



# Smiths & Founders (India) Limited

SFIL/COSEC/BSE/Q2/BM4/2020-21  
Thursday, September 17<sup>th</sup> 2020

**The Department of Corporate Relations**  
**BSE Limited**  
**25<sup>th</sup> Floor, P.J.Towers**  
**Dalal Street,**  
**Mumbai 400 001**

Dear Sir,

**Sub: 29th Annual Report for the financial year 2019-20**  
**Ref: Scrip Code No.513418**

Due to some technical error partial Annual Report got submitted on 3<sup>rd</sup> September, 2020. When we noticed the same, we are resubmitting again full annual report for the financial year 2019-2020 pursuant to Regulation 34(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“Listing Regulations”) for your reference.

The Annual Report containing the Notice is also uploaded on the Company’s website  
[https://www.smithsandfoundersindia.com/files/financial/annual\\_reports/2019-20/Annual\\_Report\\_2019-20.pdf](https://www.smithsandfoundersindia.com/files/financial/annual_reports/2019-20/Annual_Report_2019-20.pdf)

Kindly take the same in your records.

Thank you,

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

**Roopashree B Shettigar**  
**Company Secretary & Compliance Officer**

# Smiths & Founders (India) Limited



**CIN: L85110KA1990PLC011303**

## 29<sup>th</sup> Annual Report 2019-2020

*No.505, 5<sup>th</sup> Floor, Brigade  
Rubix, No.20, HMT Main Road,  
Bangalore 560 013*

E-mail Id:

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

Website:

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

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**Smiths & Founders (India) Limited**  
(formerly Shimoga Technologies Limited)

CIN: L85110KA1990PLC011303

Regd. Office: No.505, 5<sup>th</sup> Floor, Brigade Rubix, No.20, HMT Main Road, Bangalore – 560 013

Tel: 080 29724155

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

Date: September 04, 2020

Dear Member,

Folio / Dp Id Client Id:

Name of the Shareholder:

**Sub.: Annual General Meeting for the Financial Year 2019-20**

We are pleased to inform you that the 29<sup>th</sup> Annual General Meeting ('AGM') of Smiths & Founders (India) Limited has been scheduled on Saturday, September 26, 2020 at 10.00 A.M. IST through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM'). The Notice of the AGM and Annual Report for FY 2019-20 (which includes the Financial Statements, Directors' Report, Auditors' Report etc. for the year ended as on March 31, 2020) is enclosed and the same can be downloaded from the Company's website under the following link:

[https://www.smithsandfoundersindia.com/files/financial/annual\\_reports/2019-20/Annual\\_Report\\_2019-20.pdf](https://www.smithsandfoundersindia.com/files/financial/annual_reports/2019-20/Annual_Report_2019-20.pdf)

The Electronic voting particulars are set out below:

EVSNO	<b>200901089</b>
FOR CASTING YOUR VOTE AND TO ATTEND THE AGM THROUGH VC OR OAVM	Please refer instructions provided in AGM Notice.

In view of the Covid-19 pandemic, the Ministry of Corporate Affairs (MCA), vide its Circular dated May 5, 2020, read with Circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as 'MCA Circulars') and the Securities and Exchange Board of India (SEBI), vide its Circular dated May 12, 2020, permitted the holding of the AGM through VC/ OAVM, without the physical presence of the Members at a common venue. In compliance with the above mentioned Circulars issued by MCA and SEBI, and the relevant provisions of the Companies Act, 2013 (Act) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), the AGM of the Company is being held through VC/OAVM.

This Notice is being sent only in electronic form, in accordance with the relaxation granted by the SEBI vide Circular dated 12th May 2020, to all the shareholders whose names appear on the Register of Members / list of Beneficial Owners as received from National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) as at the close of business hours on 28<sup>th</sup> August 2020 and who have registered their email ids with the Company represented by its Registrar & Share Transfer Agent or the respective Depositories.

Further, as per the aforesaid MCA and SEBI Circulars, appointment of proxy has been dispensed with for AGMs to be conducted in electronic mode till 31st December 2020. Accordingly, the Attendance Slip and Proxy Form have not been annexed to the Notice.

Detailed instructions for attending the AGM through VC/OAVM have been provided in the Notice of the AGM.

Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, and Regulation 44 of the SEBI Listing Regulations, the Members are being provided with the facility to cast their votes on all resolutions set forth in the Notice of the AGM using electronic voting system (remote e-voting), provided by CDSL.

The remote e-voting period commences on Wednesday, September 23, 2020 (9:00 a.m. IST) and ends on Friday, September 25, 2020 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in dematerialised form as on Friday, September 18, 2020 i.e. cut-off date, may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast 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 during the AGM.

The voting rights of Members shall be in proportion to the equity shares held by them in the paid-up equity share capital of the Company as on Friday, September 18, 2020 (cut-off date).

**We thank you for your co-operation. All future Shareholder's communication would be sent in electronic form to this e-mail address. Shareholders holding shares in Demat mode may please inform any change in e-mail address to their Depository Participant and members holding shares in physical mode may inform by writing to M/s. Integrated Registry Management Services Private Limited (The Registrar & Transfer Agents of the Company).**

Thank you,

Yours faithfully,

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

Sd/-

**Roopashree B Shettigar**

**Company Secretary**

## SMITHS & FOUNDERS (INDIA) LIMITED

### BOARD OF DIRECTORS:

Suresh Shastry	Chairman & Managing Director
Supriya Shastry	Whole-Time Director
V Parthasarathy	Independent Director
Sudhindra N Kalghatgi	Independent Director
Shailaja Suresh	Non-Executive & Non-independent Director
Manjunath K H	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

## NOTICE

Notice is hereby given that the Twenty Ninth Annual General Meeting of the Members of **Smiths & Founders (India) Limited** will be held on Saturday, September, 26, 2020 at IST 10.00 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, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Supriya Shastry (DIN:01327762), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Suresh Shastry (DIN:01099554), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

4. **Appointment of Mr. Manjunath K H as an Independent Director**  
To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (‘Act’) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Manjunath K H (holding Directors Identification Number 08711521), a Non Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, to hold office for a term of five consecutive years with effect from 16.03.2020 to 15.03.2025.”

**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: 03 Sept 2020

### **NOTES:**

1. In view of the current extraordinary circumstances caused by the Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) had vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (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 AGM of the Company is being held through VC.
2. 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.
3. **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/OAVM and participate thereat and cast their votes through e-voting.**

4. The Members can join the AGM in the VC/OAVM mode thirty minutes before 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/OAVM will be made available to at least 1000 members on first come first served basis.
5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. 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 22, 2020.
7. During the 29th 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 at <https://www.evoting.cdsl.com>
8. 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.
9. Register of Members and Share Transfer Books of the Company will remain closed from Sept 19, 2020, to Sept 26, 2020 (both days inclusive).
10. 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.
11. The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, relating to Appointment of Mr. Manjunath K H, as an Independent Director is annexed hereto.
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 view of the COVID-19 pandemic and resultant difficulties involved in dispatch of physical copies of the Annual Report, the MCA, vide its Circular dated May 5, 2020 has dispensed with the requirement of dispatch of physical copies of the Annual Report. Accordingly, the Notice of the AGM along with the Annual Report 2019-20 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 2019-20 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 <https://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. Your Company supports in full measure the 'green initiative' of the Ministry of Corporate Affairs under which, service of notices/documents including Annual Report, can be effected by sending the same through electronic mode to the registered e-mail addresses of the shareholders. To support this green initiative of the Government, members who would like to receive such notices/documents in electronic mode and who have not registered their e-mail addresses so far, are requested to do so by sending a request to the Company's Share Transfer Agent mentioning their folio number and e-mail addresses to which such documents can be sent. For shareholders holding shares in electronic form, such request can also be sent electronically to [cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com) from the same e-mail address registered with the depository participants.

### 19. Voting through electronic means

Pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI

Regulations, as amended from time to time, the Company is pleased to provide its members the facility of

'remote e-voting (e-voting from a place other than the venue of

the AGM) to exercise their right to vote at the AGM. The business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).

### The instructions for shareholders voting electronically are as under:

- I. The voting period begins on 23<sup>rd</sup> September, 2020 (9.00 a.m) and ends on 25<sup>th</sup> September, 2020 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 18<sup>th</sup> September, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently or cast the vote again.
  - (i) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (ii) Click on Shareholders/Members
  - (iii) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (iv) Next enter the Image Verification as displayed and Click on Login.
  - (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (vi) If you are a first-time user follow the steps given below:



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

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the relevant EVSN of "**Smiths and Founders India Limited**" on which you choose to vote.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvi) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile
- (xviii) **Note for Non – Individual Shareholders and Custodians**
- 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](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- 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.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact Mr. Nitin Kunder (022- 23058738 ) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, 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.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- The Company has appointed Mr. Nagesha Rao (Membership No. FCS 3000), Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
- The members attending the AGM, who have not already cast their vote through remote e-voting facility shall be able to exercise their voting rights at the AGM. The members who have already cast their vote through remote e-voting facility may attend the AGM but shall not be entitled to cast their vote again at the AGM.
- The voting rights of members shall be in proportion to their share in the paid up capital of the Company as on the cut-off date.
- Any Person who acquires the shares and becomes a member of the Company after dispatch of the Notice and holds shares as on the cut-off date i.e., September 18,2020, should follow the same procedure for e-Voting as mentioned above.
- The scrutinizer shall immediately after the conclusion of the voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make, not later than three days of conclusion of the meeting a consolidated scrutinizer’s report of the votes cast in favour or against, to the Chairman of the Company.
- The results shall be declared on or after the Annual General Meeting. The Results declared along with the Scrutinizer’s Report shall be placed on the Company’s website [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com) and on the website of CDSL e-Voting and communicated to the BSE Limited where the shares of the Company are listed.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast 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 AGM.
3. 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/OAVM 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.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the EGM/AGM.

## ANNEXUE TO THE NOTICE OF TWENTY NINTH ANNUAL GENERAL MEETING

### EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 Item No. 4.

#### **Item No.4**

#### **Appointment of Independent Directors**

#### **Sri Manjunath K H (DIN: 08711521)**

Sri Manjunath K H, born on 8th September 1946, hails from a respectable family. He is an electrical engineer. He started his career during 1969 as an instructor in ITI Bengaluru. After serving there for three years joined MICO Bosh and served there for six years. Thereafter during 1978 took up overseas assignment with Qatar Steel Company – Doha and served them for six years. Served Qatar Armed Force as an electrical maintenance engineer for two years. During 1992

Joined Al-Bawardi Precast, Saudi Arabia. Joined Kharafi National Company, Kuwait in 1998 and after serving them up to 2009 returned to India.

After four decades of successful, domestic and international career, retired from whole time employment and presently associated with few Multinational Companies in Bangalore as consulting faculty for training their new recruits.

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

Except Mr. Manjunath K H, 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.

#### **PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT**

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

Particulars	Ms. Supriya Shastry	Mr. Suresh Shastry
DIN	01327762	01099554
Date of Birth	2/7/1985	12/11/1956
Date of Appointment	17/3/2014	22/10/1990
Qualifications	M.B.A-Finance	Advanced Diploma in Forge Technology (ADFT), NIF&FT, Ranchi
Expertise in specific functional areas	Has over 16 years experience in Accounts & Finance	Has over 40 years experience in Forging Industry
Number of Meetings of the Board attended during the year	10/10	10/10
Other Directorships/ Committee Chairmanships/ Memberships	None	None
Number of Shares held in the Company	1,86,33,125	2,88,18,725

Relationship between directors inter-se	Daughter of Mr. Suresh Shastry.	Father of Ms. Supriya Shastry.
Terms and conditions of appointment	As per Remuneration and Nomination Policy of the Company, as displayed on the Company's website	

**By the Order of the Board**

**Roopashree B. Shettigar**  
**Company Secretary & Compliance Officer**

CIN:L85110KA1990PLC011303

E-mail Id: [cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com)

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

**Registered Office:**

No.505, 5<sup>th</sup> Floor, Brigade Rubix,  
No.20, HMT Main Road, Bangalore 560 013

Place: Bangalore

Date: 03 Sept 2020

**DIRECTORS' REPORT**

**Dear Members,**

Your Directors present the Twenty Ninth Annual Report, together with the Audited Statements of Account for the financial year ended March 31, 2020

**1. FINANCIAL RESULTS**

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

(Rs.in lakhs)

Particulars	31.03.2020	31.03.2019
Revenue from operations	808.40	1015.77
Other Income	2.66	5.11
Profit /(Loss) before Financial Charges, Depreciation, Taxation and Prior Period items	-34.08	-52.64
Less: Depreciation	32.49	29.42
Less: Finance Costs	38.62	28.32
Profit /(Loss) before Taxation and Prior Period items	(105.19)	(110.38)
Profit /(Loss) for the year	(105.19)	(110.38)
Net Profit/(Loss) for the year	(105.19)	(110.38)
Balance of Profit/(Loss) brought forward from last year	(915.54)	(805.16)
Profit/(Loss) Carried forward to Balance sheet	(1020.73)	(915.54)

**2. OVERVIEW OF COMPANY PERFORMANCE:**

During the year under review sales has registered a decrease of 20.42 % compared to previous year.

