

# **36<sup>TH</sup> ANNUAL REPORT 2018 - 2019**



**SM ENERGY TEKNIK & ELECTRONICS LIMITED**

# 36<sup>TH</sup> ANNUAL REPORT 2018 - 2019

## BOARD OF DIRECTORS

1. **Vaishali Shetty Oza** *Chairperson*
2. **Atul B. Oza** *Director*
3. **Vinayak K. Sawant** *Director*
4. **D.M. Gonsalves** *Additional Director*  
*(Appointed w.e.f. 13.02.2019)*

**Manohar K. Nail** *Business Advisor*  
**Sanjay Desai** *Business Advisor*

## AUDITORS

Kvathekar & Co.  
Chartered Accountants,  
Mumbai

## BANKERS

**ICICI BANK LTD.**  
**HDFC BANK LTD.**  
**AXIS BANK LTD.**

## REGISTERED OFFICE

SM House  
11, Sahakar Road,  
Vile Parle (East)  
Mumbai - 400 057

## SECRETARIAL DEPARTMENT :

SM House,  
11, Sahakar Road,  
Vile Parle (E), Mumbai - 400057.

## REGISTRAR & TRANSFER AGENTS LINK INTIME (INDIA) PVT. LTD.

C - 101, 247 Park,  
LBS Marg, Vikhroli (W),  
Mumbai - 400 083.

### 36<sup>th</sup> Annual General Meeting

on Friday, 27<sup>th</sup> September, 2019  
at 12.30 p.m. at Utkarsh Mandal  
Vile Parle, Utkarsh Chowk,  
Malavia Road,  
Vile Parle (E), Mumbai 400 057.

Shareholders are requested to bring their copy of  
the Annual Report along with them at the Annual  
General Meeting

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**NOTICE OF THE ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Thirty Sixth Annual General Meeting of the Members of SM Energy Teknik & Electronics Ltd will be held on Friday, the 27<sup>th</sup> September, 2019 at 12.30 p.m. at Utkarsh Mandal Vile Parle, Utkarsh Chowk, Malavia Road, Vile Parle (E), Mumbai 400057 to transact the following business:-

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2019.
2. To appoint a Director in place of Ms Vaishali Shetty Oza (DIN: 00228554) who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint Auditors of the Company 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 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 as may be applicable and pursuant to the recommendations of the Audit Committee, M/s. D.K. Upendra & Co, Chartered Accountants, Firm Regn. No.0068025 be appointed as Statutory Auditors of the company, in place of retiring Auditors, M/s.Kavathekar & Co, Chartered Accountants (Firm Regn. No. 102737) to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the 41<sup>st</sup> AGM, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses as may be decided by the Board of Directors of the Company."

On behalf of the Board  
**SM ENERGY TEKNIK & ELECTRONICS LTD.**  
CIN No. L51900MH1982PLC026292

Place : Mumbai  
Date : 30<sup>th</sup> May, 2019

**VAISHALI SHETTY OZA**  
**CHAIRPERSON**  
**DIN : 00228554**

**SPECIAL BUSINESS:**

4. To appoint Mr. Domnic M. Gonsalves (DIN: 00519566) as an Independent Director and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Clause 49 of the Listing Agreement, Mr. Domnic .M. Gonsalves (DIN: 00519566), who was appointed as an Additional Director w.e.f. 13<sup>th</sup> February, 2019 and who qualifies for being appointed as an Independent Director and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for 5 (Five) consecutive years for a term up to 12<sup>th</sup> February, 2024."

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution.

"RESOLVED THAT approval of the members be and is hereby accorded for initiating a Corporate Insolvency Resolution Process (CIRP) u/s. 10 of The Insolvency and Bankruptcy Code, 2016 and that the application be filed by the company in Form No.6 of The Insolvency and bankruptcy (Application to Adjudicating Authority) Rules, 2016 by Mr Domnic M Gonsalves, Director before the National Company Law Tribunal (NCLT) pursuant to the resolution passed by the Board of Directors at their meeting held on 25<sup>th</sup> October, 2018."

**NOTES**

1. The relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 and the additional information pursuant to clause 49 of the Listing Agreement in respect of Directors proposed for re-appointment/appointments at the meeting are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL ONLY AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
3. Members/proxies should bring the Attendance Slip duly filled in for attending the meeting.
4. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 23<sup>rd</sup> November, 2019 to Friday, the 27<sup>th</sup> September 2019 (both days inclusive).
6. As a measure of economy, copies of the Annual Report shall not be distributed at the meeting and therefore the Members are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to notify immediately any change in their address to their Depository Participants (DPs) in respect of their electronic share accounts and to M/s. Link Intime India Pvt Ltd, C 101, 247 Park, L B S Marg, Vikhroli (W) and Mumbai 400 083, Tel No.49186000, Fax No.49186060, email Mumbai@linkintime.co.in.
8. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to Link Intime India Pvt Ltd at their address given in note No. 7.
9. Members seeking any information with regard to accounts are requested to send their queries in writing at an early date to the Company so as to enable the Management to keep the information ready.
10. Members/Proxies should fill in the Attendance slip for attending the meeting and bring their Attendance Slips along with their copy of the Annual Report to the meeting. Members are requested to affix their signature at the space provided in the attendance slip with complete details including the Folio No. annexed to the proxy form and hand over the slip at the entrance of the place of meeting. No copies will be distributed at the meeting as a measure of economy.
11. The Company has appointed M/s. Link Intime India Private Limited, C 101, 247 Park, L B S Marg, Vikhroli (W) and Mumbai 400 083, as Share Transfer Agents and the members are requested to send/address all their shares related matters/ correspondence directly to them.
12. Change of Address /Bank details: Members are requested to inform M/s. Link Intime India Private Limited, immediately of any change in their address / bank details. Members holding shares in dematerialized form are requested to intimate all changes with respect to their Email Id, signature, address, bank details and mandate etc. to their respective Depository Participants. These changes will then be automatically reflected in the Company's records. Members holding shares in physical form are requested to intimate such changes to the Registrar and Share Transfer Agents of the Company viz. M/s. Link Intime India Private Limited.
13. As per Circular No. MRD/Dop/Cir-05/2009 dated May 20, 2009 issued by Securities And Exchange Board of India (SEBI), it is mandatory to quote Permanent Account Number (PAN) for participating in the securities market. Therefore, Members holding shares in dematerialized form are requested to submit the PAN details to their Depository Participant, whereas Members holding shares in physical form are requested to submit the PAN details to the Registrar and Share Transfer Agents of the Company viz. Link Intime India Private Limited.
14. Electronic (soft) copy of the Notice of the 36th Annual General Meeting of the Company inter alia indicating the process and manner of e-Voting and Assent Decent Form along with the Attendance Slip & Proxy Form and the Annual Report for 2018-2019 is being sent to all the Members whose e-mail IDs are registered with the Company/Depository Participant(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail address, physical copies of these documents are being sent in the permitted mode.
15. Voting through electronic means:  
  
In accordance with provisions of Section 108 of the Companies Act, 2013, Rules 20 of the Companies (Management Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Clause 35B of the Listing

Agreement, the company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 36th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services.

The facility for voting through Ballot Paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by e-voting shall be able to exercise their right at the meeting through Ballot papers.

The members who have cast their vote by e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

The Company has appointed Mr. Bhushan R Gharpure, Practicing Company Secretary (Mem No: 9004, COPNo: 9827) to act as the Scrutinizer for conducting the electronic voting process in a fair and transparent manner.

The instructions for shareholders voting electronically are as under:

- (I) The voting period begins on 24<sup>th</sup> September, 2019 and ends on 26<sup>th</sup> September, 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 26<sup>th</sup> September, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio. <ul style="list-style-type: none"> <li>• Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (xi) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant SM ENERGY TEKNIK & ELECTRONICSLIMITED on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

- (xx) The results of e-voting shall be declared by the Chairman on or after the AGM of the Company. The results declared along with the Scrutinizer's Report shall within 48 hours of passing of the resolution at the AGM be communicated to the stock exchanges.

#### APPOINTMENT/RE-APPOINTMENT OF DIRECTORS :

As required under Regulation 36 of the Listing Agreement, the particulars of director who is proposed to be re-appointed/appointed are given below:

1.	Name	Vaishali Shetty Oza	Mr. Domic Manuel Gonsalves
2.	Date of Birth	11 <sup>th</sup> August, 1976	18 <sup>th</sup> October, 1943
3.	Educational Qualification	B.E. and MBA in Finance	S.S.C.
4.	Date of appointment on the board	19 <sup>th</sup> March 2015	13 <sup>th</sup> February, 2019
5.	Experience	She has an experience of over 14 years in the Industrial, Financed, Management and Marketing.	He has an experience of more than 35 years in Corporated Administration filed.
6.	Shareholding in the Company	Nil	Nil
7.	Relationship other directors, Managers or KMP	She is the wife of Mr. Atul B. Oza, Director	-
8.	No. of meeting attended during the year	5 out of 5	Nil
9.	List of other directorship held	*	*

\* List of Other directorship held :

Vaishali Shetty Oza	Mr. Domic Manuel Gonsalves
1. Venkataramana Food Specialities Limited	1. Manjri Metal & Services Pvt. Ltd.
2. Chiteri Biotech Pvt. Ltd.	
3. V & A Marketing Communications P. Ltd.	2. Primrose Trade Pvt. Ltd.
4. Sai Ganesh Properties Pvt. Ltd.	
5. SM Holding & Finance Pvt. Ltd.	

On behalf of the Board  
**SM ENERGY TEKNIK & ELECTRONICS LTD.**  
 CIN No. L51900MH1982PLC026292

**VAISHALI SHETTY OZA**  
 CHAIRPERSON  
 DIN : 00228554

Place : Mumbai  
 Date : 30<sup>th</sup> May, 2019

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 (1) OF THE COMPANIES ACT, 2013**

**ITEM NO.4**

The Board of Directors of the company in their meeting held on 13th February, 2019 appointed pursuant to the provisions of Section 161(1) of the Act and the Articles of Association of the Company, MrDominic Manuel Gonsalves as Additional Independent Director of the company who holds office upto the date of the AGM of the company.

The company has received a notice in writing from the appointee himself along with the deposit of requisite amount under Section 160 of the Act proposing his own candidature for the office of Director of the Company.

Mr. Dominic Manuel Gonsalves is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a declaration from Mr. Dominic Manuel Gonsalves that he meets with the criteria of independence as prescribed both under subsection (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement. In the opinion of the Board, Mr. Dominic Manuel Gonsalves fulfils the conditions of his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. . Dominic Manuel Gonsalves is independent of the management.

