85,03,532
Less: Sales Returns	2,48,957	1,60,997
	9,87,49,448	8,83,42,535
Sale of Services		
Labour Charges	4,35,990	83,000
	4,35,990	83,000
Other operating revenues		
Sale of scrap	23,91,180	20,36,215
	23,91,180	20,36,215
<b>Total</b>	<b>10,15,76,618</b>	<b>9,04,61,750</b>

### Note 18 : Other Income

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Interest Income	1,13,952	96,402
Profit on sale of Asset	1,87,783	-
Other Income	55,758	5,110
Foreign Exchange Gain/Loss	1,54,070	-
<b>Total</b>	<b>5,11,563</b>	<b>1,01,512</b>

### 18.1 - Sale by class of goods and services

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
<b>Sale of products</b>		
Steel forgings	8,68,68,813	7,99,86,786
Steel scrap	23,91,180	20,36,215
Cast iron castings	60,92,722	16,34,181
Cylinder liners	57,87,914	67,21,568
	<b>10,11,40,629</b>	<b>9,03,78,750</b>
Sale of services		
Labour /development charges	4,35,990	83,000
	<b>4,35,990</b>	<b>83,000</b>

### Note 19 : Cost of materials and consumables

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
<b>Raw-Material</b>		
Opening Stock	47,31,241	23,61,415
Add: Purchases	3,83,43,948	3,66,21,930
Less: Closing Stock	28,33,821	47,31,241
	<b>4,02,41,368</b>	<b>3,42,52,104</b>
<b>Consumables</b>		
Opening Stock	41,91,199	16,25,053
Add: Purchases	54,16,953	36,50,346
Less: Closing Stock	45,34,084	41,91,199
	50,74,068	10,84,200
<b>Total</b>	<b>4,53,15,436</b>	<b>3,53,36,304</b>

### Note 20 : Changes in inventories of finished goods and work-in-progress

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
<b>Work-in Progress</b>		
Opening Stock	79,60,284	46,60,996
Less : Closing Stock	56,39,053	79,60,284
	<b>23,21,231</b>	<b>(32,99,288)</b>
<b>Finished Goods</b>		
Opening Stock	27,56,530	15,60,816
Less : Closing Stock	36,22,532	27,56,530
	( 8,66,002)	(11,95,714)
<b>Total</b>	<b>14,55,229</b>	<b>(44,95,002)</b>

# SMITHS & FOUNDERS (INDIA) LIMITED

## Raw Materials under Broad Heads

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Consumption of Steel	4,02,41,368	3,42,52,104
<b>Total</b>	<b>4,02,41,368</b>	<b>3,42,52,104</b>
<b>Work-in-Progress under Broad Heads</b>		
Semi finished Castings & Liners	2,57,178	12,23,204
Semi finished Forgings	53,81,875	67,37,080
<b>Total</b>	<b>56,39,053</b>	<b>79,60,284</b>

Amount in Rs.

Imported & Indigenous consumption	31-Mar-19	31-Mar-18
Imported	-	-
% to total raw material consumption	0%	0%
Indigenous	4,02,41,368	3,42,52,104
% to total raw material consumption	100%	100%

## Note 21 : Employee benefits expenses

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Salaries & Wages	1,50,87,527	1,34,28,688
Gratuity & Leave Salary	7,38,846	7,22,568
Bonus	4,40,917	4,28,143
PF & ESI and other Labour Welfare fund	24,33,229	20,73,091
Staff Welfare	11,40,259	8,83,308
Employee Training Expenses	48,287	5,272
Ex-Gratia	13,992	22,740
Production Incentive	16,55,567	19,27,143
Directors Remuneration and Perquisites	83,65,013	83,71,787
<b>Total</b>	<b>2,99,23,636</b>	<b>2,78,62,741</b>

## Note 22 : Finance Costs

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Interest on Loans	14,51,293	23,59,889
Interest on OD	13,80,240	58,427
Foreign Exchange Loss (Net)	-	6,449
<b>Total</b>	<b>28,31,533</b>	<b>24,24,765</b>

## Note 23 : Depreciation and amortisation

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Tangible Asset	29,13,956	26,03,305
Intangible Asset	27,741	32,319
<b>Total</b>	<b>29,41,697</b>	<b>26,35,625</b>