Your Company continued to incur net loss due to increase in direct costs, increase in costs of materials and lower demand for your Company's product and sluggish market conditions.

**3. DIVIDEND & RESERVES:**

In view of loss incurred by the Company, your Directors do not recommend any dividend for the financial year ended March 31, 2020.

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

**4. EXTRACT OF ANNUAL RETURN:**

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

**5. DIRECTORS:**

Presently the Board comprises the following directors.

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. Manjunath K H	Non-Executive, Independent Director
5. Mrs. Shailaja Suresh	Non-Executive, Director (Promoter)
6. Mrs. Supriya Shastry	Non-Promoter, Executive Director

Mr. Manjunath K H has been appointed as an Independent Director for a period of five years with effect from 16.03.2020 to 15.03.2025 in the Board of the Company. Your Board elected Mr. Suresh Shastry as Chairman with effect from 16.03.2020. There were no other changes in the composition of the Board of Directors of the Company during the financial year.

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

consideration of the Members of the Company at the ensuing Annual General Meeting.

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.

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

During the Financial Year 2019-20, 10 (Ten) meetings of the Board were held, details of which are given in the Corporate Governance Report.

**7. KEY MANAGERIAL PERSONNEL:**

The following are the Key Managerial Personnel of the Company:

- |                           |   |                                            |
|---------------------------|---|--------------------------------------------|
| 1. Suresh Shastry         | - | Chairman & Managing Director               |
| 2. Supriya Shastry        | - | Whole Time Director                        |
| 3. Sadaanand S Zutti      | - | Chief Financial Officer (w.e.f 01.04.2019) |
| 4. Ravi Veerragavan       | - | Company Secretary (Till 31.07.2019)        |
| 5. Roopashree B Shettigar | - | Company Secretary (w.e.f 21.08.2019)       |

**8. COMMITTEES OF THE BOARD:**

The Board of Directors has the following Committees:

- Audit Committee
- Remuneration and Nomination Committee
- Stakeholders’ Relationship Committee &
- Share Transfer Committee

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

Report.

**9. BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of Board’s functioning, composition of the Board and its

Committees and performance of specific duties, obligations and governance.

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

#### **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, 2020 and its loss for the year ended on that date;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The annual accounts have been prepared on a 'going concern' basis;
- e) The Directors had laid down internal financial controls to be followed by the Company and that

such internal financial controls are adequate and were operating effectively; and

- f) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **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:**

The disclosure required pursuant to clause (h) of subsection (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. All Related Party Transactions are placed before the Audit Committee and 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. AUDITORS:**

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

The Auditors' Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2020.

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

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

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

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

#### **26. 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.

#### **27. 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 72 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, 2020 is given in **Annexure-F** to this Report.

**28. ACKNOWLEDGEMENT:**

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: 27.06.2020

## FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on, 31.03.2020

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

### I. REGISTRATION & OTHER DETAILS:

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

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacture of closed die steel forgings, cast iron castings & cast iron cylinder liners	7326	100

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

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

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

(I) Category-wise Share Holding

I SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year - 01.04.2019				No. of Shares held at the end of the year - 31.03.2020				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
(1) Indian										
a) Individual/HUF	28143175	-	28143175	27.59	28871725	-	28871725	28.31		0.71
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-		-
c) Bodies Corporates	-	-	-	-	-	-	-	-		-
d) Bank/FI	-	-	-	-	-	-	-	-		-
e) Any other	-	-	-	-	-	-	-	-		-
<b>SUB TOTAL:(A) (1)</b>	<b>28143175</b>	<b>-</b>	<b>28143175</b>	<b>27.59</b>	<b>28871725</b>	<b>-</b>	<b>28871725</b>	<b>28.31</b>		<b>0.71</b>
(2) Foreign										
a) NRI- Individuals	-	-	-	-	-	-	-	-		-
b) Other Individuals	-	-	-	-	-	-	-	-		-
c) Bodies Corp.	-	-	-	-	-	-	-	-		-
d) Banks/FI	-	-	-	-	-	-	-	-		-
e) Any other...	-	-	-	-	-	-	-	-		-
<b>SUB TOTAL (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>28143175</b>	<b>-</b>	<b>28143175</b>	<b>27.59</b>	<b>28871725</b>	<b>-</b>	<b>28871725</b>	<b>28.31</b>		<b>0.71</b>
<b>B. PUBLIC SHAREHOLDING</b>										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-		-
b) Banks/FI	6100	-	6100	0.01	6100	-	6100	0.01		-
c) Central govt	-	-	-	-	-	-	-	-		-
d) State Govt.	-	-	-	-	-	-	-	-		-
e) Venture Capital Fund	-	-	-	-	-	-	-	-		-
f) Insurance Companies	-	-	-	-	-	-	-	-		-
g) FIIS	-	-	-	-	-	-	-	-		-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-		-
i) Others (specify)	-	-	-	-	-	-	-	-		-
<b>SUB TOTAL (B)(1):</b>	<b>6100</b>	<b>-</b>	<b>6100</b>	<b>0.01</b>	<b>6100</b>	<b>-</b>	<b>6100</b>	<b>0.01</b>		<b>-</b>
(2) Non Institutions										
a) Bodies corporates										
i) Indian	255732	11500	366232	0.36	154382	4700	159082	0.16		-0.20
ii) Overseas	-	-	-	-	-	-	-	-		-
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	9465513	568918	10034431	9.84	9161631	566518	9728149	9.54		-0.30
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	62733682	0	62733682	61.51	62788951	0	62788951	61.56		0.05
c) Others (specify)										
NRI	280500	200	280700	0.28	46080	200	46280	0.05		-0.23
Clearing Member	144017	-	144017	0.14	1750	-	1750	0.00		-0.14
Trust	900	-	900	0.00	1400	-	1400	0.00		-
Unclaimed or Suspense or Escrow Account	287288	-	287288	0.28	287288	105800	393088	0.39		0.10
<b>SUB TOTAL (B)(2):</b>	<b>73167632</b>	<b>679618</b>	<b>73847250</b>	<b>72.40</b>	<b>72441482</b>	<b>677218</b>	<b>73118700</b>	<b>71.69</b>		<b>-0.71</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>73173732</b>	<b>679618</b>	<b>73853350</b>	<b>72.41</b>	<b>72447582</b>	<b>677218</b>	<b>73124800</b>	<b>71.69</b>		<b>-0.71</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>										
<b>Grand Total (A+B+C)</b>	<b>101316907</b>	<b>679618</b>	<b>101996525</b>	<b>100.00</b>	<b>101319307</b>	<b>677218</b>	<b>101996525</b>	<b>100.00</b>		<b>-</b>

(II) Share Holding of Promoters & (III) Change in Promoter' Shareholding

(ii) SHARE HOLDING OF PROMOTERS								
SI No.	Shareholders Name	Shareholding at the beginning of the year - 01.04.2019			Shareholding at the end of the year - 31.03.2020			% change in share holding during the year
		No. of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of Shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	SURESH SHASTRY	28090175	27.54	-	28818725	28.25	-	0.71
2	SHAILAJA SURESH	53000	0.05	-	53000	0.05	-	0.00
	Total	<b>28143175</b>	<b>27.59</b>	<b>-</b>	<b>28871725</b>	<b>28.31</b>	<b>-</b>	<b>0.71</b>

(iii) CHANGE IN PROMOTERS' SHAREHOLDING									
SI No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2019			Date	Increase/Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2020	
		No. of Shares	% of total shares of the company					No. of Shares	% of total shares of the company
1	SURESH SHASTRY	28090175	27.54	01.04.2019	0		28090175	27.54	
				29.11.2019	7349	Bought	28097524	27.55	
				06.12.2019	10279	Bought	28107803	27.56	
				20.12.2019	28799	Bought	28136602	27.59	
				27.12.2019	10824	Bought	28147426	27.60	
				31.12.2019	6020	Bought	28153446	27.60	
				07.02.2020	33393	Bought	28186839	27.64	
				14.02.2020	76159	Bought	28262998	27.71	
				21.02.2020	169570	Bought	28432568	27.88	
				28.02.2020	88240	Bought	28520808	27.96	
				06.03.2020	3919	Bought	28524727	27.97	
				13.03.2020	6049	Bought	28530776	27.97	
				20.03.2020	252612	Bought	28783388	28.22	
				27.03.2020	25954	Bought	28809342	28.25	
				<b>31.03.2020</b>	<b>9383</b>	<b>Bought</b>	<b>28818725</b>	<b>28.25</b>	
2	SHAILAJA SURESH	53000	0.05	01.04.2019	0		53000	0.05	
						<b>No Movement This Year</b>			
				<b>31.03.2020</b>			53000	0.05	

(iv) Shareholding Pattern of top ten Shareholders:

SMITHS & FOUNDERS (INDIA) LIMITED								
(iv) SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRs and ADRs):								
SLNO	NAME OF THE SHARE HOLDER	SHAREHOLDING AT THE BEGINNING OF THE YEAR - 01.04.2019			Increase/Decrease in Share Holding	Reason	CUMULATIVE SHAREHOLDING DURING THE YEAR - 31.03.2020	
		No. of Shares	% of Total Shares of the Company	Date			No. of Shares	% of Total Shares of the Company
1	SUPRIYA SHASTRY	18633125	18.27	01.04.2019	-	-	18633125	18.27
					No Movement This Year			
				31.03.2020	-	-	18633125	18.27
2	SATHISH SHASTRY	17024000	16.69	01.04.2019	-	-	17024000	16.69
					No Movement This Year			
				31.03.2020	-	-	17024000	16.69
3	SACHIN SHASTRY	12585125	12.34	01.04.2019	-	-	12585125	12.34
					No Movement This Year			
				31.03.2020	-	-	12585125	12.34
4	UMESH SHASTRY	7445700	7.30	01.04.2019	-	-	7445700	7.30
					No Movement This Year			
				31.03.2020	-	-	7445700	7.30
5	HEMA SATHISH	5370875	5.27	01.04.2019	-	-	5370875	5.27
					No Movement This Year			
				31.03.2020	-	-	5370875	5.27
6	SANTOSH KUMAR KHEMKA	386864	0.38	01.04.2019	-	-	386864	0.38
					No Movement This Year			
				31.03.2020	-	-	386864	0.38
7	AMIT KUMAR DAS	311891	0.31	01.04.2019	-	-	311891	0.31
					No Movement This Year			
				31.03.2020	-	-	311891	0.31
8	SMITHS AND FOUNDERS (INDIA)LIMITED - UNCLAIMED SUSPENSE ACCOUNT	287288	0.28	01.04.2019	-	-	287288	0.28
				14.02.2020	105800	BOUGHT	393088	0.39
				31.03.2020	-	-	393088	0.39
9	CHITRA KHEMKA	285108	0.28	01.04.2019	-	-	285108	0.28
				31.01.2020	-285108	SOLD	0	0.00
				31.03.2020	-	-	0	0.00
10	SURESHKUMAR CHELARAJI JAIN	205780	0.20	01.04.2019	-	-	205780	0.20
				26.04.2019	-80	SOLD	205700	0.20
				18.10.2019	1	BOUGHT	205701	0.20
				25.10.2019	-21	SOLD	205680	0.20
				01.11.2019	-13	SOLD	205667	0.20
				20.12.2019	-7	SOLD	205660	0.20
				03.01.2020	-1	SOLD	205659	0.20
				10.01.2020	-2	SOLD	205657	0.20
				17.01.2020	-4	SOLD	205653	0.20
				24.01.2020	-4	SOLD	205649	0.20
				21.02.2020	-30000	SOLD	175649	0.17
				06.03.2020	-1	SOLD	175648	0.17
				20.03.2020	-25000	SOLD	150648	0.15
				27.03.2020	-2	SOLD	150646	0.15
				31.03.2020	-	-	150646	0.15
11	VINEET KHEMKA	10000	0.01	01.04.2019	-	-	10000	0.01
				31.01.2020	285108	BOUGHT	295108	0.29
				31.03.2020	-	-	295108	0.29

