



26TH

Annual Report
2016 - 2017



Smiths & Founders (India) Limited

CIN: L85110KA1990PLC011303

BOARD OF DIRECTORS

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

**COMPANY SECRETARY &
COMPLIANCE OFFICER**

Yogeesh Dasar M (w.e.f. 04.01.2017)

AUDITORS

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

**REGISTRAR AND
TRANSFER AGENTS**

Integrated Registry Management Services Private Limited
30, Ramana Residency,
4th Cross, Sampige Road, Malleswaram,
Bangalore 560 003

REGISTERED OFFICE

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

WORKS

1. Plot Nos. N 12 & 13,
Industrial Estate, Sagar Road,
Shimoga 577 204, Karnataka
2. M 7 – M 10, Industrial Estate
Sagar Road, Shimoga 577 204
Karnataka

NOTICE

Notice is hereby given that the Twenty Sixth Annual General Meeting of the Members of **Smiths & Founders (India) Limited** will be held at MEWS Ladies Club, No.37, 17th Cross (between 4th and 6th Main), Malleswaram, Bangalore – 560 055 on Saturday, September 16, 2017 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Sathish Shastry (DIN:01325359), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Umesh Shastry (DIN:01736554), who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Auditors and fix their remuneration and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 and other applicable rules, if any, and pursuant to the resolution passed by the members at the Twenty Third Annual General Meeting held on December 27, 2014, the appointment of M/s. B.N. Subramanya & Co., Chartered Accountants, (Firm Registration No. FRN 004142S) as Auditors of the Company, to hold office until the conclusion of the Twenty Seventh Annual General Meeting of the Company to be held in the year 2018, at such remuneration as shall be fixed by the Board of Directors of the Company, be and is hereby ratified”.

SPECIAL BUSINESS:

5. Re-Appointment of Mr. Sathish Shastry as Whole Time Director.

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), Articles of Association of the

Company and any other applicable provisions, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Sathish Shastry (DIN:01325359) as Whole Time Director of the Company, for a period of Five Years with effect from 1st April, 2017 on the terms and conditions including remuneration as set in the Explanatory Statement to this Notice with authority to the Board of Directors to vary or increase the remuneration and perquisites payable or to be provided to Mr. Sathish Shastry, including the monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mr. Sathish Shastry, as may be agreed between the Board of Directors and Mr. Sathish Shastry.

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

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

6. Re-Appointment of Mr. Umesh Shastry as Whole Time Director.

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), Articles of Association of the Company and any other applicable provisions, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Umesh Shastry (DIN:01736554) as Whole Time Director of the Company, for a period of Five Years with effect from 1st April, 2017 on the terms and conditions including remuneration as set in the Explanatory Statement to this Notice with authority to the Board of Directors to vary or increase the remuneration and perquisites payable or to be provided to Mr. Umesh Shastry, including the monetary value thereof to the extent the Board of Directors may consider appropriate

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and to alter the terms and conditions of the agreement entered into by the Company with Mr. Umesh Shastry, as may be agreed between the Board of Directors and Mr. Umesh Shastry.

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

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

7. Re-Appointment of Mrs. Supriya Shastry as Whole Time Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), Articles of Association of the Company and any other applicable provisions, consent of the Members of the Company be and is hereby accorded for re-appointment of Mrs. Supriya Shastry (DIN:01327762) as Whole Time Director of the Company, for a period of Five Years with effect from 1st April, 2017 on the terms and conditions including remuneration as set in the Explanatory Statement to this Notice with authority to the Board of Directors to vary or increase the remuneration and perquisites payable or to be provided to Mrs. Supriya Shastry, including the monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mrs. Supriya Shastry, as may be agreed between the Board of Directors and Mrs. Supriya Shastry.

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

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do

all such acts, deeds and matters and things as in its absolute discretion it may consider necessary, expedient or desirable to give effect to this resolution and also to revise the remuneration of Mrs. Supriya Shastry within the limits stipulated in the Companies Act, 2013".

8. Re-Appointment of Mr. Suresh Shastry as Managing Director.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modifications or re-enactments thereof for the time being in force), Articles of Association of the Company and any other applicable provisions, consent of the Members of the Company be and is hereby accorded for re-appointment of Mr. Suresh Shastry (DIN:01099554) as Managing Director of the Company, for a period of Five Years with effect from 1st April, 2017 on the terms and conditions including remuneration as set in the Explanatory Statement to this Notice with authority to the Board of Directors to vary or increase the remuneration and perquisites payable or to be provided to Mr. Suresh Shastry, including the monetary value thereof to the extent the Board of Directors may consider appropriate and to alter the terms and conditions of the agreement entered into by the Company with Mr. Suresh Shastry, as may be agreed between the Board of Directors and Mr. Suresh Shastry.

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

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

9. To alter the Articles of Association of the Company in conformity with the Companies Act, 2013.

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

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act,

2013 read with Companies (Incorporation) Rules, 2014 or any other law for the time being in force (including any statutory modification(s) or re-enactment thereof, for the time being in force), the alteration to Articles of Association of the Company, a copy of which is available for inspection at the registered office of the Company and also available on the website of the Company <https://www.smithsandfoundersindia.com/investors>, be and is hereby approved and adopted in total exclusion, substitution and superseding the existing Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

By the Order of the Board

YOGEESH DASAR M
Company Secretary

Registered Office:

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

Place : Bangalore
Date : 09.08.2017

NOTES:

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

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

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board

Resolution authorising their representative to attend and vote on their behalf at the Meeting.

3. The information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard – 2 issued by the Institute of Company Secretaries of India, relating to Directors proposed to be re-appointed are annexed hereto.
4. Register of Members and Share Transfer Books of the Company will remain closed from 11.09.2017 to 16.09.2017 (both days inclusive).
5. Members are requested to bring their Attendance Slips with their copy of the Annual Report to the meeting.
6. Relevant documents referred to in the Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays between 11.00 a.m and 1.00 p.m. upto the date of the Meeting.
7. Section 72 of the Companies Act, 2013 provides for nomination by the shareholders of the Company in the prescribed Form SH-13. Shareholders are requested to avail this facility.
8. Members are requested to a) intimate to the Company's Registrar and Transfer Agents, changes, if any, in their registered addresses at an early date, in case of Shares held in physical form; b) intimate to the respective Depository Participant, changes, if any, in their registered address at an early date, in case of Shares held in dematerialised form; c) quote their folio number/Client ID/DP ID in all correspondence and d) consolidate their holdings into one folio in case they hold Shares under multiple folios in the identical order of names.
9. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal(s) and joint holder(s) respectively, along with necessary documents at the time of lodgement of request for these transactions, is mandatory.
10. Your Company supports in full measure the 'green initiative' of the Ministry of Corporate Affairs under which, service of notices/documents including Annual Report, can be effected by sending the same through electronic mode to the registered e-mail addresses of the shareholders. To support this green initiative of the Government, members who would like to receive such

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

11. A route map showing directions to reach the venue of the 26th Annual General Meeting (AGM) is given at the end of Annual Report accompanying this Notice.

12. Voting through electronic means

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

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on 13th September, 2017 (9.00 a.m) and ends on 15th September, 2017 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 8th September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders/Members
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.

- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

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

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

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

- (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 relevant EVSN of Smiths and Founders India Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.
- The Company has appointed Mr. Naveen K Shenoy (Membership No. 10817), Practicing Company Secretary, as the Scrutinizer for conducting the remote e-voting and the voting process at the AGM in a fair and transparent manner.
 - The members attending the AGM, who have not already cast their vote through remote e-voting facility shall be able to exercise their voting rights at the AGM. The members who have already cast their vote through remote e-voting facility may attend the AGM but shall not be entitled to cast their vote again at the AGM.
 - The voting rights of members shall be in proportion to their share in the paid up capital of the Company as on the cut-off date.
 - Any Person who acquires the shares and becomes a member of the Company after despatch of the Notice and holds shares as on the cut-off date i.e., September 8, 2017, may obtain the login Id and password by sending a request to CDSL/OUR RTA.
 - The scrutinizer shall immediately after the conclusion of the voting at the general meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company and make, not later than three days of conclusion of the meeting a consolidated scrutinizer's report of the votes cast in favour or against, to the Chairman of the Company.
 - The results shall be declared on or after the Annual General Meeting. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.smithsandfoundersindia.com and on the website of CDSL and communicated to the BSE Limited where the shares of the Company are listed.

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Explanatory Statement under Section 102 of the Companies Act, 2013

Item No.5,6&7

Re-Appointment of Mr. Sathish Shastry as Whole Time Director

Members will recall that by a Special Resolution passed on December 27, 2014, members had approved the appointment of Mr. Sathish Shastry (DIN:01325359) as Whole Time Director, for a period of 3 years, w.e.f. April 1, 2014 i.e. upto March 31, 2017.

The Board of Directors of the Company at its meeting held on February 14, 2017 decided to continue the appointment of Mr. Sathish Shastry, Whole Time Director, liable to retire by rotation, for a further period of 5 years, with effect from April 1, 2017 and approved the terms and conditions including payment of remuneration as recommended by the Nomination and Remuneration Committee, subject to the requisite approval of members.

Mr. Sathish Shastry has over 33 years of experience in tooling and machining industry. He is a graduate in Engineering.

The principal terms and conditions of Mr. Sathish Shastry's appointment as Whole Time Director and the main clauses of the Agreement to be executed between the Company and Mr. Sathish Shastry are as follows:

Term	Five (5) Years w.e.f. 01.04.2017
Duties and Powers	Mr. Sathish Shastry shall, subject to the superintendence, control and directions of the Board, be responsible for day to day management and operations of the Company and carry out such duties and exercise such powers as may be entrusted to him by the Board from time to time.
Components of Remuneration	Amount (in ₹)
Salary	100,000
House Rent Allowance	60% of Salary
Medical Reimbursement	One months' Salary
Leave Travel Concession	One month's Salary
Club Fees	30,000 per annum
Personal Accident Insurance	15,000 per annum
Provident Fund & Superannuation	Not to exceed 25% of Salary
Gratuity	As per applicable rules
Leave Encashment at the end of tenure	As per the leave rules of the Company
Car benefit/ Telephone/Cellular Phone	Free except when used for personal purpose

Except Mr. Sathish Shastry, none of the Directors and Key Managerial Personnel of the Company and their respective relatives are concerned or interested financially or otherwise, in the resolution set out at Item no.5.

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

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

I. General Information:

- (1) Nature of Industry: The Company is engaged in the manufacture of automotive forgings, Cast Iron cylinder liners and castings.
- (2) Date of commencement of commercial production : 2nd April, 1992

(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not Applicable

(4) Financial performance based on given indicators:

Particulars	31st March 2017 (₹)
Turnover (including other income)	823,13,662
Profit/(Loss) before depreciation	131,698
Depreciation & Amortisation	24,40,128
Profit/(Loss) before Tax	(23,08,430)
Tax including deferred tax	-
Profit/(Loss) after Tax	(23,08,430)

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

II. Information about the appointee:

(1) Background details: Mr. Sathish Shastry is a graduate in Engineering and has over 33 years of experience in tooling and machining industry.

(2) Past remuneration: Rs. 22.46 Lakhs (Rupees Twenty Two Lakhs Forty Six Thousand).

(3) Recognition or awards: Nil

(4) Job profile and his suitability : Mr. Sathish Shastry is responsible for Production, Quality, Research and Development activities of the Company and his services is utilised for development of new products and as head of the manufacturing units of the Company.

(5) Remuneration proposed: Rs. 22.46 Lakhs (Rupees Twenty Two Lakhs Forty Six Thousand). The details are set out above.

(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The terms of remuneration are consistent with industry norms and not out of tune with the remuneration in similar sized industries in same segment of business.

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

III. Other information:

(1) Reasons of loss or inadequate profits: The Company is in the process of recovery after approval of the Scheme of Rehabilitation approved by the Hon.BIFR in February, 2014.

(2) Steps taken or proposed to be taken for improvement: Company has developed new products and new customers. The Company has also closed its working capital borrowing from bank and saved on substantial interest.

(3) Expected increase in productivity and profits in measurable terms: With the development of new products and new customers, the turnover of the Company is expected to get a boost and impact on profits is expected from the year 2017-18 onwards.

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Re-Appointment of Mr. Umesh Shastry as Whole Time Director.

Members will recall that by a Special Resolution passed on December 27, 2014, members had approved the appointment of Mr. Umesh Shastry (DIN:01736554) as Whole Time Director, for a period of 3 years, w.e.f. April 1, 2014 i.e. upto March 31, 2017.

The Board of Directors of the Company at its meeting held on February 14, 2017 decided to continue the appointment of Mr. Umesh Shastry, Whole Time Director, liable to retire by rotation, for a further period of 5 years, with effect from April 1, 2017 and approved the terms and conditions including payment of remuneration as recommended by the Nomination and Remuneration Committee, subject to the requisite approval of members.

Mr. Umesh Shastry has over 35 years of experience in foundry and machining industry. He is a graduate in science.

