

TWENTY THIRD  
Annual Report  
2013-2014



Smiths & Founders (India) Limited

( formerly Shimoga Technologies Limited )

CIN: L85110KA1990PLC011303

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

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<b>BOARD OF DIRECTORS</b>	Suresh Shastry	<i>Chairman &amp; Managing Director</i>
	Satish Shastry	<i>Whole-time Director (from 17.03.2014)</i>
	Umesh Shastry	<i>Whole-time Director (from 17.03.2014)</i>
	Supriya Shastry	<i>Whole-time Director (from 17.03.2014)</i>
	S.Lakshmi Narayana Murthy	<i>Independent Director (Upto 27.01.2014)</i>
	V.Parthasarathy	<i>Independent Director (from 27.01.2014)</i>
	G.Ananda	<i>Independent Director (Upto 14.11.2014)</i>
	Sudhindra Narayan Kalghatgi	<i>Independent Director (from 14.11.2014)</i>

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Naveen K. Shenoy

## **AUDITORS**

B.N.Subramanya & Co.  
Chartered Accountants,  
No.101, R.V-15, 'E' Block  
6th Main, Malleswaram, Bangalore-560 003

## **BANKERS**

Axis Bank Limited

## **REGISTRAR AND TRANSFER AGENTS**

Integrated Enterprises (India) Limited  
30, Ramana Residency,  
4th Cross, Sampige Road, Malleswaram,  
Bangalore-560 003

## **REGISTERED OFFICE**

3rd Floor, Soundarya Sampige  
8th Cross, Sampige Road, Malleswaram  
Bangalore-560 003

## **WORKS**

1. Plot Nos. N 12 & 13,  
Industrial Estate, Sagar Road,  
Shimoga-577 204, Karnataka
2. M 7 – M 10, Industrial Estate  
Sagar Road, Shimoga 577 204
3. Plot No.L-29, KIADB Industrial Area  
Machenahalli, Shimoga District
4. Plot No.24, KIADB Industrial Area  
Chikkaballapura 562 101

### NOTICE

Notice is hereby given that Twenty Third Annual General Meeting of the Members of **SMITHS & FOUNDERS (INDIA) LIMITED** (formerly Shimoga Technologies Limited) will be held at MEWS Ladies Club, No.37, 17th Cross ( between 4th and 6th Main ), Malleswaram, Bangalore – 560 055 on Saturday, 27th December, 2014 at 10.00 A.M to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Suresh Shastry, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, M/s. B.N. Subramanya & Co., Chartered Accountants, ( Firm Registration No. FRN 004142S ) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the Twenty Seventh Annual General Meeting of the Company to be held in the year 2018, subject to ratification of their appointment at every AGM, at such remuneration as shall be fixed by the Board of Directors of the Company ”.

#### SPECIAL BUSINESS:

4. **Appointment of Mr. V. Parthasarathy as an Independent Director**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. V. Parthasarathy (holding Directors Identification Number 06761878), a Non Executive Director of the Company, who has submitted a declaration that he meets the criteria

for independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as Independent Director of the Company, to hold office for a term of five consecutive years upto March 31, 2019, with effect from April 1, 2014.”

5. **Appointment of Mr. Sudhindra Narayan Kalghatgi as an Independent Director**

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

“RESOLVED THAT pursuant to the provisions of Section 149, 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ('Act') and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Sudhindra Narayan Kalghatgi (holding Directors Identification Number 06994850), a Non Executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in Section 149(6) of the Act and who is eligible for 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 November 14, 2014 upto March 31, 2019.”

6. **Appointment of Mr. Satish Shastry as Whole Time Director.**

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

“RESOLVED THAT Mr. Satish Shastry, who was appointed as Whole Time Director, pursuant to Clause no. 10.2, para 4, of the sanctioned scheme of rehabilitation dated 20th February, 2014 of the Hon. Board for Industrial and Financial Reconstruction, by the Board of Directors at their meeting held on 17th March, 2014, who ceases to hold office at this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of a director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 2(94), 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration

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of Managerial Personnel) Rules, 2014 ( including any statutory modifications or re-enactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, the Company hereby accords its approval to the appointment of Mr. Satish Shastry as Whole Time Director of the Company for the period from 1st April, 2014 to 31st March, 2017 on the terms and conditions including remuneration as set in the Explanatory Statement to this Notice with authority to the Board of Directors to vary or increase the remuneration and perquisites payable or to be provided to Mr. Satish Shastry, including the monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mr. Satish Shastry, as may be agreed between the Board of Directors and Mr. Satish Shastry.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company shall pay Mr. Satish Shastry remuneration as decided by the Board or any Committee thereof from time to time as minimum remuneration, with the approval of the Shareholders and the Central Government, if necessary.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to this resolution and also to revise the remuneration of Mr. Satish Shastry within the limits stipulated in the Companies Act, 2013".

## 7. Appointment of Mr. Umesh Shastry as Whole Time Director.

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

"RESOLVED THAT Mr. Umesh Shastry, who was appointed as Whole Time Director, pursuant to Clause no. 10.2, para 4, of the sanctioned scheme of rehabilitation dated 20th February, 2014 of the Hon. Board for Industrial and Financial Reconstruction, by the Board of Directors at their meeting held on 17th March, 2014, who ceases to hold office at this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of a director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 2(94), 196, 197, 203, Schedule V and

other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ( including any statutory modifications or re-enactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, the Company hereby accords its approval to the appointment of Mr. Umesh Shastry as Whole Time Director of the Company for the period from 1st April, 2014 to 31st March, 2017 on the terms and conditions including remuneration as set in the Explanatory Statement to this Notice with authority to the Board of Directors to vary or increase the remuneration and perquisites payable or to be provided to Mr. Umesh Shastry, including the monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mr. Umesh Shastry, as may be agreed between the Board of Directors and Mr. Umesh Shastry.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company shall pay Mr. Umesh Shastry remuneration as decided by the Board or any Committee thereof from time to time as minimum remuneration, with the approval of the Shareholders and the Central Government, if necessary.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to this resolution and also to revise the remuneration of Mr. Umesh Shastry within the limits stipulated in the Companies Act, 2013".

## 8. Appointment of Mrs. Supriya Shastry as Whole Time Director.

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

"RESOLVED THAT Mrs. Supriya Shastry, who was appointed as Whole Time Director, pursuant to Clause no. 10.2, para 4, of the sanctioned scheme of rehabilitation dated 20th February, 2014 of the Hon. Board for Industrial and Financial Reconstruction, by the Board of Directors at their meeting held on 17th March, 2014, who ceases to hold office at this Annual General Meeting pursuant to Section 161 of the Companies Act, 2013 and who is eligible for appointment and in respect of whom the Company has received notice under Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of a director, be and is hereby appointed as a Director of the Company liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 2(94), 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ( including any statutory modifications or re-enactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, the Company hereby accords its approval to the appointment of Mrs. Supriya Shastry as Whole Time Director of the Company for the period from 1st April, 2014 to 31st March, 2017 on the terms and conditions including remuneration as set in the Explanatory Statement to this Notice with authority to the Board of Directors to vary or increase the remuneration and perquisites payable or to be provided to Mrs. Surpriya Shastry, including any monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mrs. Supriya Shastry, as may be agreed between the Board of Directors and Mrs. Supriya Shastry.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company shall pay Mrs. Supriya Shastry remuneration as decided by the Board or any Committee thereof from time to time as minimum remuneration, with the approval of the Shareholders and the Central Government, if necessary.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to this resolution and also to revise the remuneration of Mrs. Supriya Shastry within the limits stipulated in the Companies Act, 2013”.

### 9. Appointment of Mr. Suresh Shastry as Managing 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 Sections 2(94), 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ( including any statutory modifications or re-enactments thereof for the time being in force) and other applicable provisions, if any, of the Companies Act, 2013, the Company hereby accords its approval to appointment of Mr. Suresh Shastry as Managing Director of the Company with effect from 17th March, 2014 and payment of remuneration for the period from 1st April, 2014 to 31st March, 2017 on the terms and conditions as set in the Explanatory Statement to this Notice with authority to the Board of Directors to vary or increase

the remuneration and perquisites payable or to be provided to Mr. Suresh Shastry, including any monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mr. Suresh Shastry, as may be agreed between the Board of Directors and Mr. Suresh Shastry.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year, the Company shall pay Mr. Suresh Shastry remuneration as decided by the Board or any Committee thereof from time to time as minimum remuneration, with the approval of the Shareholders and the Central Government, if necessary.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to this resolution and also to revise the remuneration of Mr. Suresh Shastry within the limits stipulated in the Companies Act, 2013”.

### 10. Increase of Authorised Share Capital and Consequent Alteration of Memorandum of Association.

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 13, 61, 64 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force) the Authorised Capital of the Company be and is hereby enhanced from ₹ 600,00,000 ( Rupees Six Crores only) divided into 600,00,000 equity shares of ₹ 1/- each to ₹ 10,25,00,000 divided into 10,25,00,000 equity shares of ₹ 1/- each ranking pari passu in all respects with the existing Equity Shares of the Company.

FURTHER RESOLVED THAT consequent upon the increase in Authorised Share Capital, the existing Clause V of the Memorandum of Association of the Company be and is hereby amended as under:

“The Authorised Share Capital of the Company is ₹10,25,00,000/- (Rupees Ten Crores Twenty five lakhs only ) divided into 10,25,00,000 ( Ten Crores Twenty five lakhs ) equity shares of ₹ 1/- ( Rupee One Only ) each”.

### 11. Alteration of Articles of Association.

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 14, 64 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory

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modification(s) or re-enactment thereof, for the time being in force, the existing Article 3 of the Articles of Association of the Company regarding Authorised Capital be and is hereby amended as under:

'The Authorised Share Capital of the Company is ₹10,25,00,000/- (Rupees Ten Crores Twenty five lakhs only) divided into 10,25,00,000 (Ten Crores Twenty five lakhs ) equity shares of ₹ 1/- (Rupee One Only) with power to increase, issue further capital and reduce the capital of the Company and to divide or consolidate the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be provided or determined from time to time'.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to take all such steps and actions as may be necessary for giving effect to this resolution."

**By the Order of the Board**

**NAVEEN K SHENOY**  
*Company Secretary*

## **Registered Office:**

3rd Floor, Soundarya Sampige  
8th Cross, Sampige Road,  
Malleswaram, Bangalore 560 003  
CIN:L85110KA1990PLC11303  
E-mail Id: cosec@smithsandfoundersindia.com  
Website: www.smithsandfoundersindia.com

Place : Bangalore  
Date : 20.11.2014

## **NOTES:**

**1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.**

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

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

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The relative Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of Item nos. 4 to 11 and information under Clause 49 of the listing agreement relating to Directors proposed to be appointed/re-appointed are annexed hereto.
4. Register of Members and Share Transfer Books of the Company will remain closed from 22.12.2014 to 27.12.2014 ( both days inclusive ).
5. Members are requested to bring their Attendance Slips with their copy of the Annual Report to the meeting.
6. Relevant documents referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m and 1.00 p.m. upto the date of the Meeting.
7. Section 72 of the Companies Act, 2013 provides for nomination by the shareholders of the Company in the prescribed Form SH-13. Shareholders are requested to avail this facility.
8. Members are requested to a) intimate to the Company's Registrar and Transfer Agents, changes, if any, in their registered addresses at an early date, in case of Shares held in physical form; b) intimate to the respective Depository Participant, changes, if any, in their registered address at an early date, in case of Shares held in dematerialised form; c) quote their folio number/Client ID/DP ID in all correspondence and d) consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.
9. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for these transactions, is mandatory.
10. Your Company supports in full measure the 'green initiative' of the Ministry of Corporate Affairs under which, service of notices/documents including Annual Report, can be effected by sending the same through electronic mode to the registered e-mail addresses of

the shareholders. To support this green initiative of the Government, members who would like to receive such notices/documents in electronic mode and who have not registered their e-mail addresses so far, are requested to do so by sending a request to the Company's Share Transfer Agent mentioning their folio number and e-mail addresses to which such documents can be sent. For shareholders holding shares in electronic form, such request can also be sent electronically to cosec@smithsandfoundersindia.com from the same e-mail address registered with the depository participants.

**11. Voting through electronic means**

Pursuant to the provisions of section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services Limited (CDSL).

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

- (i) The voting period begins on 20th December, 2014 (9.00 a.m) and ends on 22nd December, 2014 (6.00 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 28th November,2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<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>
DOB	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If 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>

(viii) After entering these details appropriately, click on "SUBMIT" tab.

- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

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- (xi) Click on the relevant EVSN of Smiths and Founders India Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - 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 cdsaccounts 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.
- (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).
- Mr. Vighneshwar Bhat, Practising Company Secretary of VB & Associates, Company Secretaries, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in employment of the Company and forward his report of the votes cast in favour or against, if any, to the Chairman of the Company.
  - The Results shall be declared on or after the Annual General Meeting (AGM) by the Chairman or any other person authorized by him. 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 within two (2) days of passing of the resolutions at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

**By the Order of the Board**

**NAVEEN K SHENOY**  
*Company Secretary*

**Registered Office:**

3rd Floor, Soundarya Sampige  
8th Cross, Sampige Road,  
Malleswaram, Bangalore 560 003  
CIN:L85110KA1990PLC11303  
E-mail Id: [cosec@smithsandfoundersindia.com](mailto:cosec@smithsandfoundersindia.com)  
Website: [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com)

Place : Bangalore  
Date : 20.11.2014



### Explanatory Statement under Section 102 of the Companies Act, 2013

#### **Item No.4&5**

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

##### **Mr. V. Parthasarathy**

Mr. V. Parthasarathy is a Non-executive Independent Director of the Company. He joined the Board of Directors of the Company on 27th January, 2014 to fill the casual vacancy which arose due to the death of Mr. S. Lakshminarayana Murthy, who was a Non-executive Independent Director of the Company since 31.07.2009. In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and read with rules under 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 Schedule IV of the Companies Act, 2013 and in compliance with the listing agreement as amended from time to time, Mr. V. Parthasarathy is proposed to be appointed as an Independent Director upto March 31, 2019, for a period of 5 years from the date of commencement of the Companies Act, 2013. Pursuant to revised Clause 49 of the Listing Agreement, he is eligible for re-appointment for one more term of 5 years after March 31, 2019. Mr. V. Parthasarathy is already an Independent Director of the Company under Clause 49 of the Listing Agreement and also satisfies the conditions of an Independent Director under the Companies Act, 2013. He is regularised as an Independent Director under the Companies Act, 2013.

As per the Companies Act, 2013, the Independent Director need not retire by rotation. While under the Companies Act, 2013, an Independent Director can be appointed for 2 terms of 5 years, under the revised Clause 49 of the Listing Agreement, if a person has completed more than 5 years, he can be appointed for one term of 5 years.

Mr. V. Parthasarathy would have retired in an Annual General Meeting of the Company. But, this provision no longer applies as per the new Companies Act, 2013. Therefore, it is not a case of appointment of a new independent Director. In view of the above, special notice and deposit of requisite amount is not required to be paid.