## Note 24 : Direct Expenses

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Power Charges	1,20,85,747	1,17,37,899
Labour Charges	1,12,86,040	73,21,154
Material Handling Charges	8,1,571	80,817
Freight Inward & Transportation Charges	8,75,467	2,46,849
Material Testing Charges	18,050	4,276
<b>Total</b>	<b>2,43,46,875</b>	<b>1,93,90,995</b>

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### Note 25 : Administration Expenses

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Bank Charges	1,13,173	1,57,265
Membership & Subscription Charges	45,500	26,099
Service Tax on GTA	-	2,921
Rent	-	-
Audit Fee	2,52,500	1,90,900
Professional Fees	8,51,294	7,73,228
Postage & Courier Charges	1,38,152	36,154
Telephone & Internet Charges	1,13,501	1,41,053
Insurance	1,42,550	55,668
Increase / (decrease) in Excise Duty on Closing Stock	-	(1,30,987)
Repair & Maintenance - Building	1,94,941	5,22,570
Repair & Maintenance - Machinery	2,07,622	7,49,783
Repair & Maintenance - Others	4,66,258	5,19,396
Rates & Taxes	2,11,492	1,87,756
Others Admin Expenses	2,80,370	5,03,930
Statutory Interests	1,318	9,555
Donations	58,001	58,001
Travelling & Conveyance	1,81,557	1,15,488
Electricity & Water Charges	1,27,030	1,32,741
Printing and Stationery	1,33,970	1,02,987
Office Expenses	50,894	97,281
AGM Expenses	3,29,879	3,91,888
Loss on Sale of Asset	41,187	2,449
Security Charges	11,38,079	11,10,139
Balances Written Off	94,744	943
<b>Total</b>	<b>51,74,012</b>	<b>57,57,207</b>

### Note 26 : Selling and distribution expenses

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
Business Promotion	2,87,769	12,156
Sales commission	-	-
Freight Outward	3,09,760	2,82,890
<b>Total</b>	<b>5,97,529</b>	<b>2,95,046</b>

### Note 27 : Payments to Auditors during the year

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
As Auditor	1,50,000	1,50,000
For Taxation Matters	1,00,000	40,000
For Certification Charges	2,500	-
For Other Services	-	-
For Reimbursement of Expenses	-	-
<b>Total</b>	<b>2,52,500</b>	<b>1,90,000</b>

### Note 28 : Related Party Disclosure. List of related parties where control exists

Particulars	Category
Mr. Suresh Shastry	Key Management Personnel
Mr. Satish Shastry	Key Management Personnel
Mr. Umesh Shastry	Key Management Personnel
Mrs. Supriya Shastry	Key Management Personnel
Mrs. Hema Satish	Relative of Key Management Personnel
Mr. Aneesh Shastry	Relative of Key Management Personnel
Mrs. Kamala Kashinath	Relative of Key Management Personnel
Master Sachin Shastry	Relative of Key Management Personnel
Mrs. Shailaja Suresh	Relative of Key Management Personnel

# SMITHS & FOUNDERS (INDIA) LIMITED

## Note 29.1 - Transactions with related parties

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
<u>Remuneration and perquisites</u>		
-Mr. Satish Shastry	19,20,000	19,20,000
-Mr. Suresh Shastry	19,20,000	19,20,000
-Mr. Umesh Shastry	19,20,000	19,20,000
-Mrs. Supriya Shastry	19,20,000	19,20,000
<u>Loan taken by the Company</u>		
-Mrs. Supriya Shastry	32,30,000	6,00,000
-Mr. Satish Shastry	27,50,000	11,00,000
-Mr. Suresh Shastry	27,50,000	8,30,000
-Mr. Umesh Shastry		2,00,000
<u>Loans Repaid</u>		
-Mrs. Supriya Shastry	12,30,000	29,00,000
-Mr. Satish Shastry	18,50,000	46,00,000
-Mr. Suresh Shastry	11,50,000	76,30,000
-Mr. Umesh Shastry	-	20,00,000
<u>Interest paid on Loans</u>		
-Mrs. Supriya Shastry	6,215	1,90,676
-Mr. Satish Shastry	14,983	3,55,000
-Mr. Suresh Shastry	5,476	4,85,719
-Mr. Umesh Shastry	-	1,85,156

## Note 29.2 - Outstanding Amount pertaining to related party - Receivable / (Payable)

Amount in Rs.