The principal terms and conditions of Mr. Umesh Shastry's appointment as Whole Time Director and the main clauses of the Agreement to be executed between the Company and Mr. Umesh Shastry are as follows:

Term	Five (5) Years w.e.f. 01.04.2017
Duties and Powers	Mr. Umesh Shastry shall, subject to the superintendence, control and directions of the Board, be responsible for day to day management and operations of the Company and carry out such duties and exercise such powers as may be entrusted to him by the Board from time to time.
Components of Remuneration	Amount (in ₹)
Salary	100,000
House Rent Allowance	60% of Salary
Medical Reimbursement	One months' Salary
Leave Travel Concession	One month's Salary
Club Fees	30,000 per annum
Personal Accident Insurance	15,000 per annum
Provident Fund & Superannuation	Not to exceed 25% of Salary
Gratuity	As per applicable rules
Leave Encashment at the end of tenure	As per the leave rules of the Company
Car benefit/ Telephone/Cellular Phone	Free except when used for personal purpose

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

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

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

I. General Information:

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

(4) Financial performance based on given indicators:

Particulars	31st March 2017 (₹)
Turnover (including other income)	823,13,662
Profit/(Loss) before depreciation	131,698
Depreciation & Amortisation	24,40,128
Profit/(Loss) before Tax	(23,08,430)
Tax including deferred tax	-
Profit/(Loss) after Tax	(23,08,430)

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

II. Information about the appointee:

- (1) Background details: Mr. Umesh Shastry is a science graduate and has over 35 years of experience in foundry and machining industry.
- (2) Past remuneration: Rs. 22.91 (Rupees Twenty Two Lakhs Ninety One Thousand)
- (3) Recognition or awards: Nil
- (4) Job profile and his suitability: Mr. Umesh Shastry is responsible for Marketing, Materials and day to day administration of the Company and his services is utilised for development of new markets, identify and procure best materials at most economical prices and development and implementation of administrative policies/ reforms in the Company.
- (5) Remuneration proposed: Rs. 22.91 (Rupees Twenty Two Lakhs Ninety One Thousand). The details are set out above.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The terms of remuneration are consistent with industry norms and not out of tune with the remuneration in similar sized industries in same segment of business.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Other than the remuneration stated above, Mr. Umesh Shastry has no pecuniary relationship directly or indirectly with the Company. Mr. Suresh Shastry, Chairman and Managing Director and Mr. Sathish Shastry, Whole Time Director of the Company are his brothers. Mrs. Supriya Shastry, Whole Time Director of the Company is his niece.

III. Other information:

- (1) Reasons of loss or inadequate profits: The Company is in the process of recovery after approval of the Scheme of Rehabilitation approved by the Hon.BIFR in February, 2014.
- (2) Steps taken or proposed to be taken for improvement: Company has developed new products and new customers. The Company has also closed its working capital borrowing from bank and saved on substantial interest.
- (3) Expected increase in productivity and profits in measurable terms: With the development of new products and new customers, the turnover of the Company is expected to get a boost and impact on profits is expected from the year 2017-18 onwards.

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Re-Appointment of Mrs. Supriya Shastri as Whole Time Director.

Members will recall that by a Special Resolution passed on December 27, 2014, members had approved the appointment of Mrs. Supriya Shastri (DIN:01327762) as Whole Time Director, for a period of 3 years, w.e.f. April 1, 2014 i.e. upto March 31, 2017.

The Board of Directors of the Company at its meeting held on February 14, 2017 decided to continue the appointment of Mrs. Supriya Shastri, Whole Time Director, liable to retire by rotation, for a further period of 5 years, with effect from April 1, 2017 and approved the terms and conditions including payment of remuneration as recommended by the Nomination and Remuneration Committee, subject to the requisite approval of members.

Mrs. Supriya Shastri has over 13 years of experience in accounts and finance. She holds MBA in Finance.

Term	Five (5) Years w.e.f. 01.04.2017
Duties and Powers	Mrs. Supriya Shastri shall, subject to the superintendence, control and directions of the Board, be responsible for day to day management and operations of the Company and carry out such duties and exercise such powers as may be entrusted to her by the Board from time to time.
Components of Remuneration	Amount (in ₹)
Salary	100,000
House Rent Allowance	60% of Salary
Medical Reimbursement	One months' Salary
Leave Travel Concession	One month's Salary
Club Fees	30,000 per annum
Personal Accident Insurance	15,000 per annum
Provident Fund & Superannuation	Not to exceed 25% of Salary
Gratuity	As per applicable rules
Leave Encashment at the end of tenure	As per the leave rules of the Company
Car benefit/ Telephone/Cellular Phone	Free except when used for personal purpose

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

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

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

I. General Information:

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

(4) Financial performance based on given indicators:

Particulars	31st March 2017 (₹)
Turnover (including other income)	823,13,662
Profit/(Loss) before depreciation	131,698
Depreciation & Amortisation	24,40,128
Profit/(Loss) before Tax	(23,08,430)
Tax including deferred tax	-
Profit/(Loss) after Tax	(23,08,430)

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

II. Information about the appointee:

- (1) Background details: Mrs. Supriya Shastri holds MBA in Finance and has over 13 years of experience in accounts and finance.
- (2) Past remuneration: Rs. 22.42 (Rupees Twenty Two Lakhs Forty Two Thousand)
- (3) Recognition or awards: Nil
- (4) Job profile and his suitability: Mrs. Supriya Shastri is responsible for Accounts and Finance functions of the Company and her services is utilised as Head of the Accounts and Finance in the Company.
- (5) Remuneration proposed: Rs. 22.42 (Rupees Twenty Two Lakhs Forty Two Thousand). The details are set out above.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The terms of remuneration are consistent with industry norms and not out of tune with the remuneration in similar sized industries in same segment of business.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Other than the remuneration stated above, Mrs. Supriya Shastri has no pecuniary relationship directly or indirectly with the Company. Mr. Suresh Shastri, Chairman and Managing Director of the Company is father of Mrs. Supriya Shastri. Mr. Sathish Shastri and Mr. Umesh Shastri, Whole Time Directors of the Company are her uncles.

III. Other information:

- (1) Reasons of loss or inadequate profits: The Company is in the process of recovery after approval of the Scheme of Rehabilitation approved by the Hon.BIFR in February, 2014.
- (2) Steps taken or proposed to be taken for improvement: Company has developed new products and new customers. The Company has also closed its working capital borrowing from bank and saved on substantial interest.
- (3) Expected increase in productivity and profits in measurable terms: With the development of new products and new customers, the turnover of the Company is expected to get a boost and impact on profits is expected from the year 2017-18 onwards.

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Item No.8

Re-Appointment of Mr. Suresh Shastry as Managing Director.

Members will recall that by a Special Resolution passed on December 27, 2014, members had approved the appointment of Mr. Suresh Shastry (DIN:01099554) as Managing Director, for a period of 3 years, w.e.f. April 1, 2014 i.e. upto March 31, 2017.

The Board of Directors of the Company at its meeting held on February 14, 2017 decided to continue the appointment of Mr. Suresh Shastry, Managing Director, liable to retire by rotation, for a further period of 5 years, with effect from April 1, 2017 and approved the terms and conditions including payment of remuneration as recommended by the Nomination and Remuneration Committee, subject to the requisite approval of members.

Mr. Suresh Shastry holds Advanced Diploma in Forge Technology from the National Institute of Foundry & Forge Technology, Ranchi and has over 36 years of experience in the forging industry. The Board recommends passing of the resolution.

Term	Five (5) Years w.e.f. 01.04.2017
Duties and Powers	Mr. Suresh Shastry shall, subject to the superintendence, control and directions of the Board, be responsible for day to day management and operations of the Company and carry out such duties and exercise such powers as may be entrusted to him by the Board from time to time.
Components of Remuneration	Amount (in ₹)
Salary	100,000
House Rent Allowance	60% of Salary
Medical Reimbursement	One months' Salary
Leave Travel Concession	One month's Salary
Club Fees	30,000 per annum
Personal Accident Insurance	15,000 per annum
Provident Fund & Superannuation	Not to exceed 25% of Salary
Gratuity	As per applicable rules
Leave Encashment at the end of tenure	As per the leave rules of the Company
Car benefit/ Telephone/Cellular Phone	Free except when used for personal purpose

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

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

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

I. General Information:

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

(4) Financial performance based on given indicators:

Particulars	31st March 2017 (₹)
Turnover (including other income)	823,13,662
Profit/(Loss) before depreciation	131,698
Depreciation & Amortisation	24,40,128
Profit/(Loss) before Tax	(23,08,430)
Tax including deferred tax	-
Profit/(Loss) after Tax	(23,08,430)

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

II. Information about the appointee:

- (1) Background details: Mr. Suresh Shastry holds Advanced Diploma in Forge Technology and has over 36 years of experience in forging industry. He is one of the founders of the Company.
- (2) Past remuneration: Rs. 22.73 (Rupees Twenty Two Lakhs Seventy Three Thousand)
- (3) Recognition or awards: Nil
- (4) Job profile and his suitability: Mr. Suresh Shastry has managed the Company ably since its inception and in the opinion of the board, he is eminently suited for the position of Managing Director.
- (5) Remuneration proposed: Rs. 22.73 (Rupees Twenty Two Lakhs Seventy Three Thousand). The details are set out above.
- (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin): The terms of remuneration are consistent with industry norms and not out of tune with the remuneration in similar sized industries in same segment of business.
- (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any: Other than the remuneration stated above, Mr. Suresh Shastry has no pecuniary relationship directly or indirectly with the Company except as part owner of the office premises let out to the Company for its Corporate Office at Bangalore. Mrs. Supriya Shastry, Whole Time Director of the Company is his daughter and Mr. Sathish Shastry and Mr. Umesh Shastry, Whole Time Directors of the Company are his brothers.

III. Other information:

- (1) Reasons of loss or inadequate profits: The Company is in the process of recovery after approval of the Scheme of Rehabilitation approved by the Hon.BIFR in February, 2014.
- (2) Steps taken or proposed to be taken for improvement: Company has developed new products and new customers. The Company has also closed its working capital borrowing from bank and saved on substantial interest.
- (3) Expected increase in productivity and profits in measurable terms: With the development of new products and new customers, the turnover of the Company is expected to get a boost and impact on profits is expected from the year 2017-18 onwards.

Item No.9

Alteration of Articles of Association of the Company in conformity with the Companies Act, 2013

The Companies Act, 2013 is now largely in force. The existing Articles of Association ("AoA") of the Company are based on the Companies Act, 1956. Members are aware that the Ministry of Corporate Affairs ("MCA") has notified most of the sections of the Companies Act, 2013 ("the Act") which replace the provisions of the Companies Act, 1956. The MCA has also notified the Rules pertaining to the further notified sections.

Smiths & Founders (India) Limited

Not only do several regulations in the existing AoA contain references to the specific Sections of the Companies Act, 1956, but some regulations in the existing AoA are no longer in conformity with the Companies Act, 2013. With the coming into force of the Companies Act, 2013 several regulations of the existing AoA of the Company require alteration or deletions. It is therefore considered expedient to replace the existing AoA with an entirely new set of AoA. The substitution of the existing AoA with the new AoA is proposed to align the AoA of the Company with the provisions of the Companies Act, 2013. The proposed new draft AoA is being uploaded on the Company's website www.smithsandfoundersindia.com for information of the shareholders and also kept available for inspection during office hours at the registered office of the Company up to the date of the meeting.

None of the Directors / Key Managerial Personnel or their relatives is concerned or interested in the resolution set out at Item no.9.

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

ANNEXUE TO THE NOTICE OF TWENTY SIXTH ANNUAL GENERAL MEETING PARTICULARS OF DIRECTORS SEEKING RE-APPOINTMENT

(in pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

Particulars	Mr. Sathish Shastry	Mr. Umesh Shastry
DIN	01325359	01736554
Date of Birth	17/04/1962	05/02/1960
Date of Appointment	17/03/2014	17/03/2014
Qualifications	B.E.	B.Sc
Expertise in specific functional areas	Has over 33 years of experience in Tooling and Machining Industry	Has over 35 years of experience in Foundry and Machining Industry
Number of Meeting of the Board attended during the year	3/7	3/7
Other Directorships/ Committee Chairmanships/ Memberships	None	None
Number of Shares held in the Company	17024000	6318150
Relationship between directors inter-se	Brother of Mr. Suresh Shastry and Mr. Umesh Shastry and Uncle of Mrs. Supriya Shastry	Brother of Mr. Suresh Shastry and Mr. Sathish Shastry and Uncle of Mrs. Supriya Shastry
Terms and conditions of appointment	As per Remuneration and Nomination Policy of the Company as displayed on the Company's website	

By the Order of the Board

YOGEEESH DASAR M
Company Secretary

Registered Office:

No.505, 5th Floor, Brigade Rubix, No.20,

HMT Main Road, BANGALORE 560 013.

CIN:L85110KA1990PLC11303

E-mail Id: cosec@smithsandfoundersindia.com

Website: www.smithsandfoundersindia.com

Place : Bangalore

Date : 09.08.2017

DIRECTORS' REPORT

Dear Members,

Your Directors present the Twenty Sixth Annual Report together with the Audited Statements of Account for the financial year ended March 31, 2017.

1. FINANCIAL RESULTS:

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

(₹ in Lakhs)

Particulars	31.03.2017	31.03.2016
Revenue from operations	753.54	781.69
Other Income	69.59	86.38
Profit /(Loss) before Financial Charges, Depreciation , Taxation and Prior Period items	20.06	(6.80)
Less: Depreciation	24.40	34.70
Less: Finance Costs	18.74	96.43
Profit /(Loss) before Taxation and Prior Period items	(23.08)	(137.93)
Less: Taxation (Including Deferred Tax)	0.00	14.00
Profit /(Loss) for the year	(23.08)	(151.93)
Less: Prior period items	0.00	0.00
Net Profit/(Loss) for the year	(23.08)	(151.93)
Balance of Profit/(Loss) brought forward from last year	(773.88)	(506.38)
Profit/(Loss) Carried forward to Balance sheet	(796.97)	(773.88)

2. OVERVIEW OF COMPANY PERFORMANCE:

During the year under review sales has registered a fall by about 4 % compared to previous year. The fall in sales was due to impact of demonetisation which resulted in lower sales in the months of January and February, 2017. Loss has come down from ₹ 151.93 Lakhs to ₹ 23.08 Lakhs due to profit on sale of assets.