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

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

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

##### **Mr. Sudhindra Narayan Kalghatgi**

Mr. Sudhindra Narayan Kalghatgi is a Non-executive Independent Director of the Company. He joined the Board of Directors of the Company on 14th November, 2014 to fill the casual vacancy which arose due to the resignation of Mr. G. Ananda, who was a Non-executive Independent Director of the Company since 02.08.2008. In terms of Section 149, 152 and any other applicable provisions of the Companies Act, 2013 and read with rules under 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 Schedule IV of the Companies Act, 2013 and in compliance with the listing agreement as amended from time to time, Mr. Sudhindra Narayan Kalghatgi is proposed to be appointed as an Independent Director for a period of 5 years from the date of his appointment. Mr. Sudhindra Narayan Kalghatgi is already an Independent Director of the Company under Clause 49 of the Listing Agreement and also satisfies the conditions of an Independent Director under the Companies Act, 2013. He is regularised as an Independent Director under the Companies Act, 2013.

As per the Companies Act, 2013, the Independent Director need not retire by rotation. While under the Companies Act, 2013, an Independent Director can be appointed for 2 terms of 5 years, under the revised Clause 49 of the Listing Agreement, if a person has completed more than 5 years, he can be appointed for one term of 5 years.

Mr. Sudhindra Narayan Kalghatgi would have retired in an Annual General Meeting of the Company. But, this provision no longer applies as per the new Companies Act, 2013. Therefore, it is not a case of appointment of a new independent Director. In view of the above, special notice and deposit of requisite amount is not required to be paid.

In the opinion of the Board, Mr. Sudhindra Narayan Kalghatgi

## Smiths & Founders (India) Limited

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fulfils the conditions specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director of the Company and is independent of the management.

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

Except Mr. Sudhindra Narayan Kalghatgi, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, in the resolution set out at Item no.5.

### Item No.6,7&8

#### Appointment of Mr. Satish Shastry as Whole Time Director

Mr. Satish Shastry was appointed as Whole Time Director by your Board with effect from 17th March, 2014 pursuant to sanction of scheme of rehabilitation of the Company by the Hon. BIFR, which inter alia envisaged amalgamation of erstwhile Smiths & Founders (India) Limited with the Company. The Board at its meeting held on 30th May, 2014 approved the terms of Mr. Satish Shastry's appointment and remuneration, as recommended by the Nomination and Remuneration Committee, for a period of three years, with effect from 1st April, 2014, subject to the approval of the members.

Mr. Satish Shastry served as Managing Director for erstwhile Smiths & Founders (India) Limited. Mr. Satish Shastry was responsible for Production, Quality, Research and Development activities of the Company. He has over 30 years of experience in tooling and machining industry. He is one of the founder directors of erstwhile Smiths & Founders (India) Limited. Mr. Satish Shastry is a graduate in Engineering.

As the appointment of Mr. Satish Shastry is in compliance with the scheme of Rehabilitation of the Company sanctioned by the Hon. BIFR, the appointment of Mr. Satish Shastry is not be considered as an appointment of new director. In view of the above, special notice and deposit of requisite amount is not required to be paid.

Components of Remuneration	Amount ( in ₹ )
Salary	100,000
House Rent Allowance	60% of Salary
Medical Reimbursement	One months' Salary
Leave Travel Concession	One month's Salary

Club Fees	30,000 per annum
Personal Accident Insurance	15,000 per annum
Provident Fund & Superannuation	Not to exceed 25% of Salary
Gratuity	As per applicable rules
Leave Encashment at the end of tenure	As per the leave rules of the Company
Car benefit/ Telephone / Cellular Phone	Free except when used for personal purpose

Except Mr. Satish Shastry, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested financially or otherwise, in the resolution set out at Item no.6.

The Directors recommends the resolution for members' approval as Special Resolution.

Information required under Section 197(3) read with Schedule V of Companies Act, 2013 and Rule 7 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

#### I. General Information:

- Nature of Industry : The Company is engaged in the manufacture of Automotive Forgings, Cast Iron Cylinder Liners and Castings.
- Date of commencement of commercial production : 2nd April, 1992
- In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable
- Financial performance based on given indicators:

Particulars	31st March 2014*
Turnover (including other income)	₹ 68785307
Profit/(Loss) before depreciation	(₹ 80,00,966)
Depreciation & Amortisation	₹ 35,87,507
Profit/(Loss) before Tax	(₹ 115,88,473)
Tax including deferred tax	₹ 22,98,458
Profit/(Loss) after Tax	(₹ 92,90,015)

\* Consolidated figures of both transferor and transferee Company.

- Foreign investments or collaborations, if any: Nil

**II. Information about the appointee:**

- (1) Background details: Mr. Satish Shastry is a graduate in Engineering and has over 30 years of experience in tooling and machining industry. He was Managing Director of erstwhile Smiths & Founders (India) Limited which merged with the Company.
- (2) Past remuneration: Rs. 25,44,292/- (Twenty Five Lakhs Forty Four Thousand Two Hundred Ninety Two)
- (3) Recognition or awards: Nil
- (4) Job profile and his suitability : Mr. Satish Shastry is responsible for Production, Quality, Research and Development activities of the Company and his services is utilised for development of new products and as head of the manufacturing units of the Company.
- (5) Remuneration proposed : Rs. 25,44,292/- (Twenty Five Lakhs Forty Four Thousand Two Hundred Ninety Two). The details are set out above.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The terms of remuneration are consistent with industry norms and not out of tune with the remuneration in similar sized industries in same segment of business.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Other than the remuneration stated above, Mr. Satish Shastry has no pecuniary relationship directly or indirectly with the Company. Mr. Suresh Shastry, Chairman and Managing Director and Mr. Umesh Shastry, Whole Time Director of the Company are his brothers. Mrs. Supriya Shastry, Whole Time Director of the Company is his niece.

**III. Other information:**

- (1) Reasons of loss or inadequate profits: The Company was declared sick in the year 2005 by the Hon. Board for Industrial and Financial Reconstruction (BIFR). The Company has stopped its manufacturing activities from 1st April, 2009. The Company's financial performance for the year ended 31st March, 2014 is consolidated figures of both Transferor Company and the Transferee Company (the Company). The loss for the year ended 31st March, 2014 consists of the accumulated loss of the Company and of the transferor Company, which incurred loss for the last 2 years due to sluggish market in the automobile industry, weak economic environment and low global growth rate.
- (2) Steps taken or proposed to be taken for improvement: Company has developed new products and new customers.

- (3) Expected increase in productivity and profits in measurable terms: With the development of new products and new customers, the turnover of the Company is expected to get a boost and impact on profits is expected partially in the year 2014-15 and fully from 2015-16 onwards.

**Appointment of Mr. Umesh Shastry as Whole Time Director.**

Mr. Umesh Shastry was appointed as Whole Time Director by your Board with effect from 17th March, 2014 pursuant to sanction of scheme of rehabilitation of the Company by the Hon. BIFR, which inter alia envisaged amalgamation of erstwhile Smiths & Founders (India) Limited with the Company. The Board at its meeting held on 30th May, 2014 approved the terms of Mr. Umesh Shastry's appointment and remuneration, as recommended by the Nomination and Remuneration Committee, for a period of three years, with effect from 1st April, 2014, subject to the approval of the members.

Mr. Umesh Shastry served as Whole Time Director for erstwhile Smiths & Founders (India) Limited. Mr. Umesh Shastry was responsible for Marketing, Materials and day to day administration of the Company. He has over 32 years of experience in foundry and machining industry. Mr. Umesh Shastry is a graduate in science.

As the appointment of Mr. Umesh Shastry is in compliance with the scheme of Rehabilitation of the Company sanctioned by the Hon. BIFR, the appointment of Mr. Umesh Shastry is not be considered as an appointment of new director. In view of the above, special notice and deposit of requisite amount is not required to be paid.

<b>Components of Remuneration</b>	<b>Amount ( in ₹)</b>
Salary	100,000
House Rent Allowance	60% of Salary
Medical Reimbursement	One months' Salary
Leave Travel Concession	One month's Salary
Club Fees	30,000 per annum
Personal Accident Insurance	15,000 per annum
Provident Fund & Superannuation	Not to exceed 25% of Salary
Gratuity	As per applicable rules
Leave Encashment at the end of tenure	As per the leave rules of the Company
Car benefit/ Telephone / Cellular Phone	Free except when used for personal purpose

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Except Mr. Umesh Shastry, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested financially or otherwise, in the resolution set out at Item no.7.

The Directors recommends the resolution for members' approval as Special Resolution.

Information required under Section 197(3) read with Schedule V of Companies Act, 2013 and Rule 7 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

## I. General Information:

- (1) Nature of Industry : The Company is engaged in the manufacture of Automotive Forgings, Cast Iron Cylinder Liners and Castings.
- (2) Date of commencement of commercial production : 2nd April, 1992.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable
- (4) Financial performance based on given indicators:

Particulars	31st March 2014*
Turnover (including other income)	₹ 68785307
Profit/(Loss) before depreciation	(₹ 80,00,966)
Depreciation & Amortisation	₹ 35,87,507
Profit/(Loss) before Tax	(₹ 115,88,473)
Tax including deferred tax	₹ 22,98,458
Profit/(Loss) after Tax	(₹ 92,90,015)

\* Consolidated figures of both transferor and transferee Company.

- (5) Foreign investments or collaborations, if any: Nil

## II. Information about the appointee:

- (1) Background details: Mr. Umesh Shastry is a science graduate and has over 32 years of experience in foundry and machining industry. He was a Whole Director of erstwhile Smiths & Founders (India) Limited which merged with the Company.
- (2) Past remuneration: Rs. 25,44,292/- (Twenty Five Lakhs Forty Four Thousand Two Hundred Ninety Two)
- (3) Recognition or awards: Nil
- (4) Job profile and his suitability : Mr. Umesh Shastry is responsible for Marketing, Materials and day to day administration of the Company and his services is utilised for development of new markets, identify and procure best

materials at most economical prices and development and implementation of administrative policies/ reforms in the Company.

- (5) Remuneration proposed : Rs. 25,44,292/- (Twenty Five Lakhs Forty Four Thousand Two Hundred Ninety Two). The details are set out above.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The terms of remuneration are consistent with industry norms and not out of tune with the remuneration in similar sized industries in same segment of business.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Other than the remuneration stated above, Mr. Umesh Shastry has no pecuniary relationship directly or indirectly with the Company. Mr. Suresh Shastry, Chairman and Managing Director and Mr. Satish Shastry, Whole Time Director of the Company are his brothers. Mrs. Supriya Shastry, Whole Time Director of the Company is his niece.

## III. Other information:

- (1) Reasons of loss or inadequate profits: The Company was declared sick in the year 2005 by the Hon. Board for Industrial and Financial Reconstruction (BIFR). The Company has stopped its manufacturing activities from 1st April,2009. The Company's financial performance for the year ended 31st March, 2014 is consolidated figures of both Transferor Company and the Transferee Company (the Company). The loss for the year ended 31st March, 2014 consists of the accumulated loss of the Company and of the transferor Company, which incurred loss for the last 2 years due to sluggish market in the automobile industry, weak economic environment and low global growth rate.
- (2) Steps taken or proposed to be taken for improvement: Company has developed new products and new customers.
- (3) Expected increase in productivity and profits in measurable terms: With the development of new products and new customers, the turnover of the Company is expected to get a boost and impact on profits is expected partially in the year 2014-15 and fully from 2015-16 onwards.

## Appointment of Mrs. Supriya Shastry as Whole Time Director.

Mrs. Supriya Shastry was appointed as Whole Time Director by your Board with effect from 17th March, 2014 pursuant to sanction of scheme of rehabilitation of the Company by the Hon. BIFR, which inter alia envisaged amalgamation

of erstwhile Smiths & Founders (India) Limited with the Company. The Board at its meeting held on 30th May, 2014 approved the terms of Mrs. Supriya Shastri's appointment and remuneration, as recommended by the Nomination and Remuneration Committee, for a period of three years, with effect from 1st April, 2014, subject to the approval of the members.

Mrs. Supriya Shastri served as Whole Time Director for erstwhile Smiths & Founders (India) Limited. Mrs. Supriya Shastri was responsible for Accounts and Finance functions of the Company. She has over 10 years of experience in accounts and finance. Mrs. Supriya Shastri holds MBA in Finance.

As the appointment of Mrs. Supriya Shastri is in compliance with the scheme of Rehabilitation of the Company sanctioned by the Hon. BIFR, the appointment of Mrs. Supriya Shastri is not be considered as an appointment of new director. In view of the above, special notice and deposit of requisite amount is not required to be paid.

<b>Components of Remuneration</b>	<b>Amount ( in ₹)</b>
Salary	100,000
House Rent Allowance	60% of Salary
Medical Reimbursement	One months' Salary
Leave Travel Concession	One month's Salary
Club Fees	30,000 per annum
Personal Accident Insurance	15,000 per annum
Provident Fund & Superannuation	Not to exceed 25% of Salary
Gratuity	As per applicable rules
Leave Encashment at the end of tenure	As per the leave rules of the Company
Car benefit/ Telephone / Cellular Phone	Free except when used for personal purpose

Except Mrs. Supriya Shastri, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested financially or otherwise, in the resolution set out at Item no.8.

The Directors recommends the resolution for members' approval as Special Resolution.

Information required under Section 197(3) read with Schedule V of Companies Act, 2013 and Rule 7 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

**I. General Information:**

- (1) Nature of Industry : The Company is engaged in the manufacture of Automotive Forgings, Cast Iron Cylinder Liners and Castings.
- (2) Date of commencement of commercial production : 2nd April, 1992.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable
- (4) Financial performance based on given indicators:

<b>Particulars</b>	<b>31st March 2014*</b>
Turnover (including other income)	₹ 68785307
Profit/(Loss) before depreciation	<b>(₹ 80,00,966)</b>
Depreciation & Amortisation	₹ 35,87,507
Profit/(Loss) before Tax	<b>(₹ 115,88,473)</b>
Tax including deferred tax	₹ 22,98,458
Profit/(Loss) after Tax	<b>(₹ 92,90,015)</b>

\* Consolidated figures of both transferor and transferee Company.

- (5) Foreign investments or collaborations, if any: Nil

**II. Information about the appointee:**

- (1) Background details: Mrs. Supriya Shastri holds MBA in Finance and has over 10 years of experience in accounts and finance. She was a Whole Director of erstwhile Smiths & Founders (India) Limited which merged with the Company.
- (2) Past remuneration: Rs. 25,44,292/- (Twenty Five Lakhs Forty Four Thousand Two Hundred Ninety Two)
- (3) Recognition or awards: Nil
- (4) Job profile and his suitability : Mrs. Supriya Shastri is responsible for Accounts and Finance functions of the Company and her services is utilised as Head of the Accounts and Finance in the Company.
- (5) Remuneration proposed : Rs. 25,44,292/- (Twenty Five Lakhs Forty Four Thousand Two Hundred Ninety Two). The details are set out above.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The terms of remuneration are consistent with industry norms and not out of tune with the remuneration in similar sized industries in same segment of business.

