



Smiths & Founders (India) Limited

SFIL/COSEC/BSE/0510/2018-19
Friday, October 05, 2018

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

Dear Sir,

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

Ref: Scrip Code: 513418

We are uploading soft copy of Annual Report of the Company for the financial year ended March 31, 2018 pursuant to Regulation 34(1) of SEBI (LODR) Regulations, 2015.

The Company's financial statements for the year ended March 31, 2018 have been adopted by the shareholders at the Annual General Meeting, held on September 29, 2018.

This is for your information and records.

Thank you,

Yours truly,
Smiths & Founders (India) Limited

Ravi.V
Company Secretary & Compliance Officer



Encl: as above



27TH

Annual Report
2017-2018



Smiths & Founders (India) Limited

CIN : L85110KA1990PLC011303

Smit hs & Founders (India) Limited

BOARD OF DIRECTORS

Suresh Shastry	<i>Chairman and Managing Director</i>
Sathish Shastry	<i>Whole-Time Director</i>
Umesh Shastry	<i>Whole-Time Director</i>
Supriya Shastry	<i>Whole-Time Director</i>
V Parthasarathy	<i>Independent Director</i>
Sudhindra N Kalghatgi	<i>Independent Director</i>

COMPANY SECRETARY & COMPLIANCE OFFICER

Yogesh Dasar M (Till 30.11.2017)
Ravi V (WEF 19.01.2018)

AUDITORS

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

REGISTRAR & TRANSFER AGENTS

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

REGISTERED OFFICE

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

WORKS

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

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NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of Smiths & Founders (India) Limited will be held at MEWS Ladies Club, No.37, 17th Cross (between 4th and 6th Main), Malleswaram, Bangalore – 560 055, on Saturday, September 29,2018 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2018 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Supriya Shastri (DIN:01327762), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Suresh Shastri (DIN:01099554), who retires by rotation and being eligible, offers himself for re-appointment.
4. To approve re- appointment of 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, and pursuant to the resolution passed by the members at the Twenty Third Annual General Meeting held on December 27, 2014, M/s. B.N. Subramanya & Co., Chartered Accountants, (Firm Registration No. FRN 004142S) be and are hereby re - appointed as Auditors of the Company, to hold office until the conclusion of the Thirty Second Annual General Meeting of the Company to be held in the year 2023, subject to ratification of the re-appointment, at every Annual General Meeting of the shareholders of the Company, at such remuneration, as shall be fixed by the Board of Directors of the Company.”

By the Order of the Board
Ravi V

Company Secretary & Compliance Officer

Registered Office:

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

Place : Bangalore
Date : 14.08.2018

NOTES:

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

A person can act as proxy on behalf of the members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy. However, such person shall not act as a proxy for any other person or shareholder.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, relating to Directors proposed to be re-appointed are annexed hereto.
4. Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2018 September 29, 2018 (both days inclusive).
5. Members are requested to bring their Attendance Slips with their copy of the Annual Report to the meeting.
6. Relevant documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m and 1.00 p.m. upto the date of the Meeting.
7. Section 72 of the Companies Act, 2013 provides for nomination by the shareholders of the Company in the prescribed Form SH-13. Shareholders are requested to avail this facility.
8. Members are requested to a) intimate to the Company's Registrar and Transfer Agents, changes, if any, in their registered addresses at an early date, in case of Shares held in physical form; b) intimate to the respective Depository Participant, changes, if any, in their registered address at an early date, in case of Shares held in dematerialised form; c) quote their folio number/Client ID/DP ID in all correspondence and d) consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.

Smiths & Founders (India) Limited

9. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for these transactions, is mandatory.

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

11. A route map showing directions to reach the venue of the 27th Annual General Meeting (AGM) is given at the end of Annual Report accompanying this Notice.

12. Voting through electronic means

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

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 26th September, 2018 (9.00 a.m) and ends on 28th September, 2018 (5.00 p.m.). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2018 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.
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com 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:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> • 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. • 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.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(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.

TWENTY SEVENTH ANNUAL REPORT 2017-18

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com 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.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- The Company has appointed Mr. V Shivaprakash (Membership No. ACS 7488), Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
 - The members attending the AGM, who have not already cast their vote through remote e-voting facility shall be able to exercise their voting rights at the AGM. The members who have already cast their vote through remote e-voting facility may attend the AGM but shall not be entitled to cast their vote again at the AGM.
 - The voting rights of members shall be in proportion to their share in the paid up capital of the Company as on the cut-off date.
 - Any Person who acquires the shares and becomes a member of the Company after dispatch of the Notice and holds shares as on the cut-off date i.e., September 21, 2018, may obtain the login Id and password by sending a request to CDSL/OUR RTA.
 - The scrutinizer shall immediately after the conclusion of the voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make, not later than three days of conclusion of the meeting a consolidated scrutinizer's report of the votes cast in favour or against, to the Chairman of the Company.
 - The results shall be declared on or after the Annual General Meeting. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.smithsandfoundersindia.com and on the website of CDSL and communicated to the BSE Limited where the shares of the Company are listed.

Smiths & Founders (India) Limited

**ANNEXUE TO THE NOTICE OF
TWENTY SEVENTH ANNUAL GENERAL MEETING**

PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT

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

Particulars	Ms. Supriya Shastry	Mr. Suresh Shastry
DIN	01327762	01099554
Date of Birth	2/7/1985	12/11/1956
Date of Appointment	17/3/2014	22/10/1990
Qualifications	M.B.A-Finance	Advanced Diploma in Forge Technology (ADFT), NIF&FT, Ranchi
Expertise in specific functional areas	Has over 14 years experience in Accounts & Finance	Has over 37 years experience in Forging Industry
Number of Meetings of the Board attended during the year	6/6	6/6
Other Directorships/ Committee Chairmanships/ Memberships	None	None
Number of Shares held in the Company	1,86,32,125	2,80,90,175
Relationship between directors inter-se	Daughter of Mr. Suresh Shastry and niece of Mr. Sathish Shastry and Mr. Umesh Shastry	Brother of Mr.Sathish Shastry and Mr.Umesh Shastry and father of Ms. Supriya Shastry
Terms and conditions of appointment	As per Remuneration and Nomination Policy of the Company, as displayed on the Company's website	

By the Order of the Board

Ravi.V

Company Secretary & Compliance Officer

Registered Office:

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

Place : Bangalore
Date : 14.08.2018

TWENTY SEVENTH ANNUAL REPORT 2017-18

DIRECTORS' REPORT

Dear Members

Your Directors present the Twenty Seventh Annual Report, together with the Audited Statements of Accounts for the financial year ended March 31, 2018.

1. FINANCIAL RESULTS :

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

Particulars	Rs. in Lakhs	
	31.03.2018	31.03.2017
Revenue from operations	882.87	753.54
Other Income	1.02	69.59
Profit/(Loss) before Financial Charges, Depreciation, Taxation and Prior Period items	42.42	20.06
Less: Depreciation	26.36	24.40
Less: Finance Costs	24.25	18.74
Profit/(Loss) before Taxation and Prior Period items	(8.19)	(23.08)
Profit/(Loss) for the year	(8.19)	(23.08)
Net Profit/(Loss) for the year	(8.19)	(23.08)
Balance of Profit/(Loss) brought forward from last year	(796.97)	(773.88)
Profit/(Loss) Carried forward to Balance sheet	(805.16)	(796.97)

2. OVERVIEW OF COMPANY PERFORMANCE:

During the year under review sales has registered an increase of 17.16 % compared to previous year. Demand for Company's products is gradually picking up, resulting in increase in sales. Loss has come down appreciably from Rs. 23.08 Lakhs to Rs. 8.19 Lakhs, due to increase in sales.

Progress of Rehabilitation and measures initiated by the Company to improve its financial performance:

The concerted efforts put in by the Company towards improving its financial performance has started yielding the desired results. During the year under review the Company was successful in bringing down the losses to Rs.8.19 Lakhs.

3. DIVIDEND & RESERVES:

In view of loss incurred by the Company, your Directors do not recommend any dividend for the financial year ended March 31, 2018.

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

4. SHARE CAPITAL:

The Paid Up Capital of the Company as at March 31, 2018 stood at Rs. 10,19,96,525/-. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equities.

As on March 31, 2018 none of the Directors of the Company hold instruments convertible into equity shares of the Company.

5. EXTRACT OF ANNUAL RETURN:

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

6. DIRECTORS:

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

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

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

Smiths & Founders (India) Limited

7. NUMBER OF MEETINGS OF THE BOARD:

During the Financial Year 2017-18, 6 (Six) meetings of the Board were held, details of which are given in the Corporate Governance Report.

8. KEY MANAGERIAL PERSONNEL:

The following are the Key Managerial Personnel of the Company:

1. Suresh Shastry - Chairman and Managing Director
2. Supriya Shastry - Whole Time Director
3. Umesh Shastry - Whole Time Director
4. Sathish Shastry - Whole Time Director
5. Yogeesh M Dasar - Company Secretary (till 30.11.2017)
6. Ravi.V - Company Secretary (wef 19.01.2018)

9. COMMITTEES OF THE BOARD:

The Board of Directors has the following Committees:

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

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

10. BOARD EVALUATION:

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

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

11. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

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

12. FIXED DEPOSITS:

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

13. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) the Directors have selected such accounting policies 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 as at March 31, 2018 and its loss for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a 'going concern' basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

15. REMUNERATION AND NOMINATION POLICY:

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

16. RELATED PARTY TRANSACTIONS:

During the year under review the Company has not entered into any transaction with any related party attracting the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder. The disclosure required pursuant to clause (h) of sub-section (3) of

TWENTY SEVENTH ANNUAL REPORT 2017-18

Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC 2 is given in Annexure-C and forms an integral part of this report. Further there are no material related party transactions during the year under review with the Promoter, Directors or Key Managerial Personnel.

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

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company, www.smithsandfoundersindia.com

17. VIGIL MECHANISM/WHISTLE BLOWER POLICY:

The Company has a Whistle Blower Policy to report genuine concerns or grievances. The Whistle Blower Policy of the Company can be accessed on the Company's website at www.smithsandfoundersindia.com

18. RISK MANAGEMENT:

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

19. CORPORATE SOCIAL RESPONSIBILITY:

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

20. CORPORATE GOVERNANCE:

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

21. MANAGEMENT DISCUSSION AND ANALYSIS:

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

22. COMPLIANCE WITH SECRETARIAL STANDARDS

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

23. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company has appointed Mr. V Shivaprakash, Practicing Company Secretary as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed as Annexure – D and forms an integral part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. To resolve the long pending issue and to comply with Minimum Public Share holding requirement, the Company is in regular and constant touch with the market regulator and the stock exchange, where its shares are listed.

24. AUDITORS:

The Company's Auditors, M/s. B.N.Subramanya & Co., Chartered Accountants, were re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of Twenty Third Annual General Meeting held on December 27, 2014, for a period of four years, until the conclusion of the ensuing Annual General Meeting.

M/s. B.N.Subramanya & Co., Chartered Accountants are eligible for re-appointment for a further period of five years and accordingly the same is proposed to be taken up at the ensuing Annual General Meeting, subject to the approval of the share holders.