Brief resume of Mr. Dominic Manuel Gonsalves, nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships/chairmanships of Board Committees, shareholding and relationships between directors inter-se as stipulated under Clause 49 of the Listing Agreement is annexed to the notice.

In accordance with the provisions of Section 149 read with Schedule IV to the Act, appointment of independent Directors requires approval of shareholders.

Keeping in view his vast expertise and knowledge, it will be in the interest of the company that Mr. . Dominic Manuel Gonsalves is appointed as an Independent Director

The statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange. Mr. Dominic Manuel Gonsalves does not hold any shares of the company.

Except for D M Gonsalves, none of the other Directors, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.4 of the Notice for approval by the members.

**ITEM NO.5**

The Company's network continues to be eroding and the alternative plans for revival of the company have not been found viable despite efforts of the Board of Directors. There have been no operations in the company for quite some time and the pressure on the company by the creditors is mounting and the company currently is unable to raise any funds for meeting these obligations. The Board of directors in its meeting held on 25th October, 2018 have resolved to file an application to the Adjudating Authority for initiating Corporate Insolvency Resolution Process (CIRP) under section 10 of the Insolvency and Bankruptcy Code (IBC), 2016.

The Company has committed default in meeting the financial obligations and hence it is deemed fit that the members may give consent to the company to file an application before The National Company Law Tribunal for initiating the Corporate Insolvency Resolution Process in terms of Section 10 of the Insolvency and Bankruptcy Code, 2016 read with Rule 7(1)1 of the Adjudating Authority Rules 2016 and other relevant regulations and rules framed or committed with.

None of the other Directors, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No.5 of the Notice.

The Board commends the Ordinary Resolution set out at Item No.5 of the Notice for approval by the members.

On behalf of the Board  
**SM ENERGY TEKNIK & ELECTRONICS LTD.**  
CIN No. L51900MH1982PLC026292

**VAISHALI SHETTY OZA**  
CHAIRPERSON  
DIN : 00228554

Place : Mumbai  
Date : 30<sup>th</sup> May, 2019

## **DIRECTORS' REPORT**

To the Members,

Your Directors present their 36<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2019.

## **FINANCIAL RESULTS**

	(Amt. in '000)	
	2018-2019 (12 months)	2017-2018 (12 months)
Total Income	-	-
Profit/(loss) before Depreciation & Tax	(2239)	(912)
Less : Depreciation	-	-
Less : Exceptional Items	-	-
Profit/(loss) after depreciation and before tax	(2239)	(912)
Current Tax	-	-
Deferred Tax	-	-
Profit/(Loss) after Tax	(2239)	(912)

## **DIVIDEND**

Your Directors regret that due to continued accumulated losses, no dividend could be recommended for the year.

## **RESERVES**

Since the company has accumulated losses, no amount has been transferred to Reserves.

## **REVIEW OF OPERATIONS**

The Company's networth continues to be eroding and the alternative plans for revival of the company have not been found viable despite efforts of the Board of Directors. There have been no operations in the company for quite some time and the pressure on the company by the creditors is mounting and the company currently is unable to raise any funds for meeting these obligations. The Board of directors in its meeting held on 25th October, 2018 have resolved to file an application to the Adjudating Authority for initiating Corporate Insolvency Resolution Process (CIRP) under section 10 of the Insolvency and Bankruptcy Code (IBC), 2016.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS U/S 186**

There were no loans or guarantees given or any investments made during the year under review.

## **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB SECTION (1) OF SECTION 188**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on arms-length basis. However, during the year, there has been no substituting contract or arrangement with related parties which warrants disclosure of this particulars u/s. 188 (1).

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

The Company did not have any major power and fuel consumption during the year under consideration. No foreign exchange earnings and expenditure were made during the year under consideration. And hence the company has nothing to report as an annexure required under rule 8(3) of Companies (Accounts) Rules, 2014.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 134 (3)(6) read with Section 134 (5) of the Companies Act, 2013, the Board of Directors of the Company hereby states and confirms that:-

- (i) In the preparation of the Annual Accounts, applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the accounting year and of the loss of the company for that year;
- (iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the Annual Accounts on a going concern basis.
- (v) 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.



(vi) The Directors have devised proper system to ensure compliance with the provision of all applicable loss and that such systems were adequate and operating effectively.

#### **AUDITORS AND AUDITORS REPORT**

M/s. M/s. Kavathekar & Co, Chartered Accountants (FRN No.102737) retire at the conclusion of this Annual General Meeting (AGM). The Board proposes to appoint M/s. D.K. Upendra & Co, Chartered Accountants, (FRN No. 0068025) as Auditors of the company at the ensuing Annual General Meeting.

Remarks made by the auditors in their report read with notes to accounts thereon are self explanatory.

#### **MANAGEMENT DISCUSSION & ANALYSIS**

The management Discussion and analysis report forms part of the Directors report and is annexed herewith.

#### **DEPOSITS**

The Company has not accepted/renewed any deposits during the year.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Ms Vaishali Shetty Oza, Director of the Company retires by rotation and being eligible offered herself for reappointment.

Consequent to the disposal of the Textile Machinery Manufacturing Division, the Board is exploring foray in to new business ventures and therefore pending said determination of the business plan, the company is still in the process of identifying/ appointment of Key Managerial Personnel including Company Secretary and CFO.

However, as an introductory measure, the company has taken the services of CA C.R. Murali, as Compliance Officer in terms of the Listing Regulations of The Bombay Stock Exchange Ltd.

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN MARCH 31, 2019 AND MAY 30, 2019 (DATE OF THE REPORT)**

There are no material changes and commitments to report affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report.

#### **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE :**

As suggested and approved filing of Application u/s.10 of the section 10 of the Insolvency and Bankruptcy Code (IBC), 2016 pursuant to the, the company has also sought approval of the shareholders for filing the application under section 10 of the IBC Code, 2016 in this regard.

#### **DETAILS OF HOLDING/SUBSIDIARIES/JOINT VENTURE/ASSOCIATE COMPANY :**

The Company also has no subsidiaries/joint venture/associate company. The company is not subsidiary of any other body corporate. There have been no changes in the status as above.

#### **PARTICULARS OF EMPLOYEES :**

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are required to be provided in the Annual Report. However there were no employees who were in receipt of remuneration for which details need to be disclosed.

#### **SHARE CAPITAL :**

During the financial year there was no change in the Share Capital of the Company.

#### **EXTRACT OF THE ANNUAL RETURN :**

Pursuant to Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return in Form No. MGT-9 is annexed herewith.

#### **BOARD OF DIRECTORS MEETING :**

During the year ended 31st March, 2019, the Company had Five (05) Board Meetings and the gap between the two meetings of the Board is as per Companies Act, 2013. The following dates, namely 30th April, 2018, 30th May, 2018, 14th August, 2018, 14th November, 2018 and 13th February, 2019.

#### **COMMITTEES OF BOARD :**

Following are the various Committees formed by Board:

- Audit Committee
- Nomination & Remuneration Committee
- Stakeholder Relationship Committee

The details of the composition of committees, its roles and responsibility along with number of meetings held are given in the Report of Corporate Governance.

As the Company is loss making Corporate Social Responsibility Committee (CSR) and policy is not applicable.

**REMUNERATION POLICY :**

The remuneration policy, takes into account the circumstance of business so as to attract and retain quality talent and leverage performance significantly.

Remuneration of the Executive Director is determined by the Board, on the recommendation of the Nomination & Compensation Committee which is subject to the approval of the shareholders.

Non-Executive Directors are also entitled to sitting fees for attending meetings of the Board and Committees thereof the quantum of which is determined by the Board. However, No sitting fees was paid to Non-Executive Directors, for any meeting of the Board, Audit Committee, Independent Directors Committee, Nomination and Remuneration Committee and the Stakeholders Relationship Committee

**CORPORATE GOVERNANCE CERTIFICATE :**

Report on Corporate Governance, as stipulated under Clause 49 of the Listing Agreements with the Stock Exchanges in India, forms part of the Annual Report. Certificate from the Auditor of the Company M/s. Kavathekar & Co, Chartered Accountants confirming compliance of conditions of Corporate Governance as stipulated under the aforesaid Clause 49 is annexed to this Report.

**PERFORMANCE EVALUATION OF BOARD AND INDEPENDENT DIRECTORS :**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation. The Board has evaluated performance of all the Directors and expressed its satisfaction. Evaluation procedure covered Board's functioning such as adequacy of the size and Composition of the Board and its Committees to ensure diversity and adequate skills in the best interest of the Company as a whole.

**FAMILIARIZATION PROGRAMME FOR DIRECTORS :**

A well informed familiarized Board member can contribute significantly to effectively discharge its role of trusteeship in a manner that fulfils stakeholders' aspirations and societal expectations. In pursuit of this, the Directors are updated on a continuing basis on changes / developments in the domestic / global corporate and industry scenario including those pertaining to statutes / legislations and economic environment, to enable them to take well informed and timely decisions.

**RISK MANAGEMENT :**

The Company has formulated the Company's Risk Management Policy, identifying the elements of risk that the Company may face, such as strategic, financial, credit, market, liquidity, security, property, legal, regulatory and other risks, pursuant to the provisions of Section 134(3)(n) which has been exhibited in the Company's Website.

**INTERNAL FINANCIAL CONTROLS :**

The Company has in place adequate and effective internal financial control system commensurate with its size and operations.

**DECLARATION FROM INDEPENDENT DIRECTORS :**

The Company has received necessary declaration from each Independent Director under Section 149(7) of the Act that they meet with the criteria of their independence laid down in Section 149(6).

**SECRETARIAL AUDIT REPORT :**

The Board has appointed Mr Bhushan Gharpure Company Secretary in Practice (COP No.9827) to conduct Secretarial Audit for the financial year 2018-19. The Secretarial Audit Report for the financial year ended 31.3.2019 is annexed to this report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**DISCLOSURES :**

***i. Whistleblower Policy***

The Company has a Whistleblower Policy to report genuine concerns and grievances. The same is explained in the Corporate Governance Report. The practice of the Whistleblower Policy is

overseen by the Audit Committee of the Board and no employee has been denied access to the Committee.

**ii. Prevention of Sexual harassment Policy**

During the year 2018-19, No Complaints were received by the Company relating the sexual harassment.

**iii. Statement pursuant to Rule 5 (2) & (3) of Companies (Appointment and Remuneration of Managerial Personnel) 2014.**

There are no particulars to be disclosed pursuant to Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) 2014.