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(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Other than the remuneration stated above, Mrs. Supriya Shastry has no pecuniary relationship directly or indirectly with the Company. Mr. Suresh Shastry, Chairman and Managing Director of the Company is father of Mrs. Supriya Shastry. Mr. Satish Shastry and Mr. Umesh Shastry, Whole Time Directors of the Company are her uncles.

### III. Other information:

- (1) Reasons of loss or inadequate profits: The Company was declared sick in the year 2005 by the Hon. Board for Industrial and Financial Reconstruction (BIFR). The Company has stopped its manufacturing activities from 1st April, 2009. The Company's financial performance for the year ended 31st March, 2014 is consolidated figures of both Transferor Company and the Transferee Company (the Company). The loss for the year ended 31st March, 2014 consists of the accumulated loss of the Company and of the transferor Company, which incurred loss for the last 2 years due to sluggish market in the automobile industry, weak economic environment and low global growth rate.
- (2) Steps taken or proposed to be taken for improvement: Company has developed new products and new customers.
- (3) Expected increase in productivity and profits in measurable terms: With the development of new products and new customers, the turnover of the Company is expected to get a boost and impact on profits is expected partially in the year 2014-15 and fully from 2015-16 onwards.

### Item No.9

#### Appointment of Mr. Suresh Shastry as Managing Director.

Mr. Suresh Shastry was appointed as Managing Director by your Board with effect from 17th March, 2014. The Board at its meeting held on 30th May, 2014 approved the terms of Mr. Suresh Shastry's appointment and remuneration, as recommended by the Nomination and Remuneration Committee, for a period of three years, with effect from 1st April, 2014, subject to the approval of the members.

Mr. Suresh Shastry is one of the founders of the Company. Mr. Suresh Shastry was the Managing Director of the Company since its incorporation in 1990. However, he relinquished this post in April, 2009 and thereafter has been Non Executive Chairman of the Company. He has over 32 years of experience in the forging industry. Mr. Suresh Shastry holds Advanced Diploma in Forge Technology from the National Institute of Foundry & Forge Technology, Ranchi. The Board recommends passing of the resolution.

As the appointment of Mr. Suresh Shastry is only a change in his designation, the appointment is not be considered as an appointment of new director. In view of the above, special notice and deposit of requisite amount is not required to be paid.

Components of Remuneration	Amount ( in ₹ )
Salary	100,000
House Rent Allowance	60% of Salary
Medical Reimbursement	One months' Salary
Leave Travel Concession	One month's Salary
Club Fees	30,000 per annum
Personal Accident Insurance	15,000 per annum
Provident Fund & Superannuation	Not to exceed 25% of Salary
Gratuity	As per applicable rules
Leave Encashment at the end of tenure	As per the leave rules of the Company
Car benefit/ Telephone / Cellular Phone	Free except when used for personal purpose

Except Mr. Suresh Shastry, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested financially or otherwise, in the resolution set out at Item no.9.

The Directors recommends the resolution for members' approval as Special Resolution.

Information required under Section 197(3) read with Schedule V of Companies Act, 2013 and Rule 7 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given below:

### I. General Information:

- (1) Nature of Industry : The Company is engaged in the manufacture of Automotive Forgings, Cast Iron Cylinder Liners and Castings.
- (2) Date of commencement of commercial production : 2nd April, 1992.
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

(4) Financial performance based on given indicators:

<b>Particulars</b>	<b>31st March 2014*</b>
Turnover (including other income)	₹ 68785307
Profit/(Loss) before depreciation	<b>(₹ 80,00,966)</b>
Depreciation & Amortisation	₹ 35,87,507
Profit/(Loss) before Tax	<b>(₹ 115,88,473)</b>
Tax including deferred tax	₹ 22,98,458
Profit/(Loss) after Tax	<b>(₹ 92,90,015)</b>

\* Consolidated figures of both transferor and transferee Company.

(5) Foreign investments or collaborations, if any: Nil

**II. Information about the appointee:**

- (1) Background details: Mr. Suresh Shastry holds Advanced Diploma in Forge Technology and has over 32 years of experience in forging industry. He is one of the founders of the Company. Mr. Suresh Shastry was the Managing Director of the Company since its incorporation in 1990, till March, 2009. Thereafter was the Non Executive Chairman of the Company.
- (2) Past remuneration: Nil
- (3) Recognition or awards: Nil
- (4) Job profile and his suitability : Mr. Suresh Shastry has managed the Company ably since its inception and in the opinion of the board, he is eminently suited for the position of Managing Director.
- (5) Remuneration proposed : Rs. 25,62,292/- (Twenty Five Lakhs Sixty Two Thousand Two Hundred Ninety Two). The details are set out above.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The terms of remuneration are consistent with industry norms and not out of tune with the remuneration in similar sized industries in same segment of business.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Other than the remuneration stated above, Mr. Suresh Shastry has no pecuniary relationship directly or indirectly with the Company except as part owner of the office premises let out to the Company for its Corporate Office at Bangalore. Mrs. Supriya Shastry, Whole Time Director of the Company is his daughter and Mr. Satish Shastry and Mr. Umesh Shastry, Whole Time Directors of the Company are his brothers.

**III. Other information:**

- (1) Reasons of loss or inadequate profits: The Company was declared sick in the year 2005 by the Hon. Board for Industrial and Financial Reconstruction (BIFR). The Company has stopped its manufacturing activities from 1st April,2009. The Company's financial performance for the year ended 31st March, 2014 is consolidated figures of both Transferor Company and the Transferee Company (the Company). The loss for the year ended 31st March, 2014 consists of the accumulated loss of the Company and of the transferor Company, which incurred loss for the last 2 years due to sluggish market in the automobile industry, weak economic environment and low global growth rate.
- (2) Steps taken or proposed to be taken for improvement: Company has developed new products and new customers.
- (3) Expected increase in productivity and profits in measurable terms: With the development of new products and new customers, the turnover of the Company is expected to get a boost and impact on profits is expected partially in the year 2014-15 and fully from 2015-16 onwards.

**Item No. 10 & 11**

**Increase of Authorised Share Capital and Consequent Alteration of Memorandum of Association and Articles of Association.**

The present Authorised Capital of the Company is ₹6,00,00,000/- (Rupees Six Crores only) divided into 6,00,00,000 Equity shares of ₹ 1/- each. Pursuant to the sanction of Rehabilitation Scheme approved by the Hon. Board for Industrial and Financial Reconstruction, which inter alia envisages amalgamation of erstwhile Smiths & Founders (India) Limited with the Company, 976,76,525 Equity shares of ₹ 1/- each has to be issued to its shareholders in the ratio of 5:2 i.e. 5 Equity Shares of ₹ 1/- each, fully paid, of the Company for every 2 Equity Shares of ₹ 1/- each, fully paid, held in erstwhile Smiths & Founders (India) Limited.

It is therefore proposed to increase the authorised share capital of the Company as set out in the resolution at item no. 10 & 11 in the accompanying Notice to facilitate issue and allotment of equity shares as foresaid in pursuance of the approved Scheme and the balance by creation of additional equity shares in the authorised share capital of the Company which could be used while considering issue of fresh share capital in future.

It is also proposed to make consequential alterations in Capital Clause V of the Memorandum of Association and Article 3 of the Articles of Association of the Company set out in resolution no.10 & 11 in the accompanying Notice.

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None of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested financially or otherwise, in the resolution set out at Item no. 10 & 11 except as shareholders of erstwhile Smiths & Founders (India) Limited, who would receive the Equity Shares of the Company under the Sanctioned Rehabilitation Scheme.

The Directors recommends the resolution for members' approval as Special Resolution.

By the Order of the Board

**NAVEEN K SHENOY**  
Company Secretary

**Registered Office:**

3rd Floor, Soundarya Sampige  
8th Cross, Sampige Road,  
Malleswaram, Bangalore 560 003  
CIN:L85110KA1990PLC11303  
E-mail Id: cosec@smithsandfoundersindia.com  
Website: www.smithsandfoundersindia.com

Place : Bangalore  
Date : 20.11.2014

### PARTICULARS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT

Particulars	Mr. Sudhindra Narayan Kalghatgi	Mr. V.Parthasarathy	Mr. Satish Shastry
Date of Birth	11/11/1949	10/10/1947	17/04/1962
Date of Appointment	14/11/2014	27/01/2014	17/03/2014
Qualifications	B.E.( Mech)	B.A.	B.E.
Expertise in specific functional areas	Has over 36 years marketing experience in Engineering Industry	Has over 29 years experience in Banking Industry	Has over 30 years of experience in Tooling and Machining Industry
Other Directorships/ Committee Chairmanships/ Memberships	None	None	None
Number of Shares held in the Company	None	None	None

### PARTICULARS OF DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT

Particulars	Mr. Umesh Shastry	Mrs. Supriya Shastry	Mr. Suresh Shastry
Date of Birth	05/02/1960	02/07/1985	12/11/1956
Date of Appointment	17/03/2014	17/03/2014	22/10/1990
Qualifications	B.Sc	M.B.A.-Finance	Advanced Diploma in Forge Technology (ADFT) from NIF&FT, Ranchi
Expertise in specific functional areas	Has over 32 years of experience in Foundry and Machining Industry	Has over 10 years experience in Accounts and Finance	Has over 33 years experience in Forging Industry
Other Directorships/ Committee Chairmanships/ Memberships	None	None	None
Number of Shares held in the Company	None	None	603



## **DIRECTORS' REPORT**

Dear Members,

Your Directors present the Twenty Third Annual Report together with the Audited Statements of Account for the financial year ended March 31, 2014.

### **1. FINANCIAL RESULTS.**

During the year under review Company has achieved the following financial results : ( ₹ in Lakhs )

<b>Particulars</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
Revenue from operations	<b>676.01</b>	0.00
Other Income	<b>11.84</b>	4.10
Profit /(Loss) before Financial Charges, Depreciation, Taxation and Prior Period items	<b>(15.13)</b>	(9.49)
Less: Financial Charges	<b>64.88</b>	0.06
Profit /(Loss) before Depreciation, Taxation and Prior Period items	<b>(80.01)</b>	(9.55)
Less: Depreciation	<b>35.88</b>	19.89
Profit /(Loss) before Taxation and Prior Period items	<b>(115.89)</b>	(29.44)
Less: Taxation (Including Deferred Tax)	<b>22.98</b>	0.00
Profit /(Loss) for the year	<b>(92.90)</b>	(29.44)
Less: Prior period items	<b>0.00</b>	0.00
Net Profit/(Loss) for the year	<b>(92.90)</b>	(29.44)
Balance of Profit/(Loss) brought forward from last year	<b>(621.74)</b>	(592.30)
Less: Capital Reduction Account transferred	<b>388.80</b>	0.00
Profit/(Loss) Carried forward to Balance sheet	<b>(325.84)</b>	(621.74)

### **2. OVERVIEW OF COMPANY PERFORMANCE:**

During the year under review, the Rehabilitation Scheme of the Company was approved by the Hon. Board for Industrial and Financial Reconstruction (BIFR) on 20th February, 2014. The members might be aware, the Scheme, inter alia, envisaged merger of erstwhile Smiths & Founders (India) Limited (transferor Company) with the Company. As the appointed date of amalgamation is 01.04.2012, the financials during the year under review is consolidated by merging the figures of both the transferor and transferee Company. Therefore, the numbers of FY 2013-14 are not comparable with FY 2012-13.

#### **Results of Operations**

The members might be aware that the Company had stopped manufacturing operations with effect from April 1, 2009 and had leased its plant & machinery to the transferor Company. Hence the Company has been having only lease rentals as main source of income since April 1, 2009. The revenue of the transferor Company could not surge during the year under review due to sluggish market in the automobile industry in which it

operates, weak economic environment and low global growth rate. Hence the Company could not achieve its objective of wiping off its accumulated losses in FY 2013-14.

### **3. DIVIDEND:**

In view of loss incurred by the Company, your Directors do not recommend any dividend for the financial year ended 31st March 2014.

### **4. APPROVAL OF REHABILITATION SCHEME:**

Pursuant to the Order dated 20th February, 2014 of the Hon. Board for Industrial and Financial Reconstruction approving the Scheme of Rehabilitation of the Company, the Company has taken the following actions for implementing the Order:

#### **a. Reduction of Capital:**

The Company reduced its Existing Share Capital by 90%. Consequently its Paid Up Capital has been reduced from ₹ 4,32,00,000/- to ₹ 43,20,000/- by canceling 3,88,80,000 equity shares of ₹ 1/- each. The shareholders of the Company, determined on Record Date of 28.03.2014, have been allotted 1

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

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share of ₹1/- each at par in lieu of existing 10 shares of ₹ 1/- each held by them.

**b. Change of name of the Company:**

Changed the name of the Company from Shimoga Technologies Limited to Smiths & Founders (India) Limited with effect from 27.03.2014 upon receipt of Fresh Certificate of Incorporation Consequent upon Change of Name from the Registrar of Companies, Karnataka.

**c. Merger of erstwhile Smiths & Founders (India) Limited with the Company.**

The Company filed Certified Copy of the Order sanctioning the Scheme of Rehabilitation with the Registrar of Companies, Karnataka on 27.02.2014. Upon filing the same, the merger of erstwhile Smiths & Founders (India) Limited with the Company became effective. As the appointed date of the merger was 01.04.2012, the Company has prepared merged financials for the FY 2013-14.

As per the terms of the Scheme, the Company had to allot 97676525 shares to the shareholders of erstwhile Smiths & Founders (India) Limited, in the ratio of 5 equity shares of ₹1/- fully paid up of the Company for every 2 equity shares of ₹1/- full paid up held on the record date of 28.03.2014. Though the Company allotted the shares on 29.03.2014, the allotment could not be completed as the Company could not get its Authorised Capital enhanced from its existing Capital of ₹6,00,00,000/- to ₹ 10,25,00,000/- by adding the Authorised Capital of ₹ 4,25,00,000 of erstwhile Smiths & Founders (India) Limited as it was found that there was no clause in the approved Scheme of Merger for clubbing of Authorised Capital of both the Companies. The Company was left with no other option but to keep in abeyance the allotment of shares made on 29.03.2014 to the shareholders of erstwhile Smiths & Founders (India) Limited.

The Company has subsequently filed a Miscellaneous Petition before the Hon. BIFR on June 16, 2014 for amendment of its Order dated 20.2.2014 by modifying the relevant Clause under the head 'Part IV- Re-organisation of Share Capital' in the Scheme of Merger, relating to increase in Paid Up Capital. As the Hon.BIFR is yet to complete its hearing and pass order on the petition, the Company has decided to seek members' approval for the increase in its Authorised Capital in the ensuing Annual General Meeting.

In the meanwhile, for having merged the Transferor Company with itself, the Company was obliged to issue shares to the shareholders of the Transferor Company and hence decided to make, within the

unissued Share Capital, partial allotment on pro rata basis to the shareholders of erstwhile Smiths & Founders (India) Limited totaling to 4,88,38,265 shares against the total number of 9,76,76,525 shares due to them, in lieu of the full allotment made to them on 29th March, 2014. Accordingly, the Committee of Board of Directors allotted the shares on July 1, 2014.