As required under provisions of Section 139 of the Companies Act, 2013, the Company has received written consent from M/s. B.N.Subramanya & Co. 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 thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Auditors' Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2018. The statements made by the Auditors in their Report are self-explanatory and do not call for any further comments.

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

There are no significant and material orders passed by the Regulators/Courts/ Tribunals that would impact the going concern status of the Company and its future operations.

26. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

27. HEALTH, SAFETY AND ENVIRONMENT:

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

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

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

29. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY.

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

30. STATUTORY INFORMATION

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

There were no employees employed throughout the year who were in receipt of remuneration of Rs. 1.02 Crore per

annum or more. There were no employees employed for part of the year who were in receipt of remuneration of Rs. 8.50 Lakhs per month or more. During the year under review the Company had 66 employees.

The information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2018 is given in Annexure-F to this Report.

31. ACKNOWLEDGEMENTS :

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

By the Order of the Board

Place : Bangalore
Date : 14.08.2018

Suresh Shastry
Chairman & Managing Director

TWENTY SEVENTH ANNUAL REPORT 2017-18

Annexure - A

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

As on financial year ended on 31.03.2018

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

I. REGISTRATION & OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

Smit hs & Founders (India) Limited

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	90238188	-	90238188	88.47	89238225	-	89238225	87.49	-0.98
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-
c) Bodies Corporates	-	-	-	-	-	-	-	-	-
d) Bank/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL: (A) (1)	90238188	-	90238188	88.47	89238225	-	89238225	87.49	-0.98
(2) Foreign									
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-
"Total Shareholding of Promoter (A)= (A)(1)+(A)(2)"	90238188	-	90238188	88.47	89238225	-	89238225	87.49	-0.98
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	6100	-	6100	0.01	6100	-	6100	0.01	-
C) Central govt	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS -	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	6100	-	6100	0.01	6100	-	6100	0.01	-
(2) Non Institutions									
a) Bodies corporates									
i) Indian	484031	132400	616431	0.60	581560	110500	692060	0.68	0.08
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	8257241	864006	9121247	8.94	9166802	587318	9754120	9.56	0.62

TWENTY SEVENTH ANNUAL REPORT 2017-18

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2017]				No. of Shares held at the end of the year [As on March 31, 2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	1030734	-	1030734	1.01	1569926	0	1569926	1.54	0.53
c) Others (specify)									
NRI	275082	300	275382	0.27	274883	200	275083	0.27	0.00
Clearing Member	418855	-	418855	0.41	171423	-	171423	0.17	-0.24
Trust	900	-	900	0.00	900	-	900	0.00	-
Unclaimed or Suspense or Escrow Account	288688	0	288688	0.28	288688		288688	0.28	0.00
SUB TOTAL (B)(2):	10755531	996706	4313374	11.52	12054182	698018	11752237	12.50	0.98
"Total Public Shareholding (B)= (B)(1)+(B)(2)"	10761631	996706	4319474	11.53	12060282	698018	11758337	12.51	0.98
"C. Shares held by Custodian for GDRs & ADRs" Grand Total (A+B+C)	100999819	996706	101996525	100.00	101298507	698018	101996525	100.00	-

ii) Shareholding of Promoters -

Sl No.	Shareholders Name	"Shareholding at the beginning of the year - 01.04.2017"			"Shareholding at the end of the year - 31.03.2018"			% change in share holding during the year
		No. of shares	"% of total shares of the company"	"% of shares pledged encumbered to total shares"	No. of shares	"% of total shares of the company"	"% of shares pledged encumbered to total shares"	
1	SURESH SHASTRY	28800000	28.24	-	28090175	27.54	-	-0.70
2	SUPRIYA SHASTRY	18682125	18.32	-	18632125	18.27	-	-0.05
3	UMESH SHASTRY	6318150	6.19	-	7195700	7.05	-	0.86
4	SATHISH SHASTRY	17024000	16.69	-	17024000	16.69	-	0.00
5	SACHIN SHASTRY	12585125	12.34	-	12585125	12.34	-	-
6	AMRUTHA UMESH SHASTRY	250000	0.25	-	250000	0.25	-	-
7	ANEESH UMESH SHASTRY	977550	0.96	-	0	0.00	-	-0.96
8	HEMA SATHISH	5495875	5.39	-	5370875	5.27	-	-0.12
9	KAMALA KASHINATH	7306	0.01	-	0	0.00	-	-0.01
10	KASHINATH SHIVARAMASASTRY	7832	0.01	-	0	0.00	-	-0.01
11	SHAILAJA SURESH	53000	0.05	-	53000	0.05	-	0.00
12	SANANDA HALAMBI	37225	0.04	-	37225	0.04	-	0.00
	Total	90238188	88.47	-	89238225	87.49	-	-0.98

Smit hs & Founders (India) Limited

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	SURESH SHASTRY	28800000	28.24	01.04.2017	0		28800000	28.24
				07.04.2017	15138	TRANSFER	28815138	28.25
				14.04.2017	-50000	TRANSFER	28765138	28.20
				21.04.2017	-200000	TRANSFER	28565138	28.01
				12.05.2017	-254523	TRANSFER	28310615	27.76
				19.05.2017	-50000	TRANSFER	28260615	27.71
				02.06.2017	-50000	TRANSFER	28210615	27.66
				16.06.2017	-100000	TRANSFER	28110615	27.56
				13.10.2017	-2500	TRANSFER	28108115	27.56
				27.10.2017	-11000	TRANSFER	28097115	27.55
				10.11.2017	-5990	TRANSFER	28091125	27.54
				17.11.2017	-450	TRANSFER	28090675	27.54
				24.11.2017	-500	TRANSFER	28090175	27.54
31.03.2018			28090175	27.54				
2	SUPRIYA SHASTRY	18682125	18.32	01.04.2017	0		18682125	18.32
				14.04.2017	-50000	TRANSFER	18632125	18.27
				31.03.2018	0		18632125	18.27
3	UMESH SHASTRY	6318150	6.19	01.04.2017	0		6318150	6.19
				14.04.2017	-100000	TRANSFER	6218150	6.10
				21.01.2018	977550	TRANSFER	7195700	7.05
				31.03.2018	0		7195700	7.05
4	HEMA SATHISH	5495875	5.39	01.04.2017	0		5495875	5.39
				07.04.2017	-125000	TRANSFER	5370875	5.27
				31.03.2018	0		5370875	5.27
5	KAVALA KASHINATH	7306	0.01	01.04.2017	0		7306	0.01
				07.04.2017	-7306		0	0.00
				31.03.2018			0	0.00
6	KASHINATH SHIVARAMASASTRY	7832	0.01	01.04.2017	0		7832	0.01
				07.04.2017	7832		0	0.00
				31.03.2018			0	0.00

TWENTY SEVENTH ANNUAL REPORT 2017-18

iv) Share holding pattern of top ten share holders (Other than directors, promoters & holders of GDRs & ADRs)

Sl. No.	Shareholder's Name	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	AMIT KUMAR DAS	312122	0.31	01.04.2017	0		312122	0.31
				21.04.2017	-41	TRANSFER	312081	0.31
				28.04.2017	-190	TRANSFER	311891	0.31
				31.03.2018	0		311891	0.31
2	CHITRA KHEMKA	270000	0.26	01.04.2017			270000	0.26
				23.02.2018	9175	TRANSFER	279175	0.27
				09.03.2018	5933	TRANSFER	285108	0.28
				31.03.2018			285108	0.28
3	JITEN KANWAR SINGH	180000	0.18	01.04.2017	0		180000	0.18
				28.04.2017	1700	TRANSFER	181700	0.18
				05.05.2017	6700	TRANSFER	188400	0.18
				31.03.2018			188400	0.18
4	SOCORRO VERIATO BOCARRO	125410	0.12	01.04.2017	0		125410	0.12
				12.05.2017	10000	TRANSFER	135410	0.13
				31.03.2018	0		135410	0.13
5	JAINAM SHARE CONSULTANTS PVT. LTD	122637	0.12	01.04.2017	0		122637	0.12
				28.04.2017	850	TRANSFER	123487	0.12
				22.09.2017	-205	TRANSFER	123282	0.12
				30.09.2017	-100	TRANSFER	123182	0.12
				22.12.2017	-25	TRANSFER	123157	0.12
				05.01.2018	700	TRANSFER	123857	0.12
				12.01.2018	-1500	TRANSFER	122357	0.12
31.03.2018	0		122357	0.12				
6	SANTOSH KUMAR KHEMKA	120000	0.12	01.04.2017			120000	0.12
				12.05.2017	50000	TRANSFER	170000	0.17
				01.12.2017	49056	TRANSFER	219056	0.21
				08.12.2017	13000	TRANSFER	232056	0.23
				05.01.2018	3609	TRANSFER	235665	0.23
				12.01.2018	25000	TRANSFER	260665	0.26
				19.01.2018	2421	TRANSFER	263086	0.26
				09.02.2018	100000	TRANSFER	363086	0.36
16.02.2018	7867	TRANSFER	370953	0.36				
31.03.2018			370953	0.36				
7	REKHA PARMAR	115500	0.11	01.04.2017	0		115500	0.11
				16.06.2017	-5500	TRANSFER	110000	0.11
				07.07.2017	-10000	TRANSFER	100000	0.10
				31.03.2018	0		100000	0.10

Smit hs & Founders (India) Limited

Sl. No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
8	SOUTHERN INDIA DEPOSITORY SERVICES	105800	0.10	01.04.2017	0		105800	0.10
				no movement this year				
				31.03.2018			105800	0.10
9	PROTIBHA DUWARAH	103200	0.10	01.04.2017	0		103200	0.10
				19.05.2017	2810	TRANSFER	106010	0.10
				31.03.2018	0		106010	0.10
10	SURESHKUMAR CHELARAJI JAIN	100002	0.10	01.04.2017	0		100002	0.10
				07.04.2017	30105	TRANSFER	130107	0.13
				14.04.2017	-80	TRANSFER	130027	0.13
				21.04.2017	4	TRANSFER	130031	0.13
				28.04.2017	1	TRANSFER	130032	0.13
				05.05.2017	-2	TRANSFER	130030	0.13
				12.05.2017	10803	TRANSFER	140833	0.14
				19.05.2017	9052	TRANSFER	149885	0.15
				26.05.2017	7054	TRANSFER	156939	0.15
				02.06.2017	15	TRANSFER	156954	0.15
				09.06.2017	1503	TRANSFER	158457	0.16
				16.06.2017	2	TRANSFER	158459	0.16
				23.06.2017	25910	TRANSFER	184369	0.18
				30.06.2017	15301	TRANSFER	199670	0.20
				14.07.2017	37	TRANSFER	199707	0.20
				21.07.2017	1	TRANSFER	199708	0.20
				11.08.2017	1	TRANSFER	199709	0.20
				15.09.2017	601	TRANSFER	200310	0.20
				13.10.2017	2604	TRANSFER	202914	0.20
				27.10.2017	801	TRANSFER	203715	0.20
				03.11.2017	703	TRANSFER	204418	0.20
				10.11.2017	1665	TRANSFER	206083	0.20
				01.12.2017	-3	TRANSFER	206080	0.20
				08.12.2017	-1	TRANSFER	206079	0.20
				29.12.2017	-2	TRANSFER	206077	0.20
				05.01.2018	-2	TRANSFER	206075	0.20
				25.01.2018	-75	TRANSFER	206000	0.20
02.02.2018	-5	TRANSFER	205995	0.20				
23.02.2018	-1	TRANSFER	205994	0.20				
02.03.2018	-1	TRANSFER	205993	0.20				
09.03.2018	-3	TRANSFER	205990	0.20				
16.03.2018	-5	TRANSFER	205985	0.20				
31.03.2018			205985	0.20				