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholders Name	Shareholding at the beginning of the year -01.04.2019			Increase/Decrease in No. of shares	Reason	Cumulative Shareholding during the year – 31.03.2020	
		No. of shares	% of total shares of the company	Date			No. of shares	% of total Shares of the company
1.	Suresh Shastry	2,80,90,175	27.54	01.04.2019	0	Transfer	2,80,90,175	27.54
				29.11.2019	7349	Transfer	28097524	27.55
				06.12.2019	10279	Transfer	28107803	27.56
				20.12.2019	28799	Transfer	28136602	27.59
				27.12.2019	10824	Transfer	28147426	27.60
				31.12.2019	6020	Transfer	28153446	27.60
				07.02.2020	33393	Transfer	28186839	27.64
				14.02.2020	76159	Transfer	28262998	27.71
				21.02.2020	169570	Transfer	28432568	27.88
				28.02.2020	88240	Transfer	28520808	27.96
				06.03.2020	3919	Transfer	28524727	27.97
				13.03.2020	6049	Transfer	28530776	27.97
				20.03.2020	252612	Transfer	28783388	28.22
				27.03.2020	25954	Transfer	28809342	28.25
31.03.2020	9383	Transfer	28818725	28.25				
2.	Supriya Shastry	1,86,33,125	18.27		0		1,86,33,125	18.27
3.	Shailaja Suresh	53,000	0.05		0		53,000	0.05

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

(Amount in Rs.Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	342.93	45.00	0	387.93
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0.11	0	0.11
<b>Total (i+ii+iii)</b>	<b>342.93</b>	<b>45.11</b>	<b>0</b>	<b>388.04</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	0	150.22	0	150.22
* Reduction	(-)35.98	(-)29.07	0	(-)65.05
<b>Net Change</b>	<b>(-) 35.98</b>	<b>121.15</b>	<b>0</b>	<b>85.17</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	306.95	165.00	0	471.95
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	1.26	0	1.26
<b>Total (i+ii+iii)</b>	<b>306.95</b>	<b>166.26</b>	<b>0</b>	<b>473.21</b>

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

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

(In Lakhs)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		CMD	WTD	
		Suresh Shastry	Supriya Shastry	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19.20	19.20	38.40
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.62	0.00	0.62
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission - as % of profit - others, specify	0.00	0.00	0.00
5	Others-contribution to funds	3.00	3.00	6.00
	<b>Total (A)</b>	<b>22.82</b>	<b>22.20</b>	<b>45.02</b>
	Ceiling as per the Act	Due to inadequate profit remuneration is paid as per the limit prescribed under Part II of Schedule V of the Companies Act, 2013.		

**B. Remuneration to other directors**

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



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

(In Lakhs)

SN.	Particulars of Remuneration	Key Managerial Personnel				Total
		CEO	CS		CFO	
		-	Ravi Veerraghavan (From 1.04.2019 to 31.07.2019)	Roopashree Shettigar (w.e.f 21.08.2019)	Sadaanand Zutti	
1	Gross salary	-	2.40	3.37	6.17	11.94
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	0.00	0.00	0.00	0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.00	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0.00	0.00	0.00	0.00
2	Stock Option	-	0.00	0.00	0.00	0.00
3	Sweat Equity	-	0.00	0.00	0.00	0.00
4	Commission	-	0.00	0.00	0.00	0.00
	- as % of profit	-	0.00	0.00	0.00	0.00
	others, specify	-	0.00	0.00	0.00	0.00
5	Others-contribution to funds	-	0.00	0.00	0.00	0.00
	<b>Total</b>	-	<b>2.40</b>	<b>3.37</b>	<b>6.17</b>	<b>11.94</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## NOMINATION AND REMUNERATION POLICY

### Introduction:

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

### Objective and purpose of the Policy:

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

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

In the context of the aforesaid criteria the following policy has been formulated by the Nomination and Remuneration Committee and adopted by the Board of Directors at its meeting held on 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 is sufficient / satisfactory for the concerned position.

3. The Company shall not appoint or continue the employment of any person as Whole time Director who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

- Term / Tenure:

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

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

#### **2. Independent Director:-**

An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company and disclosure of such appointment in the Board's report.

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

- **Evaluation:**

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

• **Removal:**

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

• **Retirement:**

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

**PART – C**

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

• **General:**

1. The remuneration / compensation / commission etc. to the Whole-time Director, KMP and Senior Management Personnel will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company and 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.

**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	Employment	3 years	Contract of Employment; Total Emolument Rs.19.20 Lacs per annum	01/04/2017	NIL
	Unsecured Loan taken by the Company	Adhoc	Unsecured Loan Repayable on demand; Interest Payable at Bank Rate; Amount of loan obtained Rs.1,34,00,000/-	19/04/2019	NIL
	Interest paid on Loans	Adhoc	Rs. 6,76,164/-	19/04/2019	NIL
<b>Supriya Shastry</b> Whole-Time Director	Employment	3 years	Contract of Employment; Total Emolument Rs.19.20 Lacs per annum	01/04/2017	NIL

	Unsecured Loan taken by the Company	Adhoc	Unsecured Loan Repayable on demand; Interest Payable at Bank Rate; Amount of loan obtained Rs.13,30,000/-	19/04/2019	NIL
	Interest paid on Loans	Adhoc	Rs.1,32,861/-	19/04/2019	NIL
<b>Mr. Sadanand Zutti</b> Chief Financial Officer	Employment	Employment Contract	Rs.6,16,536/-	19/04/2019	NIL
<b>Mrs. Roopashree Shettigar</b> Company Secretary	Employment	Employment Contract	Rs.3,37,426/-	31/08/2019	NIL
<b>Mr. Umesh Shastry</b> Vice-President Commercial	Employment	Employment Contract	Rs.19,20,000/-	19/04/2019	NIL
<b>Mr. Satish Shastry</b> Vice – President Technical	Employment	Employment Contract	Rs.19,20,000/-	19/04/2019	NIL
	Interest paid on Loans	Adhoc	Rs.10,304/-	19/04/2019	NIL
<b>Mrs. Shailaja Suresh</b> Non-Executive Director	Unsecured Loan Taken by Company	Adhoc	Rs.20,00,000/-	19/04/2019	NIL
	Interest paid on Loans	Adhoc	Rs.62,805/-	19/04/2019	NIL

**(Suresh Shastry)**  
**Chairman & Managing Director**

**FORM MR-3**  
**Secretarial Audit Report**  
**For the Financial Year ended 31st March 2020**

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

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

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** with CIN: L85110KA1990PLC011303 (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

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 31st March 2020, 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 31st March 2020 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 and Listing of Debt Securities) Regulations, 2008

iv. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

v. 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. [Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the Financial Year];

vi. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(f) Indian Copyright Act, 1957

(g) The Patents Act, 1970

(h) The Trade Marks Act, 1999

4. I have also examined 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 further report that, there were no events / actions in pursuance of :

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
- b. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009, and
- c. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018.

requiring compliance thereof by the Company during the Audit period.

7. 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.

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

9. I further report as below:

9.1 that, -

(a) proper advance notices for Board and Committee meetings were issued to Directors during the year; such notices accompanied detailed notes on agenda items and draft minutes of respective meetings; 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.

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

9.2 that, 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;

9.3 There were no instances of:

- (i) Public, Preferential Issue of Shares or Debentures or Sweat Equity.
- (ii) redemption 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.

**K N Nagesha Rao**

UDIN No.-F003000B000389199

**FCS 3000**

**CP 12861**

Bengaluru

26<sup>th</sup> June, 2020

## The Annexure to the Secretarial Audit Report for the Financial Year 2019-20

To

The Members

**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.

Bengaluru

26<sup>th</sup> June, 2020

**K N Nagesha Rao**

UDIN No.-F003000B000389199

**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, 2020 is given here below and forms part of the Director's Report.

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

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

**B. FOREIGN EXCHANGE EARNING AND OUTGO**

During the year under review Foreign Exchange earnings was Rs. 35.60 Lakhs (Previous Year Rs. 41.99 Lakhs) and Foreign Exchange outgo was Nil (Previous Year Rs.0.75 Lakhs)

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 2019-20, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2019-20 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 2019-20 (Rs. in Lakhs)	% increase in Remuneration in the Financial Year 2019-20	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	22.82	There was no increase in remuneration during the Financial Year	11.06	Remuneration received during the Financial year – Rs. 22.64 Lakhs as against Net Loss of Rs. 105.19 Lakhs.
2	Supriya Shastry	Executive Director	22.20	There was no increase in remuneration during the	10.76	Remuneration received during the Financial year – Rs.22.20 Lakhs as against Net Loss of

				Financial Year		Rs. 105.19 Lakhs.
3	Shailaja Suresh	Non-Executive Director	0.00	0.00	0.00	-
4	V. Parthasarathy	Independent Director	0.00	0.00	0.00	-
5	Sudhindra N.Kalghatgi	Independent Director	0.00	0.00	0.00	-
6	Manjunath K H	Independent Director	0.00	0.00	0.00	-
7	Sadaanand Zutti	Chief Financial Officer	6.17	There was no increase in remuneration during the Financial Year	-	
8	Ravi.V (From 1.04.2019 to 31.07.2019)	Company Secretary	2.40	There was no increase in remuneration during the Financial Year	-	
9	Roopashree B Shettigar (w.e.f 21.08.2019)	Company Secretary	3.37	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.2,06,261/- 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 2019-20.

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

In the Financial Year, there was a decrease of 2.45 % in the median remuneration of employees.

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

There were 72 permanent employees on the rolls of the Company as on March 31, 2020.

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

The decrease in the median remuneration of employees was 2.45%. As regards Company's performance, its net loss for the Financial Year 2019-20 was Rs. 105.19 Lakhs as against net loss of Rs. 110.38 Lakhs in the Financial Year 2018-19.

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 loss of Rs.105.19 Lakhs & Rs.110.38 Lakhs, during the financial years 2019-20 & 2018-19, respectively.

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

The market capitalization as on 31st March 2020 was Rs.6.73 Crores (Rs.7.96 Crores as on 31<sup>st</sup> March, 2019). The price of the share during March, 2020 was Rs. 0.66 and as on 31<sup>st</sup> March, 2019 was Rs. 0.78. The Earnings Per Share was Rs. - 0.10 for the Financial Year ended 31<sup>st</sup> March, 2020 and Rs. - 0.11 for the financial year ended 31<sup>st</sup> March, 2019. 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 2019 was Rs.0.07, 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 2019-20, average percentile increase in salaries of employees other than the managerial personnel was 2.45%. 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 2019-20 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 2019-20

#### Industry Structure and Developments:

In the backdrop of positive consumer sentiment, improved end-user market and improved liquidity in the financial system, the Association of Indian Forging Industry (AIFI) projected higher demand during the first quarter of FY 2019-20. However, growth in the automobile/auto components sector remained muted during the financial year 2019-20. After posting a growth of over 6 percent during the financial year 2018-19 the Indian automobile sector slipped to negative growth of nearly 12% during the year 2019-20. Consequently the forging industry also slipped in its performance during the year 2019-20.