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

The efforts taken by the Company towards improving its financial performance has started bearing fruits. In the financial year ended March 31, 2017, the Company has succeeded in bringing down its losses considerably and earn a nominal operating profit of Rs. 1.32 Lakhs.

The Board of Directors is confident of widening its operating profits during the current financial year and earn a decent net profit.

3. DIVIDEND & RESERVES:

In view of loss incurred by the Company, your Directors do not recommend any dividend for the financial year ended March 31, 2017.

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

4. SHARE CAPITAL:

The Paid Up Capital of the Company as at March 31, 2017 stood at ₹ 10,19,96,525/-. During the year under review, the Company has not issued shares with differential voting rights nor has granted any stock options or sweat equities. As on March 31, 2017 none of the Directors of the Company hold instruments convertible into equity shares of the Company.

5. EXTRACT OF ANNUAL RETURN:

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

6. DIRECTORS:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr. Sathish Shastry, Director and Mr. Umesh Shastry, Director, retires by rotation at the

ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their re-appointment for the consideration of the Members of the Company at the ensuing Annual General Meeting.

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

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

7. NUMBER OF MEETINGS OF THE BOARD:

During the Financial Year 2016-17, 7 (Seven) meetings of the Board were held, details of which are given in the Corporate Governance Report.

8. KEY MANAGERIAL PERSONNEL:

The following are the Key Managerial Personnel of the Company:

1. Suresh Shastri - Chairman and Managing Director
2. Supriya Shastri - Whole Time Director
3. Sathish Shastri - Whole Time Director
4. Umesh Shastri - Whole Time Director
5. Yogeesh M Dasar - Company Secretary (w.e.f. 04.01.2017)

9. COMMITTEES OF THE BOARD:

The Board of Directors has the following Committees:

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

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

10. BOARD EVALUATION:

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

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

11. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

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

12. FIXED DEPOSITS:

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

13. DIRECTORS RESPONSIBILITY STATEMENT:

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

- a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at March 31, 2017 and its loss for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the annual accounts have been prepared on a 'going concern' basis;
- e) the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

15. REMUNERATION AND NOMINATION POLICY:

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

16. RELATED PARTY TRANSACTIONS:

During the year under review the Company has not entered into any transaction with any related party attracting the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder. The disclosure required pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 in Form AOC 2 is given in **Annexure-C** and forms an integral part of this report. Further there are no material related party transactions during the year under review with the Promoter, Directors or Key Managerial Personnel.

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

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

17. VIGIL MECHANISM / WHISTLE BLOWER POLICY:

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

18. RISK MANAGEMENT:

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

19. CORPORATE SOCIAL RESPONSIBILITY:

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

20. CORPORATE GOVERNANCE:

As per Regulations 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on corporate governance practices followed by the Company,

together with a Certificate from the Company's Auditors confirming compliance forms an integral part of this Report.

21. MANAGEMENT DISCUSSION AND ANALYSIS:

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

22. SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the Company has appointed Naveen K. Shenoy, Practicing Company Secretary as the Secretarial Auditor of the Company. The Secretarial Audit Report is annexed as **Annexure-D** and forms an integral part of this Report. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. Regarding the observation about not achieving the minimum public shareholding of 25% by February 20, 2017, the promoters of the Company have informed the Company that concerted efforts are being made by them to bring down their shareholding to at least 75% as early as possible.

23. AUDITORS:

The Company's Auditors, M/s. B.N.Subramanya & Co., Chartered Accountants, were re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of Twenty Third Annual General Meeting held on December 27, 2014 until the conclusion of the Twenty Seventh Annual General Meeting to be held in the year 2018 subject to ratification of their appointment by the Members at every Annual General Meeting held after the Annual General Meeting held on December 27, 2014.

As required under provisions of Section 139 of the Companies Act, 2013, the Company has received written consent from M/s. B.N.Subramanaya & Co. to their appointment and a Certificate to the effect that that their re-appointment, if made, would be in accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of the Statutory Auditors as foresaid.

The Auditors' Report does not contain any qualification, reservation or adverse remark on the financial statements for the year ended March 31, 2017. The statements made by the Auditors in their Report are self-explanatory and do not call for any further comments.

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

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

25. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

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

26. HEALTH, SAFETY AND ENVIRONMENT:

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

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

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

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

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

29. STATUTORY INFORMATION:

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

There were no employees employed throughout the year who were in receipt of remuneration of ₹ 1.02 Crore per annum or more. There were no employees employed for part of the year who were in receipt of remuneration of ₹ 8.50 Lakhs per month or more. During the year under review the Company had 64 employees.

The information required under Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Directors' Report for the year ended March 31, 2017 is given in **Annexure-F** to this Report.

30. ACKNOWLEDGEMENTS:

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

By the Order of the Board

SURESH SHASTRY

Chairman & Managing Director

Place: Bangalore

Date: 09.08.2017

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	L85110KA1990PLC011303
2.	Registration Date	22/10/1990
3.	Name of the Company	Smiths & Founders (India) Limited
4.	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-government Company
5.	Address of the Registered office & contact details	No.505, 5th Floor, Brigade Rubix, No.20, HMT Main Road, Bangalore 560 013, Karnataka Phone : 080-29724155
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Integrated Registry Management Services Private Limited, 30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560 003 Phone: 080-23460815/6/7/8, Fax: 080-23460819

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

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

Smiths & Founders (India) Limited

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

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter s									
(1) Indian									
a) Individual/ HUF	97677051	-	97677051	95.77	90238188	-	90238188	88.47	-7.30
b) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
c) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) Bodies Corp.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Banks / FI	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Any other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total shareholding of Promoter (A)	97677051	-	97677051	95.77	90238188	-	90238188	88.47	-7.30
B. Public Shareholding									
1. Institutions	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
a) Mutual Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Banks / FI	6100	0	6100	0.01	6100	0	6100	0.01	0.00
c) Central Govt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
d) State Govt(s)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
e) Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
f) Insurance Companies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
g) FIIs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
h) Foreign Venture Capital Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (B)(1):-	6100	0.00	6100	0.01	6100	0.00	6100	0.01	0.00
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	133366	132400	265766	0.26	484031	110500	594531	0.58	0.32
ii) Overseas	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
b) Individuals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2999786	882906	3882692	3.81	8245929	597318	8843247	8.67	4.86

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Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	110021	-	110021	0.11	1330734	-	1330734	1.30	1.19
c) Others (specify)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Resident Indians	14156	300	14456	0.01	275082	200	275282	0.27	0.26
Overseas Corporate Bodies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Foreign Nationals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Clearing Members	39539	-	39539	0.04	418855	-	418855	0.41	0.37
Trusts	900	0.00	900	0.00	900	0.00	900	0.00	0.00
Foreign Bodies	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Sub-total (B)(2):-	3297768	1015606	4313374	4.23	10755531	996706	11752237	11.51	7.28
Total Public Shareholding (B)=(B)(1)+ (B)(2)	3303868	1015606	4319474	4.23	10761631	996706	11758337	11.52	7.29
C. Shares held by Custodian for GDRs & ADRs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Total (A+B+C)	100980919	1015606	101996525	100.00	100999819	996706	101996525	100.00	0.00

ii) Shareholding of Promoters-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Suresh Shastry	32434026	31.80	N.A.	28800000	28.84	N.A.	(3.56)
2	Supriya Shastry	19527125	19.14	N.A.	18682125	18.32	N.A.	(0.82)
3	Sathish Shastry	18024000	17.67	N.A.	17024000	16.69	N.A.	(0.98)
4	Sachin Shastry	12585125	12.34	N.A.	12585125	12.34	N.A.	0.00
5	Umesh Shastry	6988150	6.85	N.A.	6318150	6.19	N.A.	(0.66)
6	Hema Sathish	6325875	6.20	N.A.	5495875	5.39	N.A.	(0.81)
7	Aneesh Umesh Shastry	977550	0.96	N.A.	977550	0.96	N.A.	0.00
8	Amrutha Umesh Shastry	250000	0.25	N.A.	250000	0.25	N.A.	0.00
9	Shailaja Suresh	250000	0.25	N.A.	53000	0.05	N.A.	(0.20)
10	S. Ananda Halambi	176225	0.17	N.A.	37225	0.04	N.A.	(0.13)
11	Kashinath Shivaramasastry	7832	0.01	N.A.	7832	0.01	N.A.	(0.03)
12	Kamala Kashinath	131143	0.03	N.A.	7306	0.13	N.A.	0.10

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

SN	Particulars	Shareholding at the beginning of the year - 01.04.2016		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year - 31.03.2017	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	Suresh Shastry					
i	At the beginning of the year	32434026	31.80	0	32434026	31.80
	a. Decrease - Transfer/Sale					
	15.04.2016			-300000	32134026	31.51
	22.04.2016			-400000	31734026	31.11
	29.04.2016			-400000	31334026	30.72
	06.05.2016			-800000	30534026	29.94
	20.05.2016			-734026	29800000	29.22
	25.11.2016			-500000	29300000	28.73
	13.01.2017			-500000	28800000	28.24
ii.	At the end of the year			-3634026	28800000	28.24
2.	Supriya Shastry					
i	At the beginning of the year	19527125	19.14	0	19527125	19.14
	a. Decrease - Transfer/Sale					
	20.05.2016			-300000	19227125	18.85
	09.12.2016			-345000	18882125	18.51
	03.02.2017			-200000	18682125	18.32
ii.	At the end of the year			-845000	18682125	18.32
3.	Umesh Shastry					
i	At the beginning of the year	6988150	6.85	0	6988150	6.85
	a. Decrease - Transfer/Sale					
	27.01.2017			-5000	6983150	6.85
	03.02.2017			-15000	6968150	6.83
	24.02.2017			-500000	6468150	6.34
	03.03.2017			-150000	6318150	6.19
ii	At the end of the year			-670000	6318150	6.19
4.	Sathish Shastry					
i	At the beginning of the year	18024000	17.67	0	18024000	17.67
	a. Decrease - Transfer/Sale					
	06.05.2016			-400000	17624000	17.28
	20.05.2016			-600000	17024000	16.69
ii	At the end of the year			-1000000	17024000	16.69
5.	Sachin Shastry					
i	At the beginning of the year	12585125	12.34	No Change	12585125	12.34
ii	At the end of the year				12585125	12.34
6.	Amrutha Umesh Shastry					
i	At the beginning of the year	250000	0.25	No Change	250000	0.25
ii	At the end of the year				250000	0.25

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SN	Particulars	Shareholding at the beginning of the year - 01.04.2016		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year - 31.03.2017	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
7.	Aneesh Umesh Shastry					
i	At the beginning of the year	977550	0.96	No Change	977550	0.96
ii	At the end of the year				977550	0.96
8.	Hema Sathish					
i	At the beginning of the year	6325875	6.20	0	6325875	6.20
	a. Decrease - Transfer/Sale					
	20.05.2016			-500000	5825875	5.71
	09.12.2016			-320000	5505875	5.40
	03.02.2017			-10000	5495875	5.39
ii.	At the end of the year			-830000	5495875	5.39
9.	Kamala Kashinath					
i	At the beginning of the year	131143	0.13	0	131143	0.13
	a. Increase – Transfer/Purchase					
	06.05.2016			-10000	121143	0.12
	13.05.2016			-20000	101143	0.10
	20.05.2016			-53837	47306	0.05
	13.01.2017			-10332	36974	0.04
	03.02.2017			-14668	22306	0.02
	24.02.2017			-15000	7306	0.01
ii.	At the end of the year			-123837	7306	0.01
10	Kashinath Shivaramasatry					
i.	At the beginning of the year	7832	0.01	No Change	7832	0.01
ii.	At the end of the year				7832	0.01
11	Shailaja Suresh					
i.	At the beginning of the year	250000	0.25	0	250000	0.25
	a. Increase – Transfer/Purchase					
	05.08.2016			-20000	230000	0.23
	13.01.2017			-15000	215000	0.21
	20.01.2017			-16580	198420	0.19
	27.01.2017			-20420	178000	0.17
	03.02.2017			-15000	163000	0.16
	31.03.2017			-110000	53000	0.05
ii.	At the end of the year			-197000	53000	0.05
12	S Ananda Halambi					
i.	At the beginning of the year	176225	0.17	0	176225	0.17
	a. Decrease – Transfer/Sale					
	02.09.2016			-139000	37225	0.04
ii.	At the end of the year				37225	0.04

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D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year - 01.04.2016		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year - 31.03.2017	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	Shah Parag V					
i	At the beginning of the year	135131	0.13	0	135131	0.13
	Decrease: Transfer/Sale					
	03.06.2016			-2637	132494	0.13
	17.06.2016			-500	131994	0.13
	24.06.2016			-200	131794	0.13
	30.06.2016			-500	131294	0.13
	08.07.2016			-163	131131	0.13
	15.07.2016			-800	130331	0.13
	22.07.2016			-4000	126331	0.12
	29.07.2016			-6500	119831	0.12
	05.08.2016			-5500	114331	0.11
	12.08.2016			-1200	113131	0.11
	19.08.2016			-5935	107196	0.11
	26.08.2016			-11177	96019	0.09
	02.09.2016			-6044	89975	0.09
	09.09.2016			-3000	86975	0.09
	16.09.2016			-12005	74970	0.07
	23.09.2016			-1500	73470	0.07
ii.	At the end of the year			-61661	73470	0.07
2	Southern India Depository Services					
i	At the beginning of the year	105800	0.10	No Change	105800	0.10
ii	At the end of the year				105800	0.10
3	Sameer Amitbhai Chavda					
i	At the beginning of the year	71529	0.07	No Change	71529	0.07
ii	At the end of the year				71529	0.07
4	C. Satya Kumar					
i	At the beginning of the year	63297	0.06	0	63297	0.06
	Decrease: Transfer/Sale					
	10.06.2016			-39171	25000	0.02
	17.06.2016			-23000	2000	0
	29.07.2016			-900	1100	0
	Increase: Transfer/Purchase					
	22.04.2016			14	63311	0.06
	06.05.2016			467	63778	0.06
	27.05.2016			140	63918	0.06
	03.06.2016			253	64171	0.06
ii	At the end of the year			-62197	1100	0.00

