



## Smiths & Founders (India) Limited

SFIL/COSEC/BSE/Q2/BM3/2023-24

Monday, 4<sup>th</sup> September 2023

**The Department of Corporate Relations**

**BSE Limited**

**25<sup>th</sup> Floor, P.J.Towers**

**Dalal Street,**

**Mumbai 400 001**

Dear Sir,

**Sub: Notice to the 32<sup>nd</sup> Annual General Meeting ("AGM") and Annual Report for the financial year 2022-23**

**Ref: Scrip Code No.513418**

The 32<sup>nd</sup> Annual General Meeting (AGM) of Smiths & Founders (India) Limited will be held on Wednesday 27<sup>th</sup> September, 2023 through Video Conference (VC) or Other Audio Visual Means (OAVM) at 11.00 A.M., in accordance, with the relevant circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India.

Pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations"), please find enclosed the Notice of the 32<sup>nd</sup> AGM along with the Annual Report of the Company for the financial year 2022-23, which is being sent by email to those Members whose email addresses are registered with the Company/Integrated Registry Management Services Private Limited / Depository Participant(s).

The Annual Report containing the Notice is also uploaded on the Company's website

[https://smithsandfoundersindia.com/files/financial/annual reports/2022-23/Annual Report 2022-23.pdf](https://smithsandfoundersindia.com/files/financial/annual%20reports/2022-23/Annual%20Report%202022-23.pdf)

Kindly take the same in your records.

Thank you,

Yours truly,

**For Smiths & Founders (India) Limited**

**Roopashree B Shettigar**

**Company Secretary & Compliance Officer**



Regd. Office : No. 505, 5th Floor, "Brigade Rubix", No. 20, HMT Main Road, Bengaluru - 560 013, Karnataka. INDIA.

Tel.: 91-80-29724155, e-mail: director@smithsandfoundersindia.com., website: www.smithsandfoundersindia.com CIN : L85110KA1990PLC011303

# 32<sup>nd</sup>

## ANNUAL REPORT 2022 - 2023



**SMITHS & FOUNDERS (INDIA) LIMITED**

**CIN: L85110KA1990PLC011303**

**BOARD OF DIRECTORS**

Suresh Shastry	Chairman & Managing Director
V Parthasarathy	Independent Director
Sudhindra N Kalghatgi	Independent Director
Ramesh Rao	Independent Director
Shailaja Suresh	Non-Executive & Non-Independent Director

**CHIEF FINANCIAL OFFICER**

Sadananda S Zutti

**COMPANY SECRETARY  
& COMPLIANCE OFFICER**

Roopashree B Shettigar

**AUDITORS**

B.N.Subramanya & Co.  
Chartered Accountants  
# 101, R.V-15, 'E ' Block, 6<sup>th</sup> Main Road  
Malleswaram, Bangalore – 560003

**REGISTRAR &  
TRANSFER AGENTS**

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

**SMITHS & FOUNDERS (INDIA) LIMITED****REGISTERED OFFICE**

No.505, 5<sup>th</sup> Floor, Brigade Rubix,  
No.20, H M T Main Road, Bangalore – 560013

**WORKS**

Plot No N12 and N13, Industrial Estate,  
Sagar Road, Shimoga, Karnataka, 577204

**E-MAIL**

[cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com)

**WEBSITE**

[www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com)

## **Notice**

Notice is hereby given that the Thirty Second Annual General Meeting of the Members of **Smiths & Founders (India) Limited** will be held on Wednesday, September, 27, 2023 at IST 11.00 a.m. through Video Conferencing / Other Audio Visual Means ("VC") 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, 2023 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Suresh Shastry (DIN: 01099554), who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 139, 141 and 142 and other applicable provisions of the Companies Act, 2013 read with Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment therefore, for the time being in force), M/s. Rao & Emmar Chartered Accountants (Firm Registration No: 003084S) be and are hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the Thirty Seventh Annual General Meeting of the Company on the remuneration of Rs.2,40,000/- (Rupees Two Lakhs Forty Thousand Only) plus taxes thereon and reimbursement of actual/out of pocket expenses that may be incurred by the auditors in the performance of their duty as auditors of the Company."

### **SPECIAL BUSINESS:**

4. To approve continuation of directorship of Mr. Sudhindra Narayan Kalghatgi (DIN: 06994850), as Independent Director in terms of Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

**"RESOLVED THAT** pursuant to Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, consent of the Members be and is hereby accorded to continue and hold office of Independent Director of the Company by Sudhindra Narayan Kalghatgi (DIN: 06994850) (who will attain 75 years of age on November 11, 2023) till his current tenure of appointment upto February 13, 2024.

**RESOLVED FURTHER THAT** Mr. Suresh Shastry, Chairman & Managing Director be and is hereby authorized to do all such acts, deeds and things and to sign all such documents

and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto.”

#### **5. Related Party Transaction/Arrangements**

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

“RESOLVED THAT pursuant to Section 188 of the Companies Act, 2013 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and any other applicable provisions including any amendment, modification or re-enactment thereof, approval of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the “Board” which term shall be deemed to include the Audit Committee of Board) for entering into, carrying out and/or continuing with the transactions and arrangements (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise), with the related party, whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements/ transactions or otherwise, with respect to the transactions entered into or to be entered into with them in terms of Section 188 of the Act, as fully set out in the explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, annexed to this Notice, notwithstanding that each of these related party transactions, may exceed the limits prescribed under Section 188 of the Companies Act, 2013 and/or any other statutes or regulations including the materiality threshold prescribed under Regulation 23 of the Listing Regulations, as may be applicable from time to time, without being required to seek any further consent or approval of the members.

RESOLVED FURTHER THAT pursuant to Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”), and other applicable Regulations thereunder and the applicable provisions of the Companies Act, 2013 (‘Act’) read with related rules, if any, including any amendment, modification, variation or re-enactment thereof, the approval of the Members be and is hereby accorded to the Board to enter into, carrying out and/or continuing with the transactions, arrangements and contracts (whether by way of an individual transaction or transactions taken together or series of transactions or otherwise) Mr. Suresh Shastry, (Promoter), being a related party, from the conclusion of this Annual General Meeting until the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company or such other period as may be statutorily allowed/ permitted, whether by way of renewal(s) or extension(s) or modification(s) of earlier arrangements/ transactions or otherwise including the transactions of routine banking transactions and other transactions in the ordinary course of business more specifically set out in the explanatory statement pursuant to Section 102(1) of the Companies Act, 2013, annexed to this Notice; notwithstanding that all the above transactions individually or in the aggregate, may exceed the limits prescribed under Regulation 23 of Listing Regulations or any other materiality threshold as may be applicable from time to time and all actions taken by the Board in connection with the transactions since April 1, 2023, within the limits and are hereby approved, ratified and confirmed in all respects.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments, writings, as may be required, take such steps as may be necessary for obtaining

approvals, statutory, contractual or otherwise in relation to the above, with power to settle all questions, difficulties and doubts that may arise in relation to the above as it may in its sole and absolute discretion deem fit and to delegate all or any of its powers herein conferred to any Committee of Directors and/or directors and/or officers of the Company, to give effect to these resolutions.”

#### **6. Appointment of Mr. Hemachandra as 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 provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (hereinafter referred to as ‘the Act’), and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendments or statutory modifications or re-enactment thereof for the time being in force) read with the Schedule IV thereto and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and based on the recommendation of Nomination and Remuneration Committee, Mr. Hemachandra (DIN 10303392) who was appointed by the Board of Directors as an Additional Director under Section 161(1) of the Act with effect from 2<sup>nd</sup> September, 2023, and in respect of whom a notice in writing pursuant to Section 160 of the Act has been received in the prescribed manner, be and is hereby appointed as an Independent Director of the Company for a term of 5 (five) consecutive years with effect from 2<sup>nd</sup> September, 2023 to 1<sup>st</sup> September, 2028 and he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 197 and other applicable provisions of the Act and the Rules made thereunder, Mr. Hemachandra be paid such fees and remuneration as the Board of Directors of the Company may approve from time to time and subject to such limits, prescribed or as may be prescribed from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do and caused to be done all such acts, deeds matters and things as it may, in its absolute discretion deem it necessary, proper or expedient and to take all such steps as may be necessary to give effect to this Resolution.”

7. To approve continuation of directorship of Mr. Hemachandra (DIN: 10303392), as Independent Director in terms of Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in this regard, to consider and if thought fit, to pass the following resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, consent of the Members be and is hereby accorded to continue and hold office of Independent Director of the Company by Mr. Hemachandra (DIN: 10303392) (who will attain 75 years of age on August 15, 2024) till his current tenure of appointment upto 1<sup>st</sup> September 2028.

**RESOLVED FURTHER THAT** Mr. Suresh Shastry, Chairman & Managing Director be and is hereby authorized to do all such acts, deeds and things and to sign all such documents and writings as may be necessary to give effect to this resolution and for matters connected therewith or incidental thereto.”

**By the Order of the Board**

**Sd/-  
Roopashree B Shettigar  
Company Secretary &  
Compliance Officer**

**Registered Office:**

No.505, 5<sup>th</sup> Floor, Brigade Rubix,  
No.20, HMT Main Road, Bangalore 560 013  
CIN:L85110KA1990PLC11303  
E-mail Id: [cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com)  
Website: [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com)

Place: Bangalore  
Date: 02.09.2023

**NOTES:**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) had vide its General Circular Nos. . 02/2022, 14/2020, 17/2020, 20/2020 and 02/2021 dated 5<sup>th</sup> May, 2022, April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021, Circular No. 19 dated December 08, 2021, Circular No. 21 dated December 14, 2021 and Circular No. 02 dated May 05, 2022 “MCA Circulars” and Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 issued by SEBI permitted companies to hold Annual General Meeting (‘AGM’) through respectively (collectively referred to as “MCA circulars”) permitted the holding of the Annual General Meeting (“AGM”) through VC, without the physical presence of the members at a common venue. Hence, in compliance with the MCA circulars and the provisions of the Act, SEBI (Listing Obligations and Disclosure Requirements), 2015 (“SEBI Listing Regulations”) the 32<sup>nd</sup> AGM of the Company is being held through VC.

The Deemed Venue for the 32<sup>nd</sup> AGM shall be the Registered office of the Company.

2. The explanatory statement pursuant to section 102 of the Act, setting out the material facts concerning the Special Business in the Notice is annexed hereto and forms part of this Notice. The relevant details pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company

- Secretaries of India (“ICSI”) in respect of Directors seeking re-appointments at this meeting are also annexed.
3. The relevant details, pursuant to Regulations 26(4) and 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”), in respect of Director(s) seeking appointment/re-appointment at this AGM is annexed.
  4. **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. Since the AGM is being held pursuant to the MCA Circulars through VC, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice. However, Body Corporates are entitled to appoint authorised representatives to attend the AGM through VC and participate thereat and cast their votes through e-voting.**
  5. The Members can join the AGM in the VC mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
  6. Members attending the AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
  7. Members desirous of seeking information in respect of Accounts of the Company are requested to send their queries to [accounts@smithsandfoundersindia.com](mailto:accounts@smithsandfoundersindia.com) on or before September 21, 2023.
  8. During the 32<sup>nd</sup> AGM, Members may access the scanned copy of the Register of Directors and Key Managerial Personnel and their shareholding maintained under section 170 of the Act and the register of contracts and arrangements in which the Directors are interested, maintained under section 109 of the Act, upon logging in to CDSL e-voting system.
  9. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM through e-voting.
  10. Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2023, to September 27, 2023 (both days inclusive) for the purpose of 32<sup>nd</sup> AGM.



11. 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.
12. As per the provisions of Section 72 of the Companies Act, 2013 (the “Act”) the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The said form can be downloaded from the Company’s website [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com) (under ‘Investors’ section). Members are requested to submit the said details to their DP in case the shares are held by them in electronic form and to Company’s Registrar and Transfer Agent – Integrated Registry Management Services Private Limited, in case the shares are held by them in physical form.
13. 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.
14. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of listed companies can be transferred only in dematerialized form with effect from April 1, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company’s Registrar and Transfer Agent – Integrated Registry Management Services Private Limited for assistance in this regard.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participant (“DP”) with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to the Registrar and Transfer Agent – Integrated Registry Management Services Private Limited.
16. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to the Company’s Registrars and Transfer Agents, Integrated Registry Management Services Private Limited for shares held in physical form, with relevant documents that may be required.

17. In Compliance with the SEBI circulars and MCA Circulars, Notice of the AGM along with the Annual Report 2022-23 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2022-23 will also be available on the Company's website [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com), websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of CDSL [www.evoting.cdsl.com](http://www.evoting.cdsl.com). For any communication, the shareholders may also send requests to the Company's dedicated investor email-id: [cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com).

#### 18. Voting through electronic means

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

#### The instructions for shareholders voting electronically and joining virtual Meetings are as under:

- i. The voting period begins on September 24, 2023 (9.00 a.m.) and ends on September 26, 2023 (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 (record date) of September 20, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242** dated **09.12.2020**, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/**

**websites of Depositories/ Depository Participants.** Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- iv. In terms of **SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to above said SEBI Circular, Login method for e-Voting and joining virtual meetings for **Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasinew/home/login">https://web.cdslindia.com/myeasinew/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasinew/Registration/EasiRegistration">https://web.cdslindia.com/myeasinew/Registration/EasiRegistration</a></li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>

<p>Individual Shareholders holding securities in demat mode with <b>NSDL</b></p>	<p>1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p> <p>2. If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select “Register Online for IDeAS “Portal or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></p> <p>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting</p>
<p>Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b></p>	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with <b>NSDL</b>	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

- v. Login method for e-Voting and joining virtual meetings for Members holding shares in physical mode and shareholders other than individual holding in Demat form – is as below:
1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  2. Click on “Shareholders” module.
  3. 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
  4. Next enter the Image Verification as displayed and Click on Login.
  5. 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 e-voting of any company, then your existing password is to be used.
  6. If you are a first-time user follow the steps given below:

	For Physical shareholders and other than Individual shareholders holding shares in Demat.
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>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.</li> </ul>
Dividend Bank Details <b>OR</b> 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.</li> </ul>

- vi. After entering these details appropriately, click on “SUBMIT” tab.
- vii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- viii. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix. Click on the relevant EVSN of **“Smiths and Founders India Limited”** on which you choose to vote.
- x. 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.
- xi. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xii. 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.
- xiii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xv. If a demat account holder has forgotten the 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.
- xvi. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - 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).
  - 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 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.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; [cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

#### **INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC & E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance at least **seven days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at ([cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com)). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **seven days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at ([cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com)). These queries will be replied by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

9. Only those shareholders, who are present in the AGM through VC facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.

10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

#### **PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES**

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA email id**.

2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022-23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.



**ANNEXUE TO THE NOTICE OF THIRTY SECOND ANNUAL GENERAL MEETING**

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

**Item No. 3**

The current auditors, viz. M/s B.N Subramanya & Co., Chartered Accountants (Firm Registration No. 004142S) were re-appointed for a second term by the members at the 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.