Particulars	31-Mar-19	31-Mar-18
<b>Outstanding Amount pertaining to related party</b>		
<u>Loans Outstanding</u>		
-Mrs. Supriya Shastry	(20,04,661)	(23,00,000)
-Mr. Satish Shastry	(9,02,649)	(35,00,000)
-Mr. Suresh Shastry	(16,00,000)	(68,00,000)
-Mr. Umesh Shastry	-	(20,00,000)
<u>Remuneration Payable</u>		
-Mr. Satish Shastry	(1,42,800)	(94,350)
-Mr. Umesh Shastry	(1,35,300)	(94,350)
-Mr. Suresh Shastry	(1,48,000)	(94,350)
-Mrs. Supriya Shastry	(1,47,800)	(94,350)

### Other Notes to Accounts

30. The financial statements have been prepared in consonance with Schedule III, Division II to the Companies Act, 2013, to the extent possible, for presentation and previous year's figures have been accordingly regrouped wherever necessary to conform to the current year's classification.

31. Figures have been rounded off to the nearest rupee.



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### 32. Details of deferred tax liability:

Computation of deferred tax Liability / Asset		
Particulars	Rs.	Rs.
Opening balance of DTA as on 31.03.2018		(18,44,114)
Taxable temporary differences in respect of:		
Building	1,56,95,532	
Plant, machinery, cars	4,86,563	
	1,61,82,095	42,07,345
Deductible temporary differences in respect of:		
Furniture, electrical fittings	(15,18,811)	
Other plant and machinery	(1,31,761)	
Provision for Superannuation	(55,18,000)	
Compensated Absences	(3,31,391)	
On account of Losses	(3,32,40,478)	
	(4,07,40,441)	(1,05,92,515)
DTA as on 31.03.2019		(82,29,284)

### 33. Expenditure in Foreign Currency: Rs. 75,946/- (Previous Year Rs. NIL)

### 34. Earnings in foreign currency :- F.O.B. Value of Exports Rs. 41.99 lakhs (Previous Period Rs. 34.61 lakhs)

### 35. Employee benefits:

Particulars	Gratuity	
	31/03/2019	31/03/2018
<b>Components of employer expense</b>		
Current service cost	4,17,438	3,19,171
Interest cost	2,17,057	1,71,190
Expected return on plan assets	(1,60,572)	(1,56,660)
Actuarial losses / (gains)	-	3,88,867
<b>Total expense recognised in the statement of P&amp;L</b>	<b>4,73,923</b>	<b>7,22,568</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments	(2,26,655)	(1,63,643)
Actual contributions	-	-
<b>Net asset / (liability) recognised in the balance sheet</b>		
Present value of defined benefit obligation	38,32,091	29,10,457
Fair value of plan assets	21,89,983	20,82,555
Funded status [Surplus/(Deficit)]	(16,42,108)	(8,27,902)
<b>Net asset / (liability) recognised in the balance sheet</b>	<b>(16,42,108)</b>	<b>(8,27,902)</b>

Particulars	Leave encashment	
	31/03/2019	31/03/2018
<b>Components of employer expense</b>		
Current service cost	1,82,216	1,11,266
Interest cost	73,891	47,947
Expected return on plan assets	(8,855)	(3,503)
Actuarial losses / (gains)	14,037	2,41,042
<b>Total expense recognised in the statement of P&amp;L</b>	<b>2,61,289</b>	<b>3,96,752</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments		
Actual contributions		
<b>Net asset / (liability) recognised in the balance sheet</b>		
Present value of defined benefit obligation	11,72,870	9,96,466
Fair value of plan assets	1,73,479	58,364
Funded status [Surplus/(Deficit)]	(9,99,391)	(9,38,102)
<b>Net asset / (liability) recognised in the balance sheet</b>	<b>(9,99,391)</b>	<b>(9,38,102)</b>

## SMITHS & FOUNDERS (INDIA) LIMITED

Particulars	Gratuity	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Changes in defined benefit obligations during the year</b>		
Present value of DBO at the beginning of the year	29,10,457	22,21,702
Current service cost	4,17,438	3,19,171
Interest cost	2,17,438	1,71,190
Actuarial losses / (gains)	5,13,794	3,88,867
Benefits paid	(2,26,655)	(1,63,643)
Present value of DBO at the end of the year	38,32,091	29,37,287
<b>Change in fair value of assets during the year</b>		
Plan assets at the beginning of the year	20,82,555	21,16,369
Expected return on plan assets	1,60,572	1,56,660
Actual company contributions	2,00,000	-
Actual gain / (loss)	(26,489)	(26,831)
Benefits paid	(2,26,655)	(1,63,643)
<b>Actuarial assumptions</b>		
Discount rate	7.70%	7.70%
Salary escalation	7.00%	7.00%
<b>Experience adjustments</b>		
Experience adjustments on plan assets	-	-
Experience adjustments on plan liabilities	-	-
<b>Plan assets at the end of the year</b>	<b>21,89,983</b>	<b>20,82,555</b>