TWENTY SEVENTH ANNUAL REPORT 2017-18

Shareholding of Directors and Key Management Personnel

Sl. No.	Shareholders Name	Share holding at the beginning of the Year - 01.04.2017		Date	Increase/ Decrease in Share Holding	Reason	Cumulative Share holding during the year - 31.03.2018	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1	SURESH SHASTRY	28800000	28.24	01.04.2017	0		28800000	28.24
				07.04.2017	15138	TRANSFER	28815138	28.25
				14.04.2017	-50000	TRANSFER	28765138	28.20
				21.04.2017	-200000	TRANSFER	28565138	28.01
				12.05.2017	-254523	TRANSFER	28310615	27.76
				19.05.2017	-50000	TRANSFER	28260615	27.71
				02.06.2017	-50000	TRANSFER	28210615	27.66
				16.06.2017	-100000	TRANSFER	28110615	27.56
				13.10.2017	-2500	TRANSFER	28108115	27.56
				27.10.2017	-11000	TRANSFER	28097115	27.55
				10.11.2017	-5990	TRANSFER	28091125	27.54
				17.11.2017	-450	TRANSFER	28090675	27.54
				24.11.2017	-500	TRANSFER	28090175	27.54
31.03.2018			28090175	27.54				
2	SUPRIYA SHASTRY	18682125	18.32	01.04.2017	0		18682125	18.32
				14.04.2017	-50000	TRANSFER	18632125	18.27
				31.03.2018	0		18632125	18.27
3	UMESH SHASTRY	6318150	6.19	01.04.2017	0		6318150	6.19
				14.04.2017	-100000	TRANSFER	6218150	6.10
				21.01.2018	977550	TRANSFER	7195700	7.05
				31.03.2018	0		7195700	7.05
4	SATHISH SHASTRY	17024000	16.69	-	0	0.00	-	16.69
				31.03.2018			17024000	16.69

Smit hs & Founders (India) Limited

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	80.47	146.00	0	226.47
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	80.47	146.00	0	226.47
Change in Indebtedness during the financial year				
* Addition	251.16	38.26	0	289.42
* Reduction	111.09	184.26	0	295.35
Net Change	140.07	-146.00	0	-5.93
Indebtedness at the end of the financial year				
i) Principal Amount	220.54	0	0	220.54
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	220.54	0	0	220.54

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(In Lakhs)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		CMD	WTD			
			Suresh Shastry	Sathish Shastry	Umesh Shastry	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	19.20	19.20	19.20	19.20	76.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.50	0.05	0.13	0	0.68
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission - as % of profit - others, specify	0.00	0.00	0.00	0.00	0.00
5	Others-contribution to funds	3.00	3.00	3.00	3.00	12.00
	Total (A)	22.70	22.25	22.33	22.20	89.48
	Ceiling as per the Act	Due to inadequate profit, remuneration is paid as per the limit prescribed under Part II of Schedule V of the Companies Act, 2013.				

TWENTY SEVENTH ANNUAL REPORT 2017-18

B. Remuneration to other directors

(In Lakhs)

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

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

(In Lakhs)

SN.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary	-	4.42	-	4.42
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	0.00	-	0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.00	-	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0.00	-	0.00
2	Stock Option	-	0.00	-	0.00
3	Sweat Equity	-	0.00	-	0.00
4	Commission		0.00	-	0.00
	- as % of profit	-	0.00	-	0.00
	others, specify	-	0.00	-	0.00
5	Others-contribution to funds	-	0.20	-	0.20
	Total	-	4.62	-	4.62

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

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

NOMINATION AND REMUNERATION POLICY

Introduction:

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

Objective and purpose of the Policy:

The objective and purpose of this policy are:

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

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

Effective Date:

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

Constitution of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of following Directors:

1. Mr. V. Parthasarathy, Chairman (Independent Non – Executive Director)
2. Mr. Sudhindra N. Kalghatgi, Member (Independent Non – Executive Director)
3. Mr. Suresh Shastry, Member (Chairman & Managing Director)

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

Definitions

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

Applicability

The Policy is applicable to

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

General

- This Policy is divided in three parts:
Part – A covers the matters to be dealt with and recommended by the Committee to the Board,
Part – B covers the appointment and nomination and
Part – C covers remuneration and perquisites etc.
- The key features of the Company's policy shall be included in the Board's Report.

PART – A

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

The Committee shall:

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

PART – B

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

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

1. Managing Director/Whole-time Director:-

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

2. Independent Director:-

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

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

• Evaluation:

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

• Removal:

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

• Retirement:

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

PART – C

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

• General:

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

TWENTY SEVENTH ANNUAL REPORT 2017-18

remuneration / compensation / commission etc. shall be subject to the prior / post approval of the shareholders of the Company and Central Government, wherever required.

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

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

1. **Fixed pay:**

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

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance

with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. **Provisions for excess remuneration:**

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

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

1. **Remuneration / Commission:**

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

2. **Sitting Fees:**

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

3. **Commission:**

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

4. **Stock Options:**

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

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2)
of the Companies (Accounts) Rules, 2014)

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

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

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

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

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

(Suresh Shastry)
Chairman & Managing Director

FORM MR- 3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

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

The Members

Smiths & Founders (India) Limited
Bangalore - 560013

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Smiths & Founders (India) Limited for the financial year ended on 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of

Capital and Disclosure Requirements)

Regulations, 2009 (Not applicable to the Company during the year)

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; (Not applicable to the Company during the year)
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; (Not applicable to the Company during the year)
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the year)
 - (h) The Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998; (Not applicable to the Company during the year) and
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - (vi) The other following general laws as may be applicable to the Company during the audit:
 - a) The Environmental Protection Act, 1986.
 - b) The Factories Act 1948.
 - c) Industries (Development & Regulation) Act, 1951
 - d) The Water (Prevention and control of Pollution) Act, 1974.
 - e) The Air (Prevention and control of Pollution) Act, 1981.
 - f) The Hazardous Waste (Management and Handling) Rules, 1989.
 - g) The Karnataka Shops & Establishment Act, 1961
- I have also examined compliance with the applicable clauses of:
- a) The Secretarial Standards issued by the Institute of Company Secretaries of India.

Smiths & Founders (India) Limited

- b) The Listing Agreements entered into by the Company with BSE Limited and SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 wherever applicable.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observations:

1. As per Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there should be a minimum public shareholding of 25% of the Paid Up share capital of the Company. AS on March 31, 2018 the promoter's shareholding is 87.49% of the total Paid Up share capital, whereas the Public hold 12.51% of the total Paid Up share capital of the Company. The period of three years time granted to the Company to comply with this Regulation under 'Reliefs and Concessions' by the Hon'ble Board for Industrial and Financial Reconstruction under the Scheme of Rehabilitation approved by them on February 20, 2014 has expired on February 20, 2017.

I state that since the provisions relating to Audit of Accounts and the related financial records including Customs, Central Excise, Central and State Sales Tax, Goods and Service Tax records of the Company have been covered under the Financial Audit, the same are not dealt with in any manner in my Secretarial Audit Report.

I further report that:

The Board of Directors of the Company is not duly constituted under Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. However,

the Company has been exempted from the applicability of this Regulation for a period of 5 years by the Hon'ble Board for Industrial and Financial Reconstruction under the Scheme of Rehabilitation approved by them on February 20, 2014. There were no changes in the composition of the Board of Directors during the year under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and

obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

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

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

I further report that during the financial year, there were no transactions affecting the financial position of the Company.

V Shivaprakash
Company Secretary
ACS No: 7488
C P No.:7123

Place : Bangalore
Date : 14.08.2018

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

To,

The Members

Smiths & Founders (India) Limited, Bangalore - 560013

Annexure A

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, we followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise and Customs Law, Central and State Sales Tax and the Goods and Service Tax Laws.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bangalore
Date : 14.08.2018

V Shivaprakash
Company Secretary
ACS No: 7488
C P No.:7123

TWENTY SEVENTH ANNUAL REPORT 2017-18

Annexure-E

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

The information under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2018 is given here below and forms part of the Director's Report

A. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION.

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

B. FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review Foreign Exchange earnings was Rs. 34.61 Lakhs (Previous Year Rs. 34.88 Lakhs) and Foreign Exchange outgo was Nil (Previous Year Nil)

Annexure-F

DETAILS OF REMUNERATION

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

The percentage increase in remuneration of each Director and Company Secretary during the Financial Year 2017-18, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2017-18 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/ KMP	Designation	Remuneration of Director /KMP for the Financial Year 2017-18 (Rs. in Lakhs)	% increase in Remuneration in the Financial Year 2017-18	Ratio of Remuneration of each Director to median remuneration of employees for the Financial Year	Comparison of the Remuneration of the KMP against the performance of the Company
1	Suresh Shastry	Chairman & Managing Director	22.70	There was no increase in remuneration during the Financial Year	10.79	Remuneration received during the Financial year – Rs. 22.70 Lakhs as against Net Loss of Rs. 8.19 Lakhs.
2	Sathish Shastry	Executive Director	22.25	There was no increase in remuneration during the Financial Year	10.58	Remuneration received during the Financial year – Rs.22.25 Lakhs as against Net Loss of Rs. 8.19 Lakhs.
3	Umesh Shastry	Executive Director	22.33	There was no increase in remuneration during the Financial Year	10.61	Remuneration received during the Financial year – Rs.22.33 Lakhs as against Net Loss of Rs. 8.19 Lakhs.
4	Supriya Shastry	Executive Director	22.20	There was no increase in remuneration during the Financial Year	10.55	Remuneration received during the Financial year Rs.22.20 Lakhs as against Net Loss of Rs. 8.19 Lakhs.
5	V. Parthasarathy	Independent Director	0.00	0.00	0.00	-
6	Sudhindra N.Kalghatgi	Independent Director	0.00	0.00	0.00	-
7	Yogees M Dasar (TILL 30.11.2017)	Company Secretary	2.97*	There was no increase in remuneration during the Financial Year	-	*Was employed for part of the year.
8	Ravi.V (wef 19.01.2018)	Company Secretary	1.45*	There was no increase in remuneration during the Financial Year	-	*Was employed for part of the year.

Smit hs & Founders (India) Limited

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

The median remuneration of employees of the Company during the Financial Year was Rs. 210,366/- and the ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the above table.

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

There was no increase in remuneration of the Directors and Company Secretary in the Financial Year 2017-18.

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

In the Financial Year, there was an increase of 55.9 % in the median remuneration of employees, in comparison with the previous year.