## 5. DIRECTORS:

Post implementation of the Scheme of Rehabilitation, the Board of the Company was restructured. The Board in its meeting held on March 17, 2014 inducted Mr. Satish Shastry, Mr. Umesh Shastry and Mrs. Supriya Shastry as Whole-time Directors of the Company. The Board also re-designated Mr. Suresh Shastry as Chairman & Managing Director of the Company. Necessary resolution for their appointment is included in the Notice calling the Annual General Meeting.

Consequent to restructuring of the Board, the Company has 4 Whole time Directors including an Executive Chairman & Managing Director and 2 Independent Directors. Though as per Clause 49 (II)(A) of the listing agreement requires the Company to have at least 4 Independent Directors, the Company has been exempted from applicability of this Clause for a period of 5 years by the Hon.BIFR's Order dated 20.02.2014 sanctioning the Rehabilitation Scheme of the Company.

During the year, Mr. S. Lakshmi Narayana Murthy, who was an Independent Director on the board since 31.07.2009, expired. The Board appointed Mr. V.Parthasarathy on January 27, 2014 to fill the casual vacancy caused by the death of Sri. S.Lakshmi Narayana Murthy. Your Directors place on record their sincere appreciation of the valuable contribution made by Late Mr. S. Lakshmi Narayana Murthy during his tenure on the Board.

Mr. G. Ananda, who was an Independent Director on the board since 02.08.2008 resigned from the Board on 14th November,2014. The Board places on record its appreciation of his immense contribution to the Company during his long tenure.

The Board appointed Mr. Sudhindra Narayan Kalghatgi on 14th November,2014 to fill the casual vacancy caused by the resignation of Mr. G.Ananda.

As of the date of this Report, Mr. V.Parthasarathy and Mr. Sudhindra Narayan Kalghatgi are Independent Directors as per Section 149 of the Companies Act, 2013 and Clause 49 of the Listing Agreement. In order to give effect to the applicable provisions of sections 149 and 152 of the Act, it is proposed that these Directors be appointed as Independent Directors, to hold office for five consecutive years, for a term up to March 31, 2019. As Mr. G.Ananda, the resigned director had completed

5 years as Independent Director as on the date of his resignation, Mr. Sudhindra Narayan Kalghatgi, who has been appointed in his place, is being considered for appointment of one term of 5 years only pursuant to provisions of Section 149(10) by means of a special resolution.

The Company has received declarations from the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the applicable provisions of section 149 of the Act and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Suresh Shastry retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

The notice convening the AGM includes the proposal for appointment / re- appointment of Directors.

### 6. FIXED DEPOSITS:

The Company (erstwhile Smiths & Founders (India) Limited) has accepted fixed deposits from the public and shareholders within the meaning of Section 58A of the Companies Act, 1956 and Rules made there under, during the year.

### 7. DIRECTORS RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956, your Directors confirm:

- a) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) that 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 31st March,2014 and its loss for the year ended on that date;
- c) that 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) that the Directors have prepared the annual accounts on a 'going concern' basis.

### 8. CORPORATE GOVERNANCE:

A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report along with report on Corporate Governance.

### 9. MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report forms part of this Report.

### 10. COMPLIANCE CERTIFICATE:

Secretarial Compliance Certificate from VB & Associates, Company Secretaries, under the provisions of Section 383A of the Companies Act, 1956 is annexed herewith to this Report.

### 11. AUDITORS

The Company's Auditors, M/s. B.N.Subramanya & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

As required under provisions of Section 139(1) of the Companies Act, 2013, the Company has received written consent from M/s. B.N.Subramanaya & Co., Chartered Accountants to their re-appointment and a certificate, to the effect that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the rules framed there under and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013. The board recommends their appointment.

The Notes on Financial statements referred to in the Auditors Report are self-explanatory and do not call for any comments and explanation.

### 12. HEALTH, SAFETY AND ENVIRONMENT:

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

### 13. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars prescribed under Section 217(1)(e) of the Companies Act,1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure, which forms part of this Report.

### 14. PARTICULARS OF EMPLOYEES:

There were no employees, whose particulars require to be furnished under Section 217(2) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time.

### 15. ACKNOWLEDGEMENTS:

Your Directors thank the Members, Government Authorities, Banks, Customers and Vendors for their continued unstinted support to the Company.

By the Order of the Board

Place: Bangalore  
Date: 20.11.2014

**SURESH SHASTRY**  
Chairman & Managing Director

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

## ANNEXURE TO THE DIRECTORS' REPORT

### FORM NO. A

#### DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>A) POWER &amp; FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a. Purchased Units	1087145	—
Total Amount (₹)	7046249	—
Rate/Units (₹)	6.48	—
b. Own Generation		
i. <b>Through Diesel Oil</b>		
Units per litre of Diesel	—	—
Oil Cost/Unit (₹)	—	—
ii. <b>Through Steam Turbine</b>		
Generator Units	—	—
Units per litre of	—	—
Fuel/Oil/Gas Cost/Unit (₹)	—	—
<b>2. Coal (specify quality &amp; where used)</b>		
Total Cost	—	—
Average Rate	—	—
<b>3. Furnace Oil</b>		
Quantity (K.Litre)	—	—
Total Amount (₹)	—	—
Average Rate	—	—
<b>4. Others/internal generation</b>		
(Please give details)		
Quantity	—	—
Total Cost	—	—
Rate/Unit	—	—

#### B. CONSUMPTION PER UNIT (Nos.) OF PRODUCTION

	Year Ended 31.03.2014	Year Ended 31.03.2013
Products (With details-unit electricity)	—	—
Coal (Specify Quality)	—	—
Furnace Oil	—	—

#### 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.

#### FOREIGN EXCHANGE EARNING AND OUTGO

F.O.B. Value of Exports ₹ 22.18 Lakhs (Previous Year ₹ Nil)

C.I.F. Value of Imports ₹ Nil ( Previous Year ₹ Nil)

By the Order of the Board

Place: Bangalore  
Date: 20.11.2014

**SURESH SHASTRY**  
Chairman & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments:

The Scheme of Rehabilitation, which inter alia envisaged a) Reduction of existing Capital by 90% b) Change of name of the Company from Shimoga Technologies Limited to Smiths & Founders (India) Limited and c) Merger of Smiths & Founders (India) Limited with the Company has been approved by the Hon. Board for Industrial and Financial Reconstruction on February 20, 2014 and made effective from February 27, 2014. The approval of the Scheme, which the Company has been eagerly awaiting heralds the resumption of operations with renewed vigour and achieving its long term goals in the shortest possible time. With the availability of both casting and foundry facilities upon merger, the Company is expected to generate significant financial and operational synergies.

### Opportunities and Threats:

With the merger of erstwhile Smiths & Founders (India) Limited, the revival in the economic growth of the country and the anticipated pickup in industrial activity aided by the policies of the new government, the Company is optimistic of vertical growth in the future.

The major perceivable threats are liquidity, exchange and interest rates, raw material and energy costs, political stability and economic scenario.

### Outlook:

The growth of Indian economy is likely to firm up on the back of stronger structural policies favouring investment, clearance of stalled projects and demand recovery, backed by improved external economic climate. The demand levels for the Automotive and Farm Equipment sectors with their updated product portfolios are stabilising with an upward trend. Overall the demand for the Company's products are expected to be better in the current year.

### Risks and Concerns:

The Company's operations are dependent on the fluctuation in prices and its operational expenses. The state of the economy, therefore, influences the income and profitability.

### 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 compliance with the requirements of the Companies Act, 1956. As the appointed date of amalgamation is 01.04.2012, the financials during the year under review is consolidated by merging the figures of both the transferor and transferee Company. As the Company has prepared consolidated financials for the year under review, the numbers of FY 2013-14 are not comparable with FY 2012-13. However, the Company would continue with its efforts in controlling variable expenses and keep it under check in line with its revenues.

### Human Resource:

Other than the Directors, there were no employees in the Company during the financial year 2013-14. However, with the amalgamation of erstwhile Smiths & Founders (India) Limited (the transferor Company), the Company has absorbed all its employees with effect from 27.2.2014, the effective date of amalgamation. As the Company had suspended its operations effective from April 1, 2009, the Company is now in the process of formulating Human Resource Policies afresh as the Company considers its people as the most critical and valued resource.

### Cautionary Statement:

Certain statements in this Management Discussion and Analysis relating to Company's objectives, projections, outlook, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Although the Company believes that the expectations reflected in such forward looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly actual results or performance could differ materially from those expressed or implied as a result of among other factors, changes in economic conditions affecting demand and supply, success of business and operating initiatives and restructuring objectives, change in regulatory environment, other government actions including taxation, natural phenomena such as floods and earthquakes, customer strategies, etc. over which the Company does not have any direct control.

## ANNEXURE TO THE DIRECTORS' REPORT

### REPORT ON CORPORATE GOVERNANCE

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

Your Company considers good corporate Governance as a pre-requisite for meeting the needs and aspiration of its stakeholders and firmly believes that the same could be achieved by maintaining transparency in its dealings and practices, clear accountability, integrity and strict regulatory Compliance.

**2. BOARD OF DIRECTORS:****a) Composition and Size of the Board.**

The Board of Directors comprises of Six Directors. Composition of the Board is as follows:

Category	Name of the Director
Executive Director (Promoter Group)	Mr. Suresh Shastry, Chairman & Managing Director (re-designated w.e.f. 17.03.2014)
Executive Director (Promoter Group)	Mr. Satish Shastry, Whole-time Director (appointed w.e.f. 17.03.2014)
Executive Director (Promoter Group)	Mr. Umesh Shastry, Whole-time Director (appointed w.e.f. 17.03.2014)
Executive Director (Promoter Group)	Mrs. Supriya Shastry, Whole-time Director (appointed w.e.f. 17.03.2014)
Independent Director	Mr. G. Ananda (ceased with effect from 14.11.2014)
Independent Director	Mr. Sudhindra Narayan Kalghatgi (appointed w.e.f.14.11.2014)
Independent Director	Mr. S Lakshmi Narayana Murthy (ceased with effect from 27.01.2014)
Independent Director	Mr. V. Parthasarathy (appointed w.e.f. 27.01.2014)

Though the Company is required to have at least 4 Independent Directors as per Clause 49(IIA) of the Listing Agreement with the Stock Exchange where the Company's shares are listed, consequent upon induction of 3 Directors who were on the Board of erstwhile Smiths & Founders (India) Limited, which merged with the Company upon sanction of the Scheme of Rehabilitation of the Company by the Hon. Board for Industrial and Financial Reconstruction, as per the Scheme, the Company is exempted from complying with the requirement of Clause 49 (IIA) for a period of 5 years.

**b) Directors Attendance Record and Directorship Held.**

Details of Directors attendance at Board Meetings during the year, last Annual General Meeting held on 28th September, 2013 and also the number of Directorships and Committee memberships held by them in other Companies are given below:

Name of the Directors	Number of Board Meetings during the year 2013-14		Whether attended Last AGM	Number of Directorships in other public Companies*	Number of Committee Memberships held in public Companies*	Number of Committee Chairmanships held in public Companies*
	Held	Attended				
Mr. Suresh Shastry DIN: 01099554	8	8	Yes	Nil	Nil	Nil

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Mr. S.Lakshmi Narayana Murthy DIN 02725892 (Ceased w.e.f.27.01.2014)	4	4	Yes	Nil	Nil	Nil
Mr. G.Ananda DIN 02264489	8	7	Yes	Nil	Nil	Nil
Mr. V.Parthasarathy DIN 07671878 (Appointed w.e.f. 27.01.2014)	3	2	Not Applicable	Nil	Nil	Nil

@ excluding Private Limited Companies and Companies under Section 25 of the Companies Act, 1956.

### c) Number of Board Meetings:

Eight Board Meetings were held during the year 2013-14 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held were 13th April, 2013, 3rd August, 2013, 28th August, 2013, 9th November, 2013, 27th January, 2014, 10th February, 2014, 25th February, 2014 and 17th March, 2014.

### 3. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee cover all areas prescribed by Clause 49 of the Listing Agreement and include the following:

The Audit Committee comprises of a) Mr. G.Ananda, Chairman and Non Executive Independent Director (upto 14.11.2014) b) Mr. Suresh Shastry, Executive Director, c) Mr. S.Lakshmi Narayana Murthy, Non Executive Independent Director (Upto 27.01.2014) and d) Mr. V.Parthasarathy, Non Executive Independent Director (w.e.f. 27.01.2014). The Chairman of the Committee, Mr. G.Ananda, (Upto 14.11.2014) is a B.Sc., A.M.I.E, PGDM from IIM and carries wide experience of working at different levels in various Companies. The other members of the Committee have good knowledge of finance, accounts and business management.

The Audit Committee has been granted powers as prescribed under Clause 49 III (C) of the Listing Agreement.

The Audit Committee met five times during the year 2013-2014 and the gap between two meetings did not exceed four months. The dates on which the Audit Committee Meeting were held are as follows: 13th April, 2013, 3rd August, 2013, 28th August, 2013, 9th November, 2013 and 10th February, 2014.

#### Audit Committee meetings and attendance during the year.

Name	No. of Meetings held during the year 2013-14	No. of Meetings Attended
Mr. G. Ananda	5	4
Mr. Suresh Shastry	5	5
Mr. S.Lakshmi Narayana Murthy (Upto 27.01.2014)	4	4
Mr. V. Parthasarathy (w.e.f. 27.01.2014)	1	1

#### 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.

## Smiths & Founders (India) Limited

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

#### 4. NOMINATION AND REMUNERATION COMMITTEE:

The Company has constituted a 'Nomination and Remuneration Committee' in March, 2014 consisting of Two Non executive Independent Directors and One Executive Director as against the requirement of three or more non-executive directors. Though the Company has been exempted from compliance under Clause 49 of the Listing Agreement by the Scheme of Rehabilitation sanctioned by the Hon. BIFR, the Company would try to comply with the requirement at the earliest.

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.

#### 5. SHARE TRANSFER CUM INVESTOR GRIEVANCE COMMITTEE (RENAMED AS STAKEHOLDERS RELATIONSHIP COMMITTEE)

The Company has constituted a Share Transfer-cum-Investor Grievances Committee, comprising of Mr. Suresh Shastry, Mr. G.Ananda, Mr. S.Lakshmi Narayana Murthy (upto 27.01.2014) and Mr. V.Parthasarathy (w.e.f. 27.01.2014). This Committee monitors and redresses investors complaints, transfer/ transmission of shares, etc.,

Total Number of Complaints Received and Disposed during the year ended 31.03.2014	Number of cases unresolved at the end of Year 31.03.2014	Pending Request for Demat Account for the year ended 31.03.2014
3	NIL	NIL

#### Shares and Convertible Instruments held by non-executive Directors.

Name	No. of Shares / Convertible Instruments held
NIL	NIL

#### 6. REMUNERATION OF DIRECTORS:

No remuneration including sitting fees has been paid to the Directors.

#### 7. CEO CERTIFICATION:

The Chairman has certified to the Board that all the requirements of Clause 49 (IX) of the Listing Agreement have been complied with.