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SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year - 01.04.2016		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year - 31.03.2017	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
5	Arnold Holdings Limited					
i	At the beginning of the year	43890	0.04	0	43890	0.04
	Decrease: Transfer/Sale					
	29.07.2016			-20043	23847	0.02
	05.08.2016			-8000	15847	0.02
ii.	At the end of the year			-28043	15847	0.02
6	Pankaj B Nayak					
i	At the beginning of the year	36100	0.04	No Change	36100	0.04
ii	At the end of the year				36100	0.04
7	Amit Jajoo					
i	At the beginning of the year	27101	0.03	0	27101	0.03
	Decrease: Transfer/Sale					
	06.05.2016				-27101	00
ii	At the end of the year				0	0.00
8	Rina Amar Jariwala					
i	At the beginning of the year	25047	0.02	0	25047	0.02
	Decrease: Transfer/Sale					
	03.06.2016			-1000	24047	0.02
	24.06.2016			-1000	23047	0.02
	01.07.2016			-1000	22047	0.02
	08.07.2016			-6000	16047	0.02
	22.07.2016			-2000	14047	0.01
	29.07.2016			2000	16047	0.02
	05.08.2016			-6000	10047	0.01
	12.08.2016			2000	12047	0.01
	02.09.2016			-305	11742	0.01
	09.09.2016			-4000	7742	0.01
	Increase: Transfer/Purchase					
	07.10.2016			4000	11742	0.01
	21.10.2016			1000	12742	0.01
	23.12.2016			3000	15742	0.02
	10.02.2017			2950	18692	0.02
ii	At the end of the year			-6355	18692	0.02
9	Amod Ratanchand Mehta					
i	At the beginning of the year	23175	0.02	0	23175	0.02
	Increase: Transfer/Purchase					
	07.10.2016			15	23190	0.02
	14.10.2016			57	23247	0.02
	21.10.2016			65	23312	0.02
	28.10.2016			60	23372	0.02
	04.11.2016			50	23422	0.02

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SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year - 01.04.2016		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year - 31.03.2017	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
	11.11.2016			35	23457	0.02
	18.11.2016			37	23494	0.02
	25.11.2016			27	23521	0.02
	02.12.2016			12	23533	0.02
	09.12.2016			120	23653	0.02
	16.12.2016			150	23803	0.02
	23.12.2016			125	23928	0.02
	30.12.2016			150	24078	0.02
	20.01.2017			20	24098	0.02
	27.01.2017			16	24114	0.02
	03.02.2017			275	24389	0.02
	10.02.2017			100	24489	0.02
	17.02.2017			20	24509	0.02
	24.02.2017			50	24559	0.02
	24.03.2017			180	24739	0.02
ii.	At the end of the year			1564	24739	0.02
10.	Apurva Salot					
i	At the beginning of the year	21519	0.02	0	21519	0.02
	Decrease: Transfer/Sale					
	13.05.2016			-36	21483	0.02
	03.06.2016			-10000	11483	0.01
	02.09.2016			-5000	6483	0.01
ii.	At the end of the year			-15036	6483	0.01

E) Shareholding of Directors and Key Managerial Personnel:

SN	Particulars	Shareholding at the beginning of the year - 01.04.2016		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year - 31.03.2017	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
1	Suresh Shastry					
i	At the beginning of the year	32434026	31.80	0	32434026	31.80
	a. Decrease: Transfer/Sale					
	15.04.2016			-300000	32134026	31.51
	22.04.2016			-400000	31734026	31.11
	29.04.2016			-400000	31334026	30.72
	06.05.2016			-800000	30534026	29.94
	20.05.2016			-734026	29800000	29.22
	25.11.2016			-500000	29300000	28.73
	13.01.2017			-500000	28800000	28.24
ii.	At the end of the year			-3634026	28800000	28.24

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SN	Particulars	Shareholding at the beginning of the year - 01.04.2016		Increase/ Decrease in No. of shares	Cumulative Shareholding during the year - 31.03.2017	
		No. of shares	% of total shares of the company		No. of shares	% of total shares of the company
2.	Supriya Shastry					
i	At the beginning of the year	19527125	19.14	0	19527125	19.14
	a. Decrease – Transfer/Sale					
	20.05.2016			-300000	19227125	18.85
	09.12.2016			-345000	18882125	18.51
	03.02.2017			-200000	18682125	18.32
ii.	At the end of the year			-845000	18682125	18.32
3.	Umesh Shastry					
i	At the beginning of the year	6988150	6.85	0	6988150	6.85
	a. Decrease – Transfer/Sale					
	27.01.2017			-5000	6983150	6.85
	03.02.2017			-15000	6968150	6.83
	24.02.2017			-500000	6468150	6.34
	03.03.2017			-150000	6318150	6.19
ii	At the end of the year			-670000	6318150	6.19
4.	Sathish Shastry					
i	At the beginning of the year	18024000	17.67	0	18024000	17.67
	a. Decrease – Transfer/Sale					
	06.05.2016			-400000	17624000	17.28
	20.05.2016			-600000	17024000	16.69
ii	At the end of the year			-1000000	17024000	16.69

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

(In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	90.78	95.40	0	186.18
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	90.78	95.40	0	186.18
Change in Indebtedness during the financial year				
* Addition	0	50.60	0	50.60
* Reduction	10.31	0	0	10.31
Net Change	(10.31)	50.60	0	40.29
Indebtedness at the end of the financial year				
i) Principal Amount	80.47	146.00	0	226.47
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	80.47	146.00	0	226.47

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VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -

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

(In Lakhs)

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		CMD	WTD			
		Suresh Shastry	Satish Shastry	Umesh Shastry	Supriya Shastry	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income - tax Act, 1961	19.20	19.20	19.20	19.20	76.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.53	0.26	0.71	0.22	1.72
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	0.00
4	Commission - as % of profit - others, specify	0.00	0.00	0.00	0.00	0.00
5	Others-contribution to funds	3.00	3.00	3.00	3.00	12.00
	Total (A)	22.73	22.46	22.91	22.42	90.52
	Ceiling as per the Act	Due to inadequate profit remuneration is paid as per the limit prescribed under Part II of Schedule V of the Companies Act, 2013.				

B. Remuneration to other directors

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

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C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(In Lakhs)

SN	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CS*	CFO	
1	Gross salary	-	1.11	-	1.11
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	0.00	-	0.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	0.00	-	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	0.00	-	0.00
2	Stock Option	-	0.00	-	0.00
3	Sweat Equity	-	0.00	-	0.00
4	Commission		0.00	-	0.00
	- as % of profit	-	0.00	-	0.00
	others, specify	-	0.00	-	0.00
5	Others - Contribution to funds	-	0.11	-	0.11
	Total	-	1.22	-	1.22

*With effect from 04.01.2017

VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

NOMINATION AND REMUNERATION POLICY

Introduction:

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

Objective and purpose of the Policy:

The objective and purpose of this policy are:

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

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

Effective Date:

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

Constitution of the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of following Directors:

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

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

Definitions

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

Applicability

The Policy is applicable to

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

General

- This Policy is divided in three parts:

Part – A covers the matters to be dealt with and recommended by the Committee to the Board,

Part – B covers the appointment and nomination and
Part – C covers remuneration and perquisites etc.

- The key features of the Company's policy shall be included in the Board's Report.

PART – A

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

The Committee shall:

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

PART – B

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

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

1. Managing Director/Whole-time Director:

The Company shall appoint or re-appoint any person as its Executive Chairman, Managing Director or Executive

Director for a term not exceeding five years at a time. No re-appointment shall be made earlier than one year before the expiry of term.

2. Independent Director:

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

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

• Evaluation:

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

• Removal:

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

• Retirement:

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Companies Act, 2013 and the prevailing policy of the Company. The Board will have the discretion to retain

Smiths & Founders (India) Limited

the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company.

PART – C

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

- **General:**

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

1. **Fixed pay:**

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

shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

2. **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Whole-time Director in accordance with the provisions of Schedule V of the Companies Act, 2013 and if it is not able to comply with such provisions, with the previous approval of the Central Government.

3. **Provisions for excess remuneration:**

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

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

1. **Remuneration / Commission:**

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

2. **Sitting Fees:**

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

3. **Commission:**

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

4. **Stock Options:**

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

Form No. AOC-2

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

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

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

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

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

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

SURESH SHASTRY
Chairman & Managing Director

FORM MR-3

Annexure - D

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017

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

To,

The Members

Smiths & Founders (India) Limited

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Smiths & Founders (India) Limited (hereinafter called **the Company**). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on, 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the 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, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during audit period);

- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during audit period);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008) (Not applicable to the Company during audit period);
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period); and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period);

I have also reviewed the systems and mechanisms established by the Company for ensuring compliances under other applicable Acts, Laws, Rules, Regulations, Guidelines applicable to the Company and categorized under the following major heads/groups:

- a. The Factories Act, 1948
- b. Industries (Development & Regulation) Act, 1951.
- c. Acts prescribed under prevention and control of pollution.
- d. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation, etc;
- e. The Karnataka Shops & Establishment Act, 1961.

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 Agreement entered into by the Company with BSE Ltd.;
- (iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. As per Regulation 38 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, there should be

a minimum public shareholding of 25% of the Paid Up share capital of the Company. As on March 31, 2017, the promoters' shareholding is 88.47% of the total Paid Up share capital, whereas the Public hold 11.53% of the total Paid Up share capital of the Company. The period of 3 years time granted to the Company to comply with this Regulation under 'Reliefs and Concessions' by the Hon. Board for Industrial and Financial Reconstruction under the Scheme of Rehabilitation approved by them on February 20, 2014 has expired on February 20, 2017.

I further report that

The Board of Directors of the Company is not duly constituted under Regulation 17(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. However, the Company has been exempted from the applicability of this Regulation for a period of 5 Years by the Hon. Board for Industrial and Financial Reconstruction under the Scheme of Rehabilitation approved by them on February 20, 2014. The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda

items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes.

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 had the following specific events:

1. Sale of property at Machenahalli, Shimoga District, Karnataka.
2. Shifting of Foundry unit from Machenahalli, Shimoga District to Plot Nos. N 12 & 13, Industrial Estate, Sagar Road, Shimoga, Karnataka.
3. Shifting of Registered and Corporate Office of the Company to its own premises at Unit No.505, 5th Floor, Brigade Rubix, No.20, HMT Main Road, Bangalore 560013.

Naveen K Shenoy

Practicing Company Secretary

ACS No: 10817

CP No: 16588

Place: Bangalore

Date: 09.08.2017

Encl: Annexure A

**ANNEXURE A
(To the Secretarial Audit Report)**

To

The Members

Smiths & Founders (India) Limited.

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

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and process as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Naveen K Shenoy

Practicing Company Secretary

ACS No: 10817

CP No: 16588

Place: Bangalore

Date: 09.08.2017

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

The information under Section 134(3) (m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31, 2017 is given here below and forms part of the Director's Report

A. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION.

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

B. FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review Foreign Exchange earnings was Rs. 34.88 Lakhs (Previous Year Rs. 36.78 Lakhs) and Foreign Exchange outgo was Nil (Previous Year Nil)

DETAILS OF REMUNERATION

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

The percentage increase in remuneration of each Director and Company Secretary during the Financial Year 2016-17, ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016-17 and the comparison of remuneration of each Key Managerial Personnel (KMP) against the performance of the Company are as under:

Sl. No.	Name of Director/ KMP	Designation	Remuneration of Director/KMP for the Financial Year 2016-17 (Rs. in Lakhs)	% increase in Remuneration in the Financial Year 2016-17	Ratio of Remuneration of each Director to median remuneration of employees for the Financial Year	Comparison of the Remuneration of the KMP against the performance of the Company
1	Suresh Shastry	Chairman & Managing Director	22.73	There was no increase in remuneration during the Financial Year	202.19	Remuneration received during the Financial year – Rs.22.73 Lakhs as against Net Loss of Rs. 23.08 Lakhs.
2	Satish Shastry	Executive Director	22.46	There was no increase in remuneration during the Financial Year	199.79	Remuneration received during the Financial year – Rs.22.46 Lakhs as against Net Loss of Rs. 23.08 Lakhs.
3	Umesh Shastry	Executive Director	22.91	There was no increase in remuneration during the Financial Year	203.79	Remuneration received during the Financial year – Rs.22.91 Lakhs as against Net Loss of Rs. 23.08 Lakhs.
4	Supriya Shastry	Executive Director	22.42	There was no increase in remuneration during the Financial Year	199.43	Remuneration received during the Financial year – Rs.22.42 Lakhs as against Net Loss of Rs. 23.08 Lakhs.
5	V. Parthasarathy	Independent Director	0.00	0.00	0.00	-
6	Sudhindra N.Kalghatgi	Independent Director	0.00	0.00	0.00	-
7	Yogeesh M Dasar (wef. 04.01.2017)	Company Secretary	1.22*	N.A.	-	*Was employed for part of the year.

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

The median remuneration of employees of the Company during the Financial Year was Rs.11,242/- and the ratio of remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the above table.