As per the provisions of the Section 139 of the Companies Act, 2013, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. Hence on completing the second term at the conclusion of the ensuing Annual General Meeting, the Company cannot re-appoint the current auditors viz. M/s B.N. Subramanya & Co.

The Board of Directors at its meeting held on 2<sup>nd</sup> September, 2023, based on the recommendation of the Audit Committee has appointed M/s Rao & Emmar, Chartered Accountants (Firm Registration No: 003084S) as the statutory auditors of the Company subject to the approval by the members at the ensuing Annual General Meeting.

M/s Rao & Emmar, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3) (g) of the Act and that they are not disqualified to be appointed as statutory auditors in terms of Section 143 of the Act.

M/s Rao & Emmar, Chartered Accountants will be appointed as the statutory auditors of the Company for a first term of 5 consecutive years from the conclusion of the Thirty Second Annual General Meeting till the conclusion of the Thirty Seventh Annual General Meeting, on a remuneration of Rs. 2,40,000/- (Rupees Two Lakh Forty Thousand only) plus taxes thereon and reimbursement of actual / out of pocket expenses that may be incurred by the auditors in the performance of their duty as auditors of the Company.

Disclosures required pursuant to Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, are given below:

Sl. No.	Disclosure Requirements	Compliance Status
1.	Proposed Fees payable to Statutory Auditor (s)	Audit Fees: Rs.2,40,000 (Limited Review Report Fees : Rs.30,000/- for each quarter (3 quarters) + Statutory Audit Fees 1,00,000 + Tax Audit Fees Rs. 50,000)
2.	Terms of Appointment	M/s. Rao & Emmar, Chartered Accountants (Firm Registration No. FRN: 003084S) to be are hereby recommended for appointment, for the first term of five consecutive years, as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the Thirty Seventh Annual General Meeting of the Company.
3.	In case of a new	No change in the fee for the proposed auditors from that

- Auditor, material change in the fee payable to such auditor from that paid to the outgoing auditor along with the rationale of such change
4. Basis of recommendation for appointment of The recommendations are based on the fulfilment of the eligibility criteria prescribed in the companies Act, 2013  
M/s. Rao & Emmar, Chartered Accountants has handled various audit assignments both in the public and private sectors.  
M/s. Rao & Emmar, Chartered Accountants is handling various assignments in the field of direct and indirect taxes (Income tax, wealth tax, Excise, Service Tax and Value Added Tax)  
Areas of Specialisation:
- Statutory Audit, Tax Audit, GST Audit and Transfer Pricing Audit
  - Internal Audit, Concurrent Audit and compliance Audit
  - Inspections of regulated entities on behalf of regulators
  - GST and Income-tax consulting and compliance
  - Cash Flow and physical progress monitoring of projected funded by Banks
  - Forensic Audit and special audit of stocks and receivables
  - Merger, Amalgamation and Valuation
  - Management Consultancy, due diligence review
  - Corporate Taxation and Cross Border Taxation
  - Personal Taxation
5. Details in relation to credentials of the statutory auditor(s) proposed to be appointed M/s. Rao & Emmar, Chartered Accountants (Firm Registration No. FRN: 003084S), having its Head Office at No.204 and 205, 2<sup>nd</sup> Floor, “Ramanashree Arcade”, Near Trinity Circle, M.G. Road, Bengaluru - 560001, and has various branch offices across the Country. **Rao and Emmar**, is a Forty Four years old Chartered Accountant firm founded by Late Shri Ramachandra Rao and Shri M R Krishnamurthy. At present firm has 23 partners and has offices at 17 locations, dedicated to help businesses increase profitability, efficiency and growth.

**Item No.4**

Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) provides that no listed company shall appoint or continue the directorship of any person as Non-executive Director who has attained the age of 75 (Seventy Five) years, unless a Special Resolution is

passed to that effect and justification thereof is disclosed in the explanatory statement annexed to the Notice for such appointment.

Mr. Sudhindra Kalghatgi was appointed as a Non-executive Independent Director on the Board of the Company for a period of five years with effect from 14th November, 2014 upto 31st March, 2019 and the same was approved by the Members of the Company at their Annual General Meeting held on 27th December, 2014. He was further re-appointed as a Non-executive Independent Director on the Board of the Company for a second term of upto five years (up to 13th February, 2024) with effect from 14th February, 2019 and the same was approved by Members of the Company at their Annual General Meeting held on 31st August, 2019.

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. Sudhindra Kalghatgi as an Independent Director. Mr. Sudhindra Kalghatgi is Chairman of Stakeholders' Relationship Committee and is a member of the Nomination & Remuneration Committee and Audit Committee of the Board. The Board recommends the resolution in relation to re appointment of Mr. Sudhindra Kalghatgi as an Independent Director, for the approval by the members of the Company.

Except Mr. Sudhindra 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. 5 – Related Party**

The Company has been obtaining prior approval of the members for entering into or continuing with the transactions, arrangements or contracts with related party.

In terms of Section 188 of the Companies Act, 2013 and Companies (Amendment) Acts thereafter, read with Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014, a Company shall not enter into any contract or arrangement or transactions with a related party(ies) for transactions for amounts exceeding the threshold limits prescribed under Rule 15 referred above, viz., if the aggregate value of transaction(s) amounts to 10% or more of the annual turnover of the Company as per last audited financial statements. Accordingly, transactions with the related parties shown in the table below come within the meaning of Related Party transactions in terms of provisions of the Act, applicable Rules framed thereunder read with the Listing Regulations. Hence, approval of the shareholders is being sought for the said Related Party Transactions proposed to be entered into by your Company with the related parties shown in the table below for the period from this Annual General Meeting upto the Annual General Meeting of the Company for the year 2024.

The particulars of the proposed transaction and/or contracts and/or arrangements with the related parties are provided below:

(Rs. In lakhs)

Sl No	Transaction details	Name of interested party/Key Managerial Personnel	Amount
1.	Unsecured Loan	Mr. Suresh Shastry	250

**Note:** Any other information relevant or important for the member to take a decision on the proposed resolution:

Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") requires prior shareholders' approval by means of an ordinary resolution for all material related party transactions and subsequent material modifications as defined by the Audit Committee, even if such transactions are in the ordinary course of business of the concerned company and on an arm's length basis. As per the said Regulations, a transaction with a related party is considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs.1,000 crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

The transactions/arrangements/contracts with the said subsidiaries and/or associates and/or joint venture companies are in the ordinary course of business and at arm's length and the transactions are within the materiality thresholds.

The Audit Committee of the Board and also the Board of Directors, wherever applicable, have granted approvals for entering into related party transactions with Mr. Suresh Shastry (Promoter) as detailed in the resolution.

As per the clarifications given by SEBI vide its Circular SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated April 08, 2022 on applicability of Reg.23(4) read with Regulation 23(3)(e) of SEBI (LODR) Regulations, 2015, the omnibus approvals of material RPTs given by the members at the Annual General Meeting shall be valid upto the date of the next Annual General Meeting, for a period not exceeding 15 months.

Though the above transactions are in the ordinary course of business of the company and on arm's length basis, for abundant caution and from a better corporate governance perspective, the approval of the members is being sought under Section 188 of the Companies Act, 2013 and the rules thereunder.

All the related documents and registers referred in the Notice, which do not form part of the Annual Report, if any, are available for inspection at the Registered Office of the Company.

None of the directors are related inter-se. No Director or any key managerial personnel or the relatives of the directors or key managerial personnel, is in any way concerned or interested, financially or otherwise, in the said resolution.

The Board of Directors therefore, recommends the passing of the resolution proposed at Agenda No.4 of the Notice, for the approval of members.

As per the clarifications provided by SEBI vide its Circular dated April 08, 2022 in respect of Regulation 23 of the Listing Regulations, this agenda item is considered unavoidable in terms of MCA Circulars and forms part of this Notice.

The members may please note that all the related parties of the Company are prohibited from voting on Resolution No.5 of this Notice.

**Item No.6**

Appointment of Mr. Hemachandra (DIN:10303392) as an Independent Director of the Company.

**Information about the Appointee:**

In accordance with Sections 149(10) and (11) of the Act, an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company on passing of a Special Resolution by the Company and disclosure of such appointment in the Board's Report. The aforesaid Director fulfills the requirements of an Independent Director as laid down under Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations. In respect of the appointment of the aforesaid Director, a notice in writing in the prescribed manner as required under Section 160 of the Act and the Rules made thereunder has been received by the Company, regarding the candidature of Mr. Hemachandra for the office of the Independent Director.

The aforesaid Director has given his consent for the said appointment and also submitted the declaration of independence as required pursuant to Section 149 (7) of the Act that he meets the criteria of independence as provided in Section 149(6) of the Act and Regulation 16 of the SEBI Listing Regulations and is not disqualified from being appointed as a Director in terms of Section 164 of the Act.

**Brief Profile:**

Mr. Hemachandra, born on 15th August 1950, hails from a respectable family. He is an Electrical Engineer by profession having 38 years of experience in the field of Electrical Transformers, in design testing, installation and maintenance of power station transformers.

He has long standing experience in establishing and running of transformers manufacturing and service units. Has service in reputed transformers manufacturing and service units like N.G.E.F. Ltd., Bangalore, EMCO Transformers Ltd. Mumbai, Alfancar Electricals – Saudi Arabia, Electricity and Water Authority (EWA), Bahrain, Crompton Greaves (CG), Saudi Arabia. Retired as General Manager operations at Crompton Greaves, Saudi Arabia.

His long standing technical expertise and administrative experience will be of immense help to the Company.

**Other Information about the appointee:**

**Other Directorships: Nil**

**Committee Chairmanships: Nil**

**Committee Memberships: Nil**

**Shareholding in the Company:** He does not hold any equity shares of the Company as on date.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to avail services of Mr. Hemachandra as an Independent Director. Mr. Hemachandra is a member of the Audit Committee of the Board. The Board recommends the resolution in relation to appointment of Mr. Hemachandra as an Independent Director, for the approval by the members of the Company.

Except Mr. Hemachandra 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.6.

The Board commends the special resolution set out in Item No. 6 of the Notice for approval by the shareholders.

***Item No.7***

Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI LODR Regulations”) provides that no listed company shall appoint or continue the directorship of any person as Non-executive Director who has attained the age of 75 (Seventy Five) years, unless a Special Resolution is passed to that effect and justification thereof is disclosed in the explanatory statement annexed to the Notice for such appointment.

Mr. Hemachandra was appointed as a Non-executive Independent Director on the Board of the Company for a period of five years with effect from 2<sup>nd</sup> September, 2023 upto 1st September, 2028 and the subject to approval of members in the ensuing Annual General Meeting held on 27th September, 2023.

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. Hemachandra as an Independent Director. The Board recommends the resolution in relation to appointment of Mr. Hemachandra as an Independent Director, for the approval by the members of the Company.

Except Mr. Hemachandra, 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.7.

**PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT**

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

Particulars	Mr. Suresh Shastry
DIN	01099554
Date of Birth	12/11/1956
Date of Appointment	22/10/1990
Qualifications	Advanced Diploma in Forge Technology (ADFT), NIF&FT, Ranchi
Expertise in specific functional areas	Has over 43 years' experience in Forging Industry
Number of Meetings of the Board attended during the year	5/5
Other Directorships/ Committee Chairmanships/ Memberships	None
Number of Shares held in the Company	29206953
Relationship between directors inter-se	Husband of Mr. Shailaja Suresh.
Terms and conditions of appointment	As per the Nomination and Remuneration Policy of the Company, as displayed on the Company's website

**By the Order of the Board**  
**Roopashree B. Shettigar**  
**Company Secretary &**  
**Compliance Officer**

**Registered Office:**No.505, 5<sup>th</sup> Floor, Brigade Rubix,

No.20, HMT Main Road, Bangalore 560 013

CIN:L85110KA1990PLC11303

E-mail Id: [cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com)Website: [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com)

Place: Bangalore

Date: 02.09.2023

**DIRECTORS' REPORT**

**Dear Members,**

Your Directors present the Thirty Second Annual Report, together with the Audited Statements of Account for the financial year ended March 31, 2023.

**1. FINANCIAL RESULTS**

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

(Rs.in lakhs)

<b>Particulars</b>	<b>31.03.2023</b>	<b>31.03.2022</b>
Revenue from operations	1046.21	1103.15
Other Income	1.49	27.04
Profit / (Loss) before Financial Charges, Depreciation, Taxation and Prior Period items	81.13	199.36
Less: Depreciation	24.22	24.36
Less: Finance Costs	31.48	34.23
Profit /(Loss) before Taxation and Prior Period items	25.43	140.77
Profit /(Loss) for the year	25.43	140.77
Net Profit/(Loss) for the year	25.43	140.77
Balance of Profit/(Loss) brought forward from last year	(809.57)	(950.34)
Profit/(Loss) Carried forward to Balance sheet	(784.14)	(809.57)

**2. OVERVIEW OF COMPANY PERFORMANCE:**

During the year under review sales has registered a decrease of 5.16 % compared to previous year mainly due to decrease in export sales.

The profit has reduced due to increase in material cost, unwillingness of customers to pay higher price for the product due to increase in costs of raw materials.



**3. DIVIDEND & RESERVES:**

In view of carried forward losses, your Directors do not recommend any dividend for the financial year ended March 31, 2023. 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, 2023 stood at Rs. 10,19,96,525/-. As on March 31, 2023 none of the Directors of the Company held 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 hosted on the Company's website and can be accessed at <https://smithsandfoundersindia.com/files/announcement/agm/agm2023/Annexure-a-extract-of-annual-return-mgt-9-2023.pdf>

**6. DIRECTORS:**

Mr. R. Ramesh Rao has been appointed as an Independent Director for a period of five years with effect from 10.08.2022 to 09.08.2027 in the Board of the Company.

Mr. Suresh Shastry, Managing Director, retires by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The Board recommends his re-appointment, for consideration of the Members of the Company 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.

As on 31.03.2023 the composition of the Company's Board of Directors is as below:

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

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

During the Financial Year 2022-23, 5 (Five) meetings of the Board were held, details of which are given in the Corporate Governance Report.

**8. COMMITTEES OF THE BOARD:**

The Board of Directors has the following Committees:

- a) Audit Committee
- b) Remuneration and Nomination Committee
- c) Stakeholders' Relationship Committee &

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

**9. BOARD EVALUATION:**

The performance of the board was evaluated by the Board after seeking inputs from all the directors on the basis of structured evaluation parameters such as, a) the board composition and structure, b) contribution of Directors in the development of strategy and risk management, c) timely and unbiased information, of the right length and quality, provided to the Board, etc. The performance of the committees was evaluated by the Board after seeking inputs from the committee members on the basis of criteria such as the composition of committees, effectiveness of committee meetings, etc. Performance of non-independent directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors.

**10. 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).

**11. 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.

**12. 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 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, 2023 and its profit 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.

### **13. 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.

### **14. 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.

### **15. 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).

#### **16. 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)

#### **17. 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.

#### **18. 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.

#### **19. 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.

#### **20. 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.

#### **21. 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.

**22. SECRETARIAL AUDIT:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company has appointed Mr. K N Nagesha Rao, 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 Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**23. STATUTORY AUDITORS:**

The current auditors, viz. M/s B.N Subramanya & Co., Chartered Accountants (Firm Registration No. 004142S) were re-appointed for a second term by the members at the 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.