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

There were 66 permanent employees on the rolls of the Company as on March 31, 2018.

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

The increase in the median remuneration of employees was 55.9 %. As regards Company's performance, its net loss for the Financial Year 2017-18 was Rs. 8.19 lakhs, as against net loss of Rs. 23.08 Lakhs in the Financial Year 2016-17.

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

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

The Total remuneration of Key Managerial Personnel has remained almost the same compared to previous year, whereas the Company's net loss has come down from Rs. 23.08 Lakhs in the Financial Year 2016-17 to Rs. 8.19 Lakhs in the Financial Year 2017-18.

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

The market capitalization as on 31st March 2018 was Rs.5.81 Crores (Rs.25.09 Crores as on 31st March, 2017). The average price of the share during March, 2018 was Rs. 0.57 and as on 31st March, 2017 was Rs. 2.46. The Earnings Per Share was Rs. (0.00) for the Financial Year ended 31st March, 2018 and Rs. (0.02) for the year ended 31st March, 2017. The Initial Public offer was made by the Company in the year 1993 and the issue was for 31,00,000 equity shares of Rs. 10/- each at par. In the year 2006, the Company split the shares by reducing the face value to Re. 1/-. In the year 2014 the Company reduced the Share Capital by 90% and allotted 9, 76, 76,525 new equity shares to the shareholders of the amalgamating Company, as per the Scheme of Rehabilitation sanctioned by the Hon. BIFR in February, 2014. As against issue of equity shares of Rs.10/- at par in 1993 and post share capital reduction by 90% and issue of new equity shares, the average share price of the Company at BSE Limited, during March 2018 was Rs.0.57, per equity share of face value of Re. 1/- each.

(viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:

During the financial year 2017-18, average percentile increase in median salaries of employees other than the managerial personnel was 38.6%. There was no increase in the managerial remuneration.

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

Details are provided in the above table.

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

During the Financial Year 2017-18 the remuneration paid to Directors does not include any variable component.

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

Not applicable.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

FORMING PART OF DIRECTORS' REPORT FOR 2017-18

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

For the year under review, improvement in overall economic sentiment, a normal monsoon after two years of deficit rainfall, Government's focus on development of Agriculture and Infrastructure sectors, helped drive the demand for the automotive as well as the tractor industry.

The auto-components industry accounts for almost seven per cent of India's Gross Domestic Product (GDP) and employs as many as 19 million people, both directly and indirectly. A stable government framework, increased purchasing power, large domestic market, and an ever increasing development in infrastructure have made India a favourable destination for investment.

A normal monsoon along with ongoing reforms such as Good and Services Tax rolled out from July 2017 may push up the country's growth rate in the current year.

Industry Structure and Developments:

The turnaround for the Indian auto industry which began in the Financial Year 2016-17 continued in the Financial Year 2017-18 also. However, the Company could not add any major customers resulting in muted sales growth in the financial year 2017-18.

Opportunities and Threats:

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

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

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

Segment-wise or product wise performance:

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

Outlook:

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

The Indian Auto Component industry is expected to grow by 8-10 per cent in FY 2018-19, based on higher localisation by Original Equipment Manufacturers (OEM), higher component content per vehicle, and rising exports from India. The industry is set to become the third largest in the world by 2025.

Risks and Concerns:

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

Internal Control Systems and their adequacy:

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

Discussion on Financial performance with respect to operational performance:

The financial statements have been prepared in accordance with generally accepted accounting principles in India and comply with the Accounting Standard/s specified under Section 133 of the Companies Act, 2013 and the Rules, as applicable.

Smit hs & Founders (India) Limited

Results of Operations:

Income

(Rs.in Lakhs)

Particulars	Financial Year 2017-18		Financial Year 2016-17		+/-
	Amount	%	Amount	%	
Revenue from Operations	882.87	99.88	753.54	91.55	17.16
Other Income	1.02	0.12	69.59	8.45	-98.11
Total	883.89	100.00	823.14	100.00	7.38

Net Sales & Other Income:

Net Sales has increased by 17.16 %. Other Income has come down, as Company had booked profit (one time occurrence) due to profit on sale of an asset, during the financial year 2016-17.

Expenses

(Rs.in Lakhs)

Particulars	Financial Year 2017-18		Financial Year 2016-17		+/-
	Amount	%	Amount	%	
Material Costs	308.41	34.93	314.99	41.80	-2.09
Employee Benefits Expense	278.63	31.56	258.60	34.32	7.75
Finance Costs	24.25	2.75	18.75	2.49	29.33
Depreciation & Amortisation Expense	26.36	2.98	24.40	3.24	8.03
Direct Expenses	193.91	21.96	146.65	19.46	32.23
Administration Expenses	57.57	6.52	74.75	9.92	-22.98
Selling & Distribution Expenses	2.95	0.33	8.08	1.07	-63.49
Total Expenses	892.08	101.03	846.22	112.30	5.41

Expenses:

Administration expenses.

Above have come down due to improved operational efficiency.

Finance Costs

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

Direct Expenses

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

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

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

Company continues to focus on safety, training and development of the employees. The total number of employees on the rolls of the Company as on March 31, 2018 was 66.

Cautionary Statement:

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

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

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2018, in terms of Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

2. BOARD OF DIRECTORS:

a) Composition and Size of the Board.

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

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

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

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

Though the Company is required to have at least 4 Independent Directors as per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is exempted from complying with this Regulation for a period of 5 years as per the Scheme of Rehabilitation approved by the Hon'ble Board for Industrial & Financial Reconstruction on February 20, 2014.

Smit hs & Founders (India) Limited

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

Name of the Director	Number of Board Meetings held during the year 2017-18		Attendance at the Last AGM held on September 16, 2017
	Held	Attended	
Mr. Suresh Shastry	6	6	Yes
Mr. Sathish Shastry	6	3	Yes
Mr. Umesh Shastry	6	3	Yes
Mrs. Supriya Shastry	6	6	Yes
Mr. Sudhindra Narayan Kalghatgi	6	6	Yes
Mr. V. Parthasarathy	6	2	No

c) Number of Board Meetings:

Six Board Meetings were held during the year 2017-18 and the gap between two consecutive meetings did not exceed one hundred twenty days. The dates on which the Board meetings were held were 29.05.2017, 09.08.2017, 02.09.2017, 24.11.2017, 30.11.2017 & 03.02.2018.

3. AUDIT COMMITTEE:

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

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

The Audit Committee comprises of a) Mr. V.Parthasarathy, Chairman and Non Executive Independent Director b) Mr. Suresh Shastry, Chairman & Managing Director and c) Mr. Sudhindra N. Kalghatgi, Non Executive Independent Director. All members of the Audit Committee are financially literate and bring in expertise in the fields of finance, accounts and business management. The Chairman of the Committee Mr. V. Parthasarathy is retired banker having more than 31 years experience in the banking industry. The Company Secretary is the Secretary to the Committee.

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

The Audit Committee met five times during the year 2017-18 and the gap between two consecutive meetings did not exceed one hundred twenty days. The dates on which the Audit Committee Meetings were held on: 29.05.2017, 09.08.2017, 02.09.2017, 24.11.2017, & 03.02.2018.

The attendance at the Meetings was as under:

Members	No. of Meetings held during the year 2017-18	No. of Meetings Attended
Mr. V. Parthasarathy	5	2
Mr. Suresh Shastry	5	5
Mr. Sudhindra N. Kalghatgi	5	5

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.

TWENTY SEVENTH ANNUAL REPORT 2017-18

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 consisting of Two Non-executive Independent Directors and One Executive Director as against the requirement of at least three Non-executive directors. Mr. V. Parthasarathy, Independent Non-Executive Director is the Chairman of the Committee. Though the Company has been exempted from compliance under Regulation 19 of Listing Regulation for a period of 5 years by the Scheme of Rehabilitation sanctioned by the Hon. BIFR, the Company would comply with the requirement in coming years.

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

5. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

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

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

The Committee Meetings were held on 29.05.2017, 09.08.2017, ,24.11.2017, & 03.02.2018.

The attendance at the meetings was as under:

Members	No. of Meetings held during the year 2017-18	No. of Meetings Attended
Mr. V. Parthasarathy	4	2
Mr. Suresh Shastry	4	4
Mr. Sudhindra N. Kalghatgi	4	4

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

6. SHARE TRANSFER COMMITTEE

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

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

The Committee Meetings were held on 10.10.2017, 10.01.2018, 12.02.2018 & 15.03.2018.

The attendance at the meetings was as under :

Members	No. of Meetings held during the year 2017-18	No. of Meetings Attended
Mr. Suresh Shastry	4	4
Ms. Supriya Shastry	4	4

Smit hs & Founders (India) Limited

7. REMUNERATION OF DIRECTORS:

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

Remuneration paid to Managing Director and Executive Directors (Whole-time Directors) for the year ended March 31, 2018, is given below: (Rs. in Lakhs)

Directors	Salary	Company's Contributions to funds*	Perquisites & Allowances	Total	Contract Period
Suresh Shastry, (Managing Director)	19.20	3.00	0.50	22.70	1.4.2017 to 31.3.2022
Sathish Shastry, (Executive Director)	19.20	3.00	0.05	22.25	1.4.2017 to 31.3.2022
Umesh Shastry, (Executive Director)	19.20	3.00	0.13	22.33	1.4.2017 to 31.3.2022
Supriya Shastry, (Executive Director)	19.20	3.00	-	22.20	1.4.2017 to 31.3.2022

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

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

8. CEO CERTIFICATION

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

9. 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
2014-15	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore 560 055	26.09.2015 10.30 a.m.	Approval for transfer, sale and/or dispose of the undertaking at Chikkaballapura, Karnataka
2015-16	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore 560 055	24.09.2016 10.00 a.m.	None
2016-17	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore 560 055	16.09.2017 10.00 a.m.	Approval of re appointment of all the four Whole Time Directors, of the Company, for a period of five years and remuneration payable to them. Approval of alteration to Articles of Association of the Company, to be in line with the provisions of the Companies Act, 2013.

No special resolutions were passed through Postal Ballot during the year 2017-18.

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

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

During the year 2017-18, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or the Management or Relatives, etc., that may have potential conflict with the interests of the Company. Further, details of transactions with related parties are disclosed in Note 31.1 of Notes on accounts to Annual Accounts in the Annual Report.

TWENTY SEVENTH ANNUAL REPORT 2017-18

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

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

d. Non-mandatory requirements

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

11. MEANS OF COMMUNICATION:

A. Quarterly Results:

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

B. Website:

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

C. Annual Report:

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

12. GENERAL SHAREHOLDER INFORMATION:

12.1 AGM:

Date and Time : September 29, 2018 at 10.00 AM
Venue : MEWS Ladies Club, No.37, 17th Cross
(between 4th and 6th Main), Malleswaram,
Bangalore - 560 055

Last date for receipt of
Proxy forms : September 27, 2018, before 10.00 AM.

12.2 Financial Year of the Company:

Financial year covers the period from April 1, every year and ends on March 31, in the succeeding year.
Tentative dates for Board Meeting for consideration of quarterly financial results for 2018-19 are given below.