Similarly, there are no details required to be disclosed pursuant to provisions of Section 197 (12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 as well as Schedule V part II Section II(A) of the Companies Act, 2013.

**Corporate Social Responsible Committee**

The requirement pursuant to Section 135(1) of the Act for constituting Corporate Social Responsible Committee is not applicable to the company.

**Listing with Stock Exchanges**

The Company confirms that it has not paid the Annual Listing Fee for the year 2018-19 to Bombay Stock Exchange Ltd , with whom the equity shares of the company have been listed.

**ACKNOWLEDGEMENT**

The Board takes this opportunity to thank and acknowledge with gratitude the co-operation and assistance received from various Government Authorities, Professionals and other Agencies during the accounting period under reference.

The Directors also wish to place their deep appreciation to the continued trust and confidence reposed by the Shareholders of the Company.

By Order of the Board  
**SM ENERGY TEKNIK & ELECTRONICS LTD.**  
CIN No. L51900MH1982PLC026292

Place : Mumbai  
Date : 30<sup>th</sup> May, 2019

**VAISHALI SHETTY OZA**  
CHAIRPERSON  
DIN : 00228554

**ATUL B. OZA**  
DIRECTOR  
DIN : 00112033

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended on  
31<sup>st</sup> March, 2019

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

FORM NO. MGT-9

**I REGISTRATION AND OTHER DETAILS:**

- i) CIN: **L51900MH1982PLC026292**
- ii) Registration Date: **9<sup>th</sup> February, 1982**
- iii) Name of the Company: **SM Energy Teknik & Electronics Limited**
- iv) Category/ Sub-Category of the Company: **Public Company**
- v) Address of the Registered Office and contact details:  
SM House, 11, Sahakar Road, Vile Parle(E),  
Mumbai 400057  
Website:- [www.smenergy.com](http://www.smenergy.com)  
E-mail: [got2invest@rediffmail.com](mailto:got2invest@rediffmail.com)
- vi) Whether listed company : **Yes**
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
M/s. Link Intime India Pvt Ltd,  
C 101, 247 Park, LB S Marg, Vikhroli (W), Mumbai 400083.  
Tel No.49186000, Fax No.49186060, email : [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)

**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:-

Sr. No.	Name and Description of main products/ services	NIC Code of turnover the service	% to total service of the Company
1.	Manufacturing of Textile Machineries & spare parts.	B8 35 & 36 - 353	100%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

Sr. No.	Name and Address of the Company	CIN/GLN/LLPIN	Holding / Subsidiary / Associate	% of Equity shares held	Applicable Section
1.	Jatipura Investment & Finance Pvt Ltd 136, Great Western Building N.M. Road Extn, Fort, Mumbai 400001.	U67120MH1991PTC060293	Associate/Director Common	4.10%	
2.	Tipu Foods Pvt Ltd 136, Great Western Building N.M. Road Extn, Fort, Mumbai 400001	U65990MH1990PTC058481	Associate	2.23%	
3.	SM Holding & Finance Pvt Ltd SM House, 11 Sahakar Road, Vileparle (E), Mumbai 400057.	U67120MH1982PTC026268	Associate/Director Common	20.06%	
4.	SM Securities Limited 136, Great Western Building N.M. Road Extn, Fort, Mumbai 400001	U67120MH1992PLC065578	Associate/Director Common	2.73%	
5.	Manjri Metal & Services P Ltd 136, Great Western Building N.M. Road Extn, Fort, Mumbai 400001.	U27201MH1990PTC057873	Associate	3.72%	

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES :**

Sr. No.	Name and Address of the Company	CIN/GLN/LLPIN	Holding / Subsidiary / Associate	% of Equity shares held	Applicable Section
6.	Sai Ganesh Properties Pvt. Ltd SM Centre, 5th Floor, Marol Naka, Andheri (E), Mumbai 400059.	U15201MH2000PTC200339	Associate/Director Common	10.75%	
7.	Primrose Trade Pvt. Ltd. 136, Great Western Building N.M. Road Extn, Fort, Mumbai 400001.	U51990MH1990PTC057885	Associate	11.71%	

**IV SHAREHOLDING PATTERN (Equity Share Capital; Breakup as percentage of Total Equity)**

## I) Category- wise Share Holding

Category	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(A)</b>	<b>Promoters</b>									
<b>1</b>	<b>Indian</b>									
(a)	Individual/Hindu Undivided Family	35764	0	35764	0.29	35764	0	35764	0.29	
(b)	Central Govt(s)	0	0	0	0	0	0	0	0	
(c)	State Govt(s)	0	0	0	0	0	0	0	0	
(d)	Bodies Corporate	6812860	0	6812860	55.31	6812860	0	6812860	55.31	
(e)	Banks / F1	0	0	0	0	0	0	0	0	
(f)	Any Others (Specify)	0	0	0	0	0	0	0	0	
	<b>Sub Total (A) (1)</b>	<b>6848624</b>	<b>0</b>	<b>6848624</b>	<b>55.60</b>	<b>6848624</b>	<b>0</b>	<b>6848624</b>	<b>55.60</b>	

Category	Category of Shareholder	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2</b>	<b>Foreign</b>									
(a)	NRIs - Individuals	0	0	0	0	0	0	0	0	
(b)	Other Individuals	0	0	0	0	0	0	0	0	
(c)	Bodies Corporate	0	0	0	0	0	0	0	0	
(d)	Banks / F1	0	0	0	0	0	0	0	0	
(e)	Any Others (Specify)	0	0	0	0	0	0	0	0	
	<b>Sub Total (A) (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	<b>Total Shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>6848624</b>	<b>0</b>	<b>6848624</b>	<b>55.60</b>	<b>6848624</b>	<b>0</b>	<b>6848624</b>	<b>55.60</b>	

<b>(B)</b>	<b>Public shareholding</b>									
<b>1</b>	<b>Institutions</b>									
(a)	Mutual Funds	0	0	0	0	0	0	0	0	
(b)	Banks / F1	2000	15850	17850	0.14	2000	15850	17850	0.14	
(c)	Central Govt(s)	0	0	0	0	0	0	0	0	
(d)	State Govt(s)	0	0	0	0	0	0	0	0	

(e)	Venture Capital Funds	0	0	0	0	0	0	0	0
(f)	Insurance Companies	0	0	0	0	0	0	0	0
(g)	FII's	0	0	0	0	0	0	0	0
(h)	Foreign Venture Capital Funds	0	0	0	0	0	0	0	0
(j)	Any Other (Specify)	0	0	0	0	0	0	0	0
	<b>Sub Total (B) (1)</b>	<b>2000</b>	<b>15850</b>	<b>17850</b>	<b>0.14</b>	<b>2000</b>	<b>15850</b>	<b>17850</b>	<b>0.14</b>

<b>(B)2</b>	<b>Non-Institutions</b>								
(a)	Bodies Corporate	115420	104358	<b>219778</b>	1.79	115420	104358	<b>219778</b>	1.79
(b)	Indian	0	0	0	0	0	0	0	0
(c)	Overseas	0	0	0	0	0	0	0	0
(d)	<b>Individuals</b>	0	0	0	0	0	0	0	0
(i)	Individual share holding nominal share capital upto Rs. 1 lakh	1709213	2619947	<b>4329160</b>	35.15	1623072	2706086	<b>4329160</b>	35.15
(ii)	Individual share holders holding nominal share capital in excess of Rs. 1 lakh	530084	328177	<b>858261</b>	6.97	529994	328267	<b>858261</b>	6.97
(c)	<b>Others (Specify)</b>								
(i)	Clearing Members	6838		<b>6838</b>	0.06	6838	0	<b>6838</b>	0.06
(ii)	Trusts	0	0	0	0	0	0	0	0
(iii)	NRI / OCBs	36355	0	<b>36355</b>	0.30	36355	0	<b>36355</b>	0.30
iv)	Foreign Nationals	0	0	0	0	0	0	0	0
(v)	Foreign Corporate Body	0	0	0	0	0	0	0	0
	<b>Sub Total (B) (2)</b>	<b>2397910</b>	<b>3052482</b>	<b>5450392</b>	<b>44.30</b>	<b>2311679</b>	<b>3138713</b>	<b>5450392</b>	<b>44.30</b>

<b>(B)</b>	<b>Total Public Shareholding (B) = (B)(1)+(B)(2)</b>	<b>2399910</b>	<b>3068332</b>	<b>5468242</b>	<b>44.40</b>	<b>2313679</b>	<b>3154563</b>	<b>5468242</b>	<b>44.40</b>
	<b>TOTAL (A) + (B)</b>	<b>9248534</b>	<b>3068332</b>	<b>12316866</b>	<b>100.00</b>	<b>9248534</b>	<b>3068332</b>	<b>12316866</b>	<b>100.00</b>
<b>C)</b>	<b>Shares held by Custodians for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>GRAND TOTAL (A) + (B) + (C)</b>	<b>9248534</b>	<b>3068332</b>	<b>12316866</b>	<b>100.00</b>	<b>9248534</b>	<b>3068332</b>	<b>12316866</b>	<b>100.00</b>

**(ii) Shareholding of Promoters**

	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Share	% of total shares of the Company	% of Shares Pledged/encumbered to total Shares	No. of Share	% of total shares of the Company	% of Shares Pledged/encumbered to total Shares	
1	Jatipura Investment & Finance Pvt. Ltd.	505466	4.10	Nil	505466	4.10	Nil	No Change
2	Tipu Foods Pvt. Ltd.	275099	2.23	Nil	275099	2.23	Nil	No Change
3	SM Holding & Finance Pvt. Ltd.	3085098	25.05	Nil	2471098	20.06	Nil	-4.99
4	SM Securities Ltd.	336097	2.73	Nil	336097	2.73	Nil	No Change
5	Manjiri Metal & Services P Ltd.	458600	3.72	Nil	458600	3.72	Nil	No Change

6	Sai Ganesh Properties P Ltd	710000	5.76	Nil	1324000	10.75	Nil	+4.99
7	Prime Trade Pvt. Ltd.	1442500	11.71	Nil	1442500	11.71	Nil	No Change
8	S.M. Shetty	25232	0.20	Nil	25232	0.20	Nil	No Change
9	Geetha M Shetty	10532	0.80	Nil	10532	0.80	Nil	No Change

**(iii) Change in Promoter's Shareholding (please specify, if there is no change)**

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	No Change during the year			
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	No Change during the year			
	At the end of the year	No Change during the year			