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

There was no increase in remuneration of the Directors and Company Secretary in the Financial Year 2016-17.

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

In the Financial Year, there was an increase of 17.30 % in the median remuneration of employees. The increase was due to increment in salary made to the employees.

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

There were 64 permanent employees on the rolls of the Company as on March 31, 2017.

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

The increase in the median remuneration of employees was 17.30%. As regards Company's performance, its net loss for the Financial Year 2016-17 was Rs. 23.08 Lakhs as against net loss of Rs. 151.92 Lakhs in the Financial Year 2015-16.

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

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

The Total remuneration of Key Managerial Personnel has remained almost the same compared to previous year, whereas the Company's net loss has come down from Rs. 151.93 Lakhs in the Financial Year 2015-16 to Rs. 23.08 Lakhs in the Financial Year 2016-17.

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

The market capitalization as on 31st March, 2017 was Rs. 25.09 Crores (Rs.41.41 Crores as on 31st March, 2016). The closing price of the share as on 31st March, 2017 was Rs. 2.46 and as on 31st March, 2016 was Rs. 4.06, the Earnings Per Share was Rs. (0.02) for the Financial Year ended 31st March, 2017 and Rs. (0.15) for the year ended 31st March, 2016. The Initial Public offer was made by the Company in the year 1993 and the issue was for 31,00,000 equity shares of Rs. 10/- each at par. In the year 2006, the Company split the shares by reducing the face value to Re. 1/-. In the year 2014 the Company reduced the Share Capital by 90% and allotted 97676525 new equity shares to the shareholders of the amalgamating Company, as per the Scheme of Rehabilitation sanctioned by the Hon. BIFR in February, 2014. As against issue of equity shares of Rs.10/- at par in 1993 and post share capital reduction by 90% and issue of new equity shares, the closing share price of the Company at BSE Limited as on 31st March, 2017 was Rs.2.46 per equity share of face value of Re. 1/- each.

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

During the financial year 2016-17, average percentile increase in salaries of employees other than the managerial personnel was higher by 7.60% in comparison with percentile increase in the managerial remuneration.

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

Details are provided in the above table.

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

During the Financial Year 2016-17 the remuneration paid to Directors does not include any variable component.

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

Not applicable.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

Industry Structure and Developments:

The turnaround for the Indian auto industry which began in the Financial Year 2014-15 continued in the Financial Year 2016-17 also. However, the Company could not add any major customers resulting in muted sales growth in the financial year 2016-17.

Opportunities and Threats:

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

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

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

Segment-wise or product wise performance:

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

Outlook:

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

The Indian Auto Component industry is expected to grow by 8-10 per cent in FY 2017-18, based on higher localisation by Original Equipment Manufacturers (OEM), higher component content per vehicle, and rising exports from India. The industry is set to become the third largest in the world by 2025.

Risks and Concerns:

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

Internal Control Systems and their adequacy:

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

Discussion on Financial performance with respect to operational performance:

The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) and comply with the Accounting Standard specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

Results of Operations :

Income

(₹ in Lakhs)

Particulars	Financial Year 2016-17		Financial Year 2015-16		+/-
	Amount	%	Amount	%	
Revenue from Operations	753.54	91.55	781.69	90.05	-3.60
Other Income	69.59	8.45	86.38	9.95	-19.44
Total	823.14	100.00	868.08	100.00	-5.18

Net Sales & Other Income:

Net Sales has fallen down by 3.60%. Other Income also has come down due lower profit on sale of an asset of lower value.

Expenses

(₹ in Lakhs)

Particulars	Financial Year 2016-17		Financial Year 2015-16		+/-
	Amount	%	Amount	%	
Material Costs	314.99	41.80	384.45	49.18	7.38
Employee Benefits Expense	258.60	34.32	264.07	33.78	-0.54
Finance Costs	18.75	2.49	96.43	12.34	9.85
Depreciation & Amortisation Expense	24.40	3.24	34.70	4.43	1.19
Direct Expenses	146.65	19.46	127.78	16.35	-3.11
Administration Expenses	74.75	9.92	91.41	11.69	1.77
Selling & Distribution Expenses	8.08	1.07	7.17	0.91	-0.16
Total Expenses	846.22	112.30	1006.01	128.70	16.40

Expenses:

Material Costs

Material costs have come down due to improved purchasing methods.

Finance Costs

Finance costs have come down due to closure of bank borrowings for working capital.

Direct Expenses

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

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

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

The Company continues to focus on safety, training and development of the employees. The total number of employees on the rolls of the Company as on March 31, 2017 was 64.

Cautionary Statement:

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

ANNEXURE TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2017, in terms of Regulation 34(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

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

2. BOARD OF DIRECTORS:

a) Composition and Size of the Board.

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

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

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

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

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

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

Name of the Director	Number of Board Meetings held during the year 2016-17		Attendance at the Last AGM held on September 24, 2016
	Held	Attended	
Mr. Suresh Shastry	7	7	Yes
Mr. Satish Shastry	7	3	Yes
Mr. Umesh Shastry	7	3	Yes
Mrs. Supriya Shastry	7	7	Yes
Mr. Sudhindra Narayan Kalghatgi	7	5	No
Mr. V. Parthasarathy	7	4	Yes

c) Number of Board Meetings:

Seven Board Meetings were held during the year 2016-17 and the gap between two consecutive meetings did not exceed one hundred twenty days. The dates on which the Board meetings were held were April 25, 2016, May 30, 2016, August 11, 2016, September 24, 2016, November 14, 2016, January 4, 2016 and February 14, 2017.

3. AUDIT COMMITTEE:

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

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

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

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

The Audit Committee met four times during the year 2016-2017 and the gap between two consecutive meetings did not exceed one hundred twenty days. The dates on which the Audit Committee Meeting were held are as follows: May 30, 2016, August 11, 2016, November 14, 2016 and February 14, 2017. The attendance at the Meetings was as under:

Name	No. of Meetings held during the year 2016-17	No. of Meetings Attended
Mr. V. Parthasarathy	4	3
Mr. Suresh Shastry	4	4
Mr. Sudhindra N. Kalghatgi	4	3

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

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required replacement or removal of statutory auditors and fixation of audit fees. Approval of payment to statutory auditors for any other services.
3. Reviewing with management, the quarterly and annual financial statements before submission to the Board for approval.
4. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.

Smiths & Founders (India) Limited

5. Reviewing with management performance of statutory and internal auditors and adequacy of internal control systems.
6. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
7. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

4. NOMINATION AND REMUNERATION COMMITTEE:

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

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

5. STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

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

The Committee Meetings were held on May 30, 2016, August 11, 2016, November 14, 2016 and February 14, 2017. The attendance at the meetings was as under:

Name	No. of Meetings held during the year 2016-17	No. of Meetings Attended
Mr. V. Parthasarathy	4	3
Mr. Suresh Shastry	4	4
Mr. Sudhindra N. Kalghatgi	4	3

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

6. REMUNERATION OF DIRECTORS:

In line with the principles of transparency and consistency, the Company has adopted a Policy of Remuneration of Directors, Key Managerial Personnel and other employees, which has been approved by the Board of the Company at its meeting held on May 30, 2014, based on the recommendations of the Nomination and Remuneration Committee. Remuneration paid to Managing Director and Executive Directors (Whole-time Directors) for the year ended March 31, 2017, is given below:

(₹ in Lakhs)

Directors	Salary	Company's Contributions to funds*	Perquisites and Allowances	Total	Contract Period
Suresh Shastry, (Managing Director)	19.20	3.00	0.53	22.73	1.4.2014 to 31.3.2017
Satish Shastry, (Executive Director)	19.20	3.00	0.26	22.46	1.4.2014 to 31.3.2017
Umesh Shastry, (Executive Director)	19.20	3.00	0.71	22.91	1.4.2014 to 31.3.2017
Supriya Shastry, (Executive Director)	19.20	3.00	0.22	22.42	1.4.2014 to 31.3.2017

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

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

7. CEO CERTIFICATION :

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

8. ANNUAL GENERAL MEETINGS :

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

Year	AGM	Location	Date & Time	Special Resolution passed
2013-14	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore - 560 055	27.12.2014 10.00 a.m.	a) Appointment of 3 Whole Time Directors and approval of their remuneration b) Appointment of Managing Director and approval of his remuneration c) Alteration of Memorandum and Articles of Association for increase in Authorised Capital
2014-15	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore - 560 055	26.09.2015 10.30 a.m.	Approval for transfer,sale and/or dispose of the undertaking at Chikkaballapura, Karnataka
2015-16	AGM	MEWS Ladies Club, No.37, 17th Cross, Malleswaram, Bangalore - 560 055	24.09.2016 10.00 a.m.	None

No special resolutions were passed through Postal Ballot during the year 2016-17.

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

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

During the year 2016-17, there were no materially significant transactions or arrangements entered into between the Company and its Promoters, Directors or the Management or Relatives, etc., that may have potential conflict with the interests of the Company. Further, details of transactions with related parties are disclosed in Note 29.1 of Notes on accounts to Annual Accounts in the Annual Report.

b. Details of non-compliance by the Company, penalties, strictures, imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to capital matters, during the last three years.

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

c. Whistle Blower Policy

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

d. Non-mandatory requirements

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

Smiths & Founders (India) Limited

10. MEANS OF COMMUNICATION:

A. Quarterly Results :

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

B. Website:

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

C. Annual Report :

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

11. GENERAL SHAREHOLDER INFORMATION:

11.1. AGM :

Date and Time : September 16, 2017 at 10.00 A.M.
Venue : MEWS Ladies Club, No.37, 17th Cross, (between 4th & 6th Main),
Malleswaram, Bangalore - 560 055.

Last date for receipt
of Proxy forms : September 14, 2017 before 10.00 a.m.

11.2. Financial Year of the Company:

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

Tentative date for Board Meeting for consideration of quarterly financial results for 2017-18 are as follows:

Quarter ending June 30, 2017 - On or before August 14, 2017
Quarter ending September 30, 2017 - On or before November 14, 2017
Quarter ending December 31, 2017 - On or before February 14, 2018
Quarter ending March 31, 2018 - End May, 2018

11.3. Book Closure Date : 11.09.2017 to 16.09.2017 (Both days inclusive)

11.4. Dividend Payment Date : Not Applicable

11.5 Listing on Stock Exchanges :

Equity Shares : BSE Ltd., Mumbai

Annual listing fee payable to BSE Ltd. for Financial Year 2017-18 has been paid.

11.6 Stock Codes :

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

11.7. Stock Market Data :

MONTH	SHARE PRICE MOVEMENTS - 2016-17	
	SHARE PRICE at BSE LTD. (₹)	
	HIGH	LOW
April 2016	6.01	4.01
May 2016	8.54	4.90
June 2016	11.93	7.90
July 2016	19.00	11.90
August 2016	20.00	11.85
September 2016	21.33	9.67
October 2016	9.90	6.77
November 2016	6.67	4.74
December 2016	4.71	2.66
January 2017	3.67	2.73
February 2017	3.59	2.65
March 2017	3.75	2.33

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

Month/Year	BSE Sensex Index		Share Price at BSE LTD. (₹)	
	HIGH	LOW	HIGH	LOW
April 2016	26,100.54	24,523.20	6.01	4.01
May 2016	26,837.20	25,057.93	8.54	4.90
June 2016	27,105.41	25,911.33	11.93	7.90
July 2016	28,240.20	27,034.14	19.00	11.90
August 2016	28,532.25	27,627.97	20.00	11.85
September 2016	29,077.28	27,716.78	21.33	9.67
October 2016	28,477.65	27,488.30	9.90	6.77
November 2016	28,029.80	25,717.93	6.67	4.74
December 2016	26,803.76	25,753.74	4.71	2.66
January 2017	27,980.39	26,447.06	3.67	2.73
February 2017	29,065.31	27,590.10	3.59	2.65
March 2017	29,824.62	28,716.21	3.75	2.33

11.9 Registrar and Transfer Agents :

Integrated Registry Management Services Pvt. Ltd.

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

Tel : 080 2346 0815 to 818

Fax : 080 2346 0819

E-mail: vijayagopal@integratedindia.in
irg@integratedindia.in

Website : www.iepindia.com

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

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

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

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

11.11. Distribution of Shareholding as on 31.03.2017.

No. of shares held	No. of shareholders	No. of shares held	% Shareholding
Up to 500	10045	1752193	1.72
501-1000	950	834629	0.82
1001-2000	535	869389	0.85
2001-3000	213	560095	0.55
3001-4000	104	383089	0.38
4001-5000	104	497886	0.49
5001-10000	178	1351514	1.33
10001 & above	175	95747730	93.87
TOTAL	12304	101996525	100.00

Smiths & Founders (India) Limited

11.12. Dematerialization of Shares:

99.02% of the Shares of the Company are in dematerialised form as on 31st March, 2017.

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

- 11.14. Plant Locations :
1. Plot Nos. N 12 & 13,
Industrial Estate, Sagar Road,
Shimoga-577 204, Karnataka
 2. M 7 – M 10, Industrial Estate
Sagar Road, Shimoga 577 204, Karnataka

11.15. Investor Correspondence:

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

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

I, Suresh Shastry, Chairman & Managing Director of Smiths & Founders (India) Limited, declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed their compliance with the Company's code of conduct for the year ended March 31, 2017.