Quarter ending June 30, 2018	-	On or before August 14, 2018
Quarter ending September 30, 2018	-	On or before November 14, 2018
Quarter ending December 31, 2018	-	On or before February 14, 2019
Quarter ending March 31, 2019	-	End May, 2019

12.3 Book Closure Date: 24.09.2018 to 29.09.2018 (both days inclusive).

12.4 Dividend Payment Date: Not Applicable

Smit hs & Founders (India) Limited

12.5 Listing on Stock Exchanges :

Equity Shares: BSE Ltd., Mumbai

Annual listing fee payable to BSE Ltd. for Financial Year 2018-19 has been paid.

12.6 Stock Codes:

(a) BSE Ltd. – 513418

(b) ISIN Code - INE728B01032

12.7 Stock Market Data:

MONTH	Share Price Movements-2017-18		MONTH	Share Price Movements-2017-18	
	Share Price at BSE Ltd. (Rs.)			Share Price at BSE Ltd. (Rs.)	
	HIGH	LOW		HIGH	LOW
April 2017	2.68	1.81	October 2017	0.90	0.66
May 2017	2.10	1.54	November 2017	0.69	0.47
June 2017	1.70	0.99	December 2017	0.53	0.36
July 2017	1.15	0.95	January 2018	0.50	0.42
August 2017	1.00	0.94	February 2018	0.56	0.50
September 2017	0.90	0.86	March 2018	0.60	0.54

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

Month/Year	BSE Sensex Index		Share Price at BSE Ltd. (Rs.)	
	HIGH	LOW	HIGH	LOW
April 2017	30,184.22	29,241.48	2.68	1.81
May 2017	31,255.28	29,804.12	2.10	1.54
June 2017	31,522.87	30,680.66	1.70	0.99
July 2017	32,672.66	31,017.11	1.15	0.95
August 2017	32,686.48	31,128.02	1.00	0.94
September 2017	32,524.11	31,081.83	0.90	0.86
October 2017	33,340.17	31,440.48	0.90	0.66
November 2017	33,865.95	32,683.59	0.69	0.47
December 2017	34,137.97	32,565.16	0.53	0.36
January 2018	36,443.98	33,703.37	0.50	0.42
February 2018	36,256.83	33,482.81	0.56	0.50
March 2018	34,278.63	32,483.84	0.60	0.54

12.9 Registrar and Transfer Agents:

Integrated Registry Management Services Private Limited

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

Tel: 080 2346 0815 to 818

Fax: 080 2346 0819

E-mail: vijayagopal@integratedindia.in

irg@integratedindia.in

Website: www.iepindia.com

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

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

TWENTY SEVENTH ANNUAL REPORT 2017-18

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

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

12.11 Distribution of Shareholding as on 31.03.2018

No of shares held	Number of Shareholders	Number of shares held	% Shareholding
Up to 500	9996	1519213	1.49
501-1000	923	811873	0.80
1001-2000	533	873634	0.86
2001-3000	212	553396	0.54
3001-4000	109	399768	0.39
4001-5000	125	596445	0.58
5001-10000	174	1342194	1.32
10001 & above	186	95900002	94.02
TOTAL	12258	101996525	100.00

12.12 Dematerialization of Shares:

99.32% of the Shares of the Company are in dematerialised form as on 31st March, 2018.

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

12.14 Plant Locations:

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

12.15 Investor Correspondence:

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

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

I, Suresh Shastry, Chairman & Managing Director of Smiths & Founders (India) Limited, declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed their compliance with the Company's code of conduct for the year ended March 31, 2018.

Place : Bangalore
Date : 14.08.2018

Suresh Shastry
Chairman & Managing Director

CEO CERTIFICATION

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

- i. I have reviewed the financial statements, read with the cash flow statement of Smiths & Founders (India) Limited for the year ended March 31, 2018 and that to the best of my knowledge and belief, state that:
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- ii. there are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- iii. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and they

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

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

Place : Bangalore
Date : 14.08.2018

Suresh Shastry
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To the members of Smiths & Founders (India) Limited

1. We have examined the compliance of conditions of Corporate Governance by Smiths & Founders (India) Limited for the year ended on 31st March 2018, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations 2015 for the period April 01, 2017 to March 31st, 2018, except composition of Board of Directors as per regulation 17(1) since the Company has been exempted from such provision for a period of 5 years by the Hon. Board for Industrial and Financial Reconstruction under the Scheme of Rehabilitation approved by them on February 20, 2014.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the

Guidance Note of Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C, D and E of Schedule V of SEBI [Listing Obligations and Disclosure Requirements] Regulations 2015 for the period as specified under paragraph 1 above.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

Place : Bangalore
Date : 14th August, 2018

Devendra Nayak
Partner
M.No: 027449

INDEPENDENT AUDITORS' REPORT

TO

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of M/s. SMITHS & FOUNDERS (INDIA) LIMITED ("the Company") which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (including the statement of Other Comprehensive Income), the Cash Flow Statement for the year then ended, the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS 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 Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. 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 the 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 Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the Ind AS financial statements.

Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs (financial position) of the Company as at March 31, 2018;
- (b) In the case of the Statement of Profit and Loss, of its Loss (financial performance including other comprehensive income) for the year ended on that date; and
- (c) Its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of
2. sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
3. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

Smit hs & Founders (India) Limited

- c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under section 133 of the Companies Act, 2013;
- e. On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164(2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company does not have any pending litigation which would impact its financial position;
- (ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

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

Devendra Nayak
Partner
M.No: 027449

Place : Bangalore
Date : 26.05.2018

Annexure A 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 Management has conducted physical verification of fixed assets at reasonable intervals and no material discrepancies were noticed on such verification.
- c) According to the information and explanation given to us, and based on our verification, the title deeds of immovable properties are held in the name of the Company.

(ii) Inventory

The Management has conducted physical verification of inventories at reasonable intervals and no material discrepancies were noticed on such verification.

(iii) Loans and Advances

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

(iv) Loans/Investments/Guarantees

The company has not given any loans/ investments/ guarantees/security to which the provisions of Section 185 and Section 186 of the Act apply.

(v) Deposits

According to the information and explanation given to us, and based on our verification, the Company has not accepted any deposits from public or shareholders during the year and consequently the provisions of Section 73 to 76 or any other relevant provision of the Companies Act, 2013, and the rules framed there under are not applicable.

(vi) Cost records

The company is not required to maintain cost records as per sub section (1) of section 148 of the Act. Accordingly, the provisions of clause (vi) of the above said order is not applicable to the company.

(vii) 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 State Insurance, Income tax, sales tax, service tax, duty of customs, value added tax, duty of excise, cess and other statutory dues applicable to it.
- b) According to the records of the Company, there are

TWENTY SEVENTH ANNUAL REPORT 2017-18

no dues of Income tax or Sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) Repayment of Loans

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

(ix) Diversion of funds

The Company has not raised any moneys by way of Initial Public Offer/Further Public Offer during the year. In our opinion, the moneys raised by way of Term Loans during the year were applied for the purposes for which those are raised.

(x) Frauds noticed / Detected

According to the information and explanation given to us, no fraud by the company or on the company by its officers or employees has been noticed or reported.

(xi) Managerial Remuneration

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

(xii) Nidhi Company

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

(xiii) Related Party Transactions

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

(xiv) Preferential allotment

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

(xv) Non-cash Transactions

According to the information and explanation given to us, the company has not entered into any non-cash transaction with directors or persons connected with him and accordingly provisions of the said clause are not applicable.

(xvi) Certification for Non-Banking Financial Institution

According to the information and explanation given to us, the company is not a Non-Banking Financial Institution, hence registration under section 45-IA of the Reserve Bank of India Act, 1934 is not required.

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

Devendra Nayak
Partner
M.No: 027449

Place : Bangalore
Date : 26.05.2018

Annexure B to Independent Auditor's report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **M/s. SMITHS & FOUNDERS (INDIA) LIMITED** ("the Company") as of March 31st, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal

Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the

Smiths & Founders (India) Limited

Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted

accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting,

including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

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

Devendra Nayak
Partner
M.No: 027449

Place : Bangalore
Date : 26.05.2018

TWENTY SEVENTH ANNUAL REPORT 2017-18

BALANCE SHEET AS AT 31st MARCH, 2018

Amount in Rs.

Particulars	Note No.	31-Mar-18	31-Mar-17	01-Apr-16
ASSETS				
1. Non-current assets				
a. Property, Plant and Equipment	3	5,86,58,062	5,83,93,272	7,28,14,985
b. Capital work-in-progress		2,77,257	-	4,87,613
c. Investment Property		-	-	-
d. Goodwill		-	-	-
e. Other Intangible Assets	4	48,054	80,373	1,14,363
f. Intangible Assets under development		-	-	-
g. Biological Assets under development		-	-	-
h. Financial Assets		-	-	-
i. Investments		-	-	-
ii. Trade Receivables		-	-	-
iii. Loans		-	-	-
iv. Others		-	-	-
i. Deferred tax assets (net)		-	-	-
j. Other non-current assets	5	17,59,850	14,56,584	29,70,114
2. Current Assets				
a. Inventories	6	1,96,39,254	1,02,08,280	97,79,685
b. Financial assets		-	-	-
i. Investments		-	-	-
ii. Trade receivables	7	99,12,731	1,13,78,376	98,05,687
iii. Cash and cash equivalents	8	13,13,736	33,79,488	28,85,898
iv. Bank balances other than (iii) above		-	-	-
v. Loans	-	-	2,33,948	-
vi. Others		-	-	-
c. Current Tax assets (net)		-	-	-
d. Other Current assets	9	11,73,465	6,28,910	3,61,559
Total Assets		9,27,82,409	8,55,25,283	9,94,53,852
EQUITY AND LIABILITIES				
Equity				
a. Equity Share Capital	10	10,19,96,525	10,19,96,525	10,19,96,525
b. Other equity	11	(5,12,46,444)	(5,04,27,018)	(4,38,74,269)
LIABILITIES				
1. Non-current liabilities				
a. Financial liabilities		-	-	-
i. Borrowings	12	1,39,20,175	68,61,182	81,47,981
ii. Trade Payables		-	-	-
iii. Other financial liabilities		-	-	-
b. Provisions	13	57,07,545	48,38,350	45,30,610
c. Deferred tax liabilities (net)		-	-	-
d. Other non-current liabilities		-	-	-
2. Current liabilities				
a. Financial liabilities		-	-	-
i. Borrowings	14	60,78,184	1,46,00,000	95,40,000
ii. Trade Payables	15	78,93,356	26,79,552	1,38,11,081
iii. Other financial liabilities	16	20,55,769	11,86,546	9,30,208
b. Other current liabilities	17	63,77,300	36,59,160	36,92,340
c. Provisions	18	-	1,30,987	6,79,376
d. Current tax liabilities (net)		-	-	-
Total Equity and Liabilities		9,27,82,409	8,55,25,283	9,94,53,852
Significant accounting policies	2			
Notes to accounts	3 to 40			

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

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

Place: Bangalore
Date: 26.05.2018

Suresh Shastry
Chairman & Managing Director
DIN: 1099554

Supriya Shastry
Whole Time Director
DIN: 1327762

Ravi V
Company Secretary
M.No. F2014

Devendra Nayak
Partner
M.No: 027449

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED

Amount in Rs.