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Category	Category of	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	<b>For Each of the To 10 Shareholders</b>				
1	Pramodbhai B. Goradia	104832	0.85	104832	0.85
2	Harshabhai B Goradia	95833	0.78	95833	0.78
3	Nainaben P Garoda	55000	0.45	55000	0.45
4	Naliniben H Garoda	48333	0.39	48333	0.39
5	Chunilal Savaji Shah	36616	0.30	36616	0.30
6	P Kishore	25500	0.21	25500	0.21
7	Harjit Pal Singh	25000	0.20	25000	0.20
8	P Kishore	24500	0.20	24500	0.20
9	Umesh Kumar Agarwal	24197	0.20	24197	0.20
10	Vimla Ramesh Panchal	23000	0.19	23000	0.19

**(v) Shareholding of Directors and Key Managerial personnel : Nil**

Sr. No.	For Each of the Directors and KMP	Category	Shareholding at the beginning of the year		Shareholding at the end of the year	
			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
	At the beginning of the year	-	-	-	-	
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	-	-	-	-	

**V INDEBTEDNESS**
**Indebtedness of the Company including interest outstanding/accrued but bit due for payment (Rupees in '000)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	601	-	-	601
ii) Interest due but not paid	-	-	-	-
iii) interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>601</b>	<b>-</b>	<b>-</b>	<b>601</b>
Change in Indebtedness during the financial year	-	-	-	-
• Addition				
• Reduction				
<b>Net Change</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	601	-	-	601
ii) Interest due but not paid	-	-	-	-
iii) interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>601</b>	<b>-</b>	<b>-</b>	<b>601</b>

**VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**
**A. Remuneration to Managing Director, Whole-time Directors and/or Manager : Nil**

Sr. No.	Particulars of Remuneration		
1	Gross Salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Ac6, 1961	-	-
	(b) Value of perquisites u/s. 17(2) Income-Tax Act, 1961	-	-
***	(c) in lieu of Salary under section 17(2) Income-Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	- as % of profit	-	-
	- Others, specify	-	-
5	Others, please specify	-	-
	<b>Total (A)</b>	<b>-</b>	<b>-</b>
	Ceiling as per the Act	-	-

**B. Remuneration to other Director : No Remuneration Paid :**

Sr. No.	Particulars of Remuneration	Name of Directors				Total Amount
1	* Independent Directors	-	-	-	-	-
	Fees for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
2	** Other Non-Executive Directors					
	Fees for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total (B) = (1 + 2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-



**C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD : No remuneration Paid**

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
				Total
1	Gross Salary	-	-	-
	(a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s. 17 (2) of the Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of Salary under section 17 (3) of the Income-tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - Others, specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	-	-	-

**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :**

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

**CORPORATE GOVERNANCE**

A detailed report on Corporate Governance, in line with the SEBI prescribed format incorporated in the Listing Agreement is as follows:

**1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE**

SM Energy Teknik & Electronics Ltd (SMET) aims to be one of the investor friendly Companies in the country. The Company is committed to transparency in all its dealings and to provide high quality products and services to its customers and shareholders, places uncompromising emphasis on integrity and regulatory compliance.

The basic philosophy of Corporate Governance in the Company is to achieve business excellence and enhance shareholders value, keeping in view the needs and interests of its shareholders.

**2. BOARD OF DIRECTORS**
**(I) Composition and Category of Directors:**

The Board of Directors of the Company had a balanced mix of Composition of the Board and also met the stipulated requirements. The following table gives details of directorship, category, attendance at board meetings and attendance at the last Annual General Meeting and number of membership of Board / Committees of various other companies during the year ended 31 March, 2019:

Name of Director(s)	Category of Directorship	No. of other directorship held	# No. of Committee membership in all companies	No. of Board Meetings attended	Attendance at last AGM
Mrs. Vaishali Shetty Oza	Chairperson	5	Nil	5 out of 5	Yes
Mr. Vinayak K. Sawant	Additional Non-Executive	1	Nil	5 out of 5	No
Mr. Atul B. Oza	Non-Executive & Independent	5	Nil	5 out of 5	Yes
Mr. D M Gonsalves	Additional Director	3	Nil	-	NA

# In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies (excluding SM Energy Teknik & Electronics Ltd) have been considered.

**(II) Attendance of each Director at the Board Meetings, Last Annual General Meeting :**

Directors' category, attendance of each Director at the Board meetings/last AGM and details of their other directorships and other committee chairmanships/memberships are as under:

Name of Director	Category	Attendance particulars		
		No of. B/Ms	B/Ms	Last AGM
Ms. Vaishali Shetty Oza	Non-Executive/ Woman Director	5	5	Y
Mr. Vinayak K. Sawant	Non-Executive	5	5	N
Mr. Atul B. Oza	Non-Executive	5	5	Y
Mr. D.M. Gonsalves	Non-Executive	5	-	N

**(III) No. & dates of Board Meetings held:**

Five Meetings of Board of Directors were held on 30th April, 2018, 30th May, 2018, 14th August, 2018, 14th November, 2018 and 13th February, 2019 during the year.

**(IV) Details of Remuneration to all the Directors for the accounting year ended 31st March, 2019: NIL**

The Company has not paid any sitting fees to non-executive directors during the year.

**(V) Separate Meeting of Independent Directors**

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 14th November, 2018 to review the performance of Non Independent Directors (including the Chairman/Chairperson) and the entire Board.

**(VI) Agenda**

All the meetings are conducted as per well designed and structured agenda. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately or placed at the meeting to enable the Board to take informed decisions.

**(VII) Support and Role of Company Secretary/ Compliance Officer**

In the absence of Company Secretary, the Compliance Officer is responsible for convening the Board and Committee Meetings, preparation & distribution of Agenda and other documents and recording of the Minutes of the Meeting.

**(VIII) Board Evaluation**

During the year, the Board started a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual Directors. The exercise was carried out through a structural evaluation process covering various aspects of the Boards functioning such as composition of the Board & Committees, experience & competencies, performance of specific duties & Obligations, governance issues, etc. The Directors were satisfied with the evaluation results, which reflected the overall engagement & effectiveness of the Board and Committees.

**(IV) Code of Conduct**

All the Board Members & Senior Management Personnel have confirmed compliance with the Code. A declaration to that effect signed by the Chairperson is attached and forms part of the Annual Report of the Company.

**(VV) Prevention of Insider Trading Code**

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a code of Conduct for Prevention of Insider Trading. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Compliance Officer who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review, there has been due compliance with the said code.

**(VVI) Disclosure of Relationship between Directors inter-se**

Name of Director	Relationship	Name of Director in inter-se relationship
Ms Vaishali Shetty Oza	Spouse	Atul B Oza
Atul B Oza	Spouse	Vaishali Shetty Oza

**(VVII) No. of Shares held by Non-Executive Director: Nil**

**(VVIII) Weblink : [www.smenergy.com](http://www.smenergy.com)**

**3. BOARD COMMITTEES**

**A. AUDIT COMMITTEE**

The Board has constituted a well qualified Audit Committee. All the Members of the Committee are Non-Executive Directors with majority of them are independent Directors including Chairperson. They possess sound knowledge on accounts, audit, finance, taxation, internal controls, etc.

The Compliance Officer acts as secretary to the committee.

The Audit Committee has adequate powers and detailed terms of reference to play effective role as required under the provisions of section 149 of the Companies Act, 2013, regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 entered into with the Stock Exchange.

Four meetings of the Audit Committee were held during the year on 30th May, 2018, 14th August, 2018, 14th November, 2018 and 13th February, 2019 which was well attended.

Members	Category	No. of meeting attend
Ms Vaishali Shetty Oza	Executive / Chairperson	4 out of 4
Mr. Vinayak Sawant	Non-Executive & Independent	4 out of 4
Mr. Atul B Oza	Non-Executive & Independent	4 out of 4
Mr. D.M. Gonsalves	Non-Executive & Independent	-

### **VIGIL MECHANISM/ WHISTLE BLOWER POLICY**

On 30th May, 2014 the Board has approved and adopted Whistle Blower Policy in compliance with Section 177 (9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 and Clause 49 of the Listing Agreement. The Company had established a mechanism for Directors and Employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our Code of Conduct or Ethics policy. It provides for safeguards against the victimization of Directors and employees who avail of the mechanism, and allows direct access to the chairperson of the Audit Committee in exceptional cases. We further affirm that no director or employee has been denied access to the audit committee during the year 2018-2019.

### **B. NOMINATION AND REMUNERATION COMMITTEE**

The Remuneration Committee of the Company was constituted by the Board and renamed as the Nomination and Remuneration Committee which provides a framework based on which our human resources management aligns their recruitment plans for the strategic growth of the company. The appointment and remuneration of directors and Key Management Personnel are determined by the Committee.

The terms of reference for the Nomination and Remuneration Committee includes:

1. To formulate a Nomination and Remuneration Policy on:
  - a. Determining qualifications, positive attributes and independence of a director.

- b. Guiding remuneration of Directors, Key Managerial Personnel ("KMP") and other employees and Board diversity.

2. Recommend Nomination and Remuneration Policy to the Board.
3. Identify candidates who are qualified to become Directors.
4. Identify persons who are qualified to become Senior Management (Senior Management of the Company means employees of the Company who are Divisional Heads and Corporate Functional Heads). Recommend to the Board the appointment and removal of Directors and Senior Management.
5. Lay down the process for evaluation of the performance of every Director on the Board.

The Composition of the Committee during the year ended on 31 March, 2018 is as follows:

Members	Category	No. of meeting attend
Mr. Atul B Oza	Chairman	1 out of 1
Mr. Vinayak Sawant	Member	1 out of 1

### **C. STAKEHOLDER'S RELATIONSHIP COMMITTEE**

The Company has renamed the Shareholders/ Investors Grievance Committee as Stakeholder's relationship committee comprising of Mr Vinayak Sawant and Mr Atul B Oza.

Mr Vinayak Sawant is the Non-Executive Chairman of the Committee.

There were two meetings held during the year  
 No. of complaints received during the period – 1  
 No. of complaints solved to the satisfaction of shareholders – 1

No. of pending complaints – NIL

### **4. REMUNERATION OF DIRECTORS : NIL**

The Company has not paid any sitting fees to non-executive directors during the year under review.

### **5. GENERAL BODY MEETINGS**

Year	Location	Date	Time	Special Resolutions Passed
2015-2016	Utkarsh Mandal Utkarsh Chowk, Malavia Road, Vile Parle, Mumbai 400 057.	21/09/2016	11.30 a.m.	None
2016-2017	Utkarsh Mandal Utkarsh Chowk, Malavia Road, Vile Parle, Mumbai 400 057.	27/09/2017	11.30 a.m.	None
2017-2018	Utkarsh Mandal Utkarsh Chowk, Malavia Road, Vile Parle, Mumbai 400 057.	30/11/2018	10.30 a.m.	None

**(II) Special Resolution : NA**

No resolution was put through postal ballot during the year under review. This year there is no resolution proposed under postal ballot so far.