#### 8. ANNUAL GENERAL MEETINGS:

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

Year	AGM	Location	Date & Time	Special Resolution passed
2010-11	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore - 560 055	29.09.2011 10.00 a.m.	Nil
2011-12	AGM	Soundarya Hall, Malleswaram Association, No.11, 7th Cross, Malleswaram, Bangalore - 560 003	24.09.2012 11.00 a.m.	Consent under Sec 293(1)(a) and other applicable provisions extending lease period of the Plant and Machinery, both present and future, belonging to the Company to M/s. Smiths & Founders(India) Limited, Bangalore ( Erstwhile M/s. Bhagavathi Enterprises Limited for a further period not exceeding 3 years with effect from 1.4.2012 or sanction of the Rehabilitation Scheme of the



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				Company, which inter alia envisages amalgamation of M/s. Smiths & Founders (India) Limited with the Company, by the Hon.Board for Industrial and Financial Reconstruction.
2012-13	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore - 560 055	28.09.2013 10.00 a.m.	Nil

No special resolutions were passed through Postal Ballot during the year 2013-14.

9. a. **Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company at large:**

None of the transactions with any of the related parties were in conflict with the interests of the Company. Transactions with related parties are disclosed in note 29 of Notes on accounts.

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.**

The Company has complied with all requirements of the regulatory authorities. No penalties or strictures were imposed on it by the stock exchange or SEBI or any statutory authority for non compliance of any matter related to capital markets during the last three years.

c. **Whistle Blower Policy**

During the year, under Whistle Blower Policy no complaints were reported to Audit Committee.

d. **Non-mandatory requirements**

Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.

### 10. 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 Financial Results were published in the following newspaper for each Quarter Ended.

For the Quarter ended 30.06.2013	For the Quarter ended 30.09.2013	For the Quarter ended 31.12.2013	For the year ended 31.03.2014
1.Hosadigantha 2.The Financial Express	1.Hosadigantha 2.The Financial Express	1.Hosadigantha 2.The Financial Express	1.Hosadigantha 2.The Financial Express

#### B. Website:

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

### 11. GENERAL SHAREHOLDER INFORMATION:

#### 11.1. AGM :

Date and Time : 27.12.2014 at 10.00 A.M  
Venue : MEWS Ladies Club, No.37, 17th Cross, (between 4th & 6th Main), Malleswaram, Bangalore - 560 055.

# Smiths & Founders (India) Limited

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## 11.2. Financial Calendar:

Results for the Quarter ended 30th June 2014	- 14th August 2014
Results for the Quarter ending 30th September 2014	- 14th November 2014
Results for the Quarter ending 31st December 2014	- 14th February 2015
Results for the Quarter ending 31st March 2015	- End May 2015

11.3. **Book Closure Date :** 22.12.2014 to 27.12.2014 (Both days inclusive)

11.4. **Dividend Payment Date :** N.A.

## 11.5 Listing on Stock Exchanges :

Equity Shares : BSE Ltd., Mumbai

Annual listing fee payable to BSE Ltd. for Financial Year 2014-15 has been paid.

## 11.6 Stock Codes :

(a) BSE Ltd. - 513418

(b) ISIN Code - INE728B01032

## 11.7. Stock Market Data :

MONTH	SHARE PRICE MOVEMENTS - 2013-14	
	SHARE PRICE at BSE (₹)	
	HIGH	LOW
April 2013	0.08	0.04
May 2013	0.14	0.07
June 2013	0.09	0.02
July 2013	0.08	0.02
August 2013	0.08	0.01
September 2013	0.10	0.09
October 2013	0.11	0.05
November 2013	0.16	0.06
December 2013	0.31	0.14
January 2014	0.42	0.32
February 2014	0.39	0.37
March 2014	0.36	0.27

## 11.8. Share Price Performance in Comparison to Broad Based indices-BSE sensx

Month/Year	BSE Sensex Index		Share Price at BSE (₹)	
	HIGH	LOW	HIGH	LOW
April 2013	19662.68	18144.22	0.08	0.04
May 2013	20443.62	19451.26	0.14	0.07
June 2013	19860.19	18467.16	0.09	0.02
July 2013	20351.06	19126.82	0.08	0.02
August 2013	19569.20	17448.71	0.08	0.01
September 2013	20739.69	18166.17	0.10	0.09
October 2013	21205.44	19264.72	0.11	0.05
November 2013	21321.53	20137.67	0.16	0.06
December 2013	21483.74	20568.70	0.31	0.14
January 2014	21409.66	20343.78	0.42	0.32
February 2014	21140.51	19963.12	0.39	0.37
March 2014	22467.21	20920.98	0.36	0.27

**11.9 Registrar and Transfer Agents :**

**INTEGRATED ENTERPRISES ( INDIA ) LIMITED**

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

Tel : 080 2346 0815 to 818

Fax : 080 2346 0819

E-mail: vijayagopal@integratedindia.in

irg@integratedindia.in

Website : www.iepindia.com

- 11.10. 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 Share Transfer Committee.

Share Transfer requests are processed and despatched to the shareholders generally within 10 to 15 days from the date of receipt. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

The Company obtains from a Company Secretary in Practice, half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the Stock Exchange and files a copy of the certificate with the Stock Exchanges. 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.

**11.11. Category of Shareholding as on 31st March 2014 :**

Promoter and Promoter group Holding:	0.01%
Foreign Holding:	0.00%
Other Bodies- Corporate:	4.78%
Individuals:	95.07%
Banks:	0.14%

Distribution of Shareholding as on 31.03.2014.

No of shares held	Total accounts	Total shares	Total % to paid up capital
Up to 500	11651	1678907	38.86
501-1000	606	509366	11.79
1001-2000	255	384858	8.91
2001-3000	85	214614	4.97
3001-4000	31	45518	1.05
4001-5000	34	160839	3.72
5001-10000	40	270727	6.27
10001-99999999	37	1055171	24.43
<b>TOTAL</b>	<b>12739</b>	<b>4320000</b>	<b>100.00</b>

**11.12. Dematerialization of Shares:**

76.06% of the Shares of the Company are in dematerialised form as on 31st March 2014.

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

## Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

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- 11.14. **Plant Locations :**
1. Plot Nos. N 12 & 13,  
Industrial Estate, Sagar Road,  
Shimoga-577 204, Karnataka
  2. M 7 – M 10, Industrial Estate  
Sagar Road, Shimoga 577 204
  3. Plot No.L-29, KIADB Industrial Area  
Machenahalli, Shimoga District
  4. Plot No.24, KIADB Industrial Area  
Chikkaballapura 562 101

11.15. **Investor Correspondence:**

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

**Annual Declaration pursuant to Clause 49(II)(E)(2) of the Listing Agreement.**

I, Suresh Shastry, Chairman & Managing Director of SMITHS & FOUNDERS (INDIA) LIMITED, declare that to the best of my knowledge and belief, all the Members of the Board have affirmed their compliance with the Company's code of conduct for the year ended March 31, 2014.

Place: Bangalore

Date : 20.11.2014

**SURESH SHASTRY**

*Chairman & Managing Director*

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## AUDITORS' REPORT ON CORPORATE GOVERNANCE

To,

The Members of Smiths & Founders (India) Limited  
(Formerly known as Shimoga Technologies Limited)

We have examined the compliance of conditions of Corporate Governance by SMITHS & FOUNDERS (INDIA) LIMITED for the year ended March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company

has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

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

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

Place: Bangalore  
Date: 20.11.2014

**DEVENDRA NAYAK**  
*Partner*  
M.No:27449

## SECRETARIAL COMPLIANCE CERTIFICATE

CIN of the Company : L85110KA1990PLC011303

Authorized Capital : Rs. 60,000,000/-

To,  
The Members,  
SMITHS & FOUNDERS (INDIA) LIMITED  
(Formerly known as SHIMOGA TECHNOLOGIES LIMITED)  
412/13, 3rd Floor, Soundarya Sampige, 8th Cross,  
Sampige Road, Malleswaram, Bangalore-560003.

I have examined the registers, records, books and papers of SMITHS & FOUNDERS (INDIA) LIMITED as required to be maintained under the Companies Act, 1956, (the Act), the notified sections of Companies Act, 2013 w.e.f. 12.09.2013 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2014. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in 'Annexure – A' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in 'Annexure – B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and the rules made there under.
3. The Company has minimum paid up capital as prescribed under Sec.3 (1)(iv)(c) of the act. The Company being a public Company, comments relating to the provisions of Sec.3 (1) (iii) of the Act are not required.
4. The Board of Directors met 8 times - on 13.04.2013, 03.08.2013, 28.08.2013, 09.11.2013, 27.01.2014 , 10.02.2014, 25.02.2014 and 17.03.2014 in respect of which meeting notices were given and proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 23.09.2013 to 28.09.2013 during the year under scrutiny.
6. The Annual General Meeting for the financial year ended on **31st March, 2013** was held on **28.09.2013** after giving due notice to the members of the Company and the resolutions passed there at were recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the year under scrutiny.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under Section 295 of the Companies Act, 1956 read with Section 185 of the Companies Act, 2013 during the year under scrutiny.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the year under scrutiny.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act during the year under scrutiny, the Company has not obtained any approvals from the Board of directors, Members or Central Government.
12. The Company has not issued any duplicate share certificates during the year under scrutiny.
13. The Company has:
  - (i) Delivered the share certificates consequent to reduction of capital, not required to deliver the certificates as there was no transmission of securities during the year under scrutiny;
  - (ii) Not declared any dividend during the year under scrutiny.
  - (iii) Not required to post warrants to any member of the Company as no dividend was declared during the year under scrutiny.
  - (iv) Not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there were no such amounts outstanding during the financial year under review.
  - (v) Generally complied with the requirements of Section 217 of the act.
14. The Board of Directors of the Company is duly constituted. There was an appointment of Mr. Parthasarathy Vaidyanathan as director on 27.01.2014 to fill casual vacancy caused by death of Mr. Lakshminarayana Murthy during the year under scrutiny.
15. The Board has, on 17.03.2014, re-designated Mr. Suresh Shastry as Chairman and Managing Director and has inducted Mr. Satish Shastry, Mrs. Supriya Shastry and Mr. Umesh Shastry as Whole-time Directors pursuant to the Order of Hon. Board for Industrial & Financial Reconstruction (BIFR).
16. The Company has not appointed any sole selling agents during the year under scrutiny.
17. The Scheme of Rehabilitation submitted by the Company before the Hon. Board for Industrial & Financial Reconstruction, which inter alia envisaged Amalgamation of Smiths and

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

- Founders (India) Limited with Shimoga Technologies Limited, has been approved by the Hon.BIFR on 20.02.2014. The Company has obtained approval from Registrar of Companies for change of name of the Company from Shimoga Technologies Limited to Smiths & Founders (India) Limited. But Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, and / or such authorities prescribed under the various provisions of the Act during the year under scrutiny.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not allotted any shares during the year under scrutiny.
20. The Company has not bought back any shares during the year under scrutiny.
21. As there were no preference shares or debentures issued, there was no redemption of preference shares or debentures during the financial year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company (The transferor Company) has accepted deposits falling under the provisions of Section 58A and 58AA of the Act, read with Companies (Acceptance of Deposits) Rules, 1975 and have complied with the directives issued by the Reserve Bank of India and the provisions of the Sections 58A and 58A of the Act and the rules framed there under, where applicable.
24. The Company has not made any borrowings during the financial year ended 31st March 2014.
25. The Company has not made any loans and investments and given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company altered the provisions of the Memorandum with respect to Change of name of company from Shimoga Technologies Limited to Smiths and Founders (India) Limited during the year under scrutiny.
29. The Company has altered the provisions of the Memorandum with respect to reduction of 90% of share capital of the Company by cancelling 3,88,80,000 divided into 3,88,80,000 equity shares of Re.1/- out of 4,32,00,000 divided into 4,32,00,000 equity shares of Re.1/-during the year under scrutiny.
30. The Company has altered its Articles of Association with respect to change of company name from Shimoga Technologies Limited to Smiths and Founders (India) Limited during the year under scrutiny.
31. As per the information and explanations given by the Company, there was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the year under scrutiny, for offences under the Act.
32. As per the information and explanations given by the Company, the Company has not received any money as security from its employees during the year under scrutiny.
33. According to the information and explanations provided to us, the Company was not required to constitute Provident Fund pursuant to Section 418 of the Act.

**For VB & Associates**  
Company Secretaries

**VIGHNESHWAR BHAT**

*Company Secretary In Practice*

C.P.No.10012

Place: Bangalore

Date: 20-11-2014

**Name Of The Company :**

**SMITHS & FOUNDERS (INDIA) LIMITED**

**ANNEXURE - A**

Registers as maintained by the Company

Sl.No	Name of the Register
1	Register of Charges U/s. 143(1)
2	Register of Members U/s. 150(1)
3	Register of companies and firms in which the directors of the Company are interested U/s. 301(1)
4	Register of Directors U/s. 303(1)
5	Register of Directors Shareholding U/s. 307(1)

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### ANNEXURE - B

Returns / Forms / Documents filed with Registrar of Companies, Regional Director, Central Govt. or other authorities during the financial year ended on 31st March 2014

I - REGISTRAR OF COMPANIES						
Sl. No.	e-Form No.	Relevant Section	Description of the Document	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing, whether requisite additional fee paid Yes/No
1.	66	383A	Secretarial Compliance Certificate for the year 2012-2013.	18.10.2013	Yes	NA
2.	20B	159	Annual Return as on AGM held on 28.09.2013	23.10.2013	Yes	NA
3.	23AC Xbrl and 23ACA Xbrl	220	Balance Sheet as on 31.03.2013 and the Profit and Loss Account for the year ended as on that date.	25.10.2013	Yes	NA
4.	32	303	Appointment of Mr. PARTHASARATHY VAIDYANATHAN as Director to fill casual vacancy.	28.01.2014	Yes	NA
5.	21	17	Filing of Order of Hon. BIFR sanctioning Rehabilitation Scheme of the Company	27.02.2014	Yes	NA
6.	1A	20	Name application for ascertaining the name availability.	14.03.2014	Yes	NA
7.	17	138	Satisfaction of charge, charge ID-10140877	18.03.2014	Yes	NA
8.	18	146	Shifting of registered office within local limits.	18.03.2014	Yes	NA
9.	32	303	Appointment of Mr. SATISH SHASTRY, Mrs. SUPRIYA SHASTRY, Mr. UMESH SHASTRY as Whole-time Directors.	19.03.2014	Yes	NA
10.	5	95	Reduction of 90% of Share Capital.	24.03.2014	Yes	NA
11.	23	192	For alteration of MOA and AOA for change of name of Company.	24.03.2014	Yes	NA
12.	1B	21	For alteration of MOA and AOA for change of name of Company. (For approval of Change of name of the Company)	24.03.2014	Yes	NA
II - REGIONAL DIRECTOR				NIL		
III - CENTRAL GOVERNMENT AND OTHER AUTHORITIES				NIL		

**For VB & Associates**  
Company Secretaries

**VIGNESHWAR BHAT**  
Company Secretary In Practice  
C.P.No.10012

Place: Bangalore  
Date : 20-11-2014

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

## INDEPENDENT AUDITORS' REPORT

TO

**THE MEMBERS OF M/S. SMITHS AND FOUNDERS (INDIA) LIMITED [FORMERLY KNOWN AS SHIMOGA TECHNOLOGIES LIMITED]**

### Report on the Financial Statements

We have audited the accompanying financial statements of **M/s. SMITHS AND FOUNDERS (INDIA) LIMITED [FORMERLY KNOWN AS SHIMOGA TECHNOLOGIES LIMITED]** ("the Company") which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation of internal control 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - (b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
  - (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date
1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
  2. As required by section 227(3) of the Act, we report that:
    - a. we have 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 appears from our examination of those books;
    - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
    - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
    - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
    - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

**DEVENDRA NAYAK**

Partner

Place: Bangalore  
Date: 30th May, 2014

Membership No. 027449



## Annexure to the Independent Auditors' Report

**(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 Company has a regular programme for physical verification of its fixed assets by which the fixed assets are verified on a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- c) On the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, in our opinion, there was no disposal of substantial part of fixed assets during the year.