Particulars	Leave encashment	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>Changes in defined benefit obligations during the year</b>		
Present value of DBO at the beginning of the year	9,96,466	5,99,338
Current service cost	1,82,216	1,11,266
Interest cost	73,891	47,947
Actuarial losses / (gains)	8,816	2,37,915
Benefits paid	(88,516)	-
Present value of DBO at the end of the year	11,72,870	9,96,466
<b>Change in fair value of assets during the year</b>		
Plan assets at the beginning of the year	58,364	32,988
Expected return on plan assets	8,855	3,503
Actual company contributions	2,00,000	25,000
Actual gain / (loss)	(5,221)	(3,127)
Benefits paid	(88,519)	-
<b>Actuarial assumptions</b>		
Discount rate	7.70%	7.70%
Salary escalation	7.00%	7.00%
<b>Experience adjustments</b>		
Experience adjustments on plan assets	-	-
Experience adjustments on plan liabilities	-	-
<b>Plan assets at the end of the year</b>	<b>1,73,479</b>	<b>58,364</b>

## **TWENTY EIGHTH ANNUAL REPORT 2018-19**

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### **36. Segment Reporting:**

The Company is operating in Forgings & Castings which is treated as related products since both falls under automotive industry. The risk and rewards are not independent of each other. Therefore, the Company is operating in one segment and hence no disclosure as per Ind AS 108 – “Operating segments” is made.

### **37. Contingent Liability:**

#### **1. Minimum Public shareholding requirement (MPS)**

The adjudication officer, Securities and Exchange Board of India (SEBI) has passed an order on 20.12.2018, levying a penalty of Rs.4,00,000/- for non compliance with Minimum Public Shareholding requirements, for the period from 20.02.2017 to 10.10.2017.

The rehabilitation scheme sanctioned by Hon. BIFR (Bureau of Industrial & Financial Reconstruction) in the year 2014 had exempted company from applicability of clause 40A of the listing agreement and Rule 19 of Securities Contract ( Regulations) Rules, 1957 as amended from time to time.

Based on the above exemption Company made a representation to SEBI on 21.08.2018. Upon perusal of Company's representation Corporate Finance Department has accepted the categorisation of promoters, on the basis of Hon. BIFR's direction as per clause 12.10(b) of order dated 20.02.2014 and had advised the Company to file revised share holding pattern.

The Company has paid the penalty under protest and filed an appeal with Securities Appellate Tribunal, contesting the order of the adjudication officer, Securities and Exchange Board of India.

#### **2. Corporate Governance Compliance**

BSE Limited has levied fine of Rs. 18,33,720/- towards non-compliance with Corporate Governance requirements, relating to composition of Board of Directors for quarters ended 30.09.2018, 31.12.2018 & 31.03.2019, respectively.

The rehabilitation scheme sanctioned by Hon. BIFR (Bureau of Industrial & Financial Reconstruction) in the year 2014 had exempted the Company from the applicability of Clause 49(1A), under Corporate Governance of Listing Agreement in respect of composition of Board, for a period of five years, from 20.02.2014 to 19.02.2019.

Representations have been made to BSE Limited bringing to their notice about the exemption and requesting to drop the fine proceedings.

For the period of non-compliance from 20.02.2019 to 31.03.2019 the company may be liable to pay a fine of Rs. 2,36,000/-

#### **3. Income tax assessment pending for FY 2015-2016.**

The assessment proceedings under section 143(3) of Income Tax Act, 1961 for the financial year 2015-16 has resulted in a tax demand of Rs.94,22,134/-. The company has filed an appeal with Commissioner of Income Tax ( Appeals ) and is hopeful of getting a favourable order. In the event the appeal is held against the company their would be obligation of Rs.97,04,798/- including interest as on Balance Sheet date, subject to further appeal option available to the company.

The notes above form an integral part of the financial statements.