**6. DISCLOSURES :**

- i. Details of non-compliances, penalties, strictures by Stock Exchanges / SEBI / Statutory Authorities on any matter related to capital markets during the last three years: Nil
- ii. Inter-se relationships between Directors of the Company for Financial Year ended 31 March, 2019.  
  
Mr. Atul B Oza and Mrs. Vaishali Shetty Oza are related as husband and wife, as per definition of relatives u/s 2(77) of Companies Act, 2013.
- iii. Material significant related party transactions which may have potential conflict with the interests of the Company at large: None
- iv. Material financial and commercial transactions of senior management, where they may have had personal interest, and which had potential conflict with the interests of the Company at large: None

**7. CODE OF CONDUCT**

The Board has laid down the Code of Conduct for all Board members and Senior Managerial personnel of the Company. All Directors and Senior Management personnel have affirmed compliance with the Code of Conduct. The Board has authorized the Executive Director to implement and monitor the various requirements as set out in the Code of Conduct and comply with other formalities

**8. CEO/CFO CERTIFICATION**

A certificate from Executive Director on the financial statements of the Company was placed before the Board.

**9. MEANS OF COMMUNICATION**

The Board of Directors of the Company approves and takes on record the unaudited financial results in the proforma prescribed by the Stock Exchange, Mumbai and announces the results to all the Stock Exchanges where the Company's shares are listed and also in Financial Express & Mumbai Lakshadeep. Management discussion and analysis is given in the Directors' Report which is part of Annual Report.

**1. GENERAL SHAREHOLDER INFORMATION**
**a) Financial Calendar:**

Financial Year	1st April to 31st March
Adoption of Quarterly Results for the quarter ending :	
June, 2018	1st / 2nd week of August 2019
September, 2018	1st / 2nd week of November 2019
December, 2018	1st / 2nd week of February 2019
March, 2019	Last week of May, 2019
Date of Book Closure (both days inclusive):	26 <sup>th</sup> November, 2018 to 30 <sup>th</sup> November, 2018 (both days inclusive)
Dividend Payment Date	Not Applicable

**b) 36<sup>th</sup> AGM- Day, Date, Time and Venue :**

Day	Date	Time	Venue
Friday	27 <sup>th</sup> September, 2019	11.00 a.m.	Utkarsh Mandal Vile Parle, Ulkarsh Chowk, Malavi Road, Vile Parle (E), Mumbai 400057.

**c) Listing on Stock Exchanges :**

The securities of the Company are listed on Stock Exchange at Mumbai, Ahmedabad, New Delhi, and Vadodara.

**d) Stock Code :**

The Stock code of the Company on (BSE) is 522042. ISIN No. in NSDL & CDSL for equity shares is: INE540D01011.

**e) Market Price Data :**

High/Low market prices of the Company's shares traded on The Stock Exchange, Mumbai during the year is furnished below:

Period	The Stock Exchange, Mumbai		
	Highest (Rs.)	Lowest (Rs.)	Volumes No. of shares
April, 2018			Suspended
May, 2018			Suspended
June, 2018			Suspended
July, 2018			Suspended
August, 2018			Suspended
September, 2018			Suspended
October, 2018			Suspended
November, 2018			Suspended
December, 2018			Suspended
January, 2019			Suspended
February, 2019			Suspended
March, 2019			Suspended

**f) Registrar & Transfer Agent :**

M/s. Link Intime India Pvt Ltd is the Registrars and Transfer Agents of the company for Share Transfer Work in physical and electronic mode. The address of Link Intime India Pvt Ltd is as under:

LINK INTIME INDIA PVT LTD  
C-101, 247 Park, L B S Marg,  
Vikhroli (W)  
Mumbai - 400 083

**g) Distribution of Shareholding :**

The distribution of shareholding as on 31<sup>st</sup> March, 2019 is as follows :

No. of equity shares held	No. of Shares	% of shares	No. of share	% of share
Upto 500	16846	93.41	2953849	23.98
501 to 1000	704	3.90	555377	4.51
1001 to 2000	277	1.54	438747	3.56
2001 to 3000	63	0.35	160931	1.31
3001 to 4000	45	0.25	153897	1.25
4001 to 5000	27	0.15	127232	1.03
5001 to 10000	36	0.20	261643	2.12
10001 & above	37	0.20	7665190	62.23
<b>Total</b>	<b>18035</b>	<b>100.00</b>	<b>12316866</b>	<b>100.00</b>

Categories of shareholders as on 31<sup>st</sup> March, 2019 is as follows :

Category	No. of Share holders	No. of Shares	% of Share holding
Promoters	9	6848624	55.60
Companies (Corporate Bodies)	117	219778	1.78
FIs, NRIs, OCBs	33	36355	0.30
Mutual Funds, Banks, FIs	6	17850	0.14
Others	17870	5194259	42.18
<b>Total</b>	<b>18035</b>	<b>12316866</b>	<b>100.00</b>

**h) Dematerialization of Shares and Liquidity:**

The Company had entered into agreements with the National Securities Depository Ltd. (NSDL) and the Central Depository Services (India) Limited (CDSL) for dematerialization of its securities in the year 2001.

75.20% of the paid up equity shares capital of the Company have been dematerialized up to 31<sup>st</sup> March, 2019.

Shares in transit in NSDL Nil

Shares in transit in CDSL Nil

Shares dematerialized-9262511

Awaiting confirmation from

- NSDL Nil
- CDSL Nil

**i) Address for Correspondence:**

The Compliance Officer, CA C.R. Murali can be contacted at the address of the Company's Registered Office as mentioned below.

SM ENERGY TEKNIK & ELECTRONICS LTD  
SM House  
11, Sahakar Road,  
Vile Parle (East)  
Mumbai 400 057  
Tel No.022 49145555

**MANAGEMENT RESPONSIBILITY STATEMENT**

The Management confirms that the Financial Statements are in full conformity with the requirements of the Companies Act, 2013 and the Generally Accepted Accounting Principles (GAAP) in India.

The Management accepts responsibility for the integrity and objectivity of these financial statements as well as for estimates and judgments relating to matters not concluded by the year end. The Management believes that the financial statements of operations reflect fairly the form and substance transactions and reasonably present the Company's financial condition and the results of operations. The Company has a system of internal control which is reviewed, evaluated and updated on an ongoing basis. The Internal Auditors have conducted periodic audits to provide reasonable assurance that the Company's established policies and procedures have been followed. The financial statements have been audited by M/s.Kavathekar & Co, Chartered Accountants and have been discussed with the Audit Committee.

For SM ENERGY TEKNIK & ELECTRONICS LTD

Place : Mumbai  
Date : 30<sup>th</sup> May, 2019

VAISHALI SHETTY OZA  
CHAIRPERSON  
DIN : 00228554

ATUL B. OZA  
DIRECTOR  
DIN : 00112033

**AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**To The Members of,**

**SM Energy Teknik & Electronics Ltd.**

We have examined the compliance of conditions of Corporate Governance by **SM Energy Teknik & Electronics Limited**, ("the Company") for the year ended on 31<sup>st</sup> March, 2019 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock Exchanges.

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

In our opinion and to the best of our information and according to explanations given to us, subject to the following :

- a. The Company does not have full time Company Secretary.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

We 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 Kavathekar & Co.**

**Chartered Accountants**

Firm Registration No.118437W

Rahul Kavathekar

Partner

Membership No. 102737

Place : Mumbai

Date : 30<sup>th</sup> May, 2019

**SECRETARIAL AUDIT REPORT**

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014}

**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH 2019 (01-04-2018 to 31-03-2019)**

To,  
The Members,  
SM ENERGY TEKNIK AND ELECTRONICS LIMITED,  
SM House, 11, Sahakar Road,  
Vile Parle (East)  
Mumbai-400059

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by SM ENERGY TEKNIK AND ELECTRONICS LIMITED (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

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 31<sup>st</sup> March, 2018 ('Audit Period') complied with the statutory provisions listed hereunder and also that the Company has adequate Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder and The Companies Act, 1956 (the Old Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign 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) i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (till 15th May 2015);  
ii) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15th May 2015)
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (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;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (w.e.f. 1st December, 2015)

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges (BSE);

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

- 1) The Company has not appointed Managing Director, Company Secretary and Chief Financial Officer as per Section 203 of the Companies Act 2013 during the Audit period.
- 2) The Company has not filed certain forms with the Ministry of Corporate Affairs as required under the different provisions of the Companies Act, 2013.
- 3) There was delay in submission of shareholding pattern as required under Regulation 33 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 4) The Company has not complied with the requirement of Regulation 33 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as to publication of notice of Board Meeting to consider audited/un-audited results.
- 5) There was delay in submission of certificate as required under Regulation 40 of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 6) The website of the Company is not updated.

- 7) There was delay in submission of disclosures as required under SEBI (Substantial Acquisition & Takeover Regulations), 2011 by the Company.
- 8) There was delay in submission of Secretarial Audit Report of Reconciliation of capital Audit as required under Regulation 55A of SEBI (Depositories & Participants) Regulations, 1996.

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There is change in the composition of the Board of Directors during the period 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.

All the decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors of the Board as the case may be.

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 audit period the Company is not having any specific events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.

I further observed that the Company has closed its operations. Presently no activities are being carried out by the company except for some business plans under consideration by the Board. The company does not have any employees.