#### Opportunities and Threats:

Considering the importance of its role in developing the economy, its potential for generating employment opportunities and its backward and forward linkages with several sectors, the Government is committed to support development of automobile industry under the "Make in India" initiative. Going forward, from the year 2021-22, the Auto Industry is expected to show good growth across all segments on the back of healthy economic outlook, finance penetration, investment in roads, infrastructure and new launches by OEMs.

On the other hand, there are a few concerns which seem to hamper the overall growth in the long run such as, raising steel prices, demand supply gap, high electricity tariff, increased fuel cost, Government's thrust on manufacture of electric vehicles and obsolescence consequent to technology upgradation and modernization. Growing concerns over air pollution, road safety, sustainability and urban congestion, among consumers and society at large, are driving the policy and regulations for electric motor vehicles and urban development. These will impact ownership patterns and in turn will have a significant effect on the future of the automotive industry.

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

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

#### Outlook:

An expected above-normal monsoon along with ongoing reforms in Goods and Services Tax, which is gathering momentum during the current year, are expected to push up the country's growth rate in the coming year.

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

The Indian Auto Component industry is expected to grow by 8-10 per cent in FY 2021-22, based on higher localisation by Original Equipment Manufacturers (OEM), higher indigenous component content per vehicle, and rising exports from India. Thus, the Indian Automobile Industry is set to become the third largest in the world by 2025.

#### Risks and Concerns:

The Company's business is exposed to many internal and external risks. With the very little resources available, your Company is doing its best to manage them.

#### 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:**

The following table gives results of operations for the Financial Year 2019-20:

**Income**

(Rs.in Lakhs)

Particulars	Financial Year 2019-20		Financial Year 2018-19		+/-
	Amount	%	Amount	%	
Revenue from Operations	808.40	99.67	1015.77	99.50	-20.42
Other Income	2.66	0.33	5.11	0.50	-92.11
<b>Total</b>	<b>811.06</b>	<b>100.00</b>	<b>1020.88</b>	<b>100.00</b>	<b>-20.55</b>

**Expenses**

(Rs.in Lakhs)

Particulars	Financial Year 2019-20		Financial Year 2018-19		%age change
	Amount (Rs.lakhs)	%age to sales	Amount (Rs.lakhs)	%age to sales	
Material Costs	366.28	39.92%	467.70	45.81%	-29.64%
Employee costs	267.03	32.92%	299.24	29.31%	-10.76%
Manufacturing Expenses	148.88	18.36%	243.46	23.85%	-38.85%
Depreciation & Amortisation	32.49	4.01%	29.42	2.88%	10.44%
Administration Expenses	60.50	7.46%	51.74	5.07%	16.93%
Selling & Distribution Expenses	3.65	0.45%	5.98	0.59%	-38.96%
Finance Costs	38.62	4.76%	28.32	2.77%	36.37%
<b>Total Expenses</b>	<b>917.45</b>	<b>107.88%</b>	<b>1,125.86</b>	<b>110.28%</b>	<b>-21.82%</b>
<b>Profit / (Loss)</b>	<b>(106.38)</b>	<b>-7.88%</b>	<b>(104.98)</b>	<b>-10.28%</b>	<b>-34.09%</b>
<b>Income</b>	<b>811.06</b>	<b>100.00%</b>	<b>1,020.88</b>	<b>100.00%</b>	<b>-20.55%</b>

As a result of sluggish market and tight financial situation, income of your company for the Financial Year was lower by 21%. However, by bringing out reduction in material cost and manufacturing expenses each by over 5%, your Company could bring down the loss by Rs.35.79 lacs.

The coming year will be challenging for our operations; we will have to withstand the turbulence and uncertainty caused by COVID-19 and the consequent decline in end-market demand. This is likely to result in a significant impact

on operations, given our fixed cost structure. To counter this, we are undertaking a host of steps to reduce costs. This is by no means an easy task, but we are hopeful of overcoming the present difficult situation.

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

The Company considers its people as the most critical and valuable resource. The relations between the employees and the Company remained cordial throughout the year. The

Company continues to focus on safety, training and development of the employees. The total number of employees on the rolls of the Company as on March 31, 2020 was 72.

**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, 2020, in terms of Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

1. **COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:** Your Company believes in good corporate governance and continuously endeavours to

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

#### 2. BOARD OF DIRECTORS:

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

The Board of Directors comprised of Six Directors. Composition of the Board, as at 31.03.2020 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
Mrs. Supriya Shastry	Executive 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. Manjunath K H	Independent Director	Nil	Nil

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

Mr. Suresh Shastry, Mrs. Shailaja Suresh and Mrs. Supriya Shastry 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 2019-20		Attendance at the Last AGM held on 31.08.2019
	Held	Attended	
Mr. Suresh Shastry	10	10	Yes

Mrs. Supriya Shastry	10	10	Yes
Mrs. Shailaja Suresh	8	8	Yes
Mr. V. Parthasarathy	10	8	No
Mr. Sudhindra Narayan Kalghatgi	10	8	Yes
Mr. Manjunath K H	NA	NA	NA

**c) Number of Board Meetings:**

Ten Board Meetings were held during the year 2019-20 and the gap between two consecutive meetings did not exceed one hundred twenty days. The dates on which the Board meetings were held were 13.04.2019, 19.04.2019, 29.05.2019, 15.06.2019, 13.08.2019, 31.08.2019, 14.11.2019, 06.12.2019, 29.01.2020 & 16.03.2020.

**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) Mr. Manjunath K H. Non Executive Independent Director All members of the Audit Committee are financially literate and bring in expertise in the fields of finance, accounts and business management. The Chairman of the Committee Mr. V. Parthasarathy is 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 2019-20 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: 29.05.2019, 13.08.2019, 14.11.2019, & 29.01.2020.

The attendance at the Meetings was as under:

Members	No. of Meetings held during the year 2019-20	No. of Meetings Attended
Mr. V. Parthasarathy	4	4
Mr. Suresh Shastry	4	4
Mr. Sudhindra N. Kalghatgi	4	4

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

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

**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 29.05.2019, 13.08.2019, 14.11.2019, & 29.01.2020.

The attendance at the meetings was as under:

Members	No. of Meetings held during the year 2019-20	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. SHARE TRANSFER COMMITTEE**

The Company’s share transfer Committee was formed on 09.08.2017, essentially to approve transfer/ transmission, etc. requests received from time to time from shareholders, through Registrar and Share

Transfer Agents, instead of waiting for the meeting/s of stakeholders’ relationship committee, held once in every 3 / 4 months. The share transfer committee functions under the Chairmanship of Mr. Mr. Suresh

Shastry, Managing Director and Ms. Supriya Shastry, Director is the other member of the Committee. The Company Secretary is the Compliance Officer of the

Company for the purpose of Listing Regulation. The Committee Meetings were held on 10.04.2019, 06.05.2019 & 01.10.2019.

The attendance at the meetings was as under:

Members	No. of Meetings held during the year 2019-20	No. of Meetings Attended
Mr. Suresh Shastry	3	3
Ms. Supriya Shastry	3	3

#### **7. REMUNERATION OF DIRECTORS:**

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

Remuneration paid to Managing Director and Executive Directors (Whole-time Directors) for the year ended March 31, 2020 is given below:

(Rs. in Lakhs )

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

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

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

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

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

#### **9. CEO CERTIFICATION**

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

#### **10. ANNUAL GENERAL MEETINGS:**

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

Year	AGM	Location	Date & Time	Special Resolution passed
2016-17	AGM	MEWS Ladies Club, No.37,17 <sup>th</sup> Cross, Malleswaram, Bangalore 560 055	16.09.2017 10.00 a.m.	Approval of re appointment of all the four Whole Time Directors, of the Company, for a period of five years and remuneration payable to them.  Approval of alteration to Articles of Association of the Company, to be inline with the provisions of the Companies Act, 2013.
2017-18	AGM	MEWS Ladies Club, No.37,17 <sup>th</sup> Cross, Malleswaram, Bangalore 560 055	29.09.2018 10.00 a.m.	2017-18
2018-19	AGM	MEWS Ladies Club, No.37,17 <sup>th</sup> Cross, Malleswaram, Bangalore 560 055	31.08.2019 10.00 a.m.	Approval of re-appointment of Mr. V Parthasarathy and Mr. Sudhindra Narayan Kalghatgi as an Independent Director.  Approval of Appointment of Ms. Shailaja Suresh, as a Non-Executive Director.

No special resolutions were passed through Postal Ballot during the year 2019-20.

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

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

During the year 2019-20, 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 2019-2020, your Company had fully complied with the corporate governance requirements, as mandated by SEBI.

**c. Whistle Blower Policy**

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

**d. Non-mandatory requirements**

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

**12. MEANS OF COMMUNICATION:**

**A. Quarterly Results:**

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

**B. Website:**

The Company maintains a functional website [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com), which is updated on

regular basis. Quarterly, Half-yearly and Yearly results, Annual Reports, Code of Conduct and Ethics and Shareholding Pattern are available on the website in a user friendly and downloadable form.

**C. Annual Report:**

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

**13. GENERAL SHAREHOLDER INFORMATION:**

**13.1 AGM:**

Date and Time: September 26, 2020 at 10.00 AM

Venue:

The meeting is held through Video Conferencing ('VC') / Other Audio Visual Means ('OAVM').

**13.2 Financial Year of the Company:**

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

Tentative dates for Board Meeting for consideration of quarterly financial results for 2020-21 are given below.

- I. Quarter ending June 30, 2020 - On or before August 14, 2020
- II. Quarter ending September 30, 2020 - On or before November 14, 2020
- III. Quarter ending December 31, 2020 - On or before February 14, 2021
- IV. Quarter & Year ending March 31, 2021- End May, 2021

**13.3 Book Closure Date:** 19.09.2020 to 26.09.2020 (inclusive of both days)

**13.4 Dividend Payment Date:** Not Applicable

**13.5 Listing on Stock Exchanges:**

**Equity Shares:** BSE Limited, Mumbai

Annual listing fee to BSE Ltd. for Financial Year 2020-21 has been paid.

**13.6 Stock Codes:**

(a) BSE Ltd. – 513418

(b) ISIN Code - INE728B01032

**13.7 Stock Market Data:**

MONTH	Share Price Movements-2018-19	
	Share Price at BSE Ltd. (Rs.)	
	HIGH	LOW
April 2019	0.75	0.69
May 2019	0.69	0.60
June 2019	0.57	0.55

July 2019	0.53	0.29
August 2019	0.28	0.19
September 2019	0.20	0.19
October 2019	0.28	0.19
November 2019	0.31	0.27
December 2019	0.36	0.24
January 2020	0.69	0.37
February 2020	0.70	0.52
March 2020	0.66	0.53

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

Month/Year	BSE Sensex Index		Share Price at BSE Ltd. (Rs.)	
	HIGH	LOW	HIGH	LOW
April 2019	39,487.45	38,460.25	0.75	0.69
May 2019	40,124.96	36,956.10	0.69	0.60
June 2019	40,312.07	38,870.96	0.57	0.55
July 2019	40,032.41	37,128.26	0.53	0.29
August 2019	37,807.55	36,102.35	0.28	0.19
September 2019	39,441.12	35,987.80	0.20	0.19
October 2019	40,392.22	37,415.83	0.28	0.19
November 2019	41,163.79	40,014.23	0.31	0.27
December 2019	41,809.96	40,135.37	0.36	0.24
January 2020	42,273.87	40,476.55	0.69	0.37
February 2020	41,709.30	38,219.97	0.70	0.52
March 2020	39,083.17	25,638.90	0.66	0.53

Tel: 080 2346 0815 to 818

Fax: 080 2346 0819

**13.9 Registrar and Transfer Agents:**

**Integrated Registry Management Services Private Limited**  
 30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road,  
 Malleswaram, Bangalore 560 003

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

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

**13.10 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.

**13.11 Distribution of Shareholding as on 31.03.2019**

No of shares held	Number of Shareholders	Number of shares held	% Shareholding
Up to 500	9922	1506599	1.48
501-1000	904	795150	0.78
1001-2000	528	864194	0.85
2001-3000	205	534554	0.52
3001-4000	108	393419	0.39
4001-5000	124	593063	0.58
5001-10000	171	1312200	1.29
10001 & above	170	95997346	94.12
<b>TOTAL</b>	<b>12132</b>	<b>101996525</b>	<b>100.00</b>

**13.12 Dematerialization of Shares:**

99.34% of the Shares of the Company are in dematerialised form as on 31st March, 2020.