As per the provisions of the Section 139 of the Companies Act, 2013, no listed company shall appoint an audit firm as auditors for more than two terms of five consecutive years. Hence on completing the second term at the conclusion of the ensuing Annual General Meeting, the Company cannot re-appoint the current auditors viz. M/s B.N. Subramanya & Co.

The Board of Directors at its meeting held on 2<sup>nd</sup> September, 2023, based on the recommendation of the Audit Committee has appointed M/s Rao & Emmar, Chartered Accountants (Firm Registration No: 003084S) as the statutory auditors of the Company subject to the approval by the members at the ensuing Annual General Meeting.

M/s Rao & Emmar, Chartered Accountants have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3) (g) of the Act and that they are not disqualified to be appointed as statutory auditors in terms of Section 143 of the Act.

M/s Rao & Emmar, Chartered Accountants will be appointed as the statutory auditors of the Company for a first term of 5 consecutive years from the conclusion of the Thirty Second Annual General Meeting till the conclusion of the Thirty Seventh Annual General Meeting, on a remuneration of Rs. 2,40,000/- (Rupees Two Lakh Forty Thousand only) plus taxes thereon and reimbursement of actual / out of pocket expenses that may be incurred by the auditors in the performance of their duty as auditors of the Company.

The Auditors' Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2023, excepting

the delay in remittance of Rs. 22,016/- to PF authorities. The Company's reply is given in the following paragraph.

The statements made by the Auditors in their Report are self-explanatory and do not call for any further comments.

The delay in remittance of Rs. 22,016/- to PF department was solely due to mistakes on the part of the beneficiaries. There were some mismatches between the personal data furnished by the beneficiaries to Aadhaar portal and their personal data uploaded with PF portal. As a result, when PF department mandated seeding of their Aadhaar with their UAN, the linking was getting rejected and the PF portal was not accepting remittance to their accounts. Company took up the matter with PF / Aadhaar Agencies, had them rectified and remitted the contributions in the subsequent months. It was not a delay in payment on the part of the company.

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

During the year 2022-2023 there are no significant and material orders passed by the Regulators/Courts/Tribunals that would impact the going concern status of the Company and its future operations.

#### **25. CONTINGENT LIABILITY:**

There are no contingent liabilities for the financial year 2022-2023.

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

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

#### **27. 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.

#### **28. 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.

**29. 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.

**30. 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 61 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, 2023 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**

**Suresh Shastry**  
**Chairman & Managing Director**

Place: Bangalore

Date: 27.05.2023

**Annexure-B****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 30<sup>th</sup> 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.Parthasarathy, 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.
  
- 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 are 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 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 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.

**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:**

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions:	Salient terms of the contracts or arrangements or transactions Including the value, if any:	Date(s) of approval by the Board	Amount paid as advances
<b>Suresh Shastry</b> Chairman & Managing Director	<b>Employment</b>	<b>5 years</b>	<b>20,64,000</b>	<b>01/04/2017</b>	<b>NIL</b>
	<b>Unsecured Loan taken by the Company</b>	<b>Adhoc</b>	<b>1,00,00,000</b>	<b>21/05/2022</b>	<b>NIL</b>
	<b>Interest paid on Loans</b>	<b>Long term</b>	<b>13,41,828</b>	<b>21/05/2022</b>	<b>NIL</b>
	<b>Unsecured Loan repaid by the Company</b>	<b>Adhoc</b>	<b>32,51,942</b>	<b>21/05/2022</b>	<b>NIL</b>
<b>Supriya Shastry</b> Vice President	<b>Employment</b>	<b>5 years</b>	<b>20,64,000</b>	<b>05/05/2022</b>	<b>NIL</b>
<b>Mr. Sadanand Zutti</b> Chief Financial Officer	<b>Employment</b>	<b>12 months</b>	<b>6,90,224</b>	<b>19/04/2019</b>	<b>NIL</b>
<b>Mrs. Roopashree Shettigar</b> Company Secretary	<b>Employment</b>	<b>12 months</b>	<b>3,58,866</b>	<b>31/08/2019</b>	<b>NIL</b>
<b>Mr. Umesh Shastry</b> Vice-President Commercial	<b>Employment</b>	<b>12 months</b>	<b>20,64,000</b>	<b>19/04/2019</b>	<b>NIL</b>
<b>Mr. Satish Shastry</b> Vice – President Technical	<b>Employment</b>	<b>12 months</b>	<b>20,64,000</b>	<b>19/04/2019</b>	<b>NIL</b>

(Suresh Shastry)  
Chairman & Managing Director



**K N Nagesha Rao** BCom, DSP, DEE, DBA, LLB, FCS, FCMA  
Practising Company Secretary

“Sumukha”  
22, 5<sup>th</sup> Cross, I Stage, Grihalaxmi  
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① 9845050333; 08023234353

✉ nageshknn@gmail.com

## ANNEXURE -D

### Secretarial Audit Report For the Financial Year ended 31st March 2023

[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 of Smiths & Founders (India) Limited

1. I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smiths & Founders (India) Limited (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.

2. Based on my verification of the Company's 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, and subject to my separate letter attached hereto as the Annexure, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended 31<sup>st</sup> March 2023, 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.

3. I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Financial Year ended on 31<sup>st</sup> March 2023 according to the provisions of:



(a) The Companies Act, 2013 (the Act) and the Rules made there under;

(b) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;

(c) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(d) 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;

(e) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

iii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

iv. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 [Not applicable during the above audit period];

v. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable during the above audit period;

vi. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act, 2013 and dealing with client;

vii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; - No delisting of shares was done during the year; and

viii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; - No buy - back was done during the year.

(f) Indian Copyright Act, 1957

(g) The Patents Act, 1970

(h) The Trade Marks Act, 1999

4. I have also examined compliance with the Listing Agreements entered into by the Company and compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

6. I have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial audit and other designated professionals.

7. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

8. I further report as below:

8.1 that, -

(a) the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

(c) the Company followed proper Board processes in

convening and conduct of Meetings Members and Directors; the Company has maintained proper Books to record Proceedings of General Meetings of Members, Minutes of Meetings of Board and Committee of Directors; resolutions passed by e-voting, if any, are recorded in the Minutes Book of General Meetings.

(c) adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, the Company adopts a system to enable Directors to seek and obtain required 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, if any, are captured and recorded as part of the minutes.

(d) 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.

8.2 during the year there were no instances of:

- (i) Public, Preferential Issue of Shares or Debentures or Sweat Equity.
- (ii) redemption or buy-back of securities;
- (iii) major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013;
- (iv) merger, amalgamation, reconstruction etc.;
- (v) foreign technical collaborations.

Place: Bengaluru

Date: 14<sup>th</sup> May, 2023

UDIN No. F003000E000304158

Peer Review Unique ID No. I2014KR1122000

*K N Nagesha Rao*

Practising Company Secretary

FCS 3000 CP 12861

*This Report is to be read with my letter of even date which is annexed as Annexure A and Forms an integral part of this report.*



**K N Nagesha Rao** BCom, DSP, DEE, DBA, LLB, FCS, FCMA  
Practising Company Secretary

“Sumukha”  
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✉ nageshknn@gmail.com

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### The Annexure to the Secretarial Audit Report for the Financial Year 2022-23

To the Members of Smiths & Founders (India) Limited

My Secretarial Audit Report of even date is to be read along with this letter.

1. Maintenance of Secretarial records and compliance of the provisions of corporate and other applicable laws, rules, regulations, standards are the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records and compliance based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I obtained the management representation on the compliances of laws, rules and regulations as well on happening of events.
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 procedure on test basis.

6. The Secretarial Audit report is not an assurance of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Bengaluru

Date: 14<sup>th</sup> May, 2023

UDIN No. F003000E000304158

Peer Review Unique ID No. I2014KR1122000

*K N Nagesha Rao*

Practising Company Secretary

FCS 3000 CP 12861

**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, 2023 is given here below and forms part of the Director's Report.

**A. CONSERVATION OF ENERGY**

The Company continued to maintain the power factor to unity throughout the year. This has helped in availing maximum rebate in electricity bills. Replacement of LED/lamps tubes all over the factory has also contributed to saving in electricity.

**B. TECHNOLOGY ABSORPTION**

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.

**C. EXPENDITURE ON RESEARCH & DEVELOPMENT**

No expenditure was incurred by the Company attributable to research and development during the year

**D. FOREIGN EXCHANGE EARNING AND OUTGO**

During the year under review Foreign Exchange earnings was Rs. 8.17 Lakhs (Previous Year Rs. 108.62 Lakhs) and Foreign Exchange outgo was Nil (Previous Year Nil).

**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 2022-23, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2022-23 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 2022-23 (Rs. in Lakhs)	% increase in Remuneration in the Financial Year 2022-23	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	Chairman & Managing Director	20.64	There was no increase in remuneration during the Financial Year	<b>8.25</b>	Remuneration received during the Financial year – Rs. 20.64 Lakhs as against Net profit of Rs. 25.43 Lakhs.
2	Shailaja Suresh	Non-Executive Director	0.00	0.00	0.00	-
3	V. Parthasarathy	Independent Director	0.00	0.00	0.00	-
4	Sudhindra N.Kalghatgi	Independent Director	0.00	0.00	0.00	-
5	Manjunath K H	Independent Director	0.00	0.00	0.00	-
6	Sadaanand Zutti	Chief Financial Officer	<b>6.90</b>	There was no increase in remuneration during the	-	

				Financial Year		
7	Roopashree B Shettigar	Company Secretary	<b>3.59</b>	There was no increase in remuneration during the Financial Year	-	

**(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. **2,50,076/-** 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 2022-23.

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

In the Financial Year, there was a increase of **4.62 %** in the median remuneration of employees.

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

There were 65 permanent employees on the rolls of the Company as on March 31, 2023.

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

The increase in the median remuneration of employees was **4.62 %**. As regards Company's performance, its net profit for the Financial Year 2022-23 was Rs.25.43 Lakhs as against net profit of Rs. 140.77 Lakhs in the Financial Year 2021-22.

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.

**(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 profit of Rs.25.43 Lakhs & Rs.140.77 Lakhs, during the financial years 2022-23 & 2021-22, 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 2023 was Rs 41.51 Crores (Rs.68.24 Crores as on 31<sup>st</sup> March, 2022). The price of the share during March, 2023 was Rs. 4.07 and as on 31<sup>st</sup> March, 2022 was Rs. 6.69. The Earnings Per Share was Rs. 0.02 for the Financial Year ended 31<sup>st</sup> March, 2023 and Rs. 0.14 for the financial year ended 31<sup>st</sup> March, 2022. 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 97676525 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 2022 was Rs.3.52, 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 2022-23, average percentile increase in salaries of employees other than the managerial personnel was 4.62%. 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 2022-23 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 2022-23

During the year under review, the Indian automobile sector drove through a slow lane. The forging industry too opened the year 2022-23 on a subdued note. Though the Association of Indian Forging Industry (AIFI) projected higher demand during the first quarter, due to the aftereffects of pandemic, passive consumer sentiment, stagnant end-user market and inadequate liquidity in the financial system, growth in the automobile / auto components sector remained muted.

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

The turnaround for the Indian auto industry which began in the Financial Year 2021-22 did not continue in the Financial Year 2022-23. As a result your Company could not add any major customers, resulting in subdued growth during the financial year.

#### **Opportunities and Threats:**

There are a few concerns which seem to hamper the overall growth in the long run, including the rising steel prices, 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 committed to support its development.

Going forward, Year 23-24 onwards, the Auto Industry is expected to show good growth across all segments on the back of healthy economic outlook, infrastructure investments and new launches by OEMs.

Growing concerns over air pollution, road safety and urban congestion, are driving the policy and regulations for electric motor vehicles and urban development. In the long run, 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 ferrous forgings 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 5-8% in FY 2022-23, based on higher localisation by Original Equipment Manufacturers (OEMs), higher component content

per vehicle, and rising exports from India. The Indian Auto Component industry is set to become the third largest in the world by 2026.

A normal monsoon is expected to push up the country's growth rate in the coming year.

#### Risks and Concerns:

The Company's business is exposed to many internal and external risks. Your Company with its lean, nimble and customer-oriented approach is confident of improving its performance and augmenting its resources.

#### 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.

#### Results of Operations:

##### Sales turnover and Income

(Rs.in Lakhs)

Particulars	Financial Year 2022-23		Financial Year 2021-22		+/-
	Amount	%	Amount	%	%
Revenue from Operations	1046.21	99.86	1103.15	97.61	2.25
Other Income	1.49	0.14	27.04	2.39	(-)2.25
<b>Total</b>	<b>1047.70</b>	<b>100.00</b>	<b>1130.19</b>	<b>100.00</b>	-

##### Expenses

(Rs.in Lakhs)

Particulars	Financial Year 2022-23		Financial Year 2021-22		+/-
	Amount	%	Amount	%	%
Material Costs & Changes Inventory	457.27	44.68	427.18	43.36	1.32
Employee Benefits Expense	281.13	27.47	270.84	27.49	(-)0.02
Finance Costs	31.48	3.08	34.23	3.47	(-)0.39
Depreciation & Amortisation Expense	24.22	2.36	24.36	2.47	(-)0.11

Direct Expenses	161.08	15.74	169.67	17.22	(-)1.48
Administration Expenses	61.80	6.04	53.50	5.43	0.61
Selling & Distribution Expenses	6.42	0.63	5.52	0.56	0.07
<b>Total Expenses</b>	<b>1023.40</b>	<b>100.00</b>	<b>985.30</b>	<b>100.00</b>	<b>0</b>

Material Cost is increased due to increase in steel price.

Administration expenses have gone up due to fixed asset maintenance/ property tax expenses.

Finance cost has gone down due to decrease in usage of Overdraft Loan Amount.

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

The Company considers its people as the most critical and valuable asset. 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, 2023 was 61.

**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.

## ANNEXURE TO THE DIRECTOR'S REPORT

### REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2023, 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 all the stakeholders. 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 Five Directors. Composition of the Board, as at 31.03.2023 was as follows:

Directors	Category	Directorships in other Indian Public Limited Companies*	No. of Board Committees in which Chairman/Member
<b>Promoter &amp; Executive</b>			
Mr. Suresh Shastry	Chairman & Managing Director	Nil	Nil
<b>Promoter &amp; Non Executive Director</b>			
Mrs. Shailaja Suresh	Non-Executive Director	Nil	Nil
<b>Non Executive and Independent</b>			
Mr. Sudhindra Narayan Kalghatgi	Independent Director	Nil	Nil
Mr. V. Parthasarathy	Independent Director	Nil	Nil
Mr. R. Ramesh Rao #	Independent Director	Nil	Nil

# Mr. R. Ramesh Rao has been appointed w.e.f from 10th August, 2022

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

Mr. Suresh Shastry and Mrs. Shailaja Suresh are relatives.