Particulars	Note No.	31-Mar-18	31-Mar-17
REVENUE			
Revenue from operations	19	9,04,61,750	8,43,33,278
Other Income	20	1,01,512	69,59,408
Total Revenue		9,05,63,261	9,12,92,686
EXPENSES			
Cost of materials and consumables	21	3,53,36,304	3,29,82,315
Changes in inventories of finished goods and work-in-progress	22	(44,95,002)	(14,82,913)
Excise duty		21,75,007	89,79,064
Employee benefit expenses	23	2,78,62,741	2,58,59,648
Finance costs	24	24,24,765	18,74,605
Depreciation and amortization	25	26,35,624	24,40,128
Direct Expenses	26	1,93,90,995	1,46,65,226
Administration Expenses	27	57,57,207	74,75,144
Selling and distribution expenses	28	2,95,046	8,07,899
Total Expenses		9,13,82,687	9,36,01,116
Profit/(loss) before exceptional items and tax		(8,19,426)	(23,08,430)
Exceptional items		-	-
Profit/(loss) before tax		(8,19,426)	(23,08,430)
Tax expense:			
1. Current tax			--
2. Deferred tax			--
Profit/(loss) for the period from continuing operations		(8,19,426)	(23,08,430)
Profit/(loss) from discontinued operations		-	-
Tax expense of discontinued operations		-	-
Profit/(loss) from discontinued operations (after tax)		-	-
Profit/(loss) for the period		(8,19,426)	(23,08,430)
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		(8,19,426)	(23,08,430)
Earnings per equity share (for continuing operation)			
Weighted average no. of equity shares		10,19,96,525	10,19,96,525
Basic (in Rs.)		(0.0080)	(0.0226)
Diluted (in Rs.)		(0.0080)	(0.0226)
Earnings per equity share (for discontinued operation)			
Basic (in Rs.)		-	-
Diluted (in Rs.)		-	-
Earnings per equity share (for continuing and discontinued operation)			
Basic (in Rs.)		(0.0080)	(0.0226)
Diluted (in Rs.)		(0.0080)	(0.0226)
Significant accounting policies	2		
Notes to accounts	3 to 40		

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

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

Place: Bangalore
Date: 26.05.2018

Suresh Shastry
Chairman & Managing Director
DIN: 1099554

Supriya Shastry
Whole Time Director
DIN: 1327762

Ravi V
Company Secretary
M.No. F2014

Devendra Nayak
Partner
M.No: 027449

TWENTY SEVENTH ANNUAL REPORT 2017-18

CASH FLOW STATEMENT FOR THE YEAR ENDED

Amount in Rs.

Particulars		31-Mar-18		31-Mar-17	
A	Cash flows from operating activities				
	Net Profit Before Taxation and Extraordinary item	(8,19,426)		(23,08,430)	
	Adjustments for:				
	Depreciation	26,35,624		24,40,128	
	Actuarial losses/(gains) on employee benefits				
	Financial expenses (Considered under Financial Activities)	24,24,765		18,74,605	
	Interest Income (Considered under Investment Activities)	(96,402)		(1,27,024)	
	Income Tax of Previous year	-		44,433	
	Loss on sale of Asset (Considered in Investment Activities)	2,449		2,05,874	
	Profit on sale of Asset (Considered in Investment Activities)	-		(66,83,534)	
	Operating Profit Before Working Capital Changes		41,47,010		(45,53,948)
	(Increase)/ Decrease in Current Assets, Loans & Advances	(85,09,884)		(20,34,687)	
	Increase/(Decrease) in Current Liabilities	25,91,967		(1,07,45,757)	
	Working Capital changes		(59,17,916)		(1,27,80,444)
	Cash Generated from operations		(17,70,906)		(1,73,34,391)
	Income Tax (including Fringe Benefit Tax)		-		(7,04,034)
	Cash Flow Before Extraordinary Item		(17,70,906)		(1,80,38,425)
	Extra-ordinary items		-		-
	Net cash from operating activities		(17,70,906)		(1,80,38,425)
B	Cash flows from Investment activities				
	Additions to Fixed Assets	(31,49,072)		(34,51,473)	
	Sale of Fixed Asset	1,271		1,81,88,000	
	(Increase) / Decrease in Non-current Deposits	(3,03,266)		15,13,530	
	Interest Income	96,402		1,27,024	
	Net cash from Investing activities		(33,54,665)		1,63,77,081
C	Cash flows from financing activities				
	Repayment of Loans, Deposits & Overdraft	(1,57,76,940)		(10,30,461)	
	Acceptance of Loans	1,51,83,340		50,60,000	
	Financial Cost		(24,24,765)		(18,74,605)
	Net cash from Financing activities		(30,18,365)		21,54,934
	Net Increase / Decrease in cash and cash equivalents		(81,43,936)		4,93,590
	Cash and cash equivalents at beginning of period		33,79,488		28,85,898
	Cash and cash equivalents at end of period		(47,64,448)		33,79,488

Notes to the cash flow statement:

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

Particulars	31-Mar-18	31-Mar-17
Cash in hand	12,98,328	33,70,406
Bank balance : In current account	15,408	9,082
Bank overdraft	(60,78,184)	-
	(47,64,448)	33,79,488

- The previous year's figure have been recast, restated wherever necessary to conform to the current presentation.
This is the Cash Flow Statement referred to in our Audit report of even date.

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

Place: Bangalore
Date: 26.05.2018

Suresh Shastry
Chairman & Managing Director
DIN: 1099554

Supriya Shastry
Whole Time Director
DIN: 1327762

Ravi V
Company Secretary
M.No. F2014

Devendra Nayak
Partner
M.No: 027449

Notes to the Financial Statements for the year ended 31st March 2018

Note 1

FIRST TIME ADOPTION OF IND AS

1. The financial statements have been prepared in accordance with Indian Accounting Standards ['Ind AS'] notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016.
2. Upto the year ended 31st March, 2017, the Company prepared its financial statements in accordance with the requirements of previous GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies [Accounts] Rules, 2014. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1st April, 2016.
3. The transition from IGAAP to Ind AS has no effect on the opening balance as on the date of transition or any transactions effected thereafter. Hence, the reconciliation has not been provided.
4. The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the financial statements for the year ended 31st March 2018 and the comparative information.

Note 2

SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

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

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

2. Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities

and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

3. Revenue Recognition

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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

4. Property, Plant and Equipment

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

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

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

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

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

5. Other Intangible Assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment loss, if any. Certain computer software costs are capitalized and recognised as intangible assets based on materiality, accounting prudence and significant benefits expected

TWENTY SEVENTH ANNUAL REPORT 2017-18

to flow therefrom for a period longer than one year.

6. Depreciation and Amortisation

- (i) Up to 31st March, 2014, depreciation is provided from the date the assets have been installed and put to use, on Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956.
- (ii) With effect from 1st April, 2014, depreciation on assets carried at historical cost is provided on Straight Line Method based on useful life as under:

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

- (iii) The carrying value of the assets as on April 1st, 2014, is depreciated over the remaining useful life of the asset determined based on useful life mentioned in clause (b) supra.
- (iv) Where the useful life of the asset is NIL as on 1st April, 2014, the carrying value as on 1st April, 2014, has been added to the opening balance of deficit in the Statement of Profit and Loss in accordance with Schedule II of the Companies Act, 2013.

7. Foreign Currency Transactions:

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

8. Inventories:

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

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

Finished goods are valued based on retail method as per Ind AS 2, where a percentage profit margin is reduced

from the sale value to arrive at the cost.

9. Employee benefits:

- a. Benefits in the form of provident fund whether in pursuance of law or otherwise which are defined contributions is accounted on accrual basis and charged to Statement of profit and loss.
- b. The company has formed employee superannuation trust to provide the benefit of superannuation to its employees.
- c. Defined benefit plans

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

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

10. Income tax and Deferred tax:

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

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

- a. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax

Smit hs & Founders (India) Limited

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

- a. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- b. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

11. Borrowing costs:

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

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

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

- a. The company has a present obligation as a result of a past event,

- b. A probable outflow of resources is expected to settle the obligation; and
- c. The amount of obligation can be reliably estimated.

Contingent liability is disclosed in case of

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

Contingent assets are not reconized.

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

Capital Commitments:

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

13. Earnings per share

The earnings considered in ascertaining the Company's earnings per share comprise of the net profit after tax for the year. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of shares, which would have been issued on conversion of dilutive potential equity shares, if any.

14. Impairment of assets

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

15. Cash flow statement:

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

TWENTY SEVENTH ANNUAL REPORT 2017-18

Note 3 : Property, Plant and Equipment

Amount in Rs.

Description	Life Span of Assets in Years	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2017	Additions	Deletions/Transfers	As at 31.03.2018	As at 01.04.2017	Additions	Deletions/Transfers	As at 31.03.2018	As at 31.03.2018	As at 01.04.2017
a) Tangible Assets											
Factory Building	30	82,48,833	2,60,124	-	85,08,957	52,17,403	3,50,882	-	55,68,285	29,40,672	30,31,430
Office Building	60	1,51,83,684	-	-	1,51,83,684	5,75,979	2,40,408	-	8,16,387	1,43,67,297	1,46,07,705
Wells	5	71,086	62,265	-	1,33,351	67,532	162	-	67,694	65,657	3,554
Land	-	2,81,94,000	-	-	2,81,94,000	-	-	-	-	2,81,94,000	2,81,94,000
Plant and Machinery	15	4,64,55,292	19,67,710	-	4,84,23,002	3,85,03,136	8,60,148	-	3,93,63,284	90,59,718	79,52,156
Electrical Installations	10	26,19,139	24,882	4,200	26,39,821	13,39,506	3,25,056	480	16,64,082	9,75,739	12,79,633
Furniture and Fixtures	10	13,66,170	26,994	-	13,93,164	3,66,887	1,42,698	-	5,09,585	8,83,579	9,99,283
Office Equipment	5	16,75,638	4,32,620	-	21,08,259	7,33,698	2,45,258	-	9,78,956	11,29,303	9,41,941
Computer and Accessories	3	1,28,231	97,220	-	2,25,451	17,494	52,001	-	69,495	1,55,955	1,10,736
Vehicles	8	27,96,654	-	-	27,96,654	15,23,820	3,86,692	-	19,10,512	8,86,142	12,72,834
Total		10,67,38,726	28,71,815	4,200	10,96,06,342	4,83,45,455	26,03,305	480	5,09,48,280	5,86,58,062	5,83,93,272
Previous Year		12,16,25,173	39,39,086	1,88,25,532	10,67,38,726	4,88,10,188	24,06,138	28,70,872	4,83,45,455	5,83,93,272	7,28,14,985

- (i) The recoverable amount of all assets exceeds the carrying amount, as at 31st March, 2018 hence the Company has not recognized any impairment losses as required by Ind AS 36 as at that date.
- (ii) The Depreciation is charged on Straight Line basis over the useful life of the assets as per Schedule II of the Companies Act, 2013.

Note 4 : Other Intangible Assets

Amount in Rs.