**(ii) Inventory**

- a) The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The Company is maintaining proper records of inventory. There were no material discrepancies noticed on verification between physical stock and books of account.

**(iii) Loans and Advances**

- a) During the year, the Company has granted secured loans to parties, covered In the register maintained under section 301 of the Act and the same is as follows:

Number of parties	Maximum Amount Involved	Amount as at 31.03.2014
1	Rs. 20,00,000/-	NIL

The above loan was squared off during the year.

- b) In our opinion the terms and conditions for repayment of the principal and interest are not prejudicial to the interest of the company.
- c) Based on our scrutiny of the Company's records and according to information and explanation given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of Companies Act, 1956 during the year. Accordingly provisions of clause (iii) (b) (c) & (d) of the above said order

are not applicable to the company.

**(iv) Internal Control**

In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to purchase of inventory, fixed assets and for sale of goods. We have not noted any continuing failure to correct major weakness in the internal controls during the course of audit.

**(v) Particulars of contracts and arrangements required to be entered in the register maintained under section 301 :**

- a) In our opinion, and according to the information and explanations given to us, the particulars of contracts / arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that Section.

**(vi) Deposits**

According to the information and explanation given to us, the Company has accepted deposits from the public. The directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under, where applicable, have been complied with.

**(vii) Internal Audit**

In our opinion, the Company has an internal audit system which is commensurate with the size and nature of its business.

**(viii) According to the information and explanation given to us, the maintenance of cost records have been prescribed by the Central Government under clause (d) of sub-section (1) of section 209, of the Companies Act, 1956 and the same has been maintained by the Company.**

**(ix) Statutory Dues :**

- a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- b) According to the information and explanation given to us and based on the records available, the Company had no undisputed amounts payable in respect of provident fund, investor

## Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

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education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, customs duty, excise duty, cess and any other statutory dues with the appropriate authorities as at the last day of the financial year concerned, for a period more than six months from the date they were payable.

- c) According to the information and explanations given to us there is no disputed dues as at 31st March 2014.

**(x) Erosion of net worth :**

The company does not have accumulated losses exceeding the net worth as at the end of the financial year. The company has incurred cash losses of Rs.80,00,966/- during the financial year covered by our audit and Rs.9,54,615/- in the immediately preceding financial year.

- (xi) Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of dues to banks. The Company has no dues to any other financial institution or debenture holders.
- (xii) According to the records of the Company, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) In our opinion, the Company is not a Chit fund or a Nidhi or a Mutual benefit fund or a Society. Accordingly clause 4(xiii) of the order is not applicable.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly clause 4 (xiv) of the Order is not applicable

- (xv) According to the information and explanation given to us, the Company has not given any guarantee for the loans taken by others from the bank or financial institutions.
- (xvi) According to the information and explanation given to us and based on our audit procedures, the term loans availed from Bank during the year were applied for the purposes for which they were obtained.
- (xvii) According to the information and explanation given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) According to information and explanations given to us, the Company has not made any preferential allotment during the year.
- (xix) Based on the examination of records and information and explanation given to us, no debentures were issued during the year. Hence clause 4(xix) of the Order is not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly clause 4(xx) of the Order is not applicable.
- (xxi) In our opinion and to the best of our information and according to the explanations given to us no fraud on or by the Company have been noticed or reported during the year.

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

**DEVENDRA NAYAK**  
*Partner*

Place: Bangalore  
Date: 30th May, 2014

Membership No. 027449

**BALANCE SHEET AS AT 31ST MARCH, 2014**

PARTICULARS	Note No.	As at 31 March 2014 ₹	As at 31 March 2013 ₹
<b>I. EQUITY &amp; LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	3	43,20,000	4,32,00,000
(b) Reserves & surplus	4	(2,36,84,976)	(6,21,74,077)
		<b>(1,93,64,976)</b>	<b>(1,89,74,077)</b>
<b>2 Shares pending allotment for consideration other than cash</b>	5	<b>9,76,76,525</b>	-
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	6	2,92,22,592	-
(b) Deferred tax liabilities (Net)		-	-
(c) Other Long term liabilities	7	4,58,545	-
(d) Long-term provisions	8	24,00,000	-
		<b>3,20,81,137</b>	-
<b>4 Current liabilities</b>			
(a) Short-term borrowing	9	2,52,99,426	-
(b) Trade payables	10	87,77,743	-
(c) Other current liabilities	11	54,74,165	3,29,16,655
(d) Short-term provisions	12	9,88,777	-
		<b>4,05,40,111</b>	3,29,16,655
<b>TOTAL</b>		<b>15,09,32,797</b>	1,39,42,578
<b>II. ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets	13		
(i) Tangible assets		11,01,58,346	1,17,93,664
(ii) Intangible assets		1,78,285	6,690
(iii) Capital Work-in-Progress		1,85,20,973	2,96,509
(b) Non-Current Investments	14	19,286	-
(c) Long term loans & advances		-	-
(d) Other Non-Current Assets	15	8,21,303	-
		<b>12,96,98,193</b>	1,20,96,863
<b>2 Current assets</b>			
(a) Inventories	16	1,35,36,072	-
(b) Trade receivables	17	45,22,799	-
(c) Cash and cash equivalents	18	4,26,913	22,846
(d) Short-term loans and advances	19	2,78,327	-
(e) Other Current Assets	20	24,70,492	18,22,869
		<b>2,12,34,604</b>	18,45,715
<b>TOTAL</b>		<b>15,09,32,797</b>	1,39,42,578

Corporate Information 1

Significant accounting policies 2

The notes referred to above form an integral part of the financial statements

For and on behalf of the Board of Directors

This is the Balance Sheet referred to in our audit report of even date.

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

Chartered Accountants

FRN : 004142S

**Suresh Shastry**

Chairman & Managing Director

**Supriya Shastry**

Whole Time Director

**Naveen K Shenoy**

Company Secretary

**Devendra Nayak**

Partner

Membership No. 027449

Place: Bangalore

Date : 30.05.2014

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	Note No.	For the Year Ended 31 March 2014 ₹	For the Year Ended 31 March 2013 ₹
<b>REVENUE</b>			
Revenue from operations	21	6,76,01,076	-
Other income	22	11,84,231	4,10,276
<b>Total Revenue</b>		<b>6,87,85,307</b>	<b>4,10,276</b>
<b>EXPENSES</b>			
Cost of material consumed	23	2,80,74,691	-
Cost of consumables	24	31,45,058	-
Changes in inventories of finished goods & work-in-progress	25	(4,47,120)	-
Employee benefits expense	26	1,22,79,749	-
Finance costs	27	64,88,073	5,933
Depreciation and amortisation expense	13	35,87,507	19,89,808
Other expenses	28	2,72,45,822	13,58,958
<b>Total Expenses</b>		<b>8,03,73,780</b>	<b>33,54,699</b>
<b>Profit before exceptional &amp; extraordinary items &amp; tax</b>		<b>(1,15,88,473)</b>	<b>(29,44,423)</b>
Exceptional items		-	-
<b>Profit before extraordinary items &amp; tax</b>		<b>(1,15,88,473)</b>	<b>(29,44,423)</b>
Extraordinary items		-	-
<b>Profit before tax</b>		<b>(1,15,88,473)</b>	<b>(29,44,423)</b>
Less: Tax expenses			
Current tax		-	-
Deferred tax liability reversed		22,98,458	-
<b>Profit (Loss) for the period</b>		<b>(92,90,015)</b>	<b>(29,44,423)</b>
<b>Earnings per equity share:</b>			
(a) Basic		(2.15)	(0.07)
(b) Diluted		(0.71)	(0.07)
Weighted no of shares for Basic EPS		43,20,000	43,200,000
Weighted no of shares for Diluted EPS (Refer Note )		1,31,51,028	-

Corporate Information 1

Significant accounting policies 2

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

For and on behalf of the Board of Directors

This is the Statement of Profit and Loss referred to in our Audit report of even date.

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

**Suresh Shastry**  
Chairman & Managing Director

**Supriya Shastry**  
Whole Time Director

**Naveen K Shenoy**  
Company Secretary

**Devendra Nayak**  
Partner  
Membership No. 027449

Place: Bangalore  
Date : 30.05.2014

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2014**

PARTICULARS		For the Year ended 31.03.2014		For the Year ended 31.03.2013	
		₹	₹	₹	₹
<b>A</b>	<b>Cash flows from operating activities</b>				
	Net Profit Before Taxation and Extraordinary item	(1,15,88,473)		(29,44,423)	
	<b>Adjustments for:</b>				
	Depreciation	35,87,507		19,89,808	
	Financial expenses (Considered under Financial Activities)	64,88,073		-	
	Interest Income (Considered under Investment Activities)	(2,96,060)		-	
	Lease Income (Considered under Financial Activities)	-		-	
	Amalgamation expenses	(2,39,716)		-	
	Adjustments for rectification relating to carrying cost of Fixed Asset	-		(43,360)	
	<b>Operating Profit Before Working Capital Changes</b>		(20,48,668)		(9,97,975)
	(Increase)/ Decrease in Current Assets, Loans & Advances	51,74,149		79,884	
	Increase/(Decrease) in Current Liabilities	49,16,180		12,09,556	
	Working Capital changes		1,00,90,329		12,89,440
	<b>Cash Generated from operations</b>		80,41,661		2,91,465
	Income Tax (including Fringe Benefit Tax)		-		-
	<b>Cash Flow Before Extraordinary Item</b>		80,41,661		2,91,465
	Extra-ordinary items		-		-
	<b>Net cash from operating activities</b>		80,41,661		2,91,465
<b>B</b>	<b>Cash flows from Investment activities</b>				
	Additions to Fixed Assets	(35,96,849)		(2,96,509)	
	Interest Income	2,96,060			
	Net cash from Investing activities		(33,00,789)		(2,96,509)
<b>C</b>	<b>Cash flows from financing activities</b>				
	Repayment of Loans & Overdraft	(23,85,598)		-	
	Increase in Deposits	43,36,166		-	
	Financial Cost	(64,88,073)		-	
	<b>Net cash from Financing activities</b>		(45,37,506)		-
	<b>Net Increase / Decrease in cash and cash equivalents</b>		2,03,367		(5,044)
	Cash and cash equivalents at beginning of period		22,846		27,890
	Cash and cash equivalents transferred from Smiths and Founders (India) Limited		2,00,701		-
	<b>Cash and cash equivalents at end of period</b>		4,26,913		22,846

**Notes to the cash flow statement:**

- The above cash flow statement has been prepared in accordance with the 'Indirect Method' as set out in the Accounting Standard 3 on "Cash Flow Statement" issued by the ICAI.
- Cash and cash equivalents consist of cash on hand and balances with banks.
- The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.
- In view of the amalgamation of S&FIL with the Company w.e.f. 27.02.2014, the figures for the current year are not comparable with those of the previous year.

For and on behalf of the Board of Directors

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

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

**Suresh Shastry**  
Chairman & Managing Director

**Supriya Shastry**  
Whole Time Director

**Naveen K Shenoy**  
Company Secretary

**Devendra Nayak**  
Partner  
Membership No. 027449

Place: Bangalore  
Date : 30.05.2014

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 1

#### Corporate Information:

Amalgamating Company: Smiths and Founders (India) Limited

Amalgamated Company: Shimoga Technologies Limited

Shimoga Technologies Limited (STL) was incorporated under the Companies Act, 1956 on 22 October 1990 as a Private Limited Company under the name of Shimoga Forge Pvt. Ltd. The Company changed its name to Shimoga Technologies Limited on 17 August 2000. The Company is listed on Bombay Stock Exchange. Consequent to the Order sanctioning the Scheme of Rehabilitation by the Hon. Board for Industrial and Financial Reconstruction (BIFR) on 20 February 2014, M/s. Smiths and Founders (India) Limited (SFIL) got amalgamated with the Company. The Company's name has been changed to Smiths and Founders (India) Limited with effect from 27.03.2014.

Further pursuant to the said Order the Share Capital of the Company has been reduced by 90% w.e.f 25.02.2014.

#### Scheme of Amalgamation:

Pursuant to the Scheme of Amalgamation ("the Scheme") of the amalgamating company with the amalgamated company as sanctioned by the Hon. BIFR vide their order dated 20.02.2014; the entire business and all the assets and liabilities, duties and obligations of the amalgamating company have been transferred to and vested in the amalgamated company with effect from 27.02.2014 (effective date). The Appointed date as per the Scheme is April 01, 2012.

The amalgamating company [Smiths and Founders (India) Limited] was engaged in manufacture of Forgings & Castings. The manufacturing facility of the amalgamated company was leased to the amalgamating company for carrying on their forging business.

Effective date of amalgamation for accounting purposes being 27.02.2014.

The amalgamation has been accounted for under the "Purchase" method as prescribed by the Accounting Standards (AS) 14 on "Accounting for Amalgamations" notified under the Companies (Accounting Standards) Rules. The scheme has, accordingly, been given effect to in these financial statements as under:

- 1) All Assets and liabilities of SFIL have been transferred at fair value to the Company.
- 2) The Excess of assets over liabilities has been transferred to General Reserve.
- 3) As per the terms of the Scheme shareholders of SFIL will be issued 5 equity shares of Re.1/- each for

every 2 shares held ranking pari passu with existing shares of STL. Therefore the consideration payable by way of equity shares to the shareholders of SFIL is 9,76,76,525. [The shares outstanding in SFIL being 3,90,70,610 of Re.1/- each]

- 4) The value of net assets taken over is Rs.10,47,35,406 and the consideration being Rs. 9,76,76,525/-. The difference amount of Rs. 70,58,881 has been transferred to Amalgamation Reserve account.
- 5) The Amalgamation expense of Rs. 2,39,716/- being legal & travelling expenses is transferred to amalgamation reserve account as per the Scheme of Amalgamation.
- 6) The balance in the amalgamation reserve account as on 31.03.2014 is transferred to General Reserve as per the Scheme.

In view of the amalgamation of SFIL with the Company w.e.f. 27.02.2014, the figures for the current year are not comparable with those of the previous year.