**For B.R. Gharpure & Associates  
Practicing Company Secretary**

Date : 30<sup>th</sup> May, 2019  
Place: Kalyan

**Bhushan R. Gharpure  
Practicing Company Secretary  
CP No: 9827  
FCS No.:9004**



**BALANCE SHEET AS AT 31<sup>ST</sup> MARCH 2019**

(Rupees in '000)

Particulars	Note No.	As At 31- Mar-2019	As At 31- Mar-2018
<b>1. ASSETS</b>			
<b><u>Non - Current Assets</u></b>			
(a) Financial assets			
(i) Other financial assets	5	456	456
<b>Total non-current assets</b>		<b>456</b>	<b>456</b>
<b>2 <u>Current Assets</u></b>			
(a) Financial assets			
(i) Cash and cash equivalents	6	305	527
<b>Total current assets</b>		<b>305</b>	<b>527</b>
<b>Total Assets</b>		<b>761</b>	<b>983</b>
<b>EQUITY AND LIABILITIES</b>			
<b><u>Equity</u></b>			
(a) Equity share capital	7	1,23,169	1,23,169
(b) Other equity	8	(1,87,414)	(1,85,175)
<b>Total equity</b>		<b>(64,246)</b>	<b>(62,006)</b>
<b><u>Liabilities</u></b>			
<b>1 <u>Non Current liabilities</u></b>			
(a) Financial liabilities			
(i) Borrowing	9	601	601
(ii) Trade Payable	10	40,373	40,116
(Includes due to micro and small enterprises : Nil (March 31, 2018 : Nil))			
<b>Total non-current liabilities</b>		<b>40,974</b>	<b>40,767</b>
<b>2 <u>Current liabilities</u></b>			
(a) Financial Liabilities			
(i) Trade payables	11	1,227	1,032
(Includes due to micro and small enterprises : Nil (March 31, 2018 : Nil))			
(b) Other financial liabilities	12	22,599	21,025
(c) Other current liabilities	13	206	165
<b>Total current liabilities</b>		<b>24,032</b>	<b>22,222</b>
<b>Total Equity and Liabilities</b>		<b>761</b>	<b>983</b>

The accompanying notes 1 to 24 form an integral part of the financial statements

**As per our Report of even date**
**For and on behalf of the Board**
**For Kavathekar & Co.**  
 Chartered Accountants  
 Firm Registration No.118437W

 Rahul Kavathekar  
 Partner  
 Membership No. 102737

 Vaishali Shetty Oza  
 Chairperson  
 Din : 00228554

 Atul B. Oza  
 Director  
 Din : 00112033

 Place : Mumbai  
 Date : 30<sup>th</sup> May, 2019

**STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2019**  
(Rupees in '000)

Particulars	Note No.	For the Year Ended	
		31- Mar-2019	31- Mar-2018
I <b>Revenue from operations</b>		-	-
II Other income		-	-
III <b>Total Income ( I + II)</b>		-	-
IV <b>Expenses</b>			
Cost of material consumed		-	-
Employee Benefit Expenses		-	-
Finance costs		-	-
Depreciation and amortization expense		-	-
Other Expenses	14	2,239	912
<b>Total Expenses (IV)</b>		2,239	912
V <b>Profit before tax (III + IV)</b>		(2,239)	(912)
VI <b>Tax expense :</b>		-	-
Current Tax		-	-
Deferred tax		-	-
VII <b>Profit for the year (V -VI)</b>		(2,239)	(912)
VIII <b>Other Comprehensive Income</b>		-	-
IX <b>Total Comprehensive income for the period (VII + VIII)</b>		(2,239)	(912)
X <b>Earning per equity share (Face value per equity share Rs. 10)</b>	22		
Basic (In Rs.)		(0.18)	(0.07)
Diluted (In Rs.)		(0.18)	(0.07)

The accompanying notes 1 to 24 form an integral part of the financial statements

**As per our Report of even date**

**For and on behalf of the Board**

**For Kavathekar & Co.**  
Chartered Accountants  
Firm Registration No.118437W

Rahul Kavathekar  
Partner  
Membership No. 102737

**Vaishali Shetty Oza**  
Chairperson  
Din : 00228554

**Atul B. Oza**  
Director  
Din : 00112033

Place : Mumbai  
Date : 30<sup>th</sup> May, 2019

**STATEMENT OF CHANGES IN EQUITY**

(Rupees in '000)

Particulars	Equity Share Capital	
	No. of Shares	Amount
<b>A. Equity</b>		
Equity shares of INR 10 each issued, subscribed and fully paid Balance as at 01 April 2017	1,23,16,866	1,23,169
Changes in equity share capital during the year - issued during the reporting period	-	-
<b>Balance at the end of the year 31 March 2018</b>	<b>1,23,16,866</b>	<b>1,23,169</b>
Changes in equity share capital during the year - issued during the reporting period		
<b>Balance at the end of the year 31 March 2019</b>	<b>1,23,16,866</b>	<b>1,23,169</b>

Particulars	(Rupees in '000)		
	Reserve & Surplus (Retained Earnings)	Other Comprehensive Income	Total
<b>B Other Equity</b>			
<b>Balance as at April 1, 2017 as per IND AS</b>	<b>(1,84,264)</b>	-	<b>(1,84,264)</b>
Profit for the year 2017-18	(912)	-	(912)
<b>Balance as at 31 March 2018</b>	<b>(1,85,175)</b>	-	<b>(1,85,175)</b>
Profit for the year 2018-19	(2,239)	-	(2,239)
<b>Balance as at t 31 March 2019</b>	<b>(1,87,414)</b>	-	<b>(1,87,414)</b>

**As per our Report of even date**
**For Kavathekar & Co.**  
 Chartered Accountants  
 Firm Registration No.118437W

 Rahul Kavathekar  
 Partner  
 Membership No. 102737

 Place : Mumbai  
 Date : 30<sup>th</sup> May, 2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018**
*(Rupees in '000)*

Particulars	2018 - 2019	2017 - 2018
<b>A) Cash Flow from Operating Activities</b>		
Net Profit / (Loss) before Tax	(2,239)	(912)
<b>Adjustment for :</b>		
Depreciation / Amortisation	-	-
Interest Income	-	-
Credit Balance written back	-	-
	<u>(2,239)</u>	<u>(912)</u>
<b>Operating Profit / before Working Capital changes</b>		
Increase / (Decrease) in Trade Receivables	-	-
Increase / (Decrease) to Payables	195	(80)
Increase / (Decrease) in Other Financial Liabilities	1,781	909
Increase / (Decrease) in Other Current Liabilities	41	60
Increase / (Decrease) in Provisions	-	-
	<u>2,017</u>	<u>889</u>
<b>Cash Generated from Operations</b>	<u>(222)</u>	<u>(22)</u>
Tax Paid	-	-
<b>Net Cash from Investing Activities</b>	<u>(222)</u>	<u>(22)</u>
<b>B) Cash Flow from Investing Activities :</b>		
(Increase)/Decrease in loans & advances	-	-
Sale of Fixed Assets	-	-
Interest Received	-	-
<b>Net Cash from investing Activities</b>	<u>-</u>	<u>-</u>
<b>C) Cash Flow from Financing Activities</b>		
Proceeds from borrowings	-	-
Interest Paid	-	-
Other Borrowing Cost	-	-
<b>Net Cash from Financing Activities</b>	<u>-</u>	<u>-</u>
<b>Net (Decrease) / Increase in Cash or Cash Equivalents</b>	<u>(222)</u>	<u>(22)</u>
<b>Cash and Cash Equivalents at the beginning of the year</b>	<u>527</u>	<u>549</u>
Cash and Cash Equivalents at end of year	<u>305</u>	<u>527</u>
	<u>(222)</u>	<u>(22)</u>
<b>Component of Cash &amp; Cash Equivalents</b>		
Balance in current account with Scheduled Banks	277	300
Cash on hand	28	227
	<u>305</u>	<u>527</u>

**As per our Report of even date**
**For and on behalf of the Board**
**For Kavathekar & Co.**  
**Chartered Accountants**  
 Firm Registration No.118437W

**Rahul Kavathekar**  
 Partner  
 Membership No. 102737

**Vaishali Shetty Oza**  
**Chairperson**  
**Din : 00228554**
**Atul B. Oza**  
**Director**  
**Din : 00112033**

 Place : Mumbai  
 Date : 30<sup>th</sup> May, 2019

**Corporate Information, Significant Accounting Policies and Notes to Financial Statements For the Year Ended 31st March, 2019.**

**1. Corporate Information**

SM Energy Teknik & Electronics Limited (“the Company”) is a public limited company incorporated and domiciled in India. The Registered office is located at SM House, 11, Sahakar Road, Vile Parle (E), Mumbai 400057. The Company is in the business of manufacturing textile machineries.

**2. Significant accounting policies**

**2.1. Statement of compliance**

The Company has prepared financial statements for the year ended March 31, 2019 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2018.

**2.2. Basis of preparation and presentation**

The financial statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial instruments that are measured at fair values at the end of each reporting period;
- Defined benefit plans – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**2.3. Operating Cycle**

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classifications of its assets and liabilities as current and non-current.

**2.4. Fair Value Measurement**

The company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumption that the market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into accounts a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant the would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 Valuation techniques for which lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

**2.5. Property, plant and equipment**

Items of property, plant and equipment are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the acquired asset is measured at the carrying amount of the asset given up.

*De-recognition*

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in profit or loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and Capital work-in-progress) less their residual values on straight-line method over their useful lives as indicated in Part C of Schedule II of the Companies Act, 2013. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**The estimated useful lives are as follows:**

Particulars of Assets	Useful life of Assets (In Years)
Plant & Machinery	60
Computer	20

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognised as of April 01, 2016 i.e. transition date, measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

**2.6. Impairment of non-financial assets**

The carrying amounts of the Company's PPE and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

An impairment loss is recognised in the profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

In respect of other asset, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **2.7. Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### **Financial assets**

#### *Initial recognition and measurement -*

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortized cost.

#### *Subsequent measurement -*

For purposes of subsequent measurement, financial assets are classified in Three categories:

- i. Financial assets measured at amortised cost
  - ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)
  - iii. Financial assets measured at fair value through profit or loss (FVTPL)
- i. A financial asset that meets the following two conditions is measured at amortized cost.*
- Business Model test: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
  - Cash flow characteristics test: Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
- ii. A financial asset that meets the following two conditions is measured at fair value through OCI:-*
- Business Model test: The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
  - Cash flow characteristics test: The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.
- iii. All other financial assets are measured at fair value through profit and loss.

#### *Equity Instruments*

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss.

*Derecognition -*

A financial asset is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

*Impairment of financial assets -*

In accordance with Ind AS 109, The company applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure.

- a) Financial assets that are debt instruments, and are measured at amortised cost.
- b) Lease receivables under Ind-AS 17.
- c) Trade receivables or any other contractual right to receive cash or another financial asset.
- d) Loan commitment which are not measured at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

**Financial liabilities -**

*Initial recognition and measurement -*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

***Subsequent measurement -***

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at fair value through profit or loss -*

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative entered into by the Company that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.