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

**13.14 Plant Locations:**

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

**13.15 Investor Correspondence:**

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

Declaration by the Managing Director under Regulation 26(3) and pursuant to Schedule V(D) read with Regulation 34(3) of the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015 regarding compliance with Code of Conduct.

I, Suresh Shastry, Managing Director of Smiths & Founders (India) Limited, declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed their compliance with the Company's code of conduct for the year ended March 31, 2020.

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

Place: Bangalore

Date: 27.06.2020



## CEO Certification

in the company's internal control system over financial reporting.

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

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

Place: Bangalore

Date : 27.06.2020

- i. I have reviewed the financial statements, read with the cash flow statement of Smiths & Founders (India) Limited for the year ended March 31,2020 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

## 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 2020, 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 2020, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

##### Basis for Opinion

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

##### Key Audit Matters

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

Revenue Recognition

The key audit matter	How the matter was addressed in our audit
<p>Revenue from sale of goods is 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, resulting from pressure the management may feel to achieve performance targets at the reporting period end.</p>	<p>Our audit procedures include:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the revenue recognition accounting policies by comparing with applicable accounting standards.</li> <li>• We tested the design, implementation and operating effectiveness of management’s general IT controls and key application controls over the Company’s IT systems which govern revenue recognition, including access controls, controls over program changes, interfaces between different systems and key manual internal controls over revenue recognition to assess the completeness of the revenue entries being recorded in the general ledger accounting system.</li> <li>• We tested the design, implementation, and operating effectiveness of Internal Financial Controls.</li> <li>• We performed substantive testing by selecting samples of revenue transactions recorded during the year by verifying the underlying documents, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects.</li> <li>• We inspected, on a sample basis, key customer contracts to identify terms and conditions relating to goods acceptance and rebates and assessing the Company’s revenue recognition policies with reference to the requirements of the applicable accounting standards.</li> <li>• We performed cut-off testing for samples of revenue transactions recorded before and after the financial year end date by comparing with relevant underlying documentation, which included goods dispatch notes, shipping documents and details with respect to percentage of completion of service projects, to assess whether the revenue was recognized in the correct period.</li> </ul>

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

The key audit matter	How the matter was addressed in our audit
<p>The Company is periodically subject to challenges/scrutiny on the matters relating to direct tax. Further, potential exposures may also arise from general legal proceedings in course of business.</p> <p>Assessment of contingent liabilities disclosure requires Management to make judgements and estimates in relation to the issues and exposures. Whether the liability is inherently uncertain, the amounts involved are potentially significant and application of accounting standards to determine the amount, if any, to be provided as liability, is inherently subjective.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• We tested the effectiveness of controls around the recording and re-assessment of contingent liabilities.</li> <li>• We discussed the status and potential exposures in respect of significant litigation and claims with the Company’s management including their views on the likely outcome of each litigation and claim and the magnitude of potential exposure and sighted any relevant opinions given by the Company’s advisors.</li> <li>• We assessed the event occurring after the reporting period and the adequacy of disclosures made.</li> </ul> <p>Refer Note 37(1) to the Financial Statements</p>

**Impact of COVID-19 on the Company’s financial statements.**

The key audit matter	How the matter was addressed in our audit
<p>Coronavirus (‘COVID-19’), was declared a global pandemic by World Health Organisation.</p> <p>In line with the directions on lockdown issued by the State Government of Karnataka, the Company temporarily suspended the operations from 23 March 2020 till 31 March 2020; and subsequently up to further dates as instructed by the State Government.</p> <p>COVID-19 has resulted in restriction in movement of goods during the period from 23 March 2020 till 31 March 2020 impacting normal business operations for the Company including revenues, receivables, purchases, including services and inventories at the year-end and hence considered key audit matter.</p>	<p>We have performed the following procedures to assess and evaluate the impact on financial statements because of business decisions, government actions or economic environment developments:</p> <ul style="list-style-type: none"> <li>• Performed cut-off procedures for a larger sample of invoices during the lockdown period for both domestic as well as export sales.</li> <li>• Enquired with the Company on the manner of financial support (if any) provided to the dealers, vendors and service providers, and their recognition in the financial statements.</li> <li>• Enquired with the Company on any information on the liquidity position of any dealers; and ascertained the need for any additional provisioning for impairment/credit loss in the financial statements.</li> <li>• We assessed the disclosures on COVID-19 made in the financial statements. Our ability to perform regular audit procedures has been impacted which has required us in certain cases to perform alternative audit procedures and exercise significant judgment in respect Year-end inventory observation of inventory counts could not be performed. However, inventory counts were observed subsequent to year-end; and rolled back to year-end.</li> </ul> <p>Refer Note 37 to the Financial Statements</p>

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.

- d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with the Rule 7 of the Companies (Accounts) Rules, 2014;
- e. On the basis of written representations received from the directors as on March 31<sup>st</sup> 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31<sup>st</sup> 2020, 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;
3. As required by Section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under Section 197 read with Schedule V to the Act

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

Chartered Accountants  
Firm Reg. No. 004142S

**Devendra Nayak**

Partner

Membership No. 27449  
UDIN: 20027449AAAAAR6242  
Place: Bengaluru  
Date: 27/06/2020

## 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 2020, we report that:

### i) Fixed Assets

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

### ii) Inventory

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

### iii) Loans and Advances

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

### iv) Loans/Investments/Guarantees

In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 have been complied with in respect of loans, investments, guarantees, and security given by the company.

### v) Deposits

According to the information and explanation given to us, the company has not accepted any deposits,

consequently directives of the RBI and the provision of Section 73 and 76 or any other relevant provision of the Companies Act, 2013, and the rules framed there under are not applicable to the company.

### vi) Cost records

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

### vii) Statutory Dues

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

### viii) Repayment of Loans

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

### ix) Diversion of Funds

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

### x) Frauds noticed / Detected

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no material fraud by the company or

any fraud on the company by its officers or employees has been noticed or reported during the year.

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.

**xi) Managerial Remuneration**

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

**For B N Subramanya & Co.,**  
Chartered Accountants  
Firm Reg.No. 04142S

**Devendra Nayak**  
Partner  
Membership No.27449

Place: Bengaluru  
Date: 27/06/2020

**xii) Nidhi Company**

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

**xiii) Related Party Transactions**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details of the transactions have been disclosed in the Financial Statements as required by the accounting standards and The Companies Act, 2013.

**xiv) Preferential allotment**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence no comment is required on the same.

**xv) Non-cash transactions**

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

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



## 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, 2020 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 rerecorded 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, 2020, 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

**Devendra Nayak**  
Partner  
Membership No.27449

Place: Bengaluru  
Date: 27/06/2020

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

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

[All amounts in INR]

**BALANCE SHEET AS AT**

Particulars	Note No.	31-Mar-20	31-Mar-19
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a)Property, Plant and Equipment	2	6,10,54,441	6,27,72,323
(b)Capital work-in-progress		-	6,25,763
(c)Investment Property		-	-
(d)Goodwill		-	-
(e)Other Intangible assets	2	6,18,851	40,434
(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	23,31,793	20,84,424
<b>Current assets</b>			
(a)Inventories	5	1,68,41,488	1,66,29,490
(b)Financials Assets		-	-
i.Investments		-	-
ii.Trade receivables	6	98,91,504	93,58,879
iii.Cash and Cash equivalents	7	85,717	5,82,353
iv.Bank balances other than (iii) above		-	-
v. Loans		-	-
vi.others		-	-
(c)Current Tax Assets(Net)	8	15,675	23,704
(d)Other current assets	9	14,08,361	18,34,406
<b>Total Assets</b>		<b>9,22,47,830</b>	<b>9,39,51,776</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a)Equity Share Capital	10	10,19,96,525	10,19,96,525
(b)Other Equity	11	(7,28,03,378)	(6,22,84,492)
<b>Liabilities</b>			
<b>Non-current Liabilities</b>			
(a)Financial Liabilities		-	-
i.Borrowings	12	2,62,58,656	1,18,74,009
ii.Trade payables		-	-
iii.Other financial Liabilities		-	-
(b)Provisions	13	80,31,462	68,51,754
(c)Deferred tax Liabilities(Net)		-	-
(d)Other non-current liabilities		-	-
<b>Current Liabilities</b>			
(a)Financial Liabilities		-	-
i.Borrowings	14	1,87,57,605	2,41,12,696
ii.Trade payables	15	20,01,612	16,82,495
iii.Other financial Liabilities	16	23,04,371	27,25,345
(b)Other current Liabilities	17	44,25,897	56,85,699
(c)Provisions	18	12,75,080	13,07,744
(d)Current Tax Liabilities(Net)		-	-
<b>Total Equity and Liabilities</b>		<b>9,22,47,830</b>	<b>9,39,51,776</b>

Significant accounting policies  
Notes to accounts

1  
2 to 37

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

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

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

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

**Suresh Shastry**  
Managing Director  
DIN: 1099554

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

Place: Bangalore  
Date: 27/06/2020

**Roopashree Shettigar** **Sadaanand S Zutti**  
Company Secretary **Chief Financial Officer**  
M. No. A52321 **PAN - AAACPZ8476F**

**SMITHS & FOUNDERS INDIA LIMITED – 29<sup>th</sup> ANNUAL REPORT 2019-20**

**SMITHS & FOUNDERS (INDIA) LIMITED**  
 [FORMERLY SHIMOGA TECHNOLOGIES LIMITED]  
**CIN - L85110KA1990PLC011303**  
 NO.505, 5TH FLOOR, BRIGADE RUBIX NO.20, HMT MAIN ROAD, BANGALORE 560013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED**

Particulars	Note No.	31-Mar-20	31-Mar-19
<b>REVENUE</b>			
Revenue from Operations	19	8,08,40,091	10,15,76,618
Other income	20	2,65,994	5,11,563
<b>Total Revenue</b>		<b>8,11,06,085</b>	<b>10,20,88,182</b>
<b>EXPENSES</b>			
Cost of materials consumed	21	3,29,07,642	4,53,15,436
Changes in inventory of work-in-progress & Finished Goods	22	37,20,249	14,55,229
Employee benefits expense	23	2,67,02,607	2,99,23,636
Finance costs	24	38,61,770	28,31,533
Depreciation and amortisation expense	25	32,49,223	29,41,697
Direct expenses	26	1,48,87,985	2,43,46,875
Administration expenses	27	60,50,377	51,74,012
Selling and distribution expenses	28	3,64,559	5,97,529
<b>Total Expenses</b>		<b>9,17,44,412</b>	<b>11,25,85,946</b>
<b>Profit/(Loss) before exceptional &amp; extraordinary items &amp; tax</b>		<b>(1,06,38,327)</b>	<b>(1,04,97,765)</b>
Exceptional items		-	-
<b>Profit/(Loss) before extraordinary items &amp; tax</b>		<b>(1,06,38,327)</b>	<b>(1,04,97,765)</b>
Extraordinary items		-	-
<b>Profit/(Loss) before tax</b>		<b>(1,06,38,327)</b>	<b>(1,04,97,765)</b>
Less: Tax expenses			
Current tax		-	-
Deferred tax		-	-
<b>Profit/(loss) for the period before other comprehensive Income</b>		<b>(1,06,38,327)</b>	<b>(1,04,97,765)</b>
<b>Other Comprehensive Income, Net off Income Tax</b>			
A.Items that will not be reclassified to Profit & Loss		-	-
- Actuarial Gain/ Loss		1,19,441	5,40,283
B.Items that will be reclassified to Profit & Loss		-	-
<b>Total Comprehensive Income for the period</b>		<b>1,19,441</b>	<b>(5,40,283)</b>
<b>Profit/(Loss) for the period</b>		<b>(1,05,18,886)</b>	<b>(1,10,38,048)</b>
Earnings per equity share (for continuing operation)			
Weighted average no. of equity shares		10,19,96,525	10,19,96,525
Basic (in Rs.)		(0.1031)	(0.1082)
Diluted (in Rs.)		-	-
Earnings per equity share (for discontinued operation)			
Basic (in Rs.)		(0.0000)	(0.0000)
Diluted (in Rs.)		-	-
Earnings per equity share (for continuing and discontinued operation)			
Basic (in Rs.)		(0.1031)	(0.1082)
Diluted (in Rs.)		-	-