##### 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 2022-23		Attendance at the Last AGM held on 29.09.2022
	Held	Attended	
Mr. Suresh Shastry	5	5	Yes
Mrs. Shailaja Suresh	5	5	Yes
Mr. V. Parthasarathy	5	5	Yes

Mr. Sudhindra Narayan Kalghatgi	5	5	Yes
Mr. R. Ramesh Rao	5	4	Yes

**c) Number of Board Meetings:**

Five Board Meetings were held during the year 2022-23 and the gap between two consecutive meetings did not exceed one hundred twenty days. The dates on which the Board meetings were held were 21.05.2022, 07.09.2022, 10.08.2022, 12.11.2022 and 09.02.2023.

**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, Non-Executive Independent Director b) Mr. Suresh Shastry, Chairman & Managing Director and c) Mr. Sudhindra N. Kalghatgi, Non Executive Independent Director d) R. Ramesh Rao, Non Executive 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 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 2022-23 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: 21.05.2022, 10.08.2022, 12.11.2022 and 09.02.2023.

The attendance at the Meetings was as under:

Members	No. of Meetings held during the year 2022-23	No. of Meetings Attended
Mr. V. Parthasarathy	4	4
Mr. Suresh Shastry	4	4
Mr. Sudhindra N. Kalghatgi	4	4
Mr. R. Ramesh Rao	4	3

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.
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:

Directors	Category
1.Mr.Sudhindra Narayan Kalghatgi - Non-Executive, Independent Director	Chairman
2.Mr. V. Parthasarathy - Chairman & 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. The Committee Meetings was held on 10.08.2022.

#### 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. Parthasarathy are also 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 21.05.2022, 10.08.2022, 12.11.2022 and 09.02.2023.

The attendance at the meetings was as under:

Members	No. of Meetings held during the year 2022-23	No. of Meetings Attended
Mr. V. Parthasarathy	4	4
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. 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 Directors (Whole-time Directors) for the year ended March 31, 2023 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	0.55	22.75	1.4.2022 to 31.3.2027

\* Aggregate of Company's contributions to Superannuation Fund and Provident Fund.  
No remuneration has been paid to Non-Executive Directors during the year under review.

## 7. CEO CERTIFICATION

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

## 8. 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
2019-20	AGM*	Registered Office No. 505, 5 <sup>th</sup> Floor, Brigade Rubix, No.20, H M T Main Road, Bangalore - 560013	27.09.2020 10.00 a.m.	Appointment of Mr. Manjunath K H as an Independent Director
2020-21	AGM*	Registered Office No. 505, 5 <sup>th</sup> Floor, Brigade Rubix, No.20, H M T Main Road, Bangalore - 560013	27.09.2021 10.00 a.m.	Continuation of Directorship of Parthasarathy V (DIN: 06761878) as independent Director in terms of Regulation 17 (1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
2021-22	AGM*	Registered Office No. 505, 5 <sup>th</sup> Floor, Brigade Rubix, No.20, H M T Main Road, Bangalore - 560013	29.09.2022 10.00 a.m.	Approval of Mr. Ramesh Rao as an independent Director.  To borrow amounts over and above the paid up capital.  Re-appointment of Mr. Suresh Shastry as Managing Director

\* Through video conferencing/other Audio video means

No special resolutions were passed through Postal Ballot during the year 2022-23.



**10. 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).

During the year 2022-23, 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 31 of Notes on accounts to Annual Accounts in 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.**

For the financial year 2022-2023, 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.

**11. 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.

## 12. GENERAL SHAREHOLDER INFORMATION:

### 12.1 AGM:

Date and Time: September 27, 2023 at 11.00 AM  
Venue: Regd. Office (No. 505, 5<sup>th</sup> Floor, Brigade Rubix, No. 20,  
HMT Main Road, Bangalore-560013)

### 12.2 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 2023-24 are given below.

- I. Quarter ending June 30, 2023 - On or before August 14, 2023
- II. Quarter ending September 30, 2023 - On or before November 14, 2023
- III. Quarter ending December 31, 2023 - On or before February 14, 2024
- IV. Quarter & Year ending March 31, 2024 - End May, 2024

**12.3 Book Closure Date:** 21-09-2023 to 27-09-2023 (inclusive of both days)

**12.4 Dividend Payment Date:** Not Applicable

### 12.5 Listing on Stock Exchanges:

**Equity Shares:** BSE Limited, Mumbai

Annual listing fee to BSE Ltd. for Financial Year 2023-24 has been paid.

### 12.6 Stock Codes:

- (a) BSE Ltd. – 513418
- (b) ISIN Code - INE728B01032

### 12.7 Stock Market Data:

MONTH	Share Price Movements-2022-23	
	Share Price at BSE Ltd. (Rs.)	
	HIGH	LOW
April 2022	5.60	4.75

May 2022	6.51	4.12
June 2022	7.87	5.44
July 2022	6.12	5.47
August 2022	5.84	4.91
September 2022	5.30	4.05
October 2022	5.60	4.12
November 2022	7.05	4.51
December 2022	5.20	4.38
January 2023	4.89	4.00
February 2023	4.29	3.45
March 2023	4.07	2.96

### 12.8. 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 2022	60,845.10	56,009.07	5.60	4.75
May 2022	57,184.21	52,632.48	6.51	4.12
June 2022	56,432.65	50,921.22	7.87	5.44
July 2022	57,619.27	52,094.25	6.12	5.47
August 2022	60,411.20	57,367.47	5.84	4.91
September 2022	60,676.12	56,147.23	5.30	4.05
October 2022	60,786.70	56,683.40	5.60	4.12
November 2022	63,303.01	60,425.47	7.05	4.51
December 2022	63,583.07	59,754.10	5.20	4.38
January 2023	61,343.96	58,699.20	4.89	4.00
February 2023	61,682.25	58,795.97	4.29	3.45
March 2023	60,498.48	57,084.91	4.07	2.96

### 12.9 Registrar and Transfer Agents:

#### Integrated Registry Management Services

#### Private Limited

30, Ramana Residency

4<sup>th</sup> Cross, Sampige Road,

Malleswaram,

Bangalore 560 003

Tel: 080 2346 0815 to 818

Fax: 080 2346 0819

E-mail: [vijayagopal@integratedindia.in](mailto:vijayagopal@integratedindia.in)

[irg@integratedindia.in](mailto:irg@integratedindia.in)

Website: [www.iepindia.com](http://www.iepindia.com)

**12.10 Share Transfer System:** The Registrar and Transfer Agents, M/s. Integrated Enterprises (India) 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.

#### 12.11 Distribution of Shareholding as on 31.03.2023

No of shares held	Number of Shareholders	Number of shares held	% Shareholding
Up to 500	14087	1880335	1.84
501-1000	1270	1087660	1.07
1001-2000	672	1044710	1.02
2001-3000	236	603531	0.59
3001-4000	104	369132	0.36
4001-5000	136	653281	0.64
5001-10000	160	1178818	1.16
10001 & above	126	95179058	93.32
<b>TOTAL</b>	<b>16791</b>	<b>101996525</b>	<b>100.00</b>

#### 12.12 Dematerialization of Shares:

99.46% of the Shares of the Company are in dematerialised form as on 31st March, 2023.

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

#### 12.14 Plant Locations:

N 12 & N 13, Industrial Estate, Sagar Road, Shimoga-577 204, Karnataka

#### 12.15 Investor Correspondence:

- For Shares in physical form: To the Registrar & Transfer Agents
- 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, 2023.

Place: Bangalore  
Date: 27.05.2023

**Suresh Shastry**  
**Chairman & 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 31,2023 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 : 27.05.2023

**Suresh Shastry**  
**Chairman & Managing Director**



**K N Nagesha Rao** BCom, DSP, DEE, DBA, LLB, FCS, FCMA  
Practising Company Secretary

“Sumukha”  
22, 5<sup>th</sup> Cross, I Stage, Grihalaxmi  
Colony, Basaveshwaranagar,  
Bangalore 560079

📞 9845050333; 08023234353  
✉️ nageshknn@gmail.com

## Certificate of Non-Disqualification of Directors

*(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of  
the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To  
The Members of  
Smiths & Founders (India) Limited  
No.505, 5th Floor,  
Brigade Rubix No.20, HMT Main Road  
Bengaluru-560013

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Smiths & Founders (India) Limited** having CIN L85110KA1990PLC011303 and having registered office at No.505, 5th Floor, “Brigade Rubix” No.20, HMT Main Road Bengaluru-560013 (hereinafter referred to as “the Company”), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me / us by the Company / its officers, I hereby certify that none of the Directors on the Board of the Company for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority. Details of such Directors are given below:

Sr. No.	Name of Director	DIN	Original date of appointment
1	Suresh Shastry, Managing Director	01099554	22/10/1990
2	Shailaja Suresh, Non-Executive Director	01326440	22/10/1990
3	Parthasarathy Vaidyanathan, Independent Director	06761878	27/01/2014
4	Sudhindra Narayan Kalghatgi, Independent Director	06994850	14/11/2014
5	Ramadas Ramesh Rao, Independent Director	09434109	10/08/2022

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or

effectiveness with which the management has conducted the affairs of the Company.

Place : Bengaluru

Date : 16<sup>th</sup> August 2023

UDIN No. F003000E000811148

Peer Review Unique ID No.I2014KR1122000

***K N Nagesha Rao***  
***Practising Company Secretary***  
***FCS 3000 CP 12861***



**K N Nagesha Rao** BCom, DSP, DEE, DBA, LLB, FCS, FCMA  
Practising Company Secretary

“Sumukha”  
22, 5<sup>th</sup> Cross, I Stage, Grihalaxmi  
Colony, Basaveshwaranagar,  
Bangalore 560079

📞 9845050333; 08023234353  
✉️ nageshknn@gmail.com

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

### **Compliance Certificate on Corporate Governance**

1. I have examined the compliance of conditions of Corporate Governance by Smiths & Founders (India) Limited with CIN : L85110KA1990PLC11303 (“the Company”) for the year ended on 31st March, 2023 as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“the LODR Regulations”).

2. In my opinion and to the best of my information and according to the explanations given to me and based on the representation made by the Management, I certify that the Company has complied with the conditions of Corporate Governance as above specified in the LODR Regulations.

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. My responsibility was limited to examining procedures and implementation thereof as adopted by the Company for ensuring compliance with the conditions of Corporate Governance. I have examined the 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.



4. I further 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. This Certificate is neither an audit nor an expression of opinion on the Financial Statements of the Company.

**Bengaluru**  
**7<sup>th</sup> August, 2023**  
**UDIN No.F003000E000752265**  
**Peer Review Unique ID No.I2014KR1122000**

***K N Nagesha Rao***  
***Practising Company Secretary***  
***FCS 3000 CP 12861***

## 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 2023, 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 2023, and profit 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

<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>Revenue from sale of goods is recognized 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 recognized 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,</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> <li>• We performed substantive testing by selecting samples of revenue transactions</li> </ul>

<p>resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p>	<p>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> <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>
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### **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. 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.

The 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 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.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in:

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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, 2020 ("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 31<sup>st</sup> 2023, taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup> 2023, from being appointed as a director in terms of section 164 (2) of the Act;
  - 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;
- (iv) I. The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:
  - a. Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
  - b. Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- II. The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall :
  - a. Directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("Ultimate Beneficiaries").
  - b. Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- II. Based on audit procedures carried out by us, that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (I) and (II) contain any material misstatement.
3. The Company has not declared or paid any dividends during the year and accordingly reporting on the compliance of section 123 of the Companies Act, 2012 is not applicable for the year under consideration.
4. With respect to the matter to be included in the Auditor's report under section 197(16) of the Act, in our opinion and according to the information and explanation given to us, the remuneration paid during the year by the Company to its directors is in accordance with the provisions of Section 197 of the Act.

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

**Girish Hoysala**  
Partner  
Membership No. 220210

UDIN: 23220210BGWJJP6152

Place: Bengaluru  
Date: 27<sup>th</sup> May, 2023

## **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 31<sup>st</sup> March 2023, we report that:

### **i) Property, Plant and Equipment**

#### **a) Maintenance of Records**

A. The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation of the assets.

B. The Company has maintained proper records showing full particulars of intangible assets.

b) The Company has a program of verification to cover all items of property, plant and equipment in a phased manner over a period which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

Pursuant to the program, certain property, plant and equipment were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.

d) 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 revalued its Land and building during the year based on valuation by a Registered Valuer and the details of such revaluation where the change is greater than or equal to 10% of the carrying amount of such class of PPE are as follows:

<b>Class of PPE</b>	<b>Carrying amount before revaluation (Rs.)</b>	<b>Revalued amount (Rs.)</b>	<b>Change (Rs.)</b>
Land	2,62,25,000	15,40,84,178	12,78,59,178
Factory Building	93,40,274	1,07,16,074	13,75,800
Office Building	1,51,83,684	1,70,29,545	18,45,861

- e) According to the information and explanation provided to us; and on the basis of our examination of books of accounts and other relevant records, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

## **ii) Inventories and other Current Assets**

- a) The inventory has been physically verified during the year by the management during the year, in our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.
- b) The Company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets at any time during the year. Accordingly, clause 3(ii)(b) of the order is not applicable.

**iii) Investment in or guarantee or granted loans or advances in nature of loans.**

In our opinion, based on the information and explanations given to us, the Company has not made investments in, nor provided any guarantee or security or granted any loans or advances in nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, clause 3(iii) of the Order is not applicable.

**iv) Loans/Investments/Guarantees/Security**

In our opinion, based on 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) Acceptance of Deposits**

According to the information and explanation given to us, the company has not accepted any amounts which are deemed to be deposits, consequently directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed thereunder are not applicable to the company. Hence, reporting under clause (v) of the Order is not applicable to the Company.

**vi) Cost records**

The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

**vii) Statutory Dues**

- a) No undisputed amounts payable in respect of goods and services tax, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added

tax, cess and other material statutory dues were in arrears as at March 31,2023 for a period of more than six months from the date they became payable, except the following:

<b>Name of the statute</b>	<b>Nature of the dues</b>	<b>Amount (Rs.)</b>	<b>Period to which the amount related</b>
The Employees' Provident Funds And Miscellaneous Provisions Act, 1952	Employer and Employee Contribution	22,016	April to September

- b) According to the records of the Company, there were no undisputed amounts payable in respect of Goods and Services tax , provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues as at March 31, 2023 which have not been deposited on account of any dispute.

**viii) Surrender or disclosure of transactions not disclosed in books of accounts**

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 surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

**ix) Repayment of Loans**

- a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or other borrowings or in the payment of interest thereon

to any lender. Hence reporting under clause 3(ix) (a) of the Order is not applicable.

- b) In our opinion and according to the information and explanations given to us, the Company is not declared as a willful defaulter by any bank or financial institution or other lender.
- c) In our opinion and according to the information and explanations given to us, the term loans obtained during the year were applied for the purpose for which they were availed.
- d) In our opinion and according to the information and explanations given to us, the funds raised on short term basis have, prima facie, not been utilized during the year for long term purposes by the Company.
- e) The Company does not have any subsidiaries/ associates/ joint-ventures and accordingly, clause 3(ix) (e) of the Order are not applicable.
- f) The Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, clause 3(ix) (f) of the Order is not applicable.