Place: Bangalore

Date : 09.08.2017

SURESH SHASTRY
Chairman & Managing Director

CEO CERTIFICATION

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

- i. I have reviewed the financial statements, read with the cash flow statement of Smiths & Founders (India) Limited for the year ended March 31, 2017 and that to the best of my knowledge and belief, state that :
 - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- ii. there are, to the best of my knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- iii. I accept responsibility for establishing and maintaining internal controls for financial reporting and I have

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

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

SURESH SHASTRY
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

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

1. We have examined the compliance of conditions of Corporate Governance by **Smiths & Founders (India) Limited** for the year ended 31st March, 2017, as stipulated in
 - Regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C , D and E of Schedule V of the SEBI [Listing Obligations and Disclosure Requirements] Regulations 2015 for the period April 01, 2016 to March 31st, 2017 except composition of Board of Directors as per regulation 17(1) since the Company has been exempted from such provision for a period of 5 years by the Hon. Board for Industrial and Financial Reconstruction under the Scheme of Rehabilitation approved by them on February 20, 2014.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing

Standards in India, to the extent relevant, and as per the Guidance Note of Certification of Corporate Governance issued by the Institute of Chartered Accountants of India.

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

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

DEVENDRA NAYAK
Partner
M.No:27449

Place: Bangalore
Date: 8th August, 2017

INDEPENDENT AUDITORS' REPORT

TO

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **M/s. SMITHS & FOUNDERS (INDIA) LIMITED** ("the Company") which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free

from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the company as at March 31, 2017 and its profit and its cash flow for the year ended on that date.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- (b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report, to the extent applicable, that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

- | | |
|---|--|
| <p>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;</p> <p>c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;</p> <p>d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013, read with the Rule 7 of the Companies (Accounts) Rules, 2014;</p> <p>e. On the basis of written representations received from the directors as on March 31st, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31st, 2017, from being appointed as a director in terms of section 164(2) of the Act;</p> <p>f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";</p> <p>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:</p> | <p>(i) The Company does not have any pending litigation which would impact its financial position;</p> <p>(ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;</p> <p>(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;</p> <p>(iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.</p> |
|---|--|

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

DEVENDRA NAYAK
Partner

Place: Bengaluru
Date: 29th May, 2017

Membership No. 027449

Annexure A to the Independent Auditors' Report

(i) Fixed Assets

- a) The Company has maintained proper records of fixed assets showing full particulars, including quantitative details and situation of the assets.
- b) The Management has conducted physical verification of fixed assets at reasonable intervals and no material discrepancies were noticed on such verification.
- c) According to the information and explanation given to us, and based on our verification, the title deeds of immovable properties are held in the name of the Company.

(ii) Inventory

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

(iii) Loans and Advances

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

(iv) Loans / Investments / Guarantees

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

(v) Deposits

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

(vi) Cost records

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

(vii) Statutory Dues

- a) According to the records of the Company, the Company is regular in depositing with appropriate authorities undisputed statutory

Smiths & Founders (India) Limited

dues including provident fund, Employee State Insurance, Income tax, sales tax, service tax, duty of customs, value added tax, duty of excise, cess and other statutory dues applicable to it.

- b) According to the records of the Company, there are no dues of Income tax or Sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of any dispute.

(viii) Repayment of Loans

In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of any term loan and borrowings from the banks and the company has not availed any loan from Government, Financial Institution and Debenture holder during the year.

(ix) Diversion of funds

According to the information and explanation given to us and on the basis of the records of the Company, there were no further public offer during the year and moneys raised by way of term loans were applied for the purposes for which those are raised.

(x) Frauds noticed / Detected

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

(xi) Managerial Remuneration

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

(xii) Nidhi Company

The company is not a Nidhi Company as mentioned in section 406 of the Companies Act, 2013 and hence

no comment is required on the same.

(xiii) Related Party Transactions

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

(xiv) Preferential allotment

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

(xv) Non-cash Transactions

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

(xvi) Certification for Non Banking Financial Institution

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

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

DEVENDRA NAYAK
Partner

Place: Bangalore
Date: 29th May, 2017

Membership No. 027449

Annexure B to Independent Auditor's report of even date on the standalone financial statements of M/s. SMITHS & FOUNDERS (INDIA) LIMITED

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

We have audited the internal financial controls over financial reporting of **M/s. SMITHS & FOUNDERS (INDIA) LIMITED** ("the Company") as of March 31st, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

company's internal financial control over financial reporting includes those policies and procedures that

- 1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- 3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the "Guidance Note on Audit of Internal Financial Controls Over Financial Reporting" issued by the Institute of Chartered Accountants of India.

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

DEVENDRA NAYAK
Partner

Place: Bangalore
Date: 29th May, 2017

Membership No. 027449

Smiths & Founders (India) Limited

BALANCE SHEET AS AT 31st MARCH, 2017

PARTICULARS	Note No.	As at 31 March 2017 ₹	As at 31 March 2016 ₹
I. EQUITY & LIABILITIES			
1 Shareholders' Funds			
Share Capital	2	10,19,96,525	10,19,96,525
Reserves & surplus	3	(5,04,27,018)	(4,38,74,269)
		5,15,69,507	5,81,22,256
2 Shares pending allotment for consideration other than cash		-	-
3 Non-current liabilities			
Long-term borrowings	4	69,19,300	81,47,981
Long-term provisions	5	48,38,350	45,30,610
		1,17,57,650	1,26,78,590
4 Current liabilities			
Short-term Borrowings	6	1,46,00,000	95,40,000
Trade payables	7		
Micro, Small and Medium Enterprises		-	-
Others		26,79,552	1,38,11,081
Other Current Liabilities	8	47,87,588	46,22,548
Short-term provisions	9	1,30,987	6,79,376
		2,21,98,127	2,86,53,005
TOTAL		8,55,25,283	9,94,53,852
II. ASSETS			
1 Non-current assets			
Fixed assets	10		
(i) Tangible assets		5,83,93,272	7,28,14,985
(ii) Intangible assets		80,373	1,14,363
(iii) Capital Work-in-Progress		-	4,87,613
Non-Current Investments		-	-
Long term loans & advances	11	14,56,584	29,70,114
		5,99,30,229	7,63,87,075
2 Current assets			
Inventories	12	1,02,08,280	97,79,685
Trade receivables	13	1,13,78,376	98,05,687
Cash & Bank Balances	14	33,79,488	28,85,898
Short-term loans and advances	15	2,33,590	2,33,948
Other current assets	16	3,95,320	3,61,559
		2,55,95,054	2,30,66,778
TOTAL		8,55,25,283	9,94,53,852
Significant accounting policies	1		
Notes to accounts	2 to 39		

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

For and on behalf of the Board of Directors This is the Balance Sheet referred to in our audit report of even date.

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

Suresh Shastry
Chairman & Managing Director
DIN: 1099554

Supriya Shastry
Whole Time Director
DIN: 1327762

Yogeesh Dasar M
Company Secretary
M.No: ACS42993

Devendra Nayak
Partner
M.No: 027449

Place: Bangalore
Date : 29.05.2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2017

PARTICULARS	Note No.	For the Year Ended 31 March 2017 ₹	For the Year Ended 31 March 2016 ₹
REVENUE			
Revenue from Operations	17	7,53,54,214	7,81,69,452
Other income	18	69,59,408	86,38,275
Total Revenue		8,23,13,622	8,68,07,727
EXPENSES			
Cost of material and consumables	19	3,29,82,315	3,64,14,516
Changes in inventory of work-in-progress & Finished Goods	20	(14,82,913)	20,30,093
Employee benefits expense	21	2,58,59,648	2,64,07,113
Finance costs	22	18,74,605	96,43,400
Depreciation and amortisation expense	23	24,40,128	34,70,259
Direct Expenses	24	1,46,65,226	1,27,77,793
Administration Expenses	25	74,75,144	91,41,175
Selling & Distribution Expenses	26	8,07,899	7,16,812
Total Expenses		8,46,22,052	10,06,01,161
Profit/(Loss) before exceptional & extraordinary items & tax		(23,08,430)	(1,37,93,434)
Exceptional items		-	-
Profit/(Loss) before extraordinary items & tax		(23,08,430)	(1,37,93,434)
Extraordinary items		-	-
Profit/(Loss) before tax		(23,08,430)	(1,37,93,434)
Less: Tax expenses			
Current tax		-	14,00,000
Deferred tax		-	-
Profit/(Loss) for the period		(23,08,430)	(1,51,93,434)
Earnings per equity share:			
Basic and Diluted		(0.02)	(0.15)
Weighted no of shares		10,19,96,525	10,19,96,525
Diluted		(0.02)	(0.15)
Weighted no of shares		10,19,96,525	10,19,96,525
Significant accounting policies	1		
Notes to accounts	2 to 39		

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

For and on behalf of the Board of Directors This is the Balance Sheet referred to in our audit report of even date.

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

Suresh Shastry
Chairman & Managing Director
DIN: 1099554

Supriya Shastry
Whole Time Director
DIN: 1327762

Yogeesh Dasar M
Company Secretary
M.No: ACS42993

Devendra Nayak
Partner
M.No: 027449

Place: Bangalore
Date : 29.05.2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS		For the Year ended 31.03.2017		For the Year ended 31.03.2016	
		₹	₹	₹	₹
A	Cash flows from operating activities				
	Net Profit Before Taxation and Extraordinary item	(23,08,430)		(1,37,93,433)	
	Adjustments for:				
	Depreciation	24,40,128		34,70,259	
	Financial expenses (Considered under Financial Activities)	18,74,605		96,43,400	
	Interest Income (Considered under Investment Activities)	(1,27,024)		(19,392)	
	Income Tax of Previous year	44,433		-	
	Loss on sale of Asset (Considered in Investment Activities)	2,05,874		-	
	Profit on sale of Asset (Considered in Investment Activities)	(66,83,534)		(82,90,085)	
	Operating Profit Before Working Capital Changes (Increase)/ Decrease in Current Assets, Loans & Advances		(45,53,948)		(89,89,252)
	Increase/(Decrease) in Current Liabilities	(20,34,687)		60,06,985	
	Working Capital changes	(1,07,45,757)	(1,27,80,444)	67,99,499	1,28,06,484
	Cash Generated from operations		(1,73,34,391)		38,17,232
	Income Tax (including Fringe Benefit Tax)		(7,04,034)		(7,40,399)
	Cash Flow Before Extraordinary Item		(1,80,38,425)		30,76,833
	Extra-ordinary items		-		-
	Net cash from operating activities		(1,80,38,425)		30,76,833
B	Cash flows from Investment activities				
	Additions to Fixed Assets	(34,51,473)		(6,44,717)	
	Sale of Fixed Asset	1,81,88,000		7,10,11,501	
	Increase / (Decrease) in Long term Loans & Advances	15,13,530		1,19,642	
	Interest Income	1,27,024		19,392	
	Net cash from Investing activities		1,63,77,081		7,05,05,818
C	Cash flows from financing activities				
	Repayment of Loans, Deposits & Overdraft	(10,30,461)		(6,11,52,352)	
	Acceptance of Loans	50,60,000		-	
	Financial Cost	(18,74,605)		(96,43,400)	
	Net cash from Financing activities		21,54,934		(7,07,95,751)
	Net Increase / Decrease in cash and cash equivalents		4,93,590		27,86,899
	Cash and cash equivalents at beginning of period		28,85,898		98,999
	Cash and cash equivalents at end of period		33,79,488		28,85,898

Notes to the cash flow statement:

- 1 Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 : "Cash Flow Statements" as specified in Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.
- 2 Cash and cash equivalents consist of cash on hand and balances with banks.
- 3 The previous year's figure have been recast, restated wherever necessary to confirm to the current presentation.

For and on behalf of the Board of Directors

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

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

Suresh Shastry
Chairman & Managing Director
DIN: 1099554

Supriya Shastry
Whole Time Director
DIN: 1327762

Yogeesh Dasar M
Company Secretary
M.No: ACS42993

Devendra Nayak
Partner
M.No: 027449

 Place: Bangalore
Date : 29.05.2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTE 1

SIGNIFICANT ACCOUNTING POLICIES

1. Basis Of Preparation Of Financial Statements

The Accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention and on the accrual basis. GAAP comprises of applicable provisions of the Companies Act, 2013 and mandatory Accounting Standards specified under Section 133 of the Act read with Rule 7 of Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2. Revenue Recognition:

Revenue from Sale of goods is recognised at the point of dispatch to customers inclusive of duties & taxes.

Revenue from Sale of Services is recognized at the point of completion of service and incomplete services at 31st March, if any, the same is recognized as accrued revenue.

3. Fixed assets, Depreciation and amortisation:

a. Tangible Assets

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

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

b. Intangible Assets

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

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

Depreciation and Amortisation

- (i) Up to 31st March, 2014, Depreciation is provided from the date the assets have been installed and put to use, on Straight Line

Method at rates specified in Schedule XIV of the Companies Act, 1956.

- (ii) With effect from April 1st, 2014, depreciation on assets carried at historical cost is provided on Straight line method based on useful life as under:

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

- (iii) The carrying value of the assets as on April 1st, 2014 is depreciated over the remaining useful life of the asset determined based on useful life mentioned in clause (b) supra

- (iv) Where the useful life of the asset is NIL as on April 1st, 2014, the carrying value as on April 1st, 2014 has been added to the opening balance of deficit in the Statement of Profit and Loss in accordance with Schedule II of the Companies Act, 2013.

4. Foreign Currency Translation:

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

5. Inventories:

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

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

Finished goods are valued based on retail method as per the 'Accounting Standard – 2' where a percentage profit margin is reduced from the sale value to arrive at the cost.

6. Employee Benefits:

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

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

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

7. Income Tax & Deferred Tax:

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

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

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

8. Borrowing costs:

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

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

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

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

Contingent liability is disclosed in case of

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

Contingent Assets are not recognized.