Significant accounting policies  
 Notes to accounts

1  
 2 to 37

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

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

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

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

**Suresh Shastry**  
 Managing Director  
 DIN: 1099554

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

Place: Bangalore  
 Date: 27/06/2020

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

**Sadaanand S Zutti**  
 Chief Financial Officer  
 PAN AACCPZ8476F

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

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2020**

Particulars		31.03.2020		31.03.2019	
<b>A</b>	<b>Cash flows from operating activities</b>				
	Net Profit Before Taxation and Extraordinary item	(1,05,18,886)		(1,04,97,765)	
	<b>Adjustments for:</b>				
	Depreciation	32,49,223		29,41,697	
	Financial expenses (Considered under Financial Activities)	38,61,770		28,31,533	
	Interest Income (Considered under Investment Activities)	(90,699)		(1,13,952)	
	Income Tax of Previous year	-		-	
	Loss on sale of Asset (Considered in Investment Activities)	-		41,187	
	Profit/Loss on sale of Fixed asset (Net)	(12,254)		(1,87,783)	
	<b>Operating Profit Before Working Capital Changes</b>		(35,10,846)		(49,85,083)
	(Increase)/ Decrease in Current Assets, Loans & Advances	(3,10,549)		28,78,971	
	Increase/(Decrease) in Current Liabilities	(2,14,616)		(31,341)	
	Working Capital changes		(5,25,166)		28,47,630
	<b>Cash Generated from operations</b>		(40,36,012)		(21,37,454)
	Income Tax (including Fringe Benefit Tax)		-		-
	<b>Cash Flow Before Extraordinary Item</b>		(40,36,012)		(21,37,454)
	Extra-ordinary items		-		5,40,283
	<b>Net cash from operating activities</b>		(40,36,012)		(26,77,737)
<b>B</b>	<b>Cash flows from Investment activities</b>				
	Additions to Fixed Assets	(15,12,812)		(75,92,389)	
	Sale of Fixed Asset	41,072		3,42,139	
	Interest received	-		-	
	Increase / (Decrease) in Long term Loans & Advances	(2,47,369)		(3,24,574)	
	Interest Income	90,699		1,13,952	
	<b>Net cash from Investing activities</b>		(16,28,410)		(74,60,872)
<b>C</b>	<b>Cash flows from financing activities</b>				
	Repayment of Loans, Deposits & Overdraft				
	Acceptance of Loans	98,73,853		(12,84,962)	
	Financial Cost	(38,61,770)		(28,31,533)	
	<b>Net cash from Financing activities</b>		60,12,083		(41,16,495)
	<b>Net Increase / Decrease in cash and cash equivalents</b>		3,47,661		(1,42,55,103)
	Cash and cash equivalents at beginning of period		(1,90,19,550)		(47,64,448)
	<b>Cash and cash equivalents at end of period</b>		<b>(1,86,71,889)</b>		<b>(1,90,19,550)</b>

**Notes to the cash flow statement:**

1 Cash flow statement has been prepared under the indirect method as set out in the 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	31.03.2020	31.03.2019
Cash in bank	20,500	9,461
<b>Balances in bank</b>		
Current accounts	65,217	5,72,892
<b>Bank Overdraft</b>		
Bank overdraft - 9267000600005101	(1,87,57,605)	(1,96,01,903)
<b>Total</b>	<b>(1,86,71,889)</b>	<b>(1,90,19,550)</b>

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

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

**As per our report of even date**

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

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

Devendra Nayak  
Partner  
Membership No. 027449

**Suresh Shastry**  
Director  
DIN:01099554

**Supriya Shastry**  
Director  
DIN:01327762

## Notes to the Financial Statements for the year ended 31<sup>st</sup> March 2020

### Note 1

#### SIGNIFICANT ACCOUNTING POLICIES

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

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

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

##### 2. Use of estimates

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

##### 3. Estimation of Uncertainties relating to the global health pandemic from Covid-19

The Company has considered the possible effects that may result from the pandemic relating to Covid-19 on the carrying amounts of receivables, intangible assets etc., In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information,

economic forecasts. Based on current estimates, the Company expects the carrying amount of these assets will be recovered. The impact of Covid-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

##### 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.

The Company has considered the impact of Covid-19 on its revenue and accordingly, there are no uncertainties in collection during the year. Due to the nature of the pandemic, the company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

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

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

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

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

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

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

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

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

## 6. Other Intangible Assets

## 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.
- a. In respect of deductible temporary differences associated Present obligation when no reliable estimate is possible; and
- b. A possible obligation arising from past events where the probability of outflow of resources is not remote



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.** Contingent assets are not recognized. Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.
- f.** Capital Commitments:  
The Company has no capital commitments during the year (Previous year NIL).

#### **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.

# SMITHS & FOUNDERS INDIA LIMITED – 29<sup>th</sup> ANNUAL REPORT 2019-20

SMITHS & FOUNDERS (INDIA) LIMITED  
CIN - L85110KA1990PLC011303

## Note 2 - Property, Plant and Equipment

Description	Life Span of Assets in Years	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at	Additions	Deletions	As at	As at	Additions	Deletions	As at	As at	As at
		01.04.2019			31.03.2020	01.04.2019			31.03.2020	31.03.2020	31.03.2020
<b>a) Tangible Assets</b>											
Factory Building	30	92,99,017	8,37,751	-	1,01,36,768	58,01,889	2,69,458	-	60,71,348	40,65,420	34,97,126
Office Building	60	1,51,83,684	-	-	1,51,83,684	10,56,795	2,41,067	-	12,97,863	1,38,85,821	1,41,26,889
Wells	5	1,52,483	-	-	1,52,483	82,652	15,508	-	98,160	54,323	69,831
Land	-	2,81,94,000	-	-	2,81,94,000	-	-	-	-	2,81,94,000	2,81,94,000
Plant and Machinery	15	5,23,61,075	67,320	5,76,354	5,18,52,041	3,97,71,293	12,08,896	5,47,536	4,04,32,653	1,14,19,388	1,25,89,781
Electrical Installations	10	27,59,579	1,02,668	-	28,62,247	20,01,457	3,45,438	-	23,46,895	5,15,353	7,58,122
Furniture and Fixtures	10	14,00,791	2,90,410	-	16,91,201	6,53,141	1,55,621	-	8,08,762	8,82,439	7,47,650
Office Equipments	5	22,43,944	77,083	-	23,21,027	12,60,997	3,01,621	-	15,62,618	7,58,409	9,82,948
Computer and Accessories	3	3,14,758	52,542	-	3,67,300	1,57,585	1,12,712	-	2,70,298	97,002	1,57,172
Vehicles	8	35,05,567	-	-	35,05,567	18,56,762	4,66,519	-	23,23,281	11,82,286	16,48,805
<b>Subtotal (a)</b>		<b>11,54,14,897</b>	<b>14,27,775</b>	<b>5,76,354</b>	<b>11,62,66,318</b>	<b>5,26,42,572</b>	<b>31,16,841</b>	<b>5,47,536</b>	<b>5,52,11,877</b>	<b>6,10,54,441</b>	<b>6,27,72,323</b>
<b>b) Intangible Assets</b>											
Software	6	2,80,971	7,10,800	-	9,91,771	2,40,537	1,32,382	-	3,72,920	6,18,851	40,434
<b>Subtotal (b)</b>		<b>2,80,971</b>	<b>7,10,800</b>	<b>-</b>	<b>9,91,771</b>	<b>2,40,537</b>	<b>1,32,382</b>	<b>-</b>	<b>3,72,920</b>	<b>6,18,851</b>	<b>40,434</b>
<b>Total (a+b)</b>		<b>11,56,95,868</b>	<b>21,38,575</b>	<b>5,76,354</b>	<b>11,72,58,089</b>	<b>5,28,83,110</b>	<b>32,49,223</b>	<b>5,47,536</b>	<b>5,55,84,797</b>	<b>6,16,73,292</b>	<b>6,28,12,757</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 the impact of Covid-19 is not material based on these estimates and hence, no change in accounting estimate is required to be accounted as per Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

SMITHS & FOUNDERS (INDIA) LIMITED  
CIN - L85110KA1990PLC011303  
NO.505,5TH FLOOR,BROGADE RUBIX NO.20,HMT MAIN ROAD BANGALORE 560 013

## Note-11-Statement of Changes in Equity for the year ended 31st March, 2020

### A) Equity Share Capital

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

### B) Other Equity

	Share applicati on money pending	Equity component of compound financial	Reserves and Surplus				Debt instruments through Other Comprehensi	Equity Instrum ents through Other	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the	Other items of Other Compreh ensive	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	-	-	77,92,779	-9,15,54,114	-	-	-	2,14,76,842	-	-	-	(6,22,84,493)
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	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	(1,05,18,886)	-	-	-	-	-	-	-	(1,05,18,886)
Balance at the end of the reporting period	-	-	-	-	77,92,779	(10,20,72,999)	-	-	-	2,14,76,842	-	-	-	(7,28,03,378)

SMITHS & FOUNDERS (INDIA) LIMITED  
CIN - L85110KA1990PLC011303

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

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

A. Equity Share Capital

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

B. Other Equity

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financials	Other items of Other Comprehensive Income	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings								
Balance at the beginning of the reporting period	-	-	-	-	77,92,779	(8,05,16,065)	-	-	-	2,14,76,842	-	-	-	(5,12,46,444)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes in inventories of finished goods and work-in-progress	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	(1,10,38,048)	-	-	-	-	-	-	-	(1,10,38,048)
Balance at the end of the reporting period	-	-	-	-	77,92,779	(9,15,54,113)	-	-	-	2,14,76,842	-	-	-	(6,22,84,493)

**SMITHS & FOUNDERS (INDIA) LIMITED**

CIN - L85110KA1990PLC011303

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

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020**

**Note 3 - Deferred Tax Assets**

Particulars	31-Mar-20	31-Mar-19
Timing Differences due to depreciation on Property, Plant & Equipment	(41,02,237)	(42,07,345)
Other Disallowances	1,12,41,146	1,05,92,515
<b>Total</b>	<b>71,38,909</b>	<b>63,85,170</b>

\*Deferred Tax Asset of Rs. 71,38,909/- (PY Rs. 63,85,170/-) has been identified and has not been recognised

**Note 4 - Other non-current assets**

Particulars	31-Mar-20	31-Mar-19
Security Deposits (Unsecured, considered good)		
Deposits with Government Authorities	23,12,985	20,68,555
Other Deposits	18,808	15,869
<b>Total</b>	<b>23,31,793</b>	<b>20,84,424</b>

**Note 5 - Inventories**

Particulars	31-Mar-20	31-Mar-19
Raw material (Valued at landed cost which includes freight)	52,19,664	28,33,821
Consumables (Valued at landed cost which includes freight)	60,80,488	45,34,084
Work-in-Progress (Valued at cost of material & conversion cost)	40,59,622	56,39,053
Finished goods (Valued at lower of cost or Net Realisable Value)	14,81,714	36,22,532
<b>Total</b>	<b>1,68,41,488</b>	<b>1,66,29,490</b>

**Note 6 - Current Trade Receivables**

Particulars	31-Mar-20	31-Mar-19
(Unsecured, considered good) Trade Receivables	98,91,504	93,58,879
<b>Total</b>	<b>98,91,504</b>	<b>93,58,879</b>