**x) Diversion of Funds**

- a) In our opinion and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer during the year. Accordingly, clause 3(x) (a) of the Order is not applicable.
- b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, clause 3(x) (b) of the Order is not applicable.

**xi) Frauds noticed / Detected**

- a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by any person has been noticed or reported during the year. Accordingly, paragraph 3 (xi) (a) of the Order is not applicable. Hence, no comment is required.
- b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- c) To the best of our knowledge and according to the information and explanations given to us, no whistle-blower complaints, have been received by the Company during the year.

**xii) Nidhi Company**

The company is not a Nidhi Company as mentioned in section 406 of the Companies Act, 2013 and hence the provisions of clause 3 (xii) of the order is not applicable.

**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 Indian accounting standards and The Companies Act, 2013.

**xiv) Internal Audit System**

- a) In our opinion during the year the Company has an adequate internal audit system commensurate with the size and the nature of business.



- b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

**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 provisions of clause 3 (xv) of the Order.

**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. Hence the provisions of clause 3 (xvi) of the order is not applicable

**xvii) Cash losses**

The company has not incurred cash losses in the current and in the immediately preceding financial year.

**xviii) Resignation of Statutory Auditors**

There has been no resignation of statutory auditors during the year. Accordingly, clause 3 (xviii) of the Order is not applicable.

**xix) Material Uncertainty**

According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and Management plans, and on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities indicating that the Company is capable of meeting its liabilities existing at the date of Balance Sheet as and when they fall due within a period of one year from the date of balance sheet.

We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

**xx) Transfer of Unspent Amount**

In our opinion the Company does not satisfy the limits specified under section 135 of the Companies Act for applicability of CSR provisions and accordingly the said provisions do not apply to the Company. Hence, reporting under clause 3 (xx) of the Order is not applicable.

**xxi) Qualification or Adverse remark on consolidated financial statements**

The Company does not have investments in subsidiaries or associates or joint venture companies. Accordingly, paragraph 3 (xxi) of the Order is not applicable.

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

Chartered Accountants

Firm Reg.No. 04142S

**Girish Hoysala**

Partner

Membership No. 220210

Place: Bengaluru

Date: 27<sup>th</sup> May, 2023

## **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, 2023 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized 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, 2023, 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  
Firm Reg.No.004142S

**Girish Hoysala**  
Partner  
Membership No. 220210

Place: Bengaluru  
Date: 27<sup>th</sup> May, 2023

**SMITHS & FOUNDERS (INDIA) LIMITED**  
[FORMERLY SHIMOGA TECHNOLOGIES LIMITED]  
**CIN - LBS110KA1990PLC011303**

NO.505, 5TH FLOOR, BRIGADE RUBIX NO.20, HMT MAIN ROAD, BANGALORE 560013

**BALANCE SHEET AS AT**

(Rs. in Hundreds)

Particulars	Note No.	31-Mar-23	31-Mar-22
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a)Property, Plant and Equipment	2	18,72,832.77	5,63,419.64
(b)Capital work-in-progress		-	-
(c)Investment Property		-	-
(d)Goodwill		-	-
(e)Other Intangible assets	2	2,768.50	3,944.87
(f)Intangible assets under development		-	-
(g)Biological Assets other than bearer plants		-	-
(h)Financial Assets			
i.Investments			
ii.Trade receivables			
iii.Loans			
iv.Others			
(i)Deferred tax assets (net)	3	-	-
(j)Other non-current assets	4	22,139.43	22,161.53
<b>Current assets</b>			
(a)Inventories	5	2,58,357.40	2,35,620.93
(b)Financials Assets			
i.Investments			
ii.Trade receivables	6	1,15,817.32	63,964.02
iii.Cash and Cash equivalents	7	3,823.46	8,482.81
iv.Bank balances other than (iii) above			
v. Loans			
vi.others			
(c)Current Tax Assets(Net)	8	811.78	589.82
(d)Other current assets	9	4,901.13	9,763.45
<b>Total Assets</b>		<b>22,81,451.79</b>	<b>9,07,947.08</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a)Equity Share Capital	10	10,19,965.25	10,19,965.25
(b)Other Equity	11	8,06,799.59	-5,29,438.38
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a)Financial Liabilities			
i.Borrowings	12	2,05,194.41	2,59,991.76
ii.Trade payables		-	-
iii.Other financial Liabilities		-	-
(b)Provisions	13	91,722.96	82,510.03
(c)Deferred tax Liabilities(Net)			
(d)Other non-current liabilities			
<b>Current Liabilities</b>			
(a)Financial Liabilities			
i.Borrowings	14	86,047.88	21,552.36
ii.Trade payables	15	15,536.76	10,641.41
(b)Other current Liabilities	16	44,571.36	30,124.18
(c) Provisions	17	11,623.58	12,600.46
(d) Current Tax Liabilities(Net)			
<b>Total Equity and Liabilities</b>		<b>22,81,451.79</b>	<b>9,07,947.08</b>

Significant accounting policies

1

Notes to accounts

2-45

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: 0041425

**For and on behalf of the Board of Directors**

**Girish Hoysala**  
Partner  
M.No: 220210

**Suresh Shastry**  
Managing Director  
DIN: 01099554

**Shailaja Suresh**  
Director  
DIN: 01326440

Place: Bangalore  
Date: 27th May, 2023

**Roopashree Shettigar**  
Company Secretary  
M.No. A 52321

**Sadaanand S Zutti**  
Chief Financial Officer  
PAN AACP28476F

**SMITHS & FOUNDERS (INDIA) LIMITED**  
 [FORMERLY SHIMOGA TECHNOLOGIES  
 LIMITED] CIN - LB5110KA1990PLC011303  
 NO.505, 5TH FLOOR, BRIGADE RUBIX NO.20, HMT MAIN ROAD, BANGALORE  
 560013

(Rs. in Hundreds)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED			
Particulars	Note No.	31-Mar-23	31-Mar-22
<b>REVENUE</b>			
Revenue from Operations	18	10,46,209.40	11,03,146.41
Other income	19	1,490.81	27,040.87
<b>Total Revenue</b>		<b>10,47,700.21</b>	<b>11,30,187.28</b>
<b>EXPENSES</b>			
Cost of materials consumed	20	4,87,214.99	4,79,690.24
Changes in inventory of work-in-progress & Finished Goods	21	-29,942.56	-52,511.51
Employee benefits expense	22	2,81,126.58	2,70,835.64
Finance costs	23	31,483.43	34,233.27
Depreciation and amortisation expense	24	24,217.55	24,362.68
Direct expenses	25	1,61,082.48	1,69,666.57
Administration expenses	26	61,803.97	53,503.15
Selling and distribution expenses	27	6,420.09	5,522.99
<b>Total Expenses</b>		<b>10,23,406.52</b>	<b>9,85,303.04</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; tax</b>		<b>24,293.69</b>	<b>1,44,884.24</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; tax</b>		<b>24,293.69</b>	<b>1,44,884.24</b>
Extraordinary items		-	-
<b>Profit/(Loss) before tax</b>		<b>24,293.69</b>	<b>1,44,884.24</b>
Less: Tax expenses		-	-
Current tax		-	-
Deferred tax		-	-
<b>Profit/(loss) for the period before other comprehensive Income</b>		<b>24,293.69</b>	<b>1,44,884.24</b>
<b>Other Comprehensive Income, Net off Income Tax</b>		-	-
A.Items that will not be reclassified to Profit & Loss		-	-
- Actuarial Gain/ Loss		1,135.89	-4,118.31
B.Items that will be reclassified to Profit & Loss		-	-
<b>Total Comprehensive Income for the period</b>		<b>1,135.89</b>	<b>-4,118.31</b>
<b>Profit/(Loss) for the period</b>		<b>25,429.58</b>	<b>1,40,765.93</b>
Earnings per equity share (for continuing operation)			
Weighted average no. of equity shares		10,19,96,525	10,19,96,525
Basic and Diluted EPS (in Rs.)		0.02	0.14

Significant accounting policies  
 Notes to accounts

1  
 2-45

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: 0041425

**For and on behalf of the Board of Directors**

**Girish Hoysala**  
 Partner  
 M.No: 220210

**Suresh Shastry**  
 Managing Director  
 DIN: 01099554

**Shallaja Suresh**  
 Director  
 DIN: 01326440

Place: Bangalore  
 Date: 27th May, 2023

**Roopashree Shettigar**  
 Company Secretary  
 M.No. A 52321

**Sadaanand S Zutti**  
 Chief Financial Officer  
 PAN AACP28476F



SMITHS & FOUNDERS (INDIA) LIMITED  
[FORMERLY SHMOGA TECHNOLOGIES LIMITED]  
CIN - L85110KA1990PLC011303

## CASH FLOW STATEMENT FOR THE YEAR ENDED

(Rs. in Hundreds)

Particulars	31-03-2023	31-03-2022
<b>A Cash flows from operating activities</b>		
Net Profit Before Taxation and Extraordinary Item	24,293.69	1,44,884.34
<b>Adjustments for:</b>		
Depreciation	24,217.55	24,362.68
Financial expenses (Considered under Financial Activities)	31,483.43	34,233.27
Interest Income (Considered under Investment Activities)	(963.93)	(867.96)
Actuarial Gain/ Loss	1,135.88	(4,118.31)
Profit/Loss on sale of Fixed asset (Net)	-	(22,538.99)
<b>Operating Profit Before Working Capital Changes</b>	80,166.63	1,75,956.94
(Increase)/ Decrease in Current Assets, Loans & Advances	(69,949.40)	57,917.89
Increase/(Decrease) in Current Liabilities	27,579.58	(6,328.02)
Working Capital changes	(42,370.82)	51,589.89
<b>Cash Generated from operations</b>	37,795.80	2,27,546.79
Income Tax (including Fringe Benefit Tax)	-	-
<b>Cash Flow Before Extraordinary Item</b>	37,795.80	2,27,546.79
Extra-ordinary items	-	-
<b>Net cash from operating activities</b>	37,795.80	2,27,546.79
<b>B Cash flows from Investment activities</b>		
Additions to Fixed Assets	(21,645.92)	(19,678.32)
Sale of Fixed Asset	-	28,750.00
Increase / (Decrease) in Long term Loans & Advances	22.10	47.00
Interest Income	963.93	867.96
<b>Net cash from Investing activities</b>	(20,659.88)	7,980.63
<b>C Cash flows from financing activities</b>		
Repayment of Loans, Deposits & Overdraft	95,358.54	(1,07,987.58)
Acceptance of Loans	(85,670.37)	91,599.35
Financial Cost	(31,483.43)	(34,233.27)
<b>Net cash from Financing activities</b>	(21,795.25)	(50,621.51)
<b>Net Increase / Decrease in cash and cash equivalents</b>	<b>(4,659.33)</b>	1,84,913.91
Cash and cash equivalents at beginning of period	8,482.81	17,79,431.09
<b>Cash and cash equivalents at end of period</b>	<b>3,823.48</b>	<b>8,482.81</b>

## Notes to the cash flow statement:

1. Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard 7 : "Cash Flow Statements" as specified in Section 133 of the Companies Act, 2013.

2. Component of Cash and Cash Equivalents as per Ind AS is as under:

Particulars	31-03-2023	31-03-2022
Cash on Hand	117.11	180.38
<b>Balances in bank</b>		
Current accounts	3,706.35	7,619.69
<b>Bank Overdraft</b>		
Bank overdraft - 9267000600005101	-	1,282.73
<b>Total</b>	<b>3,823.46</b>	<b>8,482.81</b>

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

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

For **S.N. Subramanya & Co.**  
Chartered Accountants  
FNN: 0041425

**Girish Nayyala**  
Partner  
M.No: 220210

Place: Bangalore  
Date: 27th May, 2023

For and on behalf of the Board of Directors

**Suresh Shastri**  
Director  
DIN: 01099554

**Shailje Suresh**  
Director  
DIN: 01326440

**Deepashree Shettiger**  
Company Secretary  
M.No. A 52321

**Sadasanand S Zutti**  
Chief Financial Officer  
PAN AACF28476F

SMITHS & FOUNDERS (INDIA) LIMITED  
CIN - L85110KA1990PLC011303

Note 2 - Property, Plant and Equipment

(Rs. in Hundreds)

Description	Life Span of Assets in Years	GROSS BLOCK				DEPRECIATION				NET BLOCK		
		As at	Revaluation of asset	Additions	Deletions	As at	As at	Additions	Deletions	As at	As at	As at
		01.04.2022				31.03.2023	01.04.2022			31.03.2023	31.03.2023	31.03.2023
<b>a) Tangible Assets</b>												
Factory Building	30	93,402.74	13,758.00	-	-	1,07,160.74	60,077.79	-	-	60,077.79	47,082.95	33,324.95
Office Building	60	1,51,836.84	18,458.61	-	-	1,70,295.45	17,786.79	4,632.26	-	22,419.05	1,47,876.40	1,34,050.05
Wells	5	1,524.83	-	-	-	1,524.83	1,290.92	-	-	1,290.92	233.92	233.92
Land	-	2,62,250.00	12,78,591.78	-	-	15,40,841.78	-	-	-	-	15,40,841.78	2,62,250.00
Plant and Machinery	15	4,67,277.34	-	20,582.07	-	4,87,859.41	3,57,156.22	13,417.72	-	3,70,573.94	1,17,285.46	1,10,121.12
Electrical Installations	10	27,708.15	-	95.00	-	27,803.15	23,541.07	932.44	-	24,473.51	3,329.64	4,167.08
Furniture and Fixtures	10	16,912.01	-	-	-	16,912.01	10,786.21	979.96	-	11,766.17	5,145.84	6,125.80
Office Equipments	5	25,328.50	-	389.60	-	25,718.09	21,195.45	1,108.87	-	22,304.32	3,413.78	4,133.05
Computer and Accessories	3	4,498.98	-	579.25	-	5,078.24	4,030.06	339.16	-	4,369.22	709.02	468.92
Vehicles	8	35,055.67	-	-	-	35,055.67	26,510.91	1,630.77	-	28,141.68	6,913.98	8,544.75
<b>Subtotal (a)</b>		<b>10,85,795.05</b>	<b>13,10,808.39</b>	<b>21,645.92</b>	-	<b>24,18,249.36</b>	<b>5,22,375.41</b>	<b>23,041.18</b>	-	<b>5,45,416.59</b>	<b>18,72,832.77</b>	<b>5,63,419.64</b>
<b>b) Intangible Assets</b>												
Software	6	10,038.21	-	-	-	10,038.21	6,093.34	1,176.37	-	7,269.71	2,768.50	3,944.87
<b>Subtotal (b)</b>		<b>10,038.21</b>	-	-	-	<b>10,038.21</b>	<b>6,093.34</b>	<b>1,176.37</b>	-	<b>7,269.71</b>	<b>2,768.50</b>	<b>3,944.87</b>
<b>Total (a+b)</b>		<b>10,95,833.26</b>	<b>13,10,808.39</b>	<b>21,645.92</b>	-	<b>24,28,287.57</b>	<b>5,28,468.75</b>	<b>24,217.55</b>	-	<b>5,52,686.30</b>	<b>18,75,601.27</b>	<b>5,67,364.52</b>

2.1 The Management has reviewed the residual value and the useful life of the Property, Plant and Equipment. Accordingly, the Company has concluded that there is no change in accounting estimate is required to be accounted as per Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

2.2 Note on Revaluation:

During the year, the company has revalued its land and building. This revaluation is based on valuation report from a registered valuer. The details of revaluation is as under:

(Rs. in Hundreds)

Class of PPE	Carrying amount before	Revalued amount	Change
Land	2,62,250	2,62,250	2,62,250
Factory Building	93,403	1,07,161	13,758
Office Building	1,51,837	1,70,295	18,459

**SMITHS & FOUNDERS (INDIA) LIMITED**

CIN - LBS11DKA1990PLC011303

NO.505, 5TH FLOOR, BROGADE RUBIX NO.20, HMT MAIN ROAD BANGALORE 560 013

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2023**

<b>Note 3 - Deferred Tax Assets/(Liability)</b>		(Rs. in Hundreds)	
Particulars	31-03-2023	31-03-2022	
Timing Differences due to depreciation on Property, Plant & Equipment	-47,510.93	-48,723.34	
Other Disallowances	25,171.14	5,695.52	
On Account of carry forward of losses	51,223.76	56,546.35	
	-	-	
<b>Total</b>	<b>28,883.96</b>	<b>13,518.53</b>	

\*Deferred Tax Asset of Rs. 28,88,396/- has been identified and has not been recognised based on prudence.