### NOTE 2

#### SIGNIFICANT ACCOUNTING POLICIES

##### 1. Basis Of Preparation Of Financial Statements

The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention and on accrual basis. GAAP comprises of applicable provisions of the Companies Act, 1956 and mandatory Accounting Standards as per The Companies (Accounting Standards) Rules, 2006. 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. The company maintains its accounts on accrual basis.

##### 2. Revenue Recognition:

Revenue from Sale of goods is recognised at the point of dispatch to customers, of converted and finished goods and is inclusive of duties & taxes. Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

##### 3. Fixed assets, Depreciation and amortisation:

###### a. Tangible Assets

Tangible assets are stated at cost less accumulated depreciation and impairment loss, if any.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Expenditure which are of a Capital nature are Capitalised 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.

Depreciation is provided, from the date the assets have been installed and put to use, on Straight Line Method at rates specified in Schedule XIV of the Companies Act, 1956.

### b. Intangible Assets

Intangible asset are stated at cost of acquisition less accumulated amortisation and impairment losses, if any.

An intangible asset is recognised only if it is probable that the future economic benefits attributable to the asset will flow to the enterprise and the cost of such assets can be reliably measured.

Amortisation is provided, from the date the assets have been installed and put to use, on Straight Line Method at rates specified in Schedule XIV of the Companies Act, 1956.

### 4. Foreign Currency Translation:

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.

### 5. Inventories:

Raw materials, consumable stores, work in progress & finished goods are valued at lower of cost and net realizable value. In valuation of work-in-process and finished goods, cost of materials as well as conversion cost is taken into consideration. Cost is determined using FIFO (first-in-first out) method.

In case of finished goods of Forging Division, the valuation is done on the basis of retail method where a percentage profit margin is reduced from the sale value to arrive at the cost.

### 6. Employee Benefits:

i. 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.

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

iii. 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.

### 7. Income Tax & 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 the provisions of Income Tax Act, 1961, and based on the expected outcome of assessments / appeals.

**Deferred tax:** Deferred tax liability is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations.

Deferred Tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of the respective carrying values at each Balance Sheet date.

### 8. 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.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**9. 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 the obligation can be reliably estimated.

Contingent liability is disclosed in case of

- d) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
- e) a present obligation when no reliable estimate is possible; and
- f) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are not recognized.

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

Capital Commitments:

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

**10. 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.

**11. 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.

**12. Cash Flow Statement:**

The Company follows in-direct method in the preparation of statement of cash flows as required under Accounting Standard 3 – "Cash Flow Statements".

PARTICULARS	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>3 Share Capital</b>		
Authorized Share Capital (6,00,00,000 Equity Shares of Re.1/- each)	<b>6,00,00,000</b>	6,00,00,000
Issued, Subscribed & Paid Up Share Capital 43,20,000 Equity Shares of Re.1/- each fully paid up) (previous year 4,32,00,000 shares of Re. 1/- each )	<b>43,20,000</b>	4,32,00,000
<b>Total</b>	<b>43,20,000</b>	4,32,00,000
<b><u>Share Capital</u></b>		
(a) Reconciliation of number of Shares outstanding at beginning & end of the reporting period		
PARTICULARS	No of Shares	No of Shares
Shares outstanding at the beginning of the period	<b>4,32,00,000</b>	4,32,00,000
Capital Reduction during the year	<b>3,88,80,000</b>	-
Shares outstanding at the end of the period	<b>43,20,000</b>	4,32,00,000

Note:

Pursuant to Order of Hon. Board for Industrial and Financial Reconstruction [BIFR], 10 equity shares of Re.1/-each of the Company were consolidated to 1 share of Re.1/- each resulting in capital reduction to the extent of 90% in the current financial year.



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>4 Reserves and surplus</b>		
<b>P &amp; L Account</b>		
Opening balance	-	-
Add : Transferred from General Reserve	<b>(6,21,74,077)</b>	-
Add: Net Profit/(Net Loss) For the current year	<b>(92,90,015)</b>	-
Less: Capital Reduction account transferred	<b>3,88,80,000</b>	-
<b>Closing Balance - (a)</b>	<b>(3,25,84,092)</b>	-
<b>General Reserve</b>		
Opening Balance	<b>(6,21,74,077)</b>	(5,92,29,654)
Less : Transferred to P&L Account	<b>6,21,74,077</b>	-
Add: Net Profit/(Net Loss) For the current year	-	(29,44,423)
Add : Transferred from Amalgamation Reserve	<b>88,99,116</b>	-
Less : Amalgamation expenses	-	-
<b>Closing Balance - (b)</b>	<b>88,99,116</b>	(6,21,74,077)
<b>Total (a+b)</b>	<b>(2,36,84,976)</b>	(6,21,74,077)
PARTICULARS	<b>Amount ( ₹ )</b>	<b>Amount ( ₹ )</b>
<b>5 Shares pending allotment for consideration other than cash</b>	<b>9,76,76,525</b>	-
Note:		
1) During the year Smiths and Founders (India) Limited got amalgamated with Shimoga Technologies Limited.		
2) As per the scheme of amalgamation sanctioned by the Hon.BIFR, 5 equity shares of Re.1/- each will be issued by the Company for every 2 equity shares of Re. 1/- each of Smiths and Founders (India) Limited, which will rank pari pasu in all respects with the existing equity shares of the Company.		
3) The No of Shares outstanding in Smiths and Founders (India) Limited is 3,90,70,610 and therefore the no of Shares to be allotted according to the Scheme will be 9,76,76,525.		
PARTICULARS	<b>Amount ( ₹ )</b>	<b>Amount ( ₹ )</b>
<b>6 Long Term Borrowings</b>		
<b>(i) Term Loans :</b>		
- From Banks		
Secured		
(i) Axis Bank	<b>54,17,693</b>	-
(Secured by Mortgage of land located at plot no 24 & 24A of Chikaballapura Industrial area, interest rate 13%, repayable in 59 Months.)		
Current Maturities shown in note 11 - Rs.19,99,992/-		

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

PARTICULARS	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
(ii) ICICI bank (Loan for Acquisition of Registered office, 9.75% interest, repayable in 110 Months.) Current Maturities shown in note 11 - Rs. 7,18,243/-	99,53,811	-
(ii) Deposits from		
- Shareholders	47,35,000	-
- Relatives	15,10,000	-
- Others	76,06,088	-
<b>Total</b>	<b>2,92,22,592</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>7 Other Long term liabilities</b>		
Leave Encashment	4,58,545	-
<b>Total</b>	<b>4,58,545</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>8 Long - Term Provisions</b>		
<b>Provision for employee benefits</b>		
Provision for Superannuation	2,400,000	-
<b>Total</b>	<b>2,400,000</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>9 Short-term borrowing</b>		
(a) Loans repayable on demand		
From Banks :		
Secured		
Axis Bank O D A/c (Secured by Mortgage of land located at plot no 24 & 24A of Chikaballapura industrial area, interest rate 13%)	2,52,99,426	-
<b>Total</b>	<b>2,52,99,426</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>10 Trade payables</b>		
Dues to Micro, Small and Medium Enterprises	-	-
Others	87,77,743	-
<b>Total</b>	<b>87,77,743</b>	<b>-</b>

Note : Balances of trade payables and balance payables to Micro, Small and Medium enterprises are based on management representation and are subject to confirmation.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>11 Other Current Liabilities</b>		
(a) Current maturities of Long - Term debt		
(i) Axis Bank	19,99,992	-
(ii) ICICI bank	7,18,243	-
(b) Other Payables		
Statutory Dues Payable	4,70,234	6,049
Interest payable on deposits	4,74,567	-
Advance from customers	20,959	-
PF Penal Damages	-	1,13,235
Lease Rental Deposit	-	3,27,20,978
Others	14,34,803	76,393
(c) Payable to related Parties	3,55,367	-
<b>Total</b>	<b>54,74,165</b>	<b>3,29,16,655</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>12 Short - Term Provisions</b>		
(a) Provision for Excise Duty on Closing Stock	6,85,165	-
(b) Provision for Bonus	3,03,612	-
<b>Total</b>	<b>9,88,777</b>	<b>-</b>

**13 FIXED ASSETS**

Amount in ₹

Sl.	Description	Rate of Depreciation	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
			As at 01-04-2013	Additions	Deletions	As at 31-03-2014	As at 1-04-2013	Additions	Deletions	As at 31-03-2014	As at 31-03-2014	As at 31-03-2013
<b>a)</b>	<b>Tangible Assets</b>											
	Building	3.34%	72,42,252	1,63,46,868	-	2,35,89,120	39,45,707	7,87,877	-	47,33,584	1,88,55,536	32,96,545
	Land	0.00%	20,24,158	6,05,31,160	-	6,25,55,318	-	-	-	-	6,25,55,318	20,24,158
	Plant and Machinery	5.28%	3,23,40,596	1,55,53,560	-	4,78,94,156	2,63,91,599	19,14,028	-	2,83,05,627	1,95,88,529	59,48,997
	Electrical Installations	5.28%	8,38,756	21,66,462	-	30,05,218	5,49,174	1,47,410	-	6,96,584	23,08,634	2,89,582
	Furniture and Fixtures	6.33%	2,29,059	11,80,047	-	14,09,106	1,97,419	77,763	-	2,75,182	11,33,924	31,640
	Hand Tools and Equipment	5.28%	2,62,942	2,48,407	-	5,11,349	2,37,233	20,708	-	2,57,941	2,53,408	25,709
	Other Tools	5.28%	2,26,235	-	-	2,26,235	2,21,462	1,397	-	2,22,859	3,376	4,773
	Office Equipment	4.75%	3,61,154	10,24,138	-	13,85,292	2,04,889	76,113	-	2,81,002	11,04,290	1,56,265
	Computer and Accessories	16.21%	2,99,344	3,82,100	-	6,81,444	2,83,349	83,909	-	3,67,258	3,14,186	15,995
	Jigs and Fixtures	11.31%	-	10,79,591	-	10,79,591	-	1,22,102	-	1,22,102	9,57,488	-
	Vehicle	9.50%	-	34,07,357	-	34,07,357	-	3,23,699	-	3,23,699	30,83,658	-
	<b>Subtotal (a)</b>		<b>4,38,24,496</b>	<b>10,19,19,690</b>	<b>-</b>	<b>14,57,44,186</b>	<b>3,20,30,832</b>	<b>35,55,008</b>	<b>-</b>	<b>3,55,85,840</b>	<b>11,01,58,346</b>	<b>1,17,93,664</b>
<b>b)</b>	<b>Intangible Assets</b>											
	Software	16.21%	47,144	2,04,094	-	2,51,238	40,454	32,499	-	72,953	1,78,285	6,690
	<b>Subtotal (b)</b>		<b>47,144</b>	<b>2,04,094</b>	<b>-</b>	<b>2,51,238</b>	<b>40,454</b>	<b>32,499</b>	<b>-</b>	<b>72,953</b>	<b>1,78,285</b>	<b>6,690</b>
	<b>Total (a+b)</b>		<b>4,38,71,640</b>	<b>10,21,23,784</b>	<b>-</b>	<b>14,59,95,424</b>	<b>3,20,71,286</b>	<b>35,87,507</b>	<b>-</b>	<b>3,56,58,793</b>	<b>11,03,36,631</b>	<b>1,18,00,354</b>

Note:

The additions to Gross Block during the year represent the assets transferred on 27.02.2014 being the effective date pursuant to the Scheme of Amalgamation with Smiths and Founders (India) Limited. The depreciation on those assets has been charged from 01.04.2013 since the appointed date is fixed as 01.04.2012.

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

PARTICULARS	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>14 Non-Current Investment</b>		
National Savings Certificate	19,286	-
<b>Total</b>	<b>19,286</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>15 Other Non-Current Assets</b>		
Gratuity account with LIC	8,21,303	-
<b>Total</b>	<b>8,21,303</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>16 Inventories</b>		
(a) Raw Materials	27,82,253	-
(b) Work-in-progress	17,03,695	-
(c) Finished goods	63,76,815	-
(d) Consumables	26,73,310	-
<b>Total</b>	<b>1,35,36,072</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>17 Trade Receivables</b>		
<i>(Unsecured, considered good)</i>		
(a) Outstanding more than 6 months	-	-
(b) Others	45,22,799	-
<b>Total</b>	<b>45,22,799</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>18 Cash &amp; Bank Balances</b>		
Cash & Cash equivalents:		
(i) Balance with Banks	4,01,468	21,358
(ii) Cash on hand	25,445	1,488
<b>Total</b>	<b>4,26,913</b>	<b>22,846</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>19 Short Term Loans and Advances</b>		
unsecured, considered good		
(i) Loans and Advances to related parties	23,024	-
(ii) Advances to creditors	66,368	-
(iii) Advances Tax 2012-13	1,88,935	-
<b>Total</b>	<b>2,78,327</b>	<b>-</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>20 Other Current Assets</b>		
(i) Amounts with government authorities	1,00,711	68,950
(ii) Deposits with government authorities	19,27,172	12,61,976
(iii) Other Deposits	3,000	-
(iv) Prepaid Expense	2,54,540	-
(v) TDS receivable	66,649	68,504
(vi) Others	1,18,419	4,23,439
<b>Total</b>	<b>24,70,492</b>	<b>18,22,869</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

<b>29 Related Party Disclosure:</b>			
<b>Particulars</b>		<b>2013-14</b>	
<b>List of related parties where control exists:</b> Mr. Suresh Shastry Mr. Satish Shastry Mr. Umesh Shastry Mrs. Supriya Mrs. Hema Satish Mr. Aneesh Shastry Smt. Kamala Kashinath Master Sachin Shastry Mrs. Shailaja Suresh	<b>Category</b>		
		Key Management Personnel	
		Key Management Personnel	
		Key Management Personnel	
		Key Management Personnel	
		Relative of Key Management Personnel	
		Relative of Key Management Personnel	
		Relative of Key Management Personnel	
		Relative of Key Management Personnel	
		Relative of Key Management Personnel	
<b>PARTICULARS</b>		<b>Amount ( ₹ )</b>	<b>Amount ( ₹ )</b>
<b>Transactions with related parties during the period:</b>			
<u>Registered Office rent</u>			
- Suresh Shastry	<b>18,00,000</b>	-	
- Shailaja Suresh	<b>6,00,000</b>	-	
<u>Remuneration and perquisites</u>			
- Mr. Satish Shastry	<b>19,57,522</b>	-	
- Mr. Umesh Shastry	<b>19,72,422</b>	-	
- Mrs. Supriya	<b>19,94,868</b>	-	
<u>Deposits Accepted</u>			
- Mr. Suresh Shastry	<b>15,00,000</b>	-	
- Smt. Shailaja Suresh	<b>4,65,000</b>	-	
- Mr. Satish Shastry	-	-	
<u>Deposits Repaid</u>			
- Smt. Shailaja Suresh	<b>4,00,000</b>	-	
- Mr. Suresh Shastry	<b>8,70,000</b>	-	
- Mr. Aneesh Shastry	<b>1,00,000</b>	-	
<u>Interest paid on deposits</u>			
- Smt. Shailaja Suresh	<b>4,86,783</b>	-	
- Master Sachin Shastry	<b>81,872</b>	-	
- Smt. Kamala Kashinath	<b>25,430</b>	-	
- Mrs. Hema Satish	<b>12,325</b>	-	
- Sri. Suresh Shastry	<b>5,84,706</b>	-	
- Mr. Aneesh Shastri	<b>14,898</b>	-	
<b>Total</b>	<b>1,28,65,827</b>	-	