Description	Life Span of Assets in Years	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.04.2017	Additions	Deletions/Transfers	As at 31.03.2018	As at 01.04.2017	Additions	Deletions/Transfers	As at 31.03.2018	As at 31.03.2018	As at 01.04.2017
Computer Software	6	2,60,850	-	-	2,60,850	1,80,477	32,319	-	2,12,796	48,054	80,373
Total		2,60,850	-	-	2,60,850	1,80,477	32,319	-	2,12,796	48,054	80,373
Previous Year		2,60,850	-	-	2,60,850	1,46,487	33,989	-	1,80,477	80,373	1,14,363

- (i) The recoverable amount of all computer software exceeds the carrying amount, as at 31st March, 2018 hence the Company has not recognized any impairment losses as required by Ind AS 36 as at that date.

Note 5: Other non-current assets

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Security Deposits (Unsecured, considered good)		
Deposits with Government Authorities	17,43,981	14,51,884
Other Deposits	15,869	4,700
Total	17,59,850	14,56,584

Smit hs & Founders (India) Limited

Note 6: Inventories

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Raw material (Valued at landed cost which includes freight)	47,31,241	23,61,415
Consumables (Valued at landed cost which includes freight)	41,91,199	16,25,053
Work-in-Progress (Valued at cost of material & conversion cost)	79,60,284	46,60,996
Finished Goods (Valued at retail method as per Ind AS 2)	27,56,530	15,60,816
Total	1,96,39,254	1,02,08,280

Note 7: Trade Receivables

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
(Unsecured, considered good)		
Trade receivables	99,12,731	1,13,78,376
Total	99,12,731	1,13,78,376

Note 8: Cash and cash equivalents

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Balances with Banks		
Current Accounts	12,98,328	33,70,406
Cash on hand	15,408	9,082
Total	13,13,736	33,79,488

Note 9: Other Current Assets

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Advances to creditors other than capital advances	5,96,105	1,40,867
Prepaid Expenses	2,71,640	92,723
TDS and Advance Tax	575	1,89,030
Amounts with government authorities	1,70,796	2,06,290
Earnest Money Deposit	1,18,000	-
Retention Money Receivable	16,349	-
Total	11,73,465	6,28,910

Note 10: Equity Share Capital

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Authorized Share Capital (10,25,00,000 Equity Shares of Re.1/- each)	10,25,00,000	10,25,00,000
Issued, Subscribed & Paid Up Share Capital (10,19,96,525 Equity Shares of Re.1/- each fully paid up)	10,19,96,525	10,19,96,525
Total	10,19,96,525	10,19,96,525

TWENTY SEVENTH ANNUAL REPORT 2017-18

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

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Shares outstanding at the beginning of the year	10,19,96,525	10,19,96,525
Shares Issued during the year	-	-
Capital Reduction during the year	-	-
Shares outstanding at the end of the year	10,19,96,525	10,19,96,525

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

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

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Suresh Shastry	2,80,90,175	2,88,00,000
Supriya Shastry	1,86,32,125	1,86,82,125
Satish Shastry	1,70,24,000	1,70,24,000
Sachin Shastry	1,25,85,125	1,25,85,125
Umesh Shastry	71,95,700	63,18,150
Hema Satish	53,70,875	54,95,875
Total	8,88,98,000	8,89,05,275

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

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

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

Statement of changes in equity for the year ended 31st March, 2017

A. Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the period	Balance at the end of the reporting period
10,19,96,525.00	-	10,19,96,525.00

B. Other Equity

Amount in Rs.

	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
Balance at the beginning of the reporting period	-	-	-	-	77,92,779	(7,73,88,210)	-	-	-	2,57,21,162	-	-	-	(4,38,74,269)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	(42,44,320)	-	-	-	(42,44,320)
Profit for the year	-	-	-	-	-	(23,08,430)	-	-	-	-	-	-	-	(23,08,430)
Balance at the end of the reporting period	-	-	-	-	77,92,779	(7,96,96,640)	-	-	-	2,14,76,842	-	-	-	(5,04,27,018)

Smit hs & Founders (India) Limited

Note 11 : Statement of changes in equity for the year ended 31st March, 2018

A. Equity Share Capital

Balance at the beginning of the reporting period	Changes in equity share capital during the period	Balance at the end of the reporting period
1 0,19,96,525.00	-	10,19,96,525.00

B. Other Equity

Amount in Rs.

	Share application money pending allotment	Equity component of compound financial instruments	Capital Reserve	Securities Premium Reserve	General Reserve	Retained Earnings	Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial statements of a foreign operation	Other items of Other Comprehensive Income	Money received against share warrants	Total
Balance at the beginning of the reporting period	-	-	-	-	77,92,779	(7,96,96,640)	-	-	-	2,14,76,842	-	-	-	(5,04,27,018)
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tax on Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other change	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	(8,19,426)	-	-	-	-	-	-	-	(8,19,426)
Balance at the end of the reporting period	-	-	-	-	77,92,779	(8,05,16,065)	-	-	-	2,14,76,842	-	-	-	(5,12,46,444)

Note 12: Non-current borrowings

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Term loans from Banks		
(i) ICICI bank - Term Loan 1 (Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 9.10% interest, balance repayable in 52 Months.)	54,82,089	68,61,182
(i) ICICI bank - Term Loan 2 (Top-up Loan, secured by way of Mortgage of Brigade Rubix building, 9.10% interest, balance repayable in 117 Months.)	84,38,086	-
(ii) Deposits from		
Total	1,39,20,175	68,61,182

Note 13: Non-current provisions

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Provision for employee benefits		
Provision for Superannuation	48,96,000	42,72,000
Gratuity Payable	3,70,442	-
Compensated Absences	4,41,102	5,66,350
Total	57,07,545	48,38,350

TWENTY SEVENTH ANNUAL REPORT 2017-18

Note 14: Current Borrowings

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Loans repayable on demand		
From Karnataka Bank Ltd		
Secured Bank overdraft (Secured by way of Directors' fixed deposits with the bank)	60,78,184	-
From Directors		
Unsecured		
Smt. Supriya Shastry	-	23,00,000
Sri. Satish Shastry	-	35,00,000
Sri. Umesh Shastry	-	20,00,000
Sri. Suresh Shastry	-	68,00,000
Total	60,78,184	1,46,00,000

Note 15 : Trade Payables

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Dues to		
Micro, Small and Medium Enterprises	-	-
Others	78,93,356	26,79,552
Total	78,93,356	26,79,552

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

Note 16 : Other current financial liabilities

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Current maturities of long-term debt	19,56,050	11,28,428
Interest accrued on ICICI Loans	99,719	58,118
Total	20,55,769	11,86,546

Note 17 : Other Current Liabilities

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Advances received from Customers	9,58,105	5,954
Statutory Dues Payable	10,80,917	7,11,388
Directors Remuneration payable	3,74,300	3,70,798
Other Payables		
Ex-gratia payable	20,988	16,907
LIC Contribution payable	36,836	36,873
Other outstanding Liabilities	48,518	21,624
Gratuity payable	4,57,460	1,05,333
Compensated Absences	4,97,000	-
Power Charges Payable	8,76,179	8,38,743
Salaries and Bonus Payable	15,26,998	15,51,541
Security Deposit from customer	5,00,000	-
Total	63,77,300	36,59,160

Note 18 : Current Provisions

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Provision for Excise Duty on Closing Stock - 1 ,30,987		
Total	-	1,30,987

Smit hs & Founders (India) Limited

Note 19: Revenue from operations

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Sales of Products	8,85,03,532	8,15,10,044
Less: Sales Returns	1,60,997	79,852
	8,83,42,535	8,14,30,192
Sale of Services		
Labour Charges	83,000	3,42,531
	83,000	3,42,531
Other operating revenues		
Sale of scrap	20,36,215	25,60,555
	20,36,215	25,60,555
Total	9,04,61,750	8,43,33,278

19.1 - Sale by class of goods and services

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Sale of products		
Steel forgings	7,99,86,786	7,28,20,494
Steel scrap	20,36,215	25,60,554
Cast iron castings	16,34,181	3,35,405
Cylinder liners	67,21,568	82,74,294
	9,03,78,750	8,39,90,747
Sale of services		
Labour /development charges	83,000	3,42,531
	83,000	3,42,531

Note 20 : Other Income

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Interest Income	96,402	1,27,024
Duty Drawback	-	27,852
Profit on sale of Asset	-	66,83,534
Other Income	5,110	1,18,250
Credits Written back	-	2,749
Total	1,01,512	69,59,409

Note 21: Cost of materials and consumables

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Raw-Material		
Opening Stock	23,61,415	32,34,784
Add: Purchases	3,66,21,930	2,87,83,677
Less: Closing Stock	47,31,241	23,61,415
	3,42,52,104	2,96,57,045
Consumables		
Opening Stock	16,25,053	18,06,002
Add: Purchases	36,50,346	31,44,321
Less: Closing Stock	41,91,199	16,25,053
	10,84,200	33,25,270
Total	3,53,36,304	3,29,82,315

TWENTY SEVENTH ANNUAL REPORT 2017-18

Note 22 : Changes in inventories of finished goods and work-in-progress

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Work-in Progress		
Opening Stock	46,60,996	41,26,941
Less : Closing Stock	79,60,284	46,60,996
	(32,99,288)	(5,34,055)
Finished Goods		
Opening Stock	15,60,816	6,11,958
Less : Closing Stock	27,56,530	15,60,816
	(11,95,714)	(9,48,858)
Total	(44,95,002)	(14,82,913)

Raw Materials under Broad Heads

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Consumption of Steel	3,42,52,104	2,96,57,045
Total	3,42,52,104	2,96,57,045
Work-in-Progress under Broad Heads		
Semi finished Castings & Liners	12,23,204	1,30,165
Semi finished Forgings	67,37,080	45,30,831
Total	79,60,284	46,60,996

Amount in Rs.