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

Capital Commitments:

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

10. Earnings Per Share

The earnings considered in ascertaining the Company's

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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

11. Impairment of Assets:

An Asset is treated as impaired when the carrying

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

12. Cash Flow Statement:

Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3 : "Cash Flow Statements" as specified in Section 133 of the Companies Act, 2013 read with Rule 7 of Companies (Accounts) Rules, 2014.

PARTICULARS	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
NOTE 2 - Share Capital		
Authorized Share Capital (10,25,00,000 Equity Shares of Re.1/- each)	10,25,00,000	10,25,00,000
Issued, Subscribed & Paid Up Share Capital (10,19,96,525 Equity Shares of Re.1/- each fully paid up)	10,19,96,525	10,19,96,525
Total	10,19,96,525	10,19,96,525
(a) Shares outstanding at beginning & end of the reporting period		
PARTICULARS	As at 31 March, 2017	As at 31 March, 2016
Shares outstanding at the beginning of the year	10,19,96,525	10,19,96,525
Shares Issued during the year	-	-
Capital Reduction during the year	-	-
Shares outstanding at the end of the year	10,19,96,525	10,19,96,525

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

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

Name of Share Holders	As at 31 March, 2017	As at 31 March, 2016
Suresh Shastry	2,88,00,000	3,24,34,026
Supriya S.	1,86,82,125	1,95,27,125
Satish Shastry	1,70,24,000	1,80,24,000
Sachin Shastry	1,25,85,125	1,25,85,125
Umesh Shastry	63,18,150	69,88,150
Hema Satish	54,95,875	63,25,875
Total	8,89,05,275	9,58,84,301

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
NOTE 3 - Reserves and Surplus		
P & L Account		
Opening balance	(7,73,88,210)	(6,21,94,776)
Add: Net Profit/(Net Loss) For the current year	(23,08,430)	(1,51,93,434)
Closing Balance - (a)	(7,96,96,639)	(7,73,88,210)
General Reserve		
Opening Balance	77,92,779	77,92,779
Closing Balance - (b)	77,92,779	77,92,779
Revaluation Reserve		
Opening Balance	2,57,21,162	8,03,65,682
Add: Revaluation of Assets	-	-
Less: Deletions on sale of Assets	(42,44,320)	(5,46,44,520)
Closing Balance - (c)	2,14,76,842	2,57,21,162
Total (a) + (b) + (c)	(5,04,27,018)	(4,38,74,269)
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 4 - Long Term Borrowings		
Long Term Borrowings		
(i) ICICI bank	69,19,300	81,47,981
(Loan for Acquisition of Building at Brigade Rubix, Bangalore secured by way of Mortgage of title deeds, 12.30% interest, balance repayable in 65 Months.)		
Current Maturities shown in note 8 - Rs.11,28,428/-, PY.Rs.9,30,208/-		
Total	69,19,300	81,47,981
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 5 - Long - Term Provisions		
Provision for employee benefits		
Provision for Superannuation	42,72,000	36,48,000
Compensated Absences	5,66,350	8,82,610
Total	48,38,350	45,30,610

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
NOTE 6 - Short-term borrowing		
Loans repayable on demand		
- From Directors		
Unsecured		
Smt. Supriya Shastry	23,00,000	-
Sri. Satish Shastry	35,00,000	-
Sri. Umesh Shastry	20,00,000	-
Sri. Suresh Shastry	68,00,000	95,40,000
Total	1,46,00,000	95,40,000
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 7 - Trade Payables		
Dues to		
Micro, Small and Medium Enterprises	-	-
Others	26,79,552	1,38,11,081
Total	26,79,552	1,38,11,081

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

PARTICULARS	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
NOTE 8 - Other Current Liabilities		
Advances received from Customers	5,954	87,500
Current maturities of long-term debt (Note 4)	11,28,428	9,30,208
Statutory Dues Payable	7,11,388	7,81,330
Directors Remuneration payable	3,70,798	4,81,200
Other Payables		
Ex-gratia payable	16,907	13,992
LIC Contribution payable	36,873	36,207
Other outstanding Liabilities	21,624	27,042
Gratuity payable to trust	1,05,333	3,365
Power Charge Payable	8,38,743	7,27,388
Salaries and Bonus Payable	15,51,541	15,34,316
Total	47,87,588	46,22,548
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 9 - Short - Term Provisions		
Provision for Excise Duty on Closing Stock	1,30,987	19,775
Provision for Tax (Net) / TDS receivable	-	6,59,601
Total	1,30,987	6,79,376

Smiths & Founders (India) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

NOTE 10 - Fixed Assets

Amount in ₹

Sl.	Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01-04-2016	Additions	Deletions	As at 31-03-2017	As at 01-04-2016	Additions	Deletions	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
a)	Tangible Assets										
	Factory Building	1,37,92,203	2,81,173	58,24,543	82,48,833	55,27,446	3,97,071	7,07,114	52,17,403	30,31,430	82,64,757
	Office Building	1,44,16,605	7,67,079	-	1,51,83,684	3,43,989	2,31,990	-	5,75,979	1,46,07,705	1,40,72,616
	Wells	71,086	-	-	71,086	67,532	-	-	67,532	3,554	3,554
	Land	3,83,14,000	-	1,01,20,000	2,81,94,000	-	-	-	-	2,81,94,000	3,83,14,000
	Plant and Machinery	4,54,90,272	9,65,020	-	4,64,55,292	3,77,17,091	7,86,045	-	3,85,03,136	79,52,156	77,73,181
	Electrical Installations	31,09,978	2,31,241	7,22,080	26,19,139	14,05,394	3,32,835	3,98,723	13,39,506	12,79,633	17,04,585
	Furniture and Fixtures	14,09,106	6,98,032	7,40,968	13,66,170	6,02,285	1,72,425	4,07,823	3,66,887	9,99,283	8,06,821
	Office Equipment	15,20,245	8,68,310	7,12,917	16,75,638	13,35,926	75,044	6,77,272	7,33,698	9,41,941	1,84,319
	Computer and Accessories	7,05,024	1,28,231	7,05,024	1,28,231	6,73,396	24,038	6,79,940	17,494	1,10,736	31,628
	Vehicles	27,96,654	-	-	27,96,654	11,37,128	3,86,692	-	15,23,820	12,72,834	16,59,526
	Sub total (a)	12,16,25,173	39,39,086	1,88,25,532	10,67,38,726	4,88,10,188	24,06,138	28,70,872	4,83,45,455	5,83,93,272	7,28,14,985
b)	Intangible Assets										
	Software	2,60,850	-	-	2,60,850	1,46,487	33,989	-	1,80,477	80,373	1,14,363
	Sub total (b)	2,60,850	-	-	2,60,850	1,46,487	33,989	-	1,80,477	80,373	1,14,363
	Total (a+b)	12,18,86,023	39,39,086	1,88,25,532	10,69,99,576	4,89,56,676	24,40,128	28,70,872	4,85,25,931	5,84,73,645	7,29,29,347
	Previous Year	24,46,39,309	1,57,104	12,29,10,390	12,18,86,023	5,10,30,871	34,70,259	55,44,454	4,89,56,676	7,29,29,347	19,36,08,438

(i) The recoverable amount of all assets exceeds the carrying amount, as at 31st March, 2017 hence the Company has not recognized any impairment losses as required by AS 28 as at that date.

(ii) The Depreciation is charged on Straight Line basis over the useful life of the assets as per Schedule II of the Companies Act, 2013.

PARTICULARS	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
NOTE 11 - Long Term Loans & Advances		
Security Deposits (Unsecured, considered good)		
Deposits with Government Authorities	14,51,884	19,58,714
Rental Deposits	-	10,05,000
Other Deposits	4,700	6,400
Total	14,56,584	29,70,114
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 12 - Inventories		
Raw material	23,61,415	32,34,784
(Valued at landed cost which includes freight)		
Consumables	16,25,053	18,06,002
(Valued at landed cost which includes freight)		
Work-in-Progress	46,60,996	41,26,941
(Valued at cost of material & conversion cost)		
Finished Goods	15,60,816	6,11,958
(Valued at retail method as per AS - 2)		
Total	1,02,08,280	97,79,685

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS	As at 31 March, 2017 ₹	As at 31 March, 2016 ₹
NOTE 13 - Trade Receivables (Unsecured, considered good)		
Outstanding more than 6 months	-	-
Others	1,13,78,376	98,05,687
Total	1,13,78,376	98,05,687
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 14 - Cash & Bank Balances		
Balances with Banks		
Current Accounts	33,70,406	28,65,640
Cash on hand	9,082	20,258
Total	33,79,488	28,85,898
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 15 - Short-Term Loans And Advances		
Advances to Suppliers	1,40,867	1,21,400
Prepaid Expenses	92,723	1,12,548
Total	2,33,590	2,33,948
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 16 - Other Current Assets		
TDS and Advance Tax	1,89,030	2,05,900
Amounts with government authorities	2,06,290	1,53,508
Other Advances	-	2,151
Total	3,95,320	3,61,559

PARTICULARS	2016-2017 Amount (₹)	2015-2016 Amount (₹)
NOTE 17 - Revenue From Operations		
Sales of Products	8,40,70,599	8,72,30,000
Less: Sales Returns	79,852	4,714
Less: Excise duty	89,79,064	93,06,834
	7,50,11,683	7,79,18,452
Sale of Services		
Labour Charges	3,42,531	2,51,000
	3,42,531	2,51,000
Total	7,53,54,214	7,81,69,452

Smiths & Founders (India) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS	2016-2017 Amount (₹)	2015-2016 Amount (₹)
NOTE 18 - Other Income		
Interest Income	1,27,024	19,392
Foreign Exchange Gain (Net)	-	1,37,352
Duty Drawback	27,852	30,165
Profit on sale of Asset	66,83,534	82,90,085
Other Income	1,18,250	1,47,781
Credits Written back	2,749	13,500
Total	69,59,408	86,38,275
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 18.1 - Sale by Class of Goods and Services		
Sale of Products		
Steel forgings	6,47,07,582	6,62,63,263
Steel scrap	21,14,026	11,32,480
Cast iron castings	2,98,138	8,22,340
Cylinder liners	77,09,662	97,00,368
Waste / Scrap	1,82,275	-
	7,50,11,683	7,79,18,451
Sale of Services		
Labour/Developmental Charges	3,42,531	2,51,000
	3,42,531	2,51,000
PARTICULARS	Amount (₹)	Amount (₹)
NOTE 19 - Cost of material and consumables		
Raw Materials		
Opening Stock	32,34,784	50,55,593
Add: Purchases	2,87,83,677	3,01,97,426
Less: Closing Stock	23,61,415	32,34,784
	2,96,57,045	3,20,18,235
Consumables		
Opening Stock	18,06,002	24,29,108
Add: Purchases	31,44,321	37,73,175
Less: Closing Stock	16,25,053	18,06,002
	33,25,270	43,96,281
Total	3,29,82,315	3,64,14,516

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS	2016-2017 Amount (₹)	2015-2016 Amount (₹)
NOTE 20 - Changes in inventory of work-in-progress & Finished Goods		
Work-in Progress		
Opening Stock	41,26,941	36,04,151
Less : Closing Stock	46,60,996	41,26,941
	(5,34,055)	(5,22,790)
Finished Goods		
Opening Stock	6,11,958	31,64,841
Less : Closing Stock	15,60,816	6,11,958
	(9,48,858)	25,52,883
Total	(14,82,913)	20,30,093
Raw Materials under Broad Heads		
PARTICULARS	31-Mar-17	31-Mar-16
Consumption of Steel	2,96,57,045	3,20,18,235
Total	2,96,57,045	3,20,18,235
Work-in-Progress under Broad Heads		
Semi finished Castings & Liners	130,165	31,33,725
Semi finished Forgings	45,30,831	9,93,216
Total	46,60,996	41,26,941
Imported & Indigenous consumption	31-Mar-17	31-Mar-16
Imported	-	-
% to total raw material consumption	0%	0%
Indigenous	2,96,57,045	3,20,18,235
% to total raw material consumption	100%	100%
PARTICULARS	31-Mar-17	31-Mar-16
NOTE 21 - Employee Benefits Expense		
Salaries & Wages	1,24,33,142	1,23,29,431
Gratuity & Leave Salary	1,41,063	9,36,849
Bonus	4,54,283	7,17,964
PF & ESI and other Labour Welfare fund	20,13,274	19,47,284
Staff Welfare	3,81,795	3,39,063
Employee Training Expenses	10,595	7,921
Ex-Gratia	16,907	15,592
Production Incentive	19,86,691	17,20,773
Directors Remuneration and Perquisites	84,21,898	83,92,236
Total	2,58,59,648	2,64,07,113

Smiths & Founders (India) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS	2016-2017 Amount (₹)	2015-2016 Amount (₹)
NOTE 22 - Finance Costs		
Interest on Loans	18,70,562	96,43,400
Foreign Exchange Loss (Net)	4,043	-
Total	18,74,605	96,43,400
	Amount (₹)	Amount (₹)
NOTE 23 - Depreciation And Amortisation Expense		
Tangible Asset	24,06,138	34,35,075
Intangible Asset	33,989	35,184
Total	24,40,128	34,70,259
	Amount (₹)	Amount (₹)
Note 24 - Direct Expenses		
Power Charges	1,01,63,312	94,94,280
Labour Charges	41,17,341	26,75,707
Material Handling Charges	97,994	1,01,901
Freight Inward & Transportation Charges	2,82,941	5,01,153
Material Testing Charges	3,638	4,753
Total	1,46,65,226	1,27,77,793
	Amount (₹)	Amount (₹)
Note 25 - Administration Expenses		
Bank Charges	24,683	1,86,292
Membership & Subscription Charges	20,486	18,766
Service Tax on GTA	15,887	15,447
Rent	6,10,900	24,22,710
Audit Fee	2,25,590	2,30,000
Professional Fees	6,36,674	2,67,806
Postage & Courier Charges	34,328	35,487
Telephone & Internet Charges	1,49,993	1,28,651
Insurance	56,884	64,347
Increase / (decrease) in Excise Duty on Closing Stock	1,11,212	(2,81,741)
Repair & Maintenance - Building	2,09,585	10,373
Repair & Maintenance - Machinery	8,94,805	4,50,729
Repair & Maintenance - Others	11,98,847	11,73,371
Rates & Taxes	2,57,865	14,15,235
Others Admin Expenses	4,32,573	4,03,925
Statutory Interests	23,305	1,433
Donations	52,001	44,001
Travelling & Conveyance	1,22,405	1,47,338