*Derecognition -*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**2.8. Leases**

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

*Company as a lessee -*

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss as finance costs, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

*Company as a lessor -*

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

**2.9. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and Fixed deposits.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and fixed deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**2.10. Inventories**

The inventories are valued at cost or net realizable value whichever is lower. The basis of determining the value of each class of inventory is as follows:

<b>Inventories</b>	<b>Cost Formula</b>
Raw Material and Packing Material	Cost or NRV whichever is less
Work-in-Process	Cost or NRV whichever is less
Finished goods	Cost or NRV whichever is less

### **2.11. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*Contingent Assets are not recognised in the financial statements.*

### **2.12. Borrowing Cost**

Borrowing cost that are directly attributable to the acquisition, construction, or production of a qualifying asset are capitalized as a part of the cost of such asset till such time the asset is ready for its intended use or sale.

Borrowing cost consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing cost are recognized as expense in the period in which they are incurred.

### **2.13. Revenue –**

Revenue is net of returns, GST, service tax, vat, rebates and other similar allowances.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured, regardless of when the payment is being made.

*Commission income*

*Commission income is recognised on accrual basis.*

*Dividend*

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

*Interest income*

Interest inccial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### **2.14. Employee benefits**

Defined benefit plans

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The current service cost of the defined benefit plan, recognised in the profit or loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in profit or loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to profit or loss.

#### *Termination benefits*

Termination benefits are recognised as an expense at the earlier of the date when the Company can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

#### *Short-term and Other long-term employee benefits*

A liability is recognised for benefits accruing to employees in respect of wages and salaries, and casual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

#### *Defined contribution plans*

The Company's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions.

### **2.15. Income tax**

#### *Current Income Tax*

Income tax expense consists of current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### *Deferred Tax*

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### **2.16. Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

**3. Recent Accounting pronouncements Standards issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

**i) Ind AS 116 - Leases**

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases. Ind AS 116 is effective for annual periods beginning on or after 1st April, 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Ind AS 116 requires lessees and lessors to make more extensive disclosures than under Ind AS 17. The Company is in the process of evaluating the requirements of the standard and its impact on its financial statements.

**ii) Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any significant impact of the amendment on its financial statements.

**iii) Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any impact on its financial statements.

**iv) Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any significant impact on its financial statements.

**v) Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect any impact from this amendment.

**vi) Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The company does not currently have any such long-term interests in associates and joint ventures.

**vii) Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company will apply the pronouncement if and when it obtains control / joint control of a business that is a joint operation.

**4. Use of Estimates and Judgements**

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

*a. Useful lives of property, plant and equipment and intangible assets*

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

*b. Assets and obligations relating to employee benefits*

The employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

*c. Fair value measurement and valuation process*

When the fair values of financial assets and financial liabilities recorded in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques which involve various judgements and assumptions.

*d. Tax expense*

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA cannot be recognised on want of probable taxable profits.

**NOTE : 5. Other financial assets (Non-current)**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Other Non current Assets</b>		
Advance Tax TDS	169	169
Central Excise - RG23a Pt. II	287	287
<b>Total</b>	<b>456</b>	<b>456</b>

**Note: 6. Cash and cash equivalent**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Balance with banks</b>		
- in current accounts	227	300
Cash on hand	28	227
<b>Total</b>	<b>305</b>	<b>527</b>

**NOTE : 7. Equity Share Capital**
**(a) Share capital consists of the following :**
*(Rupees in '000)*

Particulars	As at March 31, 2019		As at March 31, 2018	
<b>Authorised</b>				
Equity Share of Rs. 10 each	2,00,00,000	2,00,000	2,00,00,000	2,00,000
<b>Total</b>	<b>2,00,00,000</b>	<b>2,00,000</b>	<b>2,00,00,000</b>	<b>2,00,000</b>
<b>Issued, subscribed and fully paid up</b>				
Equity Share of Rs. 10 each	1,23,16,866	1,23,169	1,23,16,866	1,23,169
<b>Total</b>	<b>1,23,16,866</b>	<b>1,23,169</b>	<b>1,23,16,866</b>	<b>1,23,169</b>

**(b) Reconciliation of the number of equity shares**
*(Rupees in '000)*

Particulars	No. of Shares	Amount
<b>As at 1.04.2017</b>	1,23,16,866	1,23,169
Increase/Decrease during the year	-	-
<b>As at 31.03.2018</b>	1,23,16,866	1,23,169
Increase/Decrease during the year	-	-
<b>As at 31.03.2019</b>	<b>1,23,16,866</b>	<b>1,23,169</b>

**(c) Details of shareholders holding more than 5% share in the company**
*(Rupees in '000)*

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
<b>Equity share of Rs. 10/- fully paid</b>				
i) SM Holding & Finance Pvt. Ltd.	24,71,098	20.06%	24,71,098	20.06%
ii) Primrose Trade Pvt. Ltd.	14,42,500	11.71%	14,42,500	11.71%
iii) Sai Ganesh Properties Pvt.Ltd.	13,24,000	10.75%	13,24,000	10.75%

**(d) Right, preference and restrictions attached to shares**

The Company has only one class of equity shares having a par value of its. 10 per share.  
Each holders of equity shares is entitled to one vote per share.

**NOTE : 8. Other Equity**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
<b>A) Reserves &amp; Surplus</b>		
i) Amalgamation Reserve	60,302	60,302
ii) Securities Premium Account	4,688	4,688
iii) Retained Earnings	(2,64,804)	(2,62,565)
iv) General Reserve	12,400	12,400
<b>Total</b>	<b>(1,87,414)</b>	<b>(1,85,175)</b>

**i) Amalgamation Reserve**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	60,302	60,302
Add: Transfers	-	-
<b>Closing Balance</b>	<b>60,302</b>	<b>60,302</b>

**ii) Securities Premium Account**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	(4,688)	(4,688)
Add: Transfers	-	-
<b>Closing Balance</b>	<b>(4,688)</b>	<b>(4,688)</b>

**iii) Retained earning**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	(2,62,565)	(2,61,653)
Add: Net profit for the period	(2,239)	(912)
Add: Taxes for earlier years	-	-
<b>Closing Balance</b>	<b>(2,64,804)</b>	<b>(2,62,565)</b>

**iv) General Reserve**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
Opening balance	12,400	12,400
Add: Transfers	-	-
<b>Closing Balance</b>	<b>12,400</b>	<b>12,400</b>

**Note : 9. Borrowing (Non-current)**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Secured</b>		
Hire purchase loans	601	601
<b>Total</b>	<b>601</b>	<b>601</b>

(Secured / to be secured by Hypothecation of specific assets purchased under said scheme).

**NOTE : 10. Trade Payable (Non-current)**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
Dues to micro and small enterprises	-	-
Others	40,373	40,166
<b>Total</b>	<b>40,373</b>	<b>40,166</b>

**NOTE : 11. Trade Payable (Current)**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
Dues to micro and small enterprises	-	-
Others	1,227	1,032
<b>Total</b>	<b>1,227</b>	<b>1,032</b>

**NOTE : 12. Other Financial Liabilities (Non-Current)**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
i) Interest Accrued	986	986
ii) Others	21,613	20,038
<b>Total</b>	<b>22,599</b>	<b>21,025</b>

**NOTE : 13. Other Current Liabilities**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
<b>Statutory remittance</b>		
TDS Payable	206	165
<b>Total</b>	<b>206</b>	<b>165</b>



**Note : 14. Other Expenses**
*(Rupees in '000)*

Particulars	As at March 31, 2019	As at March 31, 2018
<b><u>Establishment Expenses</u></b>		
Printing & Stationery	167	-
Legal & Professional Fees	145	219
Travelling & Conveyance	184	-
Financial Charges	4	-
Advertisement	29	33
Listing / Filing Fees	298	288
Other Miscellaneous Expenses	1,362	196
<b><u>Payment to auditor as</u></b>		
(a) Auditor	50	177
<b>Total</b>	<b>2,239</b>	<b>912</b>

**NOTE : 15. Categories of Financial Instruments**
*(Rupees in '000)*

Particulars	As at 31-03-2019		As at 31-03-2018	
	Fair Value through Profit or Loss	Amortised Cost	Fair Value through Profit or Loss	Amortised Cost
<b><u>Financial Assets</u></b>				
Cash and cash equivalents	-	305	-	527
Security Deposit	-	456	-	456
	-	761	-	983
<b><u>Financial Liabilities</u></b>				
Borrowings	-	601	-	601
Trade Payables	-	1,227	-	1,032
Interest Payable	-	986	-	986
Other Financial Liability	-	61,985	-	60,205
<b>Total Financial Liabilities</b>	-	64,800	-	62,825

**Note: 16 - Fair Value Hierarchy**

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There are no Financial Assets which are carried at Fair value using Fair value hierarchy.

**NOTE : 17 - Financial Risk Management**

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

**i) Credit Risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and advances to other parties.

**ii) Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of surplus funds, bank overdrafts, bank loans, debentures and inter-corporate loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding.

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

	<i>(Rupees in '000)</i>		
Particulars	Less than 1 Year	1-5 Years	Total
<b>31.03.2019</b>			
Borrowings	-	601	601
Trade Payables	1,227	-	1,227
Other financial liabilities	22,599	40,373	62,972
<b>Total</b>	<b>23,826</b>	<b>40,974</b>	<b>64,800</b>
<b>31.03.2018</b>			
Borrowings	-	601	601
Trade Payables	1,032	-	1,032
Other financial liabilities	21,025	40,166	61,191
<b>Total</b>	<b>22,057</b>	<b>40,767</b>	<b>62,825</b>

**iii) Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Company is not exposed to interest rate risk, currency risk and other price risk.

**Note: 18 - Capital management**

The company's objectives when managing capital are to:

- > Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- > Maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

Consistent with others in the industry, the company monitors capital on the basis of the following gearing ratio:

**(i) Debt Equity Ratio**
*(Rupees in '000)*

Particulars	As at 31-03-2019	As at 31-03-2018
Gross Debt	601	601
Less : Cash and Cash Equivalent	305	527
Net Debt (A)	296	74
Total Equity (B)	(64,246)	(62,006)
<b>Net debt to equity ratio</b>	<b>(0)</b>	<b>(0)</b>

**Note: 19 - Operating segment**

Ind AS 108 "Operating segment" establishes standard for the way public business report information about operating segment and related disclosures about product and services, geographic areas and major customers. Based on "management approach" as defined in Ind AS 108, operating segments are to be reported in a manner consistent with internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance and allocates resources an overall basis. Since the operations of the company are currently ceased except with reference to administration and maintenance expenditure management has not yet identified the operating segment as required under Ind-AS 108.