<b>Note 4 - Other non-current assets</b>			
Particulars	31-03-2023	31-03-2022	
Security Deposits (Unsecured, considered good)			
Deposits with Government	21,979.35	22,001.45	
Authorities Other Deposits	160.08	160.08	
<b>Total</b>	<b>22,139.43</b>	<b>22,161.53</b>	

<b>Note 5 - Inventories</b>			
Particulars	31-03-2023	31-03-2022	
Raw material (Valued at landed cost which includes freight)	89,758.84	99,241.98	
Consumables (Valued at landed cost which includes freight)	54,494.08	52,217.03	
Work-in-Progress (Valued at cost of material & conversion cost)	86,721.39	40,724.63	
Finished goods (Valued at lower of cost or Net Realisable Value)	27,383.09	43,437.29	
<b>Total</b>	<b>2,58,357.40</b>	<b>2,35,620.93</b>	

<b>Note 6 - Current Trade Receivables</b>			
Particulars	31-03-2023	31-03-2022	
(Unsecured, considered good) Trade Receivables	1,15,817.32	63,964.02	
<b>Total</b>	<b>1,15,817.32</b>	<b>63,964.02</b>	

\* Refer Note 28

<b>Note 7 - Cash and Cash equivalents</b>			
Particulars	31-03-2023	31-03-2022	
<b>Cash on hand</b>	117.11	180.38	
<b>Balances with Banks</b>			
Current Accounts	3,706.35	7,019.69	
Bank overdraft - 9267000600005101	-	1,282.73	
<b>Total</b>	<b>3,823.46</b>	<b>8,482.81</b>	

**Note 8 - Current Tax Assets**

Particulars	31-03-2023	31-03-2022
Income tax refund receivable	811.78	589.82
<b>Total</b>	<b>811.78</b>	<b>589.82</b>

**Note 9 - Other Current Assets**

Particulars	31-03-2023	31-03-2022
Advances to creditors other than capital advances	116.53	143.24
Advance to creditors towards capital advances	-	4,400.00
Advance to creditors	1,281.81	-
Balances with Government Authorities	1,699.07	1,484.00
Prepaid Expenses	1,725.25	2,982.75
Income tax refund receivable - Earlier years	-	292.16
Other Claims Receivable	78.47	461.30
<b>Total</b>	<b>4,901.13</b>	<b>9,763.45</b>

**Note 12 - Non-current Borrowings**

Particulars	31-03-2023	31-03-2022
<b>Term Loans</b>		
<b>Secured</b>		
<b>A. Loans From ICICI Bank</b>		
ICICI Bank - Term Loan 1 <i>[In the prior year: Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 8.15% interest, balance repayable in 67 instalments]</i>	-	53,459.48
ICICI Bank - Term Loan 2 <i>[In the prior year: Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 8.60% interest, balance repayable in 176 instalments]</i>	-	72,470.37
Karnataka Bank - Term Loan 3 <i>[In the prior year: Loan for facilitating Working Capital Requirement, Bangalore, secured by way of Hypothecation of Stock Raw Materials, Work in Progress and Finished Goods and Books Debts ; 8.74% interest, balance repayable in 27 Months.]</i>	-	20,239.22
Karnataka Bank - Term Loan 4 <i>[In the prior year: Loan for facilitating Working Capital Requirement, Bangalore, secured by way of Hypothecation of Stock, Raw Materials, Work in Progress and Finished Goods and Books Debts ; 9% interest, balance repayable in 33 Months.] [Moratorium for 24 months]</i>	-	13,200.00
<b>Unsecured</b>		
Directors Loan	2,05,184.41	1,00,622.69
<b>Total</b>	<b>2,05,184.41</b>	<b>2,59,991.76</b>

**Note 13 - Non-current provisions**

Particulars	31-03-2023	31-03-2022
Provision for super annuation	80,140.00	73,900.00
Gratuity payable	10,202.83	8,610.03
Compensated absences	1,380.13	-
<b>Total</b>	<b>91,722.96</b>	<b>82,510.03</b>

**Note 14 - Current Borrowings**

Particulars	31-03-2023	31-03-2022
Current maturities of long-term debt		
<b>A. Loans From ICICI Bank</b>		
ICICI Bank - Term Loan 1 [In the Prior Year: Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 8.20% interest, balance repayable in 05 months.]	-	6,340.29
ICICI Bank - Term Loan 2 [In the Prior Year: Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 8.15% interest, balance repayable in 67 months.]	-	9,283.09
ICICI Bank - Term Loan 3 [In the Prior Year: Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 8.60% interest, balance repayable in 176 installments.]	-	2,657.08
Karnataka Bank - Term Loan 4 [In the Prior Year: Loan for facilitating Working Capital Requirement, Bangalore, secured by way of Hypothecation of Stock Raw Materials, Work in Progress and Finished Goods and Books Debts ; 8.74% Interest, balance repayable in 27 Months.]	-	3,271.90
<b>B. Bank overdraft - South Indian Bank OD A/c 0911081000000023 *</b>	86,047.88	-
<b>Total</b>	<b>86,047.88</b>	<b>21,552.36</b>

\* Secured against - Equitable mortgage of all part and parcel of immovable industrial property bearing Plot No: N-12 & 13, Khata No.2679/65-5609/65, Ward no. 34, PID.No. 65055, admeasuring to 46833 Sq.ft, along with Building with BUA of 13894 Sq'ft, Situated at Industrial Estate, Sagar Road, Shivamogga, Karnataka-577204,

**Note 15 - Current Trade Payables**

Particulars	31-03-2023	31-03-2022
<b>Dues to</b>		
Micro and Small Enterprises Trade Payables- Others	15,536.76	10,641.41
<b>Total</b>	<b>15,536.76</b>	<b>10,641.41</b>

\* Refer Note 29

**Note 16 - Other current Liabilities**

Particulars	31-03-2023	31-03-2022
Advances received from Customers	2,257.23	-
Directors Remuneration Payable	-	1,130.00
Statutory Dues Payable	15,285.42	3,691.50
<b>Other Payables</b>		
Salaries and bonus payable	16,009.38	18,501.59
Ex-gratia payable	151.58	209.88
Dues to Directors	2,361.36	-
LIC Contribution Payable	246.02	266.64
Power charges payable	8,123.56	5,913.06
Other outstanding liabilities	136.80	411.51
<b>Total</b>	<b>44,571.36</b>	<b>30,124.18</b>

**Note 17 -Current Provisions**

Particulars	31-03-2023	31-03-2022
Gratuity payable	6,143.58	6,090.09
Compensated absences	5,480.00	6,510.37
<b>Total</b>	<b>11,623.58</b>	<b>12,600.46</b>

**Note 10 - Equity share capital**

Particulars	31-03-2023	31-03-2022
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

Particulars	31-03-2023	31-03-2022
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	-	-
<b>Shares outstanding at the end of the year</b>	<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

Particulars	31-03-2023		31-03-2022	
	% Holding	Number of Shares	% Holding	Number of Shares
Suresh Shastry	28.64%	2,92,06,953	28.63%	2,92,01,450
Supriya Shastry	18.27%	1,86,32,125	18.27%	1,86,33,125
Satish Shastry	16.69%	1,70,24,000	16.69%	1,70,24,000
Sachin Shastry	12.34%	1,25,85,125	12.34%	1,25,85,125
Umesh Shastry	6.10%	62,18,150	7.30%	74,45,700
Hema Satish	5.27%	53,70,875	5.27%	53,70,875

(d) Details of shares held by the Promoters

**As at 31-03-2023**

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% Change during the year
Suresh Shastry	2,92,06,953	-	2,92,06,953	28.64	0.00%
Shailaja Suresh	53,000	-	53,000	0.05	0%

**As at 31-03-2022**

Promoter name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of total shares	% Change during the year
Suresh Shastry	2,92,01,450	5,503	2,92,06,953	28.64	0.02%
Shailaja Suresh	53,000	-	53,000	0.05	0%

(e) 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.

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

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

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**Note-11-Statement of Changes in Equity for the year ended 31st March, 2023**

**A)Equity Share Capital**

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
10,19,96,525	-	-	-	10,19,96,525

(Rs. in Hundreds)

**B)Other Equity**

	Share application money pending	Equity component of compound financial	Reserves and Surplus				Debt instruments through Other Comprehensive	Equity Instruments through Other	Effective portion of Cash Flow	Revaluation Surplus	Exchange differences on translating the	Other items of Other Comprehensive	Money received against share	Total
			Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	-	-	77,927.79	(8,09,574.58)	-	-	-	2,02,208.42	-	-	-	(5,29,438.38)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	13,10,808.39	-	-	-	-	13,10,808.39
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	25,429.58	-	-	-	-	-	-	-	25,429.58
Balance at the end of the reporting period	-	-	-	-	77,927.79	(7,84,145.01)	-	-	-	15,13,016.81	-	-	-	8,06,799.59



**SMITHS & FOUNDERS (INDIA) LIMITED**  
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**Note-11-Statement of Changes in Equity for the year ended 31st March, 2022****A) Equity Share Capital**

Balance at the beginning of the current reporting period	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the current year	Balance at the end of the current reporting period
10,19,96,525	-	-	-	10,19,96,525

(Rs. in Hundreds)

**B) Other Equity**

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements	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	-	-	-	-	77,927.79	(9,50,340.52)	-	-	-	2,07,005.80	-	-	-	(6,65,406.93)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	(4,797.38)	-	-	-	-	(4,797.38)
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	1,40,765.93	-	-	-	-	-	-	-	-	1,40,765.93
Balance at the end of the reporting period	-	-	-	-	<b>77,927.79</b>	<b>(8,09,574.58)</b>	-	-	-	<b>2,02,208.42</b>	-	-	-	<b>(5,29,438.38)</b>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH,  
2023**

<b>Note 18 - Revenue From Operations</b>		(Rs. in Hundreds)	
<b>Particulars</b>	<b>31-Mar-23</b>	<b>31-Mar-22</b>	
Sale of products	9,97,838.79	10,32,771.89	
<b>Less:</b> Sales Return	8,180.28	105.48	
	<b>9,89,658.50</b>	<b>10,32,666.41</b>	
<b>Sale of Services</b>			
Labour Charges	1,025.00	6,294.00	
	<b>1,025.00</b>	<b>6,294.00</b>	
<b>Other operating revenues</b>			
Sale of scrap	55,525.90	64,186.00	
	<b>55,525.90</b>	<b>64,186.00</b>	
<b>Total</b>	<b>10,46,209.40</b>	<b>11,03,146.41</b>	

<b>Note 19 - Other Income</b>		<b>31-Mar-23</b>	<b>31-Mar-22</b>
<b>Particulars</b>			
Interest Income	963.93	868	
Income tax refund	-	1,067.94	
Excess Provision Written Back	277.50	-	
Profit on sale of asset	-	22,536.99	
Discount Received	-	6.44	
Foreign exchange gain	208.82	390.74	
Duty Draw Back	40.56	1,738.32	
Sundry Balance Written Back	-	432.48	
<b>Total</b>	<b>1,490.81</b>	<b>27,040.87</b>	

<b>Note 20 - Cost of materials consumed</b>		<b>31-Mar-23</b>	<b>31-Mar-22</b>
<b>Particulars</b>			
<b>Raw-Material</b>			
Opening Stock	99,241.98	98,665.33	
<b>Add:</b> Purchases	4,61,322.51	4,50,564.30	
<b>Less:</b> Closing Stock	89,758.84	99,241.98	
	<b>4,70,805.65</b>	<b>4,49,987.65</b>	
<b>Consumables</b>			
Opening Stock	52,217.03	56,979.47	
<b>Add:</b> Purchases	18,686.39	24,940.15	
<b>Less:</b> Closing Stock	54,494.08	52,217.03	
	<b>16,409.34</b>	<b>29,702.59</b>	
<b>Total</b>	<b>4,87,214.99</b>	<b>4,79,690.24</b>	

**Note 21 - Changes in inventory of work-in-progress & Finished Goods**

Particulars	31-Mar-23	31-Mar-22
<b>Work-in Progress</b>		
Opening Stock	40,724.63	31,650.41
<b>Less : Closing Stock</b>	86,721.39	40,724.63
	<b>(45,996.76)</b>	<b>(9,074.22)</b>
<b>Finished Goods</b>		
Opening Stock	<b>43,437.29</b>	-
<b>Less : Closing Stock</b>	27,383.09	43,437.29
	<b>16,054.20</b>	<b>(43,437.29)</b>
<b>Total</b>	<b>(29,942.56)</b>	<b>(52,511.51)</b>

**Note 22 - Employee Benefits Expense**

Particulars	31-Mar-23	31-Mar-22
Salaries & Wages	1,98,171.69	1,87,178.08
Gratuity & Leave	6,495.17	4,870.27
Salary Bonus	3,751.84	3,944.03
PF, ESI and other Labour welfare funds	22,593.59	22,552.10
Staff Welfare	9,302.63	8,277.12
Ex-gratia	151.58	209.88
Production incentive	14,341.62	16,073.53
Directors Remuneration and Perquisites	26,318.46	27,730.63
<b>Total</b>	<b>2,81,126.58</b>	<b>2,70,835.64</b>

**Note 23 - Finance Costs**

Particulars	31-Mar-23	31-Mar-22
Interest on Loans	27,173.94	21,076.98
Interest on OD	125.48	10,519.70
Other Finance costs	4,184.01	2,636.59
<b>Total</b>	<b>31,483.43</b>	<b>34,233.27</b>