**Note 7 - Cash and Cash equivalents**

Particulars	31-Mar-20	31-Mar-19
<b>Cash on hand</b>	20,500	9,461
<b>Balances with Banks</b> Current Accounts	65,217	5,72,892
<b>Total</b>	<b>85,717</b>	<b>582,353</b>

**Note 8 - Current Tax Assets**

Particulars	31-Mar-20	31-Mar-19
TDS and TCS	15,675	23,704
<b>Total</b>	<b>15,675</b>	<b>23,704</b>

**Note 9 - Other Current Assets**

Particulars	31-Mar-20	31-Mar-19
Advances to creditors other than capital advances	81,585	1,01,212
TDS and TCS	32,891	9,762
Balances with Government Authorities	7,94,992	7,55,827
Earnest Money Deposit	-	1,18,000
Prepaid Expenses	4,98,894	4,85,666
Retention Money Receivable	-	3,63,939
<b>Total</b>	<b>14,08,361</b>	<b>18,34,406</b>

**Note 10 - Equity share capital**

Particulars	31-Mar-20	31-Mar-19
Authorized Share Capital	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-Mar-20	31-Mar-19
Shares outstanding at the beginning of the year	10,19,96,525	10,19,96,525
Shares Issued during the year	-	-
Capital Reduction during the year	-	-
Shares outstanding at the end of the year	<b>10,19,96,525</b>	<b>10,19,96,525</b>

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

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

Name of Share Holders	31-Mar-20	31-Mar-19
Suresh Shastry	288,18,725	280,90,175
Supriya Shastry	1,86,33,125	1,86,33,125
Satish Shastry	1,70,24,000	1,70,24,000
Sachin Shastry	1,25,85,125	1,25,85,125
Umesh Shastry	7,45,700	7,45,700
Hema Satish	5,70,875	5,70,875
<b>Total</b>	<b>8,98,77,550</b>	<b>8,91,49,000</b>

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

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

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

**Note 12 - Non-current Borrowings**

Particulars	31-Mar-20	31-Mar-19
<b>Term Loans Secured</b>		
<b>A. Loans From ICICI Bank</b>		
ICICI Bank - Term Loan 1 [Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 9.7% interest, balance repayable in 29 Months.]	24,65,271	40,03,215
ICICI Bank - Term Loan 2 [Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 9.25% interest, balance repayable in 99 Months.]	71,67,595	77,75,294
<b>B. Ford Credit India Pvt Ltd</b>		
Vehicle Loan [Loan for Acquisition of Ford Eco Sport Titanium Car]	-	95,500
<b>Unsecured</b>		
Directors Loan	1,66,25,790	-
<b>Total</b>	<b>2,62,58,656</b>	<b>1,18,74,009</b>

**Note 13 - Non-current provisions**

Particulars	31-Mar-20	31-Mar-19
Provision for super annuation	61,42,000	55,18,000
Gratuity payable	15,87,476	10,02,363
Compensated absences	3,01,986	3,31,391
<b>Total</b>	<b>80,31,462</b>	<b>68,51,754</b>

**Note 14 - Current Borrowings**

Particulars	31-Mar-20	31-Mar-19
Term Loans		
Unsecured		
Directors Loan	-	45,10,793
Bank overdraft - 9267000600005101 (Secured by way of Directors' fixed deposits with bank)	1,87,57,605	1,96,01,903
<b>Total</b>	<b>1,87,57,605</b>	<b>2,41,12,696</b>

**Note 15 - Current Trade Payables**

Particulars	31-Mar-20	31-Mar-19
<b>Dues to</b>		
Micro and Small Enterprises	-	44,811
Trade Payables- Others	20,01,612	16,37,684
<b>Total</b>	<b>20,01,612</b>	<b>16,82,495</b>

**Note 16 - Other Current Financial Liabilities**

Particulars	31-Mar-20	31-Mar-19
<b>Current maturities of long-term debt</b>		
<b>A. Loans From ICICI Bank</b>		
ICICI Bank - Term Loan 1 [Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 9.7% interest, balance repayable in 29 Months.]	15,95,111	14,78,874
ICICI Bank - Term Loan 2 [Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 9.25% interest, balance repayable in 99 Months.]	7,09,260	6,62,792
<b>B. Ford Credit India Pvt Ltd</b>		
Vehicle Loan [Loan for Acquisition of Ford Eco Sport Titanium Car]	-	5,83,680
<b>Total</b>	<b>23,04,371</b>	<b>27,25,345</b>

**Note 17 - Other current Liabilities**

Particulars	31-Mar-20	31-Mar-19
Advances received from Customers	4,080	8,67,270
Other Advances	4,40,000	
Directors Remuneration Payable	2,29,800	5,73,900
Statutory Dues Payable	7,08,019	12,32,972
<b>Other Payables</b>		
Salaries and bonus payable	17,10,542	17,00,929
Ex-gratia payable	27,397	22,735
LIC Contribution Payable	36,112	36,884
Power charges payable	7,03,734	6,49,764
Security deposit from customer	5,26,540	4,76,540
Other outstanding liabilities	39,673	33,079
Accrued Interest	-	91,627
<b>Total</b>	<b>44,25,897</b>	<b>56,85,699</b>

**Note 18 - Current Provisions**

Particulars	31-Mar-20	31-Mar-19
Gratuity payable	6,55,080	6,39,744
Compensated absences	6,20,000	6,68,000
<b>Total</b>	<b>12,75,080</b>	<b>13,07,744</b>

## SMITHS &amp; FOUNDERS (INDIA) LIMITED

CIN - L85110KA1990PLC011303

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, 2020

**Note 19 - Revenue From Operations**

Particulars	31-Mar-20	31-Mar-19
Sale of products	7,66,75,447	9,89,98,406
Less: Sales Return	2,22,279	2,48,957
	<b>7,64,53,168</b>	<b>9,87,49,448</b>
Sale of Services		
Labour Charges	5,53,535	4,35,990
	<b>5,53,535</b>	<b>4,35,990</b>
Other operating revenues		
Sale of scrap	38,33,388	23,91,180
	<b>38,33,388</b>	<b>23,91,180</b>
<b>Total</b>	<b>8,08,40,091</b>	<b>10,15,76,618</b>

**Note 20 - Other Income**

Particulars	31-Mar-20	31-Mar-19
Interest Income	90,699	1,13,952
Profit on sale of asset	12,254	1,87,783
Discount Received	900	55,758
Foreign exchange gain	28,552	1,54,070
Duty Draw Back	43,372	-
Sundry Balance Written Back	90,217	-
<b>Total</b>	<b>2,65,994</b>	<b>5,11,563</b>

**Note 21 - Cost of materials consumed**

Particulars	31-Mar-20	31-Mar-19
<b>Raw-Material</b>		
Opening Stock	28,33,821	47,31,241
Add: Purchases	3,22,68,840	3,83,43,948
Less: Closing Stock	52,19,664	28,33,821
	<b>2,98,82,997</b>	<b>4,02,41,368</b>
<b>Consumables</b>		
Opening Stock	45,34,084	41,91,199
Add: Purchases	45,71,049	54,16,953
Less: Closing Stock	60,80,488	45,34,084
	<b>30,24,645</b>	<b>50,74,068</b>
<b>Total</b>	<b>3,29,07,642</b>	<b>4,53,15,436</b>

**Note 22 - Changes in inventory of work-in-progress & Finished Goods**

Particulars	31-Mar-20	31-Mar-19
Work-in Progress		
Opening Stock	56,39,053	79,60,284
Less : Closing Stock	40,59,622	56,39,053
	<b>15,79,431</b>	<b>23,21,231</b>
Finished Goods		
Opening Stock	36,22,532	27,56,530
Less : Closing Stock	14,81,714	36,22,532
	<b>21,40,818</b>	<b>(8,66,002)</b>
<b>Total</b>	<b>37,20,249</b>	<b>14,55,229</b>

**Note 23 - Employee Benefits Expense**

Particulars	31-Mar-20	31-Mar-19
Salaries & Wages	1,68,74,457	1,50,87,527
Gratuity & Leave Salary	6,96,904	7,38,846
Bonus	4,29,623	4,40,917
PF, ESI and other Labour welfare funds	22,57,588	24,33,229
Staff Welfare	7,79,057	11,40,259
Employee Training Expenses	1,100	48,287
Ex-gratia	18,656	13,992
Production incentive	11,11,876	16,55,567
Directors Remuneration and Perquisites	45,33,345	83,65,013
<b>Total</b>	<b>2,67,02,607</b>	<b>2,99,23,636</b>

**Note 24 - Finance Costs**

Particulars	31-Mar-20	31-Mar-19
Interest on Loans	21,64,079	14,51,293
Interest on OD	16,97,691	13,80,240
<b>Total</b>	<b>38,61,770</b>	<b>28,31,533</b>

**Note 25 - Depreciation And Amortisation Expense**

Particulars	31-Mar-20	31-Mar-19
Tangible Asset	31,16,841	29,13,956
Intangible Asset	1,32,382	27,741
<b>Total</b>	<b>32,49,223</b>	<b>29,41,697</b>

**Note 26 - Direct expenses**

Particulars	31-Mar-20	31-Mar-19
Power charges	89,03,950	1,20,85,747
Labour charges	51,61,659	1,12,86,040
Material handling charges	80,317	81,571
Freight inward and transportation charges	7,40,860	8,75,467
Material Testing Charges	1,200	18,050
<b>Total</b>	<b>1,48,87,985</b>	<b>2,43,46,875</b>



**Note 27 - Administration expenses**

<b>Particulars</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Bank Charges	1,15,238	1,13,173
Membership & Subscription Charges	40,918	45,500
Audit Fee	2,57,500	2,52,500
Professional Fees	7,99,224	8,51,294
Postage & Courier Charges	29,195	1,38,152
Telephone & Internet Charges	1,38,029	1,13,501
Insurance	1,23,149	1,42,550
Repair & Maintenance - Building	7,86,669	1,94,941
Repair & Maintenance - Machinery	6,21,663	2,07,622
Repair & Maintenance - Others	4,92,252	4,66,258
Rates & Taxes	5,26,097	2,11,492
Others Admin Expenses	2,69,895	2,80,370
Statutory Interests	55	1,318
Donations	50,501	58,001
Travelling & Conveyance	2,05,478	1,81,557
Electricity & Water Charges	1,26,908	1,27,030
Printing and Stationery	86,083	1,33,970
Office Expenses	27,546	50,894
AGM Expenses	2,08,436	3,29,879
Loss on Sale of Asset	-	41,187
Security Charges	11,45,541	11,38,079
Balances Written Off	-	94,744
<b>Total</b>	<b>60,50,377</b>	<b>51,74,012</b>

**Note 28 - Selling & Distribution expenses**

<b>Particulars</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Business Promotion	11,700	2,87,769
Freight outward	3,52,859	3,09,760
<b>Total</b>	<b>3,64,559</b>	<b>5,97,529</b>

**Note 29: Payments to Auditors during the year**

<b>Particulars</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
As Auditor	1,40,000	1,50,000
As Tax auditor	1,00,000	1,00,000
For Certification Charges	17,500	2,500
<b>Total</b>	<b>2,57,500</b>	<b>2,52,500</b>

**Note 30 - Earnings in Foreign Currency (FOB Basis)**

<b>Particulars</b>	<b>31-Mar-20</b>	<b>31-Mar-19</b>
Export of Goods	35,60,144	41,99,840
<b>Total</b>	<b>35,60,144</b>	<b>41,99,840</b>

**Note 31: Related Party Disclosure**

**List of related parties where control exists**

Particulars	Category
Mr. Suresh Shastry	Key Management Personnel
Mrs. Supriya Shastry	Key Management Personnel
Mrs. Shailaja Suresh	Key Management Personnel
Mrs. Hema Satish	Relative of Key Management Personnel
Mr. Aneesh Shastry	Relative of Key Management Personnel
Mrs. Kamala Kashinath	Relative of Key Management Personnel
Master Sachin Shastry	Relative of Key Management Personnel
Mrs. Shailaja Suresh	Relative of Key Management Personnel
Ms. Roopashree Shettigar	Key Management Personnel
Mr. Sadaanand S Zutti	Key Management Personnel