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

PARTICULARS	2016-2017 Amount (₹)	2015-2016 Amount (₹)
Electricity & Water Charges	2,89,398	4,02,954
Printing and Stationery	1,14,879	1,20,194
Office Expenses	1,01,399	89,505
AGM Expenses	4,37,264	4,34,780
Loss on Sale of Asset	2,05,874	-
Security Charges	12,48,308	13,30,386
Balances Written Off	-	29,186
Total	7,475,144	91,41,175
	Amount (₹)	Amount (₹)
NOTE 26 - Selling & Distribution Expenses		
Business Promotion	83,380	1,17,212
Sales commission	1,80,230	1,73,073
Freight Outward	5,44,289	4,26,527
Total	8,07,899	7,16,812
	Amount (₹)	Amount (₹)
NOTE 27 - Payments to Auditors during the year		
As Auditor	1,50,000	1,50,000
For Taxation Matters	40,000	40,000
For Certification Charges	4,000	10,000
For Other Services	30,000	30,000
For Reimbursement of Expenses	-	-
Total	2,24,000	2,30,000
PARTICULARS	Category	Category
NOTE 28 - Related Party Disclosure		
List of related parties where control exists		
Mr. Suresh Shastry	Key Management Personnel	Key Management Personnel
Mr. Satish Shastry	Key Management Personnel	Key Management Personnel
Mr. Umesh Shastry	Key Management Personnel	Key Management Personnel
Mrs. Supriya Shastry	Key Management Personnel	Key Management Personnel
Mrs. Hema Satish	Relative of Key Management Personnel	Relative of Key Management Personnel
Mr. Aneesh Shastry	Relative of Key Management Personnel	Relative of Key Management Personnel
Mrs.Kamala Kashinath	Relative of Key Management Personnel	Relative of Key Management Personnel
Master Sachin Shastry	Relative of Key Management Personnel	Relative of Key Management Personnel
Mrs. Shailaja Suresh	Relative of Key Management Personnel	Relative of Key Management Personnel

Smiths & Founders (India) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

	2016-2017 Amount (₹)	2015-2016 Amount (₹)
NOTE 29.1 - Transactions with related parties		
<u>Registered Office rent</u>		
- Mr. Suresh Shastry	4,50,000	18,00,000
- Mrs. Shailaja Suresh	1,50,000	5,40,000
<u>Remuneration and perquisites</u>		
- Mr. Satish Shastry	19,20,000	19,20,000
- Mr. Suresh Shastry	19,20,000	19,20,000
- Mr. Umesh Shastry	19,20,000	19,20,000
- Mrs. Supriya Shastry	19,20,000	19,20,000
<u>Loan taken by the Company</u>		
- Mrs. Supriya Shastry	23,00,000	2,00,000
- Mr. Satish Shastry	42,00,000	11,20,000
- Mr. Suresh Shastry	93,00,000	76,40,000
- Mr. Umesh Shastry	20,00,000	30,000
<u>Loans Repaid</u>		
- Mrs. Supriya Shastry	-	80,50,000
- Mr. Satish Shastry	7,00,000	36,00,000
- Mr. Suresh Shastry	1,20,40,000	2,04,00,000
- Mr. Umesh Shastry	-	30,000
<u>Interest paid on Loans</u>		
- Mrs. Supriya Shastry	73,208	9,62,034
- Mr. Satish Shastry	1,82,067	3,70,873
- Mr. Suresh Shastry	5,76,893	31,27,331
- Mr. Umesh Shastry	19,915	1,087
	Amount (₹)	Amount (₹)
NOTE 29.2 - Outstanding Amount pertaining to related party - Receivable / (Payable)		
Outstanding Amount pertaining to related party		
<u>Loans Outstanding</u>		
- Mrs. Supriya Shastry	(23,00,000)	
- Mr. Satish Shastry	(35,00,000)	
- Mr. Suresh Shastry	(68,00,000)	(95,40,000)
- Mr. Umesh Shastry	(20,00,000)	
<u>Rental Deposit for Office premises</u>		
- Mr. Suresh Shastry	-	7,50,000
- Mrs. Shailaja Suresh	-	2,50,000
<u>Remuneration Payable</u>		
- Mr. Satish Shastry	(94,350)	(1,20,300)
- Mr. Umesh Shastry	(94,350)	(1,20,300)
- Mr. Suresh Shastry	(94,350)	(1,20,300)
- Mrs. Supriya Shastry	(94,350)	(1,20,300)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

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

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

32. Details of Deferred Tax Liability:

The Deferred Tax liability / (Asset) calculation for the year 2016-17 as under:

PARTICULARS	Amount (₹)	Amount (₹)
O/p Deferred Tax Liability/(Asset) as on 31.03.2017		(36,29,545)
Effect of Depreciation		
Depreciation as per books of account	24,40,128	
Depreciation as per Income Tax	14,62,231	
DTA thereon		(3,02,170)
Losses:		
Reversal of DTA on 43B disallowance of previous year	4,87,142	1,50,527
DTL thereon	11,82,531	(3,65,402)
DTL / (DTA) as on 31.03.2017		(41,46,590)

Note: Deferred Tax Asset has not been recognised due to the concept of prudence.

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

34. Earnings in Foreign Currency:

- F.O.B. Value of Exports Rs. 34.88 lakhs (Previous Period Rs. 36.78 lakhs)

35. Employee Benefits:

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

Particulars	Gratuity	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Components of employer expense		
Current service cost	3,35,799	3,19,369
Interest cost	1,74,796	1,46,364
Expected return on plan assets	(1,71,817)	(2,00,740)
Actuarial losses/ (gains)	(2,34,530)	1,97,340
Total expense recognised in the Statement of profit and loss	1,04,248	4,62,333
Actual contribution and benefit payments for year		
Actual benefit payments	(2,39,313)	(3,07,669)
Actual contributions	2,280	15,066

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

Particulars	Gratuity	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	22,21,702	21,81,950
Fair value of plan assets	21,16,369	21,81,584
Funded status [Surplus / (Deficit)]	(1,05,334)	(3,365)
Net asset / (liability) recognised in the Balance Sheet	(1,05,334)	(3,365)

Particulars	Leave encashment	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Components of employer expense		
Current service cost	66,557	42,300
Interest cost	73,634	45,666
Expected return on plan assets	(1,301.33)	(4,250)
Actuarial losses/ (gains)	(4,57,752)	3,35,501
Total expense recognised in the Statement of profit and loss	(3,18,862)	4,19,217
Actual contribution and benefit payments for year		
Actual benefit payments	(3,523)	(73,866)
Actual contributions	0.00	38,882
Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	37,812.41	9,20,422
Fair value of plan assets	32,988	37,812
Funded status [Surplus / (Deficit)]	(5,66,350)	(8,82,610)
Net asset / (liability) recognised in the Balance Sheet	(5,66,350)	(8,82,610)

Particulars	Gratuity	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	21,84,950	18,29,546
Current service cost	3,35,799	3,19,369
Interest cost	1,74,796	1,46,364
Actuarial (gains) / losses	2,34,530	1,97,340
Benefits paid	(2,39,313)	(3,07,669)
Present value of DBO at the end of the year	22,21,702	21,84,950
Change in fair value of assets during the year		
Plan assets at beginning of the year	21,81,585	22,73,448
Expected return on plan assets	1,71,816.7	2,00,740
Actual company contributions	2,279.88	15,066
Actual gain / (loss)	NIL	NIL
Benefits paid	(2,39,313)	(3,07,669)
Actuarial assumptions		
Discount rate	8.00%	8.00%
Salary escalation	7.00%	7.00%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

Experience adjustments	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Experience Adjustments on Plan Assets	NIL	NIL
Experience Adjustments on Plan Liabilities	(2,34,530)	1,97,340
Plan assets at the end of the year	21,16,368.52	21,81,585
Particulars	Leave encashment	
	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	9,20,422	5,70,821
Current service cost	66,557	42,300
Interest cost	73,634	45,666
Actuarial (gains) / losses	(4,57,752)	3,35,501
Benefits paid	(3,523)	(73,866)
Present value of DBO at the end of the year	5,99,338	9,20,422
Change in fair value of assets during the year		
Plan assets at beginning of the year	37,812.41	68,546
Expected return on plan assets	(1,301)	(4,250)
Actual company contributions	0.00	38,882
Actual gain / (loss) NIL	8,500	
Benefits paid	(3,523)	(73,866)
Plan assets at the end of the year	32,988	37,812
Actuarial assumptions		
Discount rate	8.00%	8.00%
Salary escalation	7.00%	7.00%
Experience adjustments	For the year ended 31 March, 2017	For the year ended 31 March, 2016
Experience Adjustments on Plan Assets	NIL	NIL
Experience Adjustments on Plan Liabilities	4,57,752	3,35,501

36. Segment Reporting:

The Company is operating in Forgings & Castings which is treated as related products since both falls under automotive industry. The risk and rewards are not independent of each other. Therefore, the Company is operating in one segment and hence no disclosure as per A.S 17 – “Segment Reporting” is made.

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

PARTICULARS	2016-17	2015-16
Net Profit/(Loss) for the year	(23,08,430)	(1,37,93,434)
Weighted average no of equity shares	10,19,96,525	10,19,96,525
Nominal Value per share	1	1
Basic and Diluted EPS	(0.02)	(0.15)

Smiths & Founders (India) Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2017

39. Contingent Liability:

The company is yet to receive certain C-forms for the interstate sales made. In case if the company fails to receive the same, there will be an estimated outflow of funds to the extent of Rs. 8.21 lakhs (Previous Year – Rs.9.70 lakhs)

38. Specified Bank Notes:

Particulars	SBNs	Other Denomination Notes	Total
Closing Balance as at 8th November 2016	8,500	10,195	18,695
Add: Withdrawal from bank accounts	Nil	1,25,000	1,25,000
Add: Receipts for permitted transactions	Nil	Nil	Nil
Add: Receipts for non-permitted transactions (if any) (Refer reporting scenario 6)	Nil	Nil	Nil
Less: Paid for permitted transactions	Nil	1,25,956	1,25,956
Less: Paid for non-permitted transactions (if any)	Nil	Nil	Nil
Less: Deposited in bank accounts	8,500	Nil	8,500
Closing balance as at 30th December 2016	Nil	9,239	9,239

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

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

For and on behalf of the Board of Directors

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

Suresh Shastry
Chairman & Managing Director
DIN: 1099554

Supriya Shastry
Whole Time Director
DIN: 1327762

Yogeesh Dasar M
Company Secretary
M.No: ACS42993

Devendra Nayak
Partner
M.No: 027449

Place: Bangalore
Date : 29.05.2017

Smiths & Founders (India) Limited

CIN: L85110KA1990PLC011303

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

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

Name of the member (s) :

Registered address :

E-mail Id :

Folio No. / Client Id :

DP ID :

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

1. Name :

Address :

E-mail Id :

Signature :, or failing him/her

2. Name :

Address :

E-mail Id :

Signature :, or failing him/her

3. Name :

Address :

E-mail Id :

Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-Sixth Annual General Meeting of the Company, to be held on Saturday, the 16th day of September, 2017 at 10.00 a.m. at MEWS Ladies Club, No. 37, 17th Cross (between 4th & 6th Main), Malleswaram, Bangalore 560 055 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	For	Against
	ORDINARY BUSINESS		
1	Adoption of Audited Financial Statements for the year ended March 31, 2017.		
2	Re-appointment of Mr. Sathish Shastry as a Director, who retires by rotation and offers himself for re-appointment.		
3	Re-appointment of Mr. Umesh Shastry as a Director, who retires by rotation and offers himself for re-appointment.		
4	Ratification of appointment of M/s. B.N. Subramanya & Co., Chartered Accountants, as Auditors and fix their remuneration.		

Resolution No.	Description	For	Against
	SPECIAL BUSINESS		
5	Re-appointment of Mr. Sathish Shastry as Whole Time Director		
6	Re-appointment of Mr. Umesh Shastry as Whole Time Director		
7	Re-appointment of Mrs. Supriya Shastry as Whole Time Director		
8	Re-appointment of Mr. Suresh Shastry as Managing Director		
9	Alteration of Articles of Association of the Company in conformity with the Companies Act, 2013.		

Signed this day of 2017 Signature of shareholder

Affix
1 Rupee
Revenue
Stamp

Signature of first proxy holder

Signature of second proxy holder

Signature of third proxy holder

Note :

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

Smiths & Founders (India) Limited

Regd.Office : No.505, 5th Floor, Brigade Rubix, No.20, HMT Main Road, Bangalore 560 013,
Phone : 80-29724155, e-mail : cosec@smithsandfoundersindia.com, CIN : L85100KA1990PLC011303

Dear Shareholder(s)

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

Integrated Registry Management Services Private Limited

30, Ramana Residency, 4th Cross, Sampige Road, Malleswaram, Bangalore 560003

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

Dear Sir/Madam,

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