**Note 24 - Depreciation And Amortisation Expense**

Particulars	31-Mar-23	31-Mar-22
Tangible Asset	23,041.18	23,186.31
Intangible Asset	1,176.37	1,176.37
<b>Total</b>	<b>24,217.55</b>	<b>24,362.68</b>

**Note 25 - Direct expenses**

Particulars	31-Mar-23	31-Mar-22
Power charges	99,572.16	99,250.19
Labour charges	52,359.86	61,455.65
Material handling charges	1,002.30	1,067.01
Freight inward and transportation charges	7,507.66	7,805.72
Material Testing Charges	640.50	88.00
<b>Total</b>	<b>1,61,082.48</b>	<b>1,69,666.57</b>

**Note 26 - Administration expenses**

Particulars	31-Mar-23	31-Mar-22
Bank Charges	201.93	472.21
Membership & Subscription Charges	394.00	247.73
Audit Fee	2,400.00	2,275.00
Professional Fees	10,714.65	10,043.79
Postage & Courier Charges	94.61	1,366.03
Telephone & Internet Charges	1,546.65	1,285.21
Insurance	843.15	1,460.33
Repair & Maintenance - Building	4,128.16	564.22
Repair & Maintenance - Machinery	10,319.99	12,769.52
Repair & Maintenance - Others	5,101.29	4,259.91
Rates & Taxes	4,954.07	1,312.61
Others Admin Expenses	1,379.73	476.23
Statutory Interests	216.45	358.03
Donations	520.00	480.00
Travelling & Conveyance	2,710.80	797.79
Electricity & Water Charges	1,193.19	1,086.07
Printing and Stationery	630.30	627.92
Office Expenses	1,221.61	1,077.60
AGM Expenses	570.46	350.00
Security Charges	12,662.92	12,192.96
<b>Total</b>	<b>61,803.97</b>	<b>53,503.15</b>

**Note 27 - Selling & Distribution expenses**

Particulars	31-Mar-23	31-Mar-22
Business Promotion	391.97	450.96
Freight outward	6,028.12	5,072.03
<b>Total</b>	<b>6,420.09</b>	<b>5,522.99</b>

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**Note- 28 - Ageing Schedule for Trade Receivables**

a As at 31st March, 2023		(Rs. in Hundreds)				
Particulars	Outstanding for following periods from due date of payment					Total
	<6 Months	6m-1 Year	1-2 Years	2-3 Years	>3 Years	
(I) Considered Good - Secured						
a) Undisputed Trade receivables	-	-	-	-	-	-
b) Disputed Trade receivables	-	-	-	-	-	-
<b>Less:</b> Allowance for bad and doubtful debts/ Allowance for expected credit loss	-	-	-	-	-	-
(II) Considered Good - Unsecured						
a) Undisputed Trade receivables	1,14,628.91	1,182.39	6.02	-	-	1,15,817.32
b) Disputed Trade receivables	-	-	-	-	-	-
<b>Less:</b> Allowance for bad and doubtful debts/ Allowance for expected credit loss	-	-	-	-	-	-
(III) Trade Receivables which have significant increase in credit risk						
a) Undisputed Trade receivables	-	-	-	-	-	-
b) Disputed Trade receivables	-	-	-	-	-	-
<b>Less:</b> Allowance for bad and doubtful debts/ Allowance for expected credit loss	-	-	-	-	-	-
(IV) Trade Receivables - credit impaired						
a) Undisputed Trade receivables	-	-	-	-	-	-
b) Disputed Trade receivables	-	-	-	-	-	-
<b>Less:</b> Allowance for bad and doubtful debts/ Allowance for expected credit loss	-	-	-	-	-	-
<b>TOTAL</b>	<b>1,14,628.91</b>	<b>1,182.39</b>	<b>6.02</b>	<b>-</b>	<b>-</b>	<b>1,15,817.32</b>
b As at 31st March, 2022						
Particulars	Outstanding for following periods from due date of payment					Total
	<6 Months	6m-1 Year	1-2 Years	2-3 Years	>3 Years	
(I) Considered Good - Secured						
a) Undisputed Trade receivables	-	-	-	-	-	-
b) Disputed Trade receivables	-	-	-	-	-	-
<b>Less:</b> Allowance for bad and doubtful debts/ Allowance for expected credit loss	-	-	-	-	-	-
(II) Considered Good - Unsecured						
a) Undisputed Trade receivables	63,958.00	6.02	-	-	-	63,964.02
b) Disputed Trade receivables	-	-	-	-	-	-
<b>Less:</b> Allowance for bad and doubtful debts/ Allowance for expected credit loss	-	-	-	-	-	-
(III) Trade Receivables which have significant increase in credit risk						
a) Undisputed Trade receivables	-	-	-	-	-	-
b) Disputed Trade receivables	-	-	-	-	-	-
<b>Less:</b> Allowance for bad and doubtful debts/ Allowance for expected credit loss	-	-	-	-	-	-
(IV) Trade Receivables - credit impaired						
a) Undisputed Trade receivables	-	-	-	-	-	-
b) Disputed Trade receivables	-	-	-	-	-	-
<b>Less:</b> Allowance for bad and doubtful debts/ Allowance for expected credit loss	-	-	-	-	-	-
<b>TOTAL</b>	<b>63,958.00</b>	<b>6.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63,964.02</b>

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**Note - 29- Ageing Schedule for Trade Payables****a As at 31st March, 2023**

(Rs. in Hundreds)

Particulars	Unbilled Payables	Not Due	Outstanding for following periods from due date of payment				Total
			< 1 Year	1-2 Years	2-3 Years	> 3 Years	
(i) Dues to Micro, Small and Medium Enterprise (MSME)							
a) Disputed Dues	-	-	-	-	-	-	-
b) Undisputed Dues	-	-	-	-	-	-	-
(ii) Dues to Others							
a) Disputed Dues	-	-	-	-	-	-	-
b) Undisputed Dues	-	-	15,412.65	-	-	124.11	15,536.76
<b>TOTAL (i+ii)</b>	-	-	<b>15,412.65</b>	-	-	<b>124.11</b>	<b>15,536.76</b>

**b As at 31st March, 2022**

Particulars	Unbilled Payables	Not Due	Outstanding for following periods from due date of payment				Total
			< 1 Year	1-2 Years	2-3 Years	> 3 Years	
(i) Dues to Micro, Small and Medium Enterprise (MSME)							
a) Disputed Dues	-	-	-	-	-	-	-
b) Undisputed Dues	-	-	-	-	-	-	-
(ii) Dues to Others							
a) Disputed Dues	-	-	-	-	-	-	-
b) Undisputed Dues	-	-	8,860.17	1,647.00	86.15	48.09	10,641.41
<b>TOTAL (i+ii)</b>	-	-	<b>8,860.17</b>	<b>1,647.00</b>	<b>86.15</b>	<b>48.09</b>	<b>10,641.41</b>

**c Disclosures in respect of Micro and Small Enterprises**

The Management is in continuous process of obtaining confirmations from its vendors regarding their registrations under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). Under the MSMED Act, 2006 which came into force with effect from October 2, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. On the basis of information and records available with the company, none of the vendors have informed the Company that they are Small Scale Industrial Undertakings. Hence, information regarding dues to such undertakings is not furnished. The Company has not received any claim for interest from any supplier under the said Act.

**Note- 30- Disclosure of borrowings obtained on basis of security of current assets**

F.Y. 2022-2023						(Rs. in Hundreds)
Quarter	Name of Bank	Particulars of securities provided	Amount as per books of accounts	Amount as reported in quarterly return	Amount of difference	Reasons for Material Discrepancies
Jun-22	Karnataka Bank	Hypothecation of Stock, Raw materials, work in progress and finished goods and book debts	1,95,671.71	1,95,670.00	1.71	-
<b>TOTAL</b>			<b>1,95,671.71</b>	<b>1,95,670.00</b>	<b>1.71</b>	
F.Y. 2021-2022						
Quarter	Name of Bank	Particulars of securities provided	Amount as per books of accounts	Amount as reported in quarterly report	Amount of difference	Reasons for Material Discrepancies
Jun-21	Karnataka Bank	Hypothecation of Stock, Raw materials, work in progress and finished goods and book debts	3,06,918.88	3,06,920.00	-1.12	-
<b>TOTAL</b>			<b>3,06,918.88</b>	<b>3,06,920.00</b>	<b>-1.12</b>	
Sep-21	Karnataka Bank	Hypothecation of Stock, Raw materials, work in progress and finished goods and book debts	3,15,745.21	3,15,750.00	-4.79	-
<b>TOTAL</b>			<b>3,15,745.21</b>	<b>3,15,750.00</b>	<b>-4.79</b>	
Dec-21	Karnataka Bank	Hypothecation of Stock, Raw materials, work in progress and finished goods and book debts	3,14,226.27	3,14,240.00	-13.73	-
<b>TOTAL</b>			<b>3,14,226.27</b>	<b>3,14,240.00</b>	<b>-13.73</b>	
Mar-22	Karnataka Bank	Hypothecation of Stock, Raw materials, work in progress and finished goods and book debts	2,99,584.95	2,99,410.00	174.95	-
<b>TOTAL</b>			<b>2,99,584.95</b>	<b>2,99,410.00</b>	<b>174.95</b>	

Note - Any variance in excess of 10% has been considered material for this disclosure.

**Note - 31 - Disclosure pursuant to Ind AS 1 "Presentation of financial statements":**

## 1 Current assets expected to be recovered within twelve months and after twelve months from the reporting date:

Particulars	Note	As at 31-03-2023			As at 31-03-2022		
		Within Twelve months	After Twelve months	Total	Within Twelve months	After Twelve months	Total
Current Assets							
(a)Inventories	5	2,58,357.40	-	2,58,357.40	2,35,620.93	-	2,35,620.93
(b)Financial Assets							
i. Trade receivables	6	1,15,817.32	-	1,15,817.32	63,964.02	-	63,964.02
ii. Cash and Cash equivalents	7	3,823.46	-	3,823.46	8,482.81	-	8,482.81
(c) Current Tax Assets (Net)	8	811.78	-	811.78	589.82	-	589.82
(d)Other current assets	9	4,901.13	-	4,901.13	9,763.45	-	9,763.45
<b>Total</b>		<b>3,83,711.09</b>	<b>-</b>	<b>3,83,711.09</b>	<b>3,18,421.03</b>	<b>-</b>	<b>3,18,421.03</b>

## 2 Current Liabilities expected to be paid within twelve months and after twelve months from the reporting date:

Particulars	Note	As at 31-03-2023			As at 31-03-2022		
		Within Twelve months	After Twelve months	Total	Within Twelve months	After Twelve months	Total
Current Liabilities							
(a)Financial Liabilities							
i. Borrowings	14	86,047.88	-	86,047.88	21,552.36	-	21,552.36
ii. Trade payables	15	15,536.76	-	15,536.76	10,641.41	-	10,641.41
(b)Other current Liabilities	16	44,571.36	-	44,571.36	30,124.18	-	30,124.18
(c)Provisions	17	11,623.58	-	11,623.58	12,600.46	-	12,600.46
<b>Total</b>		<b>1,57,779.58</b>	<b>-</b>	<b>1,57,779.58</b>	<b>74,918.41</b>	<b>-</b>	<b>74,918.41</b>

**Note - 36- Operating Segment Information**

The Company's operations predominantly consist of Manufacturing of Forgings and Machined Components; and other sales does not contribute to 10% or more of the Company's total sales. Hence there are no reportable segments under Ind AS-108 'Segment Reporting'.

The Executive director of the company has been identified as The Chief Operating Decision Maker (CODM). The Chief Operating Decision Maker also monitors the operating results as one single segment for the purpose of making decisions about resource allocation and performance assessment and hence, there are no additional disclosures to be provided other than those already provided in the financial statements.

**Note- 33** The disclosure as per Indian Accounting Standard 19 "Employee Benefits" are given below

**a) Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expense for the year as under:

(Rs. in Hundreds)

Particulars	31-03-2023		31-03-2022	
Employer's Contribution to Provident Fund	17,661.13		17,652.07	
<b>Total</b>	<b>17,661.13</b>		<b>17,652.07</b>	

**b) Defined Benefit Plans**

The employee's Gratuity Fund Scheme is a defined benefit plan wherein a separate trust is formed which is managed by Life Insurance Corporation of India. The present value of obligation is determined based on actuarial valuation, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for Compensated absences is recognised in the same manner as Gratuity.

Particulars	Gratuity	
	31-03-2023	31-03-2022
<b>Components of Employer Expenses</b>		
Current Service cost	4,053.93	4,259.26
Interest on Obligations	3,696.37	3,223.05
Expected Return on Plan Assets	(2,716.31)	(2,612.04)
Net actuarial loss/ (gain) recognized during the year recognised in OCI	(1,135.89)	1,385.08
<b>Total Expenses</b>	<b>3,898.10</b>	<b>6,255.35</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	55,341.65	53,077.98
Fair value of plan assets	38,995.24	38,377.86
<b>Funded status[Surplus/(deficit)]</b>	<b>(16,346.41)</b>	<b>(14,700.12)</b>
<b>Change in defined benefit obligations(DBO) during the year</b>		
Present Value of DBO at beginning of the year	53,077.98	45,857.47
Current Service Cost	4,053.93	4,259.26
Interest Cost	3,696.37	3,223.05
Actuarial(Gains)/Losses	(1,723.18)	1,045.00
Benefits Paid	(3,763.45)	(1,306.80)
<b>Present Value of DBO at end of the year</b>	<b>55,341.65</b>	<b>53,077.98</b>
<b>Change in fair value of assets during the year</b>		
Plan Assets at Beginning of the year	38,377.86	37,163.15
Expected Return on Plan Assets	2,716.31	2,612.04
Employer Contribution	2,251.81	249.55
Actuarial(Gains)/Losses	587.29	(340.08)
Benefits Paid	(3,763.45)	(1,306.80)
<b>Plan assets at the end of the year</b>	<b>40,169.82</b>	<b>38,377.86</b>
<b>Actuarial assumptions</b>		
Discount Rate	7.47%	7.22%
Expected Return on Assets	7.22%	7.13%
Salary Escalation	7.00%	7.00%
Attrition Rate	5.00%	5.00%

The discount rate is based on the prevailing market yields of Government of India securities as the Balance Sheet date for the estimated term of the obligations. The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

The Company has covered its gratuity liability by a Group Gratuity Policy named "Employee Group Gratuity Assurance Scheme" issued by LIC of India. Under the plan the eligible employees are entitled to Gratuity under a defined benefit plan.