**Note 31.1 - Transactions with related parties**

Particulars	31-Mar-20	31-Mar-19
<u>Remuneration and perquisites</u>		
-Mr. Satish Shastry	19,20,000	19,20,000
-Mr. Suresh Shastry	19,20,000	19,20,000
-Mr. Umesh Shastry	19,20,000	19,20,000
-Mrs. Supriya Shastry	19,20,000	19,20,000
-Ms. Roopashree Shettigar	3,37,426	-
Mr. Sadaanand S Zutti	6,16,536	6,06,704
<u>Loan taken by the Company</u>		
-Mrs. Supriya Shastry	13,30,000	32,30,000
-Mr. Satish Shastry	-	27,50,000
-Mr. Suresh Shastry	1,34,00,000	27,50,000
-Mrs. Shailaja Suresh	20,00,000	-

<u>Loans Repaid</u>		
-Mrs. Supriya Shastry	33,30,000	12,30,000
-Mr. Satish Shastry	9,11,922	18,50,000
-Mr. Suresh Shastry	5,00,000	11,50,000
<u>Interest paid on Loans</u>		
-Mrs. Supriya Shastry	1,32,861	6,215
-Mr. Satish Shastry	10,304	14,983
-Mr. Suresh Shastry	6,76,164	5,476
-Mrs. Shailaja Suresh	62,805	-

**Note 31.2 - Outstanding Amount pertaining to related party - Receivable / (Payable)**

Particulars	31-Mar-20	31-Mar-19
<b>Outstanding Amount pertaining to related party</b>		
<u>Loans Outstanding</u>		
-Mrs. Supriya Shastry	-	(20,04,661)
-Mr. Satish Shastry	-	(9,02,649)
-Mr. Suresh Shastry	(1,46,10,543)	(16,00,000)
-Mrs. Shailaja Suresh	(20,15,247)	-
<u>Remuneration Payable</u>		
-Mr. Satish Shastry	(1,14,800)	(1,42,800)
-Mr. Umesh Shastry	(1,21,800)	(1,35,300)
-Mr. Suresh Shastry	(1,14,900)	(1,48,000)
-Mrs. Supriya Shastry	(1,14,900)	(1,47,800)
-Ms. Roopashree Shettigar	(43,053)	-
Mr. Sadaanand S Zutti	(47,533)	(46,361)

**SMITHS & FOUNDERS (INDIA) LIMITED**

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**Note-32-Financial Instruments by category**

The carrying value and fair value of financial instruments by categories as of 31-Mar-2020 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Trade Receivables	-	-	98,91,504
Cash and Cash Equivalents	-	-	85,717
<b>Total</b>	<b>-</b>	<b>-</b>	<b>99,77,221</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	4,50,16,261
Trade Payables	-	-	20,01,612
Other Financial Liabilities	-	-	23,04,371
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,93,22,244</b>

The carrying value and fair value of financial instruments by categories as of 31- Mar- 2019 are as follows

Particulars	Fair value through profit and loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
Trade Receivables	-	-	93,58,879
Cash and Cash Equivalents	-	-	5,82,353
<b>Total</b>	<b>-</b>	<b>-</b>	<b>99,41,232</b>
<b>Financial Liabilities</b>			
Borrowings	-	-	3,59,86,705
Trade Payables	-	-	16,82,495
Other Financial Liabilities	-	-	27,25,345
<b>Total</b>	<b>-</b>	<b>-</b>	<b>4,03,94,546</b>

**Note-33-Capital Management**

The Company's capital management objectives are:

-to ensure the Company's ability to continue as going concern and

-to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements.

The Company's objective for capital management is to maintain an optimum overall financial structure.

**Note-34-Debt to Equity Ratio**

Particulars	As at 31 March, 2020	As at 31 March, 2019
Debt (includes non-current, current borrowings and current maturities of long term debt)	4,50,16,261	3,59,86,705
Less : cash and cash equivalents	85,717	5,82,353
<b>Net debt</b>	<b>4,49,30,544</b>	<b>3,54,04,352</b>
Total equity	2,91,93,147	3,97,12,033
<b>Net debt to total equity ratio</b>	<b>154%</b>	<b>89%</b>

**Note: 35 Employee Benefits**

Particulars	Gratuity	
	31-03-2020	31-03-2019
<b>Components of employer expense</b>		
Current service cost	4,31,236	4,17,438
Interest cost	2,57,268	2,17,057
Expected return on plan assets	(1,44,948)	(1,60,572)
Actuarial losses / (gains)	-	-
<b>Total expense recognised in the statement of P&amp;L</b>	<b>5,43,556</b>	<b>4,73,923</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments		₹,26,655)
Actual contributions	-	-
<b>Net asset / (liability) recognised in the balance sheet</b>		
Present value of defined benefit obligation	44,24,651	38,32,091
Fair value of plan assets	21,82,094	21,89,983
Funded status [Surplus/(Deficit)]	(22,42,556)	(16,42,108)
<b>Net asset / (liability) recognised in the balance sheet</b>	<b>(22,42,556)</b>	<b>(16,42,108)</b>

Particulars	Leave encashment	
	31-03-2020	31-03-2019
<b>Components of employer expense</b>		
Current service cost	1,25,884	1,82,216
Interest cost	77,252	73,891
Expected return on plan assets	(8,894)	(8,855)
Actuarial losses / (gains)	-	14,037
<b>Total expense recognised in the statement of P&amp;L</b>	<b>( 77,405)</b>	<b>2 , 61,289</b>
<b>Actual contribution and benefit payments for the year</b>		
Actual benefit payments		
Actual contributions		
<b>Net asset / (liability) recognised in the balance sheet</b>		
Present value of defined benefit obligation	10,13,386	11,72,870
Fair value of plan assets	91,400	1,73,479
Funded status [Surplus/(Deficit)]	(9,21,986)	(9,99,391)
<b>Net asset / (liability) recognised in the balance sheet</b>	<b>(9,21,986)</b>	<b>(9,99,391)</b>

**Note-36-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 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.

**(i) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business

**Trade receivables**

The Company has used Expected Credit Loss (ECL) model for assessing the impairment loss. For the purpose, the Company uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

In calculating expected credit loss, the company has also considered credit reports and other related credit information for its customers to estimate the probability of default in future and has taken into account estimates of possible effect from the pandemic relating to Covid-19.

Particulars	As at 31 March, 2020	As at 31 March, 2019
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	98,88,957	92,88,503
180 - 365 days	-	18,532
beyond 365 days	2,547	51,844
<b>Total</b>	<b>98,91,504</b>	<b>93,58,879</b>

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2018
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	85,41,609	89,54,626
Addition	9,65,61,044	12,09,69,543
Write - offs	-	-
Recoveries	9,52,11,148	12,05,65,290
<b>Balance at the end of the year</b>	<b>98,91,505</b>	<b>93,58,879</b>

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has unutilised working capital overdraft from banks of ₹ 62,42,395 as on March 31, 2020 and ₹ 53,98,097 as on March 31, 2019.

The table below provides details regarding the contractual maturities of significant financial liabilities :

Particulars	Less than 1 year	1-3 years
Term Loan from ICICI Bank 1	15,95,111	24,42,425
Term Loan from ICICI Bank 2	7,09,260	22,90,515
Vehicle Loan	-	-

**Note-37-Income Tax**

Income tax expense in the Statement of Profit and Loss comprises:

Particulars	Year ended 31 March, 2020	Year ended 31 March, 2019
Current Tax	-	-
Deffered Tax	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note-38-Impact of COVID-19 Pandemic**

The spread of COVID-19 has severely impacted business around the globe. In many countries, including India, there has been severe disruption to regular business operations due to lock downs, disruption in transportation, supply chain, travel bans, quarantines, social distancing and other emergency measures.

As the situation is constantly evolving the company has considered various internal and external information available up to the date of approval of financial statements in assessing the impact of COVID-19 pandemic in the financial statement for the year ended March 31, 2020.

Management is of the view that there is significant uncertainty in the business environment which has resulted in delays in confirmation of customer orders and in executing the orders in hand and an increase in lead time in sourcing components. Based on current assessment, management is of the view that the situation is likely to continue for the next quarters.

The company has borrowings amounting to Rs. 4,50,16,261/- In the view of the management, there is no major impact on the immediate liquidity position of the company as on the date on which financial statements are approved.

The company has made an assessment on carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Inventory and Financial assets and has concluded that no further adjustments are required to be made to the carrying values of such assets as at March 31, 2020.

The company has taken into account all possible impact of known events arising from COVID-19 pandemic in the preparation of the financial statements.

However, the impact assessment of COVID-19 is a continuing process given the uncertainties associated with its nature and duration. The company will closely monitor any material changes to future economic condition.

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

Chartered Accountants  
FRN: 004142S

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

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

**Suresh Shastry**  
Managing Director  
DIN: 1099554

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

Place: Bangalore  
Date: 27/06/2020

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

**Sadaanand S Zutti**  
Chief Financial Officer  
PAN AACPPZ8476F

## Other Notes to Accounts

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

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

**32.** Details of deferred tax liability:

### Computation of deferred tax liability / asset

Particulars	Rs.	Rs.
Opening balance of DTA as on 01.04.2019		
Taxable temporary differences in respect of:		
Building	1,53,29,829	
Plant, machinery, cars	4,48,006	
	1,57,77,834	41,02,237
Deductible temporary differences in respect of:		
Gratuity	(5,43,556)	
Bonus	(4,29,554)	
Provision for Superannuation	(6,24,000)	
Compensated Absences	(23,267)	
Actuarial Gain	1,19,441	
	(15,00,936)	(3,90,243)
On account of losses	(3,35,89,311)	
Current year loss	(81,44,930)	(1,08,50,903)
DTA as on 31.03.2020		<b>(71,38,909)</b>

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

**34.** Earnings in foreign currency:

-F.O.B. Value of Exports Rs. 35.60 lakhs (Previous Period Rs. 41.99 lakhs)

**35. Segment Reporting:**

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

**36. Contingent Liability:**

**Income tax assessment pending for FY 2015-2016**

The company had an assessment proceeding under section 143(3) of Income Tax Act, 1961 for the financial year 2015-16 which had resulted in a tax demand of Rs.94,22,134/-. The company had filed an appeal with commissioner of Income Tax (Appeals) and got a favourable order on 27.05.2020.

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

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

Chartered Accountants  
FRN: 004142S

**Devendra Nayak**

Partner  
M.No: 027449

Place: Bangalore  
Date: 27/06/2020

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

**Suresh Shastry**

Managing Director  
DIN: 1099554

**Roopashree Shettigar**

Company Secretary  
M.No. A 52321

**Supriya Shastry**

Whole Time Director  
DIN: 1327762

**Sadaanand S Zutti**

Chief Financial Officer  
PAN: AAACPZ8476F





**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, 2020 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.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr Suresh Shastry, Managing Director	1099554	22/10/1990
2	Mrs Shailaja Suresh, Wholetime Director	1326440	01/04/2019
3	Mrs Supriya Shastry, Director	1327762	17/03/2014
4	Mr Parthasarathy Vaidyanathan, Director	06761878	27/01/2014
5	Mr Sudhindra Narayan Kalghatgi, Director	06994850	14/11/2014
6	Mr Kadur Hariyanniah Manjunath, Director	08711521	16/03/2020

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: 28<sup>th</sup> August 2020  
UDIN Number FO03000B000626084  
Peer Review Unique ID No.I2014KR1122000

K N Nagesha Rao  
FCS 3000 CP 12861

**Smiths & Founders (India) Limited**

Regd.Office: No.505, 5<sup>th</sup> Floor, Brigade Rubix, No.20, HMT Main Road, Bangalore 560 013 Phone: 80-29724155, e-mail: [smithsandfoundersindia.com](mailto:smithsandfoundersindia.com), CIN: L85100KA1990PLC011303

Dear Shareholder(s)

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

**Integrated Registry Management Services Private Limited**

30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bangalore 560003

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

Dear Sir/Madam,

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

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

Place :

Date :

(Signature of Shareholder/s)