Imported & Indigenous consumption	31-Mar-18	31-Mar-17
Imported	-	-
% to total raw material consumption	0%	0%
Indigenous	3,42,52,104	2,96,57,045
% to total raw material consumption	100%	100%

Note 23 : Employee benefits expenses

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Salaries & Wages	1,34,28,688	1,24,33,142
Gratuity & Leave Salary	7,22,568	1,41,063
Bonus	4,28,143	4,54,283
PF & ESI and other Labour Welfare fund	20,73,091	20,13,274
Staff Welfare	8,83,308	3,81,795
Employee Training Expenses	5,272	10,595
Ex-Gratia	22,740	16,907
Production Incentive	19,27,143	19,86,691
Directors Remuneration and Perquisites	83,71,787	84,21,898
Total	2,78,62,741	2,58,59,648

Note 24 : Finance Costs

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Interest on Loans	23,59,889	18,70,562
Interest on OD	58,427	-
Foreign Exchange Loss (Net)	6,449	4,043
Total	24,24,765	18,74,605

Note 25 : Depreciation and amortisation

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Tangible Asset	26,03,305	24,06,138
Intangible Asset	32,319	33,989
Total	26,35,624	24,40,128

Smit hs & Founders (India) Limited

Note 26 : Direct Expenses

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Power Charges	1,17,37,899	1,01,63,312
Labour Charges	73,21,154	41,17,341
Material Handling Charges	80,817	97,994
Freight Inward & Transportation Charges	2,46,849	2,82,941
Material Testing Charges	4,276	3,638
Total	1,93,90,995	1,46,65,226

Note 27 : Administration Expenses

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Bank Charges	1,57,265	24,683
Membership & Subscription Charges	26,099	20,486
Service Tax on GTA	2,921	15,887
Rent	-	6,10,900
Audit Fee	1,90,900	2,25,590
Professional Fees	7,73,228	6,36,674
Postage & Courier Charges	36,154	34,328
Telephone & Internet Charges	1,41,053	1,49,993
Insurance	55,668	56,884
Increase / (decrease) in Excise Duty on Closing Stock	(1,30,987)	1,11,212
Repair & Maintenance - Building	5,22,570	4,78,870
Repair & Maintenance - Machinery	7,49,783	9,80,506
Repair & Maintenance - Others	5,19,396	8,43,860
Rates & Taxes	1,87,756	2,57,865
Others Admin Expenses	5,03,930	4,32,573
Statutory Interests	9,555	23,305
Donations	58,001	52,001
Travelling & Conveyance	1,15,488	1,22,405
Electricity & Water Charges	1,32,741	2,89,398
Printing and Stationery	1,02,987	1,14,879
Office Expenses	97,281	1,01,399
AGM Expenses	3,91,888	4,37,264
Loss on Sale of Asset	2,449	2,05,874
Security Charges	11,10,139	12,48,308
Balances Written Off	943	-
Total	57,57,207	74,75,144

Note 28 : Selling and distribution expenses

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Business Promotion	12,156	83,380
Sales commission	-	1,80,230
Freight Outward	2,82,890	5,44,289
Total	2,95,046	8,07,899

Note 29 : Payments to Auditors during the year

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Auditor	1,50,000	1,50,000
For Taxation Matters	40,000	40,000
For Certification Charges	-	4,000
For Other Services	-	30,000
For Reimbursement of Expenses	-	-
Total	1,90,000	2,24,000

TWENTY SEVENTH ANNUAL REPORT 2017-18

Note 30: Related Party Disclosure. List of related parties where control exists

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

Note 31.1 - Transactions with related parties

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
<u>Registered Office rent</u>		
-Mr. Suresh Shastry	-	4,50,000
-Mrs. Shailaja Suresh	-	1,50,000
<u>Remuneration and perquisites</u>		
-Mr. Satish Shastry	19,20,000	19,20,000
-Mr. Suresh Shastry	19,20,000	19,20,000
-Mr. Umesh Shastry	19,20,000	19,20,000
-Mrs. Supriya Shastry	19,20,000	19,20,000
<u>Loan taken by the Company</u>		
-Mrs. Supriya Shastry	6,00,000	23,00,000
-Mr. Satish Shastry	11,00,000	42,00,000
-Mr. Suresh Shastry	8,30,000	93,00,000
-Mr. Umesh Shastry	2,00,000	20,00,000
<u>Loans Repaid</u>		
-Mrs. Supriya Shastry	29,00,000	-
-Mr. Satish Shastry	46,00,000	7,00,000
-Mr. Suresh Shastry	76,30,000	1,20,40,000
-Mr. Umesh Shastry	22,00,000	-
<u>Interest paid on Loans</u>		
-Mrs. Supriya Shastry	1,90,676	73,208
-Mr. Satish Shastry	3,55,000	1,82,067
-Mr. Suresh Shastry	4,85,719	5,76,893
-Mr. Umesh Shastry	1,86,156	19,915

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

Amount in Rs.

Particulars	31-Mar-18	31-Mar-17
Outstanding Amount pertaining to related party		
<u>Loans Outstanding</u>		
-Mrs. Supriya Shastry	-	(23,00,000)
-Mr. Satish Shastry	-	(35,00,000)
-Mr. Suresh Shastry	-	(68,00,000)
-Mr. Umesh Shastry	-	(20,00,000)
<u>Remuneration Payable</u>		
-Mr. Satish Shastry	(93,575)	(94,350)
-Mr. Umesh Shastry	(93,575)	(94,350)
-Mr. Suresh Shastry	(93,575)	(94,350)
-Mrs. Supriya Shastry	(93,575)	(94,350)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2018

Other Notes to Accounts

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

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

34. Details of deferred tax liability:

Particulars	Rs.	Rs.
Opening balance of DTA as on 31.03.2017		(41,46,590)
Taxable temporary differences in respect of:		
Building	1,60,69,455	
Plant, machinery, cars	1,40,529	
Other Plant and machinery	61,865	
Deductible temporary differences in respect of:	1,62,71,850	41,90,001
Furniture, electrical fittings		
Provision for superannuation	(13,58,409)	
Compensated absences	(48,96,000)	
	(9,07,199)	(18,00,703)
	(71,61,608)	
DTA as on 31.03.2018		(18,44,114)

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

36. Earnings in foreign currency:

- F.O.B. Value of Exports Rs. 34.61 lakhs (Previous Period Rs. 34.88 lakhs)

37. Employee benefits:

Particulars	Gratuity	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Components of employer expense		
Current service cost	3,19,171	3,35,799
Interest cost	1,71,190	1,74,796
Expected return on plan assets	(1,56,660)	(1,71,817)
Actuarial losses / (gains)	3,88,867	(2,34,530)
Total expense recognized in the statement of profit and loss	7,22,568	1,04,248
Actual contribution and benefit payment for year		
Actual benefit payments		
Actual contributions	(1,63,643)	(2,39,313)
	-	2,280
Net asset/(liability) recognized in the balance sheet		
Present value of defined benefit obligation	29,10,457	22,21,702
Fair value of plan assets	20,82,555	21,16,369
Funded status [Surplus/Deficit]	(8,27,902)	(1,05,334)
Net asset/(liability) recognized in the balance sheet	(8,27,902)	(1,05,334)

TWENTY SEVENTH ANNUAL REPORT 2017-18

Particulars	Leave encashment	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Components of employer expense		
Current service cost	1,11,266	66,557
Interest cost	47,947	73,634
Expected return on plan assets	(3,503)	(1,301)
Actuarial losses / (gains)	2,41,042	(4,57,752)
Total expense recognized in the statement of profit and loss	3,96,752	(3,18,862)
Actual contribution and benefit payment for year		
Actual benefit payments	-	(3,523)
Actual contributions	21,357	-
Net asset/(liability) recognized in the balance sheet		
Present value of defined benefit obligation	9,96,466	37,812
Fair value of plan assets	58,364	32,988
Funded status [Surplus/Deficit]	(9,38,102)	(5,66,350)
Net asset/(liability) recognized in the balance sheet	(9,38,102)	(5,66,350)
Particulars	Gratuity	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Changes in defined benefit obligations during the year		
Present value of DBO at the beginning of the year	22,21,702	21,84,950
Current service cost	3,19,171	3,35,799
Interest cost	1,71,190	1,74,796
Actuarial losses / (gains)	3,88,867	(2,34,530)
Benefits paid	(1,63,643)	(2,39,313)
Present value of DBO at the end of the year	29,37,287	22,21,702
Change in fair value of assets during the year		
Plan assets at the beginning of the year	21,16,369	21,81,585
Expected return on plan assets	1,56,660	1,71,817
Actual company contributions	-	2,280
Actual gain / (loss)	(26,831)	-
Benefits paid	(1,63,643)	(2,39,313)
Actuarial assumptions		
Discount rate	7.70%	8.00%
Salary escalation	7.00%	7.00%
Experience adjustments		
Experience adjustments on plan assets	-	-
Experience adjustments on plan liabilities	-	(2,34,530)
Plan assets at the end of the year	20,82,555	21,16,369

Smit hs & Founders (India) Limited

Particulars	Leave encashment	
	For the year ended 31st March, 2018	For the year ended 31st March, 2017
Changes in defined benefit obligations during the year		
Present value of DBO at the beginning of the year	5,99,338	9,20,422
Current service cost	1,11,266	66,557
Interest cost	47,947	73,634
Actuarial losses / (gains)	2,37,915	(4,57,752)
Benefits paid	-	(3,523)
Present value of DBO at the end of the year	9,96,466	5,99,338
Change in fair value of assets during the year		
Plan assets at the beginning of the year	32,988	37,812
Expected return on plan assets	3,503	(1,301)
Actual company contributions	25,000	-
Actual gain / (loss)	(3,127)	-
Benefits paid	-	(3,523)
Actuarial assumptions		
Discount rate	7.70%	8.00%
Salary escalation	7.00%	7.00%
Experience adjustments		
Experience adjustments on plan assets	-	-
Experience adjustments on plan liabilities	-	4,57,752
Plan assets at the end of the year	58,364	32,988

38. Segment Reporting:

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

39. Calculation of earnings per share as per Indian Accounting Standard (Ind AS

33) “Earnings per share”

Particulars	2017-18	2016-17
Net Profit/(Loss) for the year	93,699	(65,52,751)
Weighted average no of equity shares	10,19,96,525	10,19,96,525
Nominal Value per share	1	1
Basic and Diluted EPS	0.001	(0.06)

40. Contingent Liability :

There are no contingent liabilities as at 31st March, 2018.

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

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

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

Place: Bangalore
Date: 26.05.2018

Suresh Shastry
Chairman & Managing Director
DIN: 1099554

Supriya Shastry
Whole Time Director
DIN: 1327762

Ravi V
Company Secretary
M.No. F2014

Devendra Nayak
Partner
M.No: 027449

TWENTY SEVENTH ANNUAL REPORT 2017-18

PROXY FORM

Smiths & Founders (India) Limited

CIN: L85110KA1990PLC011303

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

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

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

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

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

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company, to be held on Saturday, the 29th day of September, 2018 at 10.00 a.m. at MEWS Ladies Club, No. 37, 17th Cross (between 4th & 6th Main), Malleswaram, Bangalore 560 055 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	For	Against
1	ORDINARY BUSINESS		
2	Adoption of Audited Financial Statements for the year ended March 31, 2018.		
3	Appointment of Mrs. Supriya Shastry, who retires by rotation and being eligible, offers herself for re-appointment.		
4	Appointment of Mr. Suresh Shastry, who retires by rotation and being eligible, offers himself for re-appointment		
	Re- appointment of M/s. B.N. Subramanya & Co., Chartered Accountants, as Auditors and fix their remuneration.		
Signed this day of 2018 Signature of shareholder..... _____ Signature of first proxy holder Signature of second proxy holder Signature of third proxy holder			Affix 1 Rupee Revenue Stamp

Smit hs & Founders (India) Limited

Note :

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

TWENTY SEVENTH ANNUAL REPORT 2017-18

Smiths & Founders (India) Limited

Regd. Office: No.505, 5th Floor, Brigade Rubix,
No.20, HMT Main Road, Bangalore 560 013
Phone: 80-29724155, e-mail: smithsandfoundersindia.com, CIN : L85110KA1990PLC011303

Dear Shareholder(s)

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

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

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

Dear Sir/Madam,

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

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

Place :

Date :

(Signature of Shareholder/s)

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