**Note : 20 - Related Party Disclosures**

Name of Related Parties	Nature of relationship
Sai Ganesh Properties Pvt. Ltd.	Associate Company
SM Holding & Finance Pvt. Ltd.	Associate Company
Venkataramana Food Specialities Ltd.	Associate Company
Chiteri Biotech Pvt. Ltd.	Associate Company

**Note : 21 - Related Party transactions**
**(A) Details of transactions with related parties**
*(Rupees in '000)*

Particulars	31-03-2019	31-03-2018
<b>Sai Ganesh Properties Pvt. Ltd.</b>		
Advanced Received	329	1,462
<b>SM Holding &amp; Finance Pvt. Ltd.</b>		
Advanced Received	573	-
<b>Venkataramana Food Specialities Ltd.</b>		
Advanced Received / Transferred	136	187

**(B) Balance Payable to related parties**
*(Rupees in '000)*

Particulars	31-03-2019	31-03-2018
<b>Sai Ganesh Properties Pvt. Ltd.</b>	2,940	4,402
<b>SM Holding &amp; Finance Pvt. Ltd.</b>	8,423	8,423
<b>Venkataramana Food Specialities Ltd.</b>	6,156	6,344
<b>Chiteri Biotech Pvt. Ltd.</b>	75	75

**Note : 22 - Earning per Share**
*(Rupees in '000)*

(A) Basic Earnings Per Share	31-03-2019	31-03-2018
Profit for the Year (A)	(2,239)	(912)
Weighted average number of equity shares for basic & diluted EPS - (B)	1,23,16,866	1,23,16,866
<b>Earnings Per Share - Basic and Diluted (Rs.) - (A/B)</b>	<b>(0.18)</b>	<b>(0.07)</b>
Nominal value of an equity share (Rs.)	10.00	10.00

**Note : 23 - Details of dues to micro and small enterprises as defined under the Micro and Small Enterprise Development (MSMED) Act, 2006\***
*(Rupees in '000)*

Particulars	31-03-2019	31-03-2018
The Principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	-	-
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
The amount of interest paid by the buyer in terms of Section 16 of the Micro and Small Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of Micro and Small Enterprise Development Act, 2006.	-	-

\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

**Note : 24 - Additional Information to the financial statement.**

1. There is no amount due and outstanding as on balance sheet date to be credited to Investor & Education Prevention Fund.
2. In the opinion of the Board of Directors, the Current Assets/ Loans and Advances have value on realisation in the ordinary course of business, at least equal to the amount at which they are stated in the foregoing balance sheet and adequate provision for all known liabilities on the company has been made.
3. The balance sheet, statement of profit and loss, cash flow statement, statement of charges in equity, statement of significant accounting policies and the other explanatory note for the year ended March 31, 2019 forms an integral part of the financial statements of the company.
4. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure and to confirm to INDAS presentation requirements.
5. Status of the company - the Company's net worth continues to be eroding and the alternative plans for revival of the company have not been found viable despite efforts of the Board of Directors. There have been no operations in the company for quite some time and the pressure on the company by the creditors amounting to Rs. 629.90 lacs is mounting and the company currently is unable to raise any funds for meeting these obligations. However, in view of certain alternate business plans under formulation which hopefully will pave way for revival of the company, the accounts of the company have been prepared on an going concern basis.

## **INDEPENDENT AUDITORS' REPORT**

To

**The Members of**

**Report on the audit of the financial statements**

**Qualified Opinion**

We have audited the accompanying financial statements of SM ENERGY TEKNIK & ELECTRONICS LIMITED ("the Company"), which comprise the balance sheet as at March 31, 2019, and the Statement of Profit and Loss, Statement of changes in Equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as 'financial statement').

In our opinion and to the best of our information and according to the explanations given to us except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the Indian accounting standards Rules 2015 as amended (INDAS) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its profit, changes in equity and cash flows for the year ended on that date.

**Basis for Qualified opinion**

With reference to Note No.24 (5) regarding continued erosion of net worth of the company, inability of the company to raise alternate resources for payment towards outstanding creditors, acknowledgment of the company to the status and other supportive audit evidences, we are unable to comment on the ability of the company to continue as a going concern.

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the code of ethics.

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

**Information other than the financial statements and auditors' report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the Financial Statements and our auditors' report thereon.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's responsibility for the financial statements**

The Company's board of directors are responsible for the matters stated in section 134 (5) of the Act with respect to the preparation of these 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 accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The board of directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the financial statements**

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

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Report on other legal and regulatory requirements**

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The balance sheet, the statement of profit and loss in the Statement of Other Comprehensive Income, the cash flow statement and 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 accounting standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2019 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 with reference to these Standalone Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report; and
- (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;
  - a. The Company does not have any pending litigations which would impact its financial position;
  - b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

**For KAVATHEKAR & CO**  
**Chartered Accountants**  
**Firm Registration No.118437W**

Place : Mumbai  
Date : 30<sup>th</sup> May 2019

**RAHUL KAVATHEKAR**  
**Partner**  
**Membership No. 102737**

## **“ANNEXURE A” TO THE AUDITORS' REPORT**

The Annexure referred to in Independent Auditors' Report to the members of SM ENERGY TEKNIK & ELECTRONICS LIMITED ('the Company') on the financial statements for the year ended 31 March 2019, we report that:

- (i) (a) According to the information and explanations given to us, the company does not hold any fixed assets during the year. Accordingly paragraph 3 (i) of the Order is not applicable.
- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not hold any inventories on the balance sheet date. Accordingly clause (ii) of the order is not applicable.
- (iii) 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 granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not made any loans and investments which require compliance of section 185 and 186 of the Act.
- (v) The Company has not accepted any deposits from the public.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.
- (vii) (a) According to the information and explanation given to us, provident fund, employees state insurance, sales-tax, wealth tax, duty of customs, duty of excise, are not applicable to the company. The Company is regular in depositing undisputed statutory dues including income tax, Goods and Service Tax, Profession tax and other statutory dues with the appropriate authorities during the year except for profession tax/damages towards old provident fund dues.  

According to the information and explanation given to us, no undisputed amounts payable were in arrears, as at 31st March, 2019 for the period of more than six months from the date they became payable.
- (b) According to the information and explanation given to us, there are no dues of income tax or sales-tax or duty of customs or duty of excise or value added tax which have not been deposited with the appropriate authorities on account of any dispute except as regards disputed liability in respect of certain income tax and central excise demands in respect of which as informed by the management, the company is confident of securing complete relief in the appropriate forums.
- (viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, the Company has not paid and provided for any managerial remuneration. Hence requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act are not required.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, the company has not undertaken transactions with the related parties during the year that require compliance with s. 177 and s. 188 of Companies Act, 2013. However disclosures in the financial statement required as per applicable accounting standards have been made.



- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made private placement of shares during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xv) The Company is not required to be registered under section 45 -IA of the Reserve Bank of India Act 1934.
- (xvi) The Company is a manufacturing concern and therefore, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For KAVATHEKAR & CO**  
**Chartered Accountants**  
**Firm Registration No.118437W**

Place : Mumbai  
Date : 30<sup>th</sup> May 2019

**RAHUL KAVATHEKAR**  
**Partner**  
**Membership No. 102737**

### **“ANNEXURE B” TO AUDITORS' REPORT**

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

We have audited the internal financial controls over financial reporting of **SM Energy Teknik & Electronics Ltd.** (“the Company”) as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For KAVATHEKAR & CO**  
**Chartered Accountants**  
**Firm Registration No.118437W**

Place : Mumbai  
Date : 30<sup>th</sup> May 2019

**RAHUL KAVATHEKAR**  
**Partner**  
**Membership No. 102737**



# SM ENERGY TEKNIK & ELECTRONICS LIMITED

(CIN : L51900MH1982PLC026292)

Registered Office : SM House, 11, Sahakar Road, Vile Parle (E), Mumbai - 400 057.  
Phone : 91-22-29201239/40 \* email ID: got2invest@rediffmail.com

## ATTENDANCE SLIP 36<sup>th</sup> Annual General Meeting

Please fill in this attendance slip and hand it over at the entrance of the meeting hall

I/We hereby record my/our presence at the 36<sup>th</sup> Annual General Meeting of the Company to be held at Utkarsh Mandal Vile Parle, Utkarsh Chowk, Malavia Road, Vile Parle (E), Mumbai 400057 on Friday, the 27<sup>th</sup> September 2019 at 12.30 p.m.

SIGNATURE OF THE SHAREHOLDER/PROXY\*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\*Strike out whichever is not applicable



# SM ENERGY TEKNIK & ELECTRONICS LIMITED

CIN : L51900MH1982PLC026292

Registered Office : SM House, 11, Sahakar Road, Vile Parle (E), Mumbai - 400 057.  
Phone : 91-22-4914555 \* email ID: got2invest@rediffmail.com

## PROXY FORM

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

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

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

Email-id : \_\_\_\_\_ Folio No. / Client ID \_\_\_\_\_

DP ID : \_\_\_\_\_

I/We, being the member(s) of \_\_\_\_\_ shares of the **SM ENERGY TEKNIK & ELEC. LTD.**, hereby appoint :

- Name  
Address :  
Email id :  
Signature  
Or failing him / her
- Name  
Address :  
Email id :  
Signature  
Or failing him / her
- Name  
Address :  
Email 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 **36<sup>th</sup> Annual General meeting** of the Company, to be held on Friday, the **27<sup>th</sup> September 2019 at 12.30 P.M.** at Utkarsh Mandal Vile Parle, Utkarsh Chowk, Malavia Road, Vile Parle (E), Mumbai 400057 and at any adjournment thereof in respect of the resolutions as indicated below :

	Resolutions	For	Against
1.	Adoption of Audited Financial Statements for the year ended 31.3.2019.		
2.	Re-appointment of Ms. Vaishali Shetty Oza, who retires by rotation.		
3.	Appointment of M/s. D.K. Upendra & Co., as Statutory auditors of the Company.		
4.	Appointment of Mr. Domic Manuel Gonsalves as Independent Director for a term up to 5 years effective from 13th February, 2019.		
5.	Approval for file an application for initiating a Corporate Insolvency Resolution Process (CIRP) u/s. 10 of The Insolvency and Bankruptcy Code, 2016.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019.

Signature of :

\_\_\_\_\_  
First Proxy Holder

\_\_\_\_\_  
Second Proxy Holder

\_\_\_\_\_  
Third Proxy Holder

Signature of Shareholder(s)

Affix  
Revenue  
Stamp

Notes :- (1) **This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.**

(2) **Please complete all details including details of member(s) in above box before submission.**

**Book - Post**

**To,**

If undelivered, please return to :  
**SM Energy Teknik & Electronics Ltd.**  
SM House,  
11, Sahakar Road,  
Vile Parle (E),  
Mumbai - 400 057.