Particulars	Leave Encashment	
	31-03-2023	31-03-2022
<b>Components of Employer Expenses</b>		
Net Increase in Liability over the valuation period	608	972
Benefit payments from employer	-	(76)
Benefits Pay-outs from plan	(1,046)	(1,332)
Less actual return on Plan assets	241	337
<b>Total Expenses recognised in the Statement of Profit &amp; Loss</b>	<b>1,413</b>	<b>2,043</b>
<b>Net asset/(liability) recognised in the Balance Sheet</b>		
Present Value of defined benefit Obligation	11,812	11,204
Fair value of plan assets	4,952	4,694
<b>Funded status[Surplus/(deficit)]</b>	<b>(6,860)</b>	<b>(6,510)</b>
<b>Assumptions</b>		
Discount Rate	7.47%	7.22%
Expected Return on Assets	7.22%	7.13%
Salary Escalation	7.00%	7.00%
Attrition Rate	5.00%	5.00%

**Note - 34 - Ind AS 107 - Financial Instruments : Disclosures****FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's principal financial liabilities comprise borrowings, trade and other payables. The main purpose of these financial liabilities is to manage finances for the Company's operations. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

**1 MARKET RISK MANAGEMENT**

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks.

**i. Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of the fixed rate and floating rate financial instruments in its total portfolio .

The exposure of Company borrowings to interest rate changes at the end of reporting period are as follows:

Particulars	(Rs. in Hundreds)	
	As at 31st March, 2023	As at 31st March, 2022
Floating rate borrowings	2,91,232.29	2,81,544.12
<b>Total Borrowings</b>	<b>2,91,232.29</b>	<b>2,81,544.12</b>

As at the end of reporting period, the company had the following variable rate borrowings.

Particulars	As at 31st March, 2023			As at 31st March, 2022		
	Weighted Avg Interest rate	Balance	% of Total Loans	Weighted Avg Interest rate	Balance	% of Total Loans
Cash Credit & Overdraft limit	9.65%	86,047.88	29.55%		-	
Term Loans		-	0.00%	8.54%	1,80,921.43	64.26%
Director Loan	9.58%	2,05,184.41	70.45%	9.95%	1,00,622.69	35.74%
<b>Net exposure to cash flow interest rate risk</b>		<b>2,91,232.29</b>	<b>100.00%</b>		<b>2,81,544.12</b>	<b>100.00%</b>

**Sensitivity**

A hypothetical 50 basis point shift in respective currency MIBORs and other benchmarks on the unhedged loans would result in a corresponding increase/decrease in interest cost for the Company on a yearly basis as follows:

Particulars	Impact on Profit and Loss		Impact on Equity	
	2022-23	2021-22	2022-23	2021-22
Interest rates -Increase by 0.5% in INR interest rate*	(1,456.16)	(1,407.72)	(1,456.16)	(1,407.72)
Interest rates -Decrease by 0.5% in INR interest rate*	1,456	1,408	1,456	1,408

\*Holding all other variables constant

**ii. Liquidity Risk Management:**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. The Company requires funds both for short term operational needs as well as for long term capital expenditure growth project. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short-term and long-term. The Company has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments:

<b>As at March 31,2023</b>	<b>Carrying Amount</b>	<b>On Demand</b>	<b>Less than One Year</b>	<b>More than one year and less than three year</b>	<b>More than 3 Years</b>	<b>Total</b>
Borrowings - OD & Cash Credit Account	86,048	86,047.88	-	-	-	86,048
Borrowings - Director Loan	2,05,184	2,05,184	-	-	-	2,05,184
Trade Payables	15,537	-	15,537	-	-	15,537
Other Current Liabilities	44,571	-	44,571	-	-	44,571
Provisions	11,624	-	11,624	-	-	11,624
<b>Total</b>	<b>3,62,964</b>	<b>2,91,232</b>	<b>71,732</b>	<b>-</b>	<b>-</b>	<b>3,62,964</b>

<b>As at March 31,2022</b>	<b>Carrying Amount</b>	<b>On Demand</b>	<b>Less than One Year</b>	<b>More than one year and less than three year</b>	<b>More than 3 Years</b>	<b>Total</b>
Borrowings - Term loan	1,80,921	-	21,552	1,59,369	-	1,80,921
Borrowings - Director Loan	1,00,623	1,00,623	-	-	-	1,00,623
Trade Payables	10,641	-	10,641	-	-	10,641
Other Current Liabilities	30,124	-	30,124	-	-	30,124
Provisions	12,600	-	12,600	-	-	12,600
<b>Total</b>	<b>3,34,910</b>	<b>1,00,623</b>	<b>74,918</b>	<b>1,59,369</b>	<b>-</b>	<b>3,34,910</b>

*Financing arrangements*

The company had access to the following undrawn borrowing facilities at the end of reporting period:

<b>Particulars</b>	<b>As at 31st March,2023</b>	<b>As at 31st March,2022</b>
Cash Credit	1,63,952	2,51,283
<b>Total</b>	<b>1,63,952</b>	<b>2,51,283</b>

**Note - 35 - Other disclosure pursuant to Ind AS 107 "Financial Instruments: Disclosures" :**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in Significant accounting policies of the Company.

**a) Financial assets and liabilities**

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2023 and March 31, 2022

**As at March 31, 2023**

(Rs. in Hundreds)

Particulars	Fair value through other comprehensive income	Fair value through statement of profit or loss	Amortised cost	Total carrying value
<b>Financial Assets</b>				
ii.Trade receivables			1,15,817.32	1,15,817.32
iii.Cash and Cash equivalents			3,823.46	3,823.46
<b>Total</b>			<b>1,19,640.78</b>	<b>1,19,640.78</b>
<b>Financial Liabilities</b>				
i.Borrowings	-	-	2,91,232.29	2,91,232.29
ii.Trade payables	-	-	15,536.76	15,536.76
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,06,769.05</b>	<b>3,06,769.05</b>

**As at March 31, 2022**

Particulars	Fair value through other comprehensive income	Fair value through statement of profit or loss	Amortised cost	Total carrying value
<b>Financial Assets</b>				
ii. Trade receivables	-	-	63,964.02	63,964.02
iii. Cash and Cash equivalents	-	-	8,482.81	8,482.81
<b>Total</b>	<b>-</b>	<b>-</b>	<b>72,446.83</b>	<b>72,446.83</b>
<b>Financial Liabilities</b>				
i.Borrowings	-	-	2,81,544.12	2,81,544.12
ii.Trade payables	-	-	10,641.41	10,641.41
<b>Total</b>	<b>-</b>	<b>-</b>	<b>2,92,185.53</b>	<b>2,92,185.53</b>

## SMITHS &amp; FOUNDERS (INDIA) LIMITED

CIN - LB5110KA1990PLC011303

NO.505, 5TH FLOOR, BRIGADE RUBIX NO.20, HMT MAIN ROAD BANGALORE 560 013

## Note - 36- Ratios

(I)

Particulars	Formula	31-03-2023	31-03-2022	% Variance	Reason for Variance
		Ratio	Ratio		
Current Ratio	Current assets/ Current liabilities	5.12	4.25	21%	NA
Debt-equity ratio	Total debt/ Total Equity	0.93	0.57	62%	During the year, the Company has revalued its asset, resulting in significant change in Debt-equity ratio.
Debt service coverage ratio	Earnings available for debt service/ Debt Service	5.42	5.60	-3%	Due to the repayment of debts during the year, debt-Service ratio has become favourable.
Return on equity ratio	[Net Profits after taxes - Preference Dividend (if any)]/ Average Shareholder's Equity	2%	34%	-94%	During the year, the Company has revalued its asset resulting in increase of average share-holders equity.
Inventory turnover ratio	Cost of goods sold OR sales/ Average Inventory	1.85	2.02	-8.35%	NA
Trade receivables turnover ratio	Net Credit Sales/ Average Accounts Receivable	11.64	9.70	20%	NA
Trade payables turnover ratio	Net Credit Purchases/ Average Trade Payables	54.38	66.87	-19%	NA
Net capital turnover ratio	Net Sales/ Working Capital	4.63	4.53	2%	NA
Net profit ratio	Net Profit/ Net Sales	0.02	0.13	-82%	The Company's sales decreased during the year, the fixed cost being constant and in the prior year there was a sale of asset. All of these factors resulted in decrease of current year profit.
Return on capital employed	Earning before interest and taxes/ Capital Employed	9%	26%	-64%	The Company's sales decreased during the year, the fixed cost being constant and in the prior year there was a sale of asset. All of these factors resulted in decrease of current year profit.

Reason for variance of ratios with significant change (i.e. change of 25% or more as compared to the previous financial year)

**Note - 37 - Related Party Disclosures**

i) List of Key Managerial Person is as under:

<b>Name</b>	<b>Nature of Relationship</b>
Mr. Suresh Shastry	Key Management Personnel
Mrs. Shailaja Suresh	Key Management Personnel
Mr. Parthasarathy Vaidyanathan	Key Management Personnel
Mr. Sudhindra Narayan Kalghatgi	Key Management Personnel
Mrs. Roopashree Bhoja Shettigar	Key Management Personnel
Mr. Sadaanand Shivalingappa Zutti	Key Management Personnel

ii) Names of the related parties with whom transactions were carried out during the year and description of relationship:

<b>Name</b>	<b>Relationship</b>
Mr. Suresh Shastry	Key Management Personnel
Mr. Satish Shastry	Relative of Key Management Personnel
Mr. Umesh Shastry	Relative of Key Management Personnel
Mrs. Shailaja Suresh	Key Management Personnel
Mrs. Supriya Shastry	Relative of Key Management Personnel
Ms. Roopashree Shettigar	Key Management Personnel
Mr. Sadaanand S Zutti	Key Management Personnel

iii) Transaction with related parties:

(Rs. in Hundreds)

<b>Name</b>	<b>Nature of Transaction (Net)</b>	<b>Amount of Transactions for the FY 2022-23</b>	<b>Amount of Transactions for the FY 2021-22</b>
Mr. Satish Shastry	Remuneration and perquisites	20,699.30	20,210.00
Mr. Suresh Shastry	Remuneration and perquisites	21,194.46	19,780.00
Mr. Umesh Shastry	Remuneration and perquisites	21,075.89	20,210.00
Mrs. Supriya Shastry	Remuneration and perquisites	20,640.00	16,099.34
Ms. Roopashree Shettigar	Remuneration and perquisites	3,588.66	3,375.83
Mr. Sadaanand S Zutti	Remuneration and perquisites	6,902.24	6,663.97
Mr. Suresh Shastry	Loan taken: by company	100,000.00	55,000.00
Mrs. Supriya Shastry	Loan taken: by company	-	-
Mrs. Shailaja Suresh	Loan taken: by company	25,000.00	-
Mr. Suresh Shastry	Loan Repaid	20,000.00	115,000.00
Mrs. Shailaja Suresh	Loan Repaid	-	-
Mrs. Supriya Shastry	Loan Repaid	-	15,000.00
Mr. Suresh Shastry	Interest paid	13,418.31	8,695.59
Mrs. Shailaja Suresh	Interest paid	511.38	-
Mrs. Supriya Shastry	Interest paid	-	234.07

v) Closing balances as on the year end:

<b>Name</b>	<b>Nature of Transaction (Net)</b>	<b>Balance as on 31.03.2023 Receivable/(Payable)</b>	<b>Balance as on 31.03.2022 Receivable/(Payable)</b>
Mrs. Shailaja Suresh	Loan Outstanding	(25,184.41)	-
Mr. Suresh Shastry	Loan Outstanding	(180,000.00)	(100,622.69)
Mr. Satish Shastry	Remuneration Payable	-	(1,480.00)
Mr. Umesh Shastry	Remuneration Payable	-	(1,480.00)
Mr. Suresh Shastry	Remuneration Payable	-	(1,480.00)
Mrs. Supriya Shastry	Remuneration Payable	-	(1,480.00)
Ms. Roopashree Shettigar	Remuneration Payable	(261.17)	(255.47)
Mr. Sadaanand S Zutti	Remuneration Payable	(503.66)	(560.81)

**Note-38** The Company does not hold any benami property under the Benami Transactions (Prohibition) Act, 1988 and no proceeding has been initiated or is pending against the Company for holding any benami property.**Note-39** The Company has not surrendered or disclosed any income during the year in the tax assessments under the Income Tax Act, 1961.**Note-40** The company does not have any approved schemes of arrangements during the current and previous year.**Note-41** The Company does not hold any cryptocurrency or virtual currency as at 31 March 2023 and 31 March 2022. The Company has also not received any deposits or advances for the purpose of investing in cryptocurrencies or virtual currencies.**Note-42** All the title deeds of the immovable properties that are disclosed in the financials are held in the name of the Company.**Note-43** The Company does not have any material transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**Note-44 Borrowings**

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

The Company has not been declared as a wilful defaulter by any lender who has powers to declare a company as a wilful defaulter at any time during the financial year or after the end of reporting period but before the date when financial statements are approved.

The Company has utilised all its borrowed fund for the purpose for which it was obtained.

There are no charges or satisfaction which are yet to be registered with the Register of Companies beyond, that has exceeded the statutory period.

**Note - 45** Previous year's figures have been regrouped/reclassified wherever necessary to conform with the current year's classification/disclosures.

As per our report of even date  
**For B.N. Subramanya & Co.**  
Chartered Accountants  
FRN : 0041425

For and on behalf of the Board of Directors

**Girish Hoysala**  
Partner  
M. No. 220210  
Date: 27th May, 2023  
Place: Bengaluru

**Suresh Shastry**  
Managing Director  
DIN: 1099554

**Shailaja Suresh**  
Director  
DIN: 01326440

**Roopashree Shettigar**  
Company Secretary  
M.No. A 52321

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

**Smiths & Founders (India) Limited**  
**Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2023**

**Note 1**

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Note on Business**

The Company was originally established as a small enterprise by the members of Shastry Family of Shimogga in the year 1982. It was further reconstituted into a company on 22<sup>nd</sup> October, 1990, with an objective of manufacturing forgings and machined components used in automobile, agriculture, mining, material handling, power transmission, hydraulic and general engineering industries.

**2. 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.

**3. 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.

**4. 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 and when it is probable that the collection is certain. 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. Stage of completion is measured by reference to proportion of cost incurred till date to the total estimated contract cost.

**5. Property, Plant and Equipment (PPE)**



Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any, except in the case of land and buildings.

Land and Building has been revalued during the year, and we have opted for the revaluation model only in the case of land and building. Consequently, the management has decided to revalue these assets, once in every 3 years in compliance with the relevant standard.

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.

## 6. 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.

## 7. Depreciation and Amortisation

- (i) Up to 31<sup>st</sup> 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 1<sup>st</sup> 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 1<sup>st</sup>, 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 1<sup>st</sup> April, 2014, the carrying value as on 1<sup>st</sup> 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.

## 8. 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.

## 9. 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.

## 10. 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.

#### **11. 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.

## **12. 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.

## **13. 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

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

Contingent liability is disclosed in case of

- d. Present obligation arising from past events, when it 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.

## **14. 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.

**15. 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.

**16. 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.

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

**For and on behalf of the Board of Directors**

**Girish Hoysala**  
Partner  
M.No: 220210

**Suresh Shastry**  
Managing Director  
DIN: 1099554

**Shailaja Suresh**  
Director  
DIN: 01326440

Place: Bangalore  
Date: 27<sup>th</sup> May, 2023

**Roopashree Shettigar**  
Company Secretary  
M.No. A 52321

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