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>Outstanding Amount pertaining to related party</b>		
<u>Deposits Payable</u>		
- Smt.Shailaja Suresh	39,35,000	-
- Master Sachin Shastry	9,60,000	-
- Smt.Kamala Kashinath	3,00,000	-
- Mrs Hema Satish	5,50,000	-
- Sri.Suresh Shastry	15,00,000	-
<u>Interest Payable on Deposits</u>		
- Smt.Shailaja Suresh	33,892	-
- Master Sachin Shastry	73,661	-
- Smt.Kamala Kashinath	25,980	-
- Mrs Hema Satish	17,578	-
- Sri.Suresh Shastry	44,446	-
<u>Rental Deposit paid for Office premises</u>		
- Suresh Shastry	7,50,000	-
- Shailaja Suresh	2,50,000	-
<u>Remuneration Payable</u>		
- Mr. Satish Shastry	1,11,782	-
- Mr. Umesh Shastry	1,11,782	-
- Mrs. Supriya	1,08,781	-

PARTICULARS	2013-2014 Amount ( ₹ )	2012-2013 Amount ( ₹ )
<b>21 Revenue from Operations (Gross)</b>		
Sale of Products	7,49,29,488	-
Other operating revenues	6,63,022	-
<b>Sub Total :</b>	<b>7,55,92,510</b>	-
Less: Excise duty	79,91,434	-
<b>Total</b>	<b>6,76,01,076</b>	-

PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>22 Other Income</b>		
(i) Interest Income	2,96,060	66,916
(ii) Duty Drawback	41,047	-
(iii) Net foreign exchange gain	3,61,323	-
(iv) Excess provision written back	4,85,801	3,43,360
<b>Total</b>	<b>11,84,231</b>	<b>4,10,276</b>

PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>23 Cost of Materials Consumed</b>		
<b>Raw Materials</b>		
Opening Stock	-	-
Add : Stock transferred from S&FIL pursuant to scheme of Amalgamation	23,34,435	-
Add : Purchases	2,85,22,508	-
Less : Closing Stock	27,82,253	-
<b>Total</b>	<b>2,80,74,691</b>	-

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

PARTICULARS	2013-2014 Amount ( ₹ )	2012-2013 Amount ( ₹ )
<b>23 (i) Raw materials under broad heads</b>		
Purchase of Steel	2,66,50,176	-
Purchase of Pig Iron	17,53,932	-
<b>Total</b>	<b>2,84,04,108</b>	-
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>24 Cost of Consumables</b>		
Opening Stock		
Add: Stock transferred from S&FIL pursuant to scheme of Amalgamation	24,08,745	-
Add : Purchases	34,09,623	-
Less : Closing Stock	26,73,310	-
<b>Total</b>	<b>31,45,058</b>	-
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>25 Changes in inventories of :-</b>		
<b>(i) Work-in-progress</b>		
Opening Stock		
Add: Stock transferred from S&FIL pursuant to scheme of Amalgamation	4,83,605	-
Less : Closing Stock	17,03,695	-
<b>Total - A</b>	<b>(12,20,090)</b>	-
<b>(ii) Finished goods</b>		
Opening Stock	-	-
Add: Stock transferred from S&FIL pursuant to scheme of Amalgamation	71,49,785	-
Less : Closing Stock	63,76,815	-
<b>Total - B</b>	<b>7,72,970</b>	-
<b>Total - A+B</b>	<b>(4,47,120)</b>	-
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>26 Employee benefits Expenses</b>		
(i) Salaries & Wages	1,05,85,172	-
(ii) Contribution to Provident & other Funds	13,18,304	-
(iii) Staff welfare expenses	34,641	-
(iv) Bonus	2,56,363	-
(v) Gratuity	85,269	-
<b>Total</b>	<b>1,22,79,749</b>	-
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>27 Finance Cost</b>		
Interest Expense - Deposit	16,54,089	-
Interest Expense - Loan	47,40,843	-
OD Renewal Charges	73,736	-
Bank Charges	19,405	5,933
<b>Total</b>	<b>64,88,073</b>	5,933

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

PARTICULARS	2013-2014 Amount ( ₹ )	2012-2013 Amount ( ₹ )
<b>13 Depreciation and amortisation expense</b>		
Tangible Assets	35,55,008	19,84,793
Intangible Assets	32,499	5,015
<b>Total</b>	<b>35,87,507</b>	<b>19,89,808</b>
PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>28 Other Expenses:</b>		
Water & Electricity Charges	3,58,439	-
Repair & Maintenance	10,97,017	550
Rent	24,00,000	29,032
Security Charges	11,00,724	-
Labour Charges & Labour welfare	16,18,726	-
Increase/(Decrease) of Excise duty on inventory	(1,01,337)	-
Office Expenses	2,71,963	-
Travelling & Conveyance	3,72,295	1,25,270
Freight Charges	4,71,248	-
Canteen Expenses	2,58,605	-
Director Remuneration	63,95,238	-
Operating Agency Fees	-	3,88,712
Insurance	1,85,010	-
Power Charges	73,88,324	-
Professional Fees	2,63,152	3,14,186
Telephone & Internet Charges	1,32,081	-
AGM Expenses	1,35,318	1,19,977
Material Handling Charges	1,03,418	-
Rates and Taxes	1,88,299	60,237
Balances W/o	13,66,356	1,35,825
Production Incentive	11,27,114	-
ESIC contribution	2,79,446	-
Other Administration expenses	6,18,118	35,773
Factory General Expenses	1,56,740	-
Business Promotion	5,22,567	58,160
Service & Interest Cost - Leave encashment	1,25,195	-
Service & Interest Cost - Gratuity	1,65,778	-
Payment to auditors	2,45,988	91,236
<b>Total</b>	<b>2,72,45,822</b>	<b>13,58,958</b>
<b>Payments to the auditors comprises (net of service tax input credit, where applicable)</b>		
As auditors-statutory audit	1,72,000	71,236
Certification charges	2,000	-
Out of pocket expenses	1,516	-
VAT Audit	30,000	-
For taxation matters	40,000	20,000
<b>Total</b>	<b>2,45,516</b>	<b>91,236</b>



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**30.** The financial statements have been prepared in consonance with Revised Schedule VI to the Companies Act, 1956, 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:**

The Deferred Tax liability has been restated for the year 2013-14 as under:

PARTICULARS	Amount ( ₹ )	Amount ( ₹ )
<b>O/p Deferred Tax liability as on 31.03.2013</b>	-	22,98,458
Depreciation		
WDV as per books of account	<b>4,77,81,313</b>	-
WDV as per Income Tax	<b>2,38,62,877</b>	-
DTL thereon	-	73,90,797
<b>Losses:</b>		
Loss for the year	<b>1,26,74,034</b>	-
B/f loss of Shimoga Technologies Limited	<b>2,44,90,750</b>	-
B/f loss of Smiths & Founders (India) Limited	<b>42,56,789</b>	-
DTA thereon	-	1,27,99,266
<b>DTL / (DTA) as on 31.03.2014</b>	-	(31,10,011)
<b>DTL to be reversed to P&amp;L</b>	-	22,98,458

**33. Leases:**

a. The Company has entered into operating lease arrangements for office premises for a period of 5 years commencing from 01 April 2010.

Future minimum lease payments	Current Year	Previous Year
Not later than one year	<b>24,00,000</b>	NIL
Later than one year and not later than five years: NIL	<b>NIL</b>	NIL
Later than five years: NA	<b>NA</b>	NIL

**34.** Expenditure in Foreign Currency : Rs. NIL (Previous Year Rs. NIL)

**35.** Earnings in Foreign Currency :

- F.O.B. Value of Exports Rs. 22.18 lakhs (Previous Period Rs. NIL)

## Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### 36. Employee Benefits:

The following table set out the status of the gratuity and leave encashment plan as required under AS 15:

Particulars	Year ended 31 March,2014	
	Gratuity	Leave encashment
<b>Components of employer expense</b>		
Current service cost	2,87,081	52,036
Interest cost	1,01,361	54,386
Expected return on plan assets	2,03,682	(21,039)
Actuarial losses/ (gains)	(7,919)	39,812
<b>Total expense recognised in the Statement of profit and loss</b>	<b>1,76,841</b>	<b>1,25,195</b>
<b>Actual contribution and benefit payments for year</b>		
Actual benefit payments	1,93,853	3,13,940
Actual contributions	11,062	0
<b>Net asset / (liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	14,53,681	5,92,604
Fair value of plan assets	22,74,984	1,34,059
Funded status [Surplus / (Deficit)]	8,21,303	(4,58,545)
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>8,21,303</b>	<b>(4,58,545)</b>
Particulars	Year ended 31 March,2014	
	Gratuity	Leave encashment
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	12,67,011	7,53,312
Current service cost	2,87,081	52,036
Interest cost	1,01,361	54,386
Actuarial (gains) / losses	(7,919)	46,810
Benefits paid	1,93,853	(3,13,940)
Present value of DBO at the end of the year	14,53,681	5,92,604
<b>Change in fair value of assets during the year</b>		
Plan assets at beginning of the year	22,54,092	4,19,962
Expected return on plan assets	2,03,682	21,039
Actual company contributions	11,062	-
Actual gain / (loss)	-	6,998
Benefits paid	1,93,853	(3,13,940)
Plan assets at the end of the year	22,74,983	1,34,059
<b>Actuarial assumptions</b>		
Discount rate	8.00%	9.12%
Salary escalation	7.00%	7.00%
<b>Experience adjustments</b>	<b>Gratuity</b>	<b>Leave encashment</b>
Experience Adjustments on Plan Assets	NIL	6,998
Experience Adjustments on Plan Liabilities	7,919	46,810

Note: As per the Gratuity report by the Life Insurance Corporation of India (LIC), there is a contribution to the extent of Rs. 11,062/- which the Company has not made. The Company is in the process of reconciling the same with LIC. Hence the Current Cost debited to P&L is less by an amount of Rs. 11,062/- when compared with the Gratuity Report of LIC.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**37. 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 A.S 17 – “Segment Reporting” is made.

**38. Calculation of Earnings per share as per Accounting Standard (AS-20) “Earnings per Share”**

**Basic EPS:**

PARTICULARS	2013-14	2012-13
Net Profit/(Loss) for the year	<b>(92,90,015)</b>	(29,44,423)
No. of Equity Shares outstanding at the beginning of the year	<b>43,20,000</b>	4,32,00,000
No. of Equity Shares outstanding at the end of the year	<b>43,20,000</b>	4,32,00,000
Weighted average no of equity shares	<b>43,20,000</b>	4,32,00,000
Nominal Value per share	<b>1</b>	1
Basic EPS	<b>(2.15)</b>	(0.07)

**Diluted EPS:**

PARTICULARS	2013-14	
Net Profit/(Loss) for the year - A	<b>(92,90,015)</b>	
No. of Equity Shares outstanding at the end of the year – (B)	<b>43,20,000</b>	
Shares pending allotment pursuant to amalgamation w.e.f 27.02.2014	<b>9,76,76,525</b>	
Weighted average no of shares pending allotment – (C)	<b>88,31,028</b>	
Total Weighted average no of equity shares – (B+C)	<b>1,31,51,028</b>	
Nominal Value per share	<b>1</b>	
Diluted EPS – (A/B+C)	<b>(0.71)</b>	

**39. Contingent Liability:**

The company is yet to receive certain C-forms for the interstate sales made. In case if the company fails to receive the same, there will be an estimated outflow of funds to the extent of Rs. 1,67,257/- (Previous Year – NIL)



# SMITHS & FOUNDERS (INDIA) LIMITED

( formerly Shimoga Technologies Limited )

(CIN: L85100KA1990PLC011303)

Regd. Office: 3rd Floor, Soundarya Sampige, 8th Cross, Sampige Road, Malleswaram, Bangalore-560003.

Tel: 080 64503851, www.smithsandfoundersindia.com Email: cosec@smithsandfoundersindia.com

## PROXY FORM

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

Name of the member(s) : \_\_\_\_\_

Registered Address : \_\_\_\_\_

E-mail Id : \_\_\_\_\_

Folio No. / Client Id : \_\_\_\_\_

DP Id : \_\_\_\_\_

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-third Annual general meeting of the company, to be held on Saturday, the 27th day of 2014 at 10.00 a.m. at MEWS Ladies Club, No.37, 17th Cross, (between 4th & 6th Main), Malleswaram, Bangalore 560 055 and at any adjournment thereof in respect of such resolutions as are indicated below:

1	Adoption of Financial Statements for the year ended March 31, 2014.
2	Appointment of Mr.Suresh Shastry as a Director, who retires by rotation and being eligible offers himself for re-appointment.
3	Appointment of M/s. B.N. Subramanya & Co., Chartered Accountants, as Auditors and fix their remuneration.
4	Appointment of Mr. V.Parthasarathy as Independent Director of the Company
5	Appointment of Mr. Sudhindra Narayan Kalghatgi as Independent Director of the Company
6	Appointment of Mr. Satish Shastry as a Whole Time Director of the Company
7	Appointment of Mr. Umesh Shastry as a Whole Time Director of the Company
8	Appointment of Mrs. Supriya Shastry as a Whole Time Director of the Company
9	Appointment of Mr. Suresh Shastry as Managing Director of the Company
10	Increase of Authorised Share Capital and consequent Alteration of Memorandum of Association of the Company
11	Alteration of Articles of Association of the Company

Affix  
1 Rupee  
Revenue  
Stamp

Signature of the Shareholder(s) \_\_\_\_\_ Signature of the Proxy Holder(s) \_\_\_\_\_

**Notes :**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. A Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the proxy need not be a Member.



**SMITHS & FOUNDERS (INDIA) LIMITED**

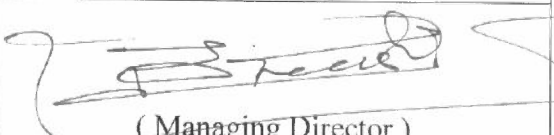
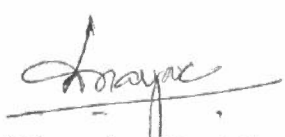

( formerly Shimoga Technologies Limited )

(CIN: L85100KA1990PLC011303)

Regd. Office: 3rd Floor, Soundarya Sampige, 8th Cross, Sampige Road,  
Malleswaram, Bangalore - 560 003.



Form A

1	Name of the Company	Smiths & Founders (India) Limited (formerly Shimoga Technologies Limited)
2	Annual financial statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit observation	Un-qualified / Matter of Emphasis :  - NIL -
4	Frequency of observation	Whether appeared first time ...../ repetitive...../ since how long period .....  - NOT APPLICABLE -
5	CEO/ Managing Director  CFO  Auditor of the Company  Audit Committee Chairman	 (Managing Director)   ( Devendra Nayak ) Partner M/s. B.N.Subramanya & Co., <i>Chartered Accountants</i>   ( G.Ananda )