This is the notes to accounts referred to in our report of even date.

**For B.N. Subramanya & Co.**  
Chartered Accountants  
FRN: 004142S

Place: Bangalore  
Date: 29.05.2019

**Suresh Shastry**  
Managing Director  
DIN: 1099554

**Supriya Shastry**  
Whole Time Director  
DIN: 1327762

**Ravi V**  
Company Secretary  
M.No. F2014

**Sadaanand S Zutti**  
Chief Financial Officer  
PAN AAACPZ8476F

**Devendra Nayak**  
Partner  
M.No: 027449

# SMITHS & FOUNDERS (INDIA) LIMITED

PROXY FORM

## Smiths & Founders (India) Limited

CIN: L85110KA1990PLC011303

Regd. Office: No.505, 5th Floor, Brigade Rubix, No.20, HMT Main Road, Bangalore 560 013

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) :  
Registered address :  
E-mail Id :  
Folio No. / Client Id :  
DP ID :

I/We, being the member (s) of .....shares of the Smiths & Founders (India) Limited, hereby appoint:

1. Name : .....Address : .....  
E-mail Id : ..... Signature : ....., or failing him/her
2. Name : .....Address : .....  
E-mail Id : ..... Signature : ....., or failing him/her
3. Name : .....Address : .....  
E-mail Id : ..... Signature : ....., or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-Eight Annual General Meeting of the Company, to be held on Saturday, the 31st day of August, 2019 at 10.00 a.m. at MEWS Ladies Club, No. 37, 17th Cross (between 4th & 6th Main), Malleswaram, Bangalore 560 055 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	For	Against
	<b>ORDINARY BUSINESS</b>		
1	Adoption of Audited Financial Statements for the year ended March 31, 2019.		
2	Appointment of Mrs. Supriya Shastri, who retires by rotation and being eligible, offers herself for re-appointment.		
3	Appointment of Mr. Suresh Shastri, who retires by rotation and being eligible, offers himself for re-appointment		
	<b>SPECIAL BUSINESS</b>		
4	Re- Appointment of Mr. V. Parthasarathy, as an Independent Director		
5.	Re-Appointment of Mr. Sudhindra Narayan Kalghatgi, as an Independent Director		
6.	Appointment of Ms. Shailaja Suresh, as a Non-Executive Director, liable to retire by rotation.		

Signed this ..... day of ..... 2019 Signature of shareholder.....

Affix  
1 Rupee  
Revenue  
Stamp

\_\_\_\_\_  
Signature of first proxy holder

\_\_\_\_\_  
Signature of second proxy holder

\_\_\_\_\_  
Signature of third proxy holder

## **TWENTY EIGHTH ANNUAL REPORT 2018-19**

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Note :

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
- (2) A proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) This is only optional. Please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he/she so wishes.
- (6) In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

# SMITHS & FOUNDERS (INDIA) LIMITED

## Smiths & Founders (India) Limited

Regd. Office: No.505, 5th Floor, Brigade Rubix,

No.20, HMT Main Road, Bangalore 560 013

Phone: 80-29724155, e-mail: smithsandfoundersindia.com, CIN : L85110KA1990PLC011303

Dear Shareholder(s)

As per the Companies Act, 2013 every Company is required to maintain its Register of Members in new format fully updated. In view of this new requirement, we request you to provide the details as sought below duly filled and signed to our Registrar and Share Transfer Agents :

### Integrated Registry Management Services Private Limited

30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560003

**Note :** Shareholders holding shares in demat form are requested to update their details to their Depository Participant where they have opened their Demat Account.

Dear Sir/Madam,

I/We wish to furnish the following details for updating in the Company's Register of Members pursuant to Section 88 of the Companies Act, 2013 and Rule 3(1) of the Companies (Management & Administration) Rules, 2014.

Sl. No.	Particulars	Details
1	Folio Number	
2	Name of the Shareholder(s)	
3	Name of Joint Holders, if any	
4	Address/Registered Address (in case of body corporate)	
5	E-mail Id. (to which documents/notices can be served through electronic mode)	
6	CIN/Registration No. (in case of body corporate)	
7	Unique Identification No.	
8	Father's/Mother's/Spouse's Name	
9	Status	
10	Occupation	
11	PAN No.	
12	Nationality	
13	Whether you wish to receive Notices, Report and Accounts and other documents through electronic mode	

Place :

Date :

(Signature of Shareholder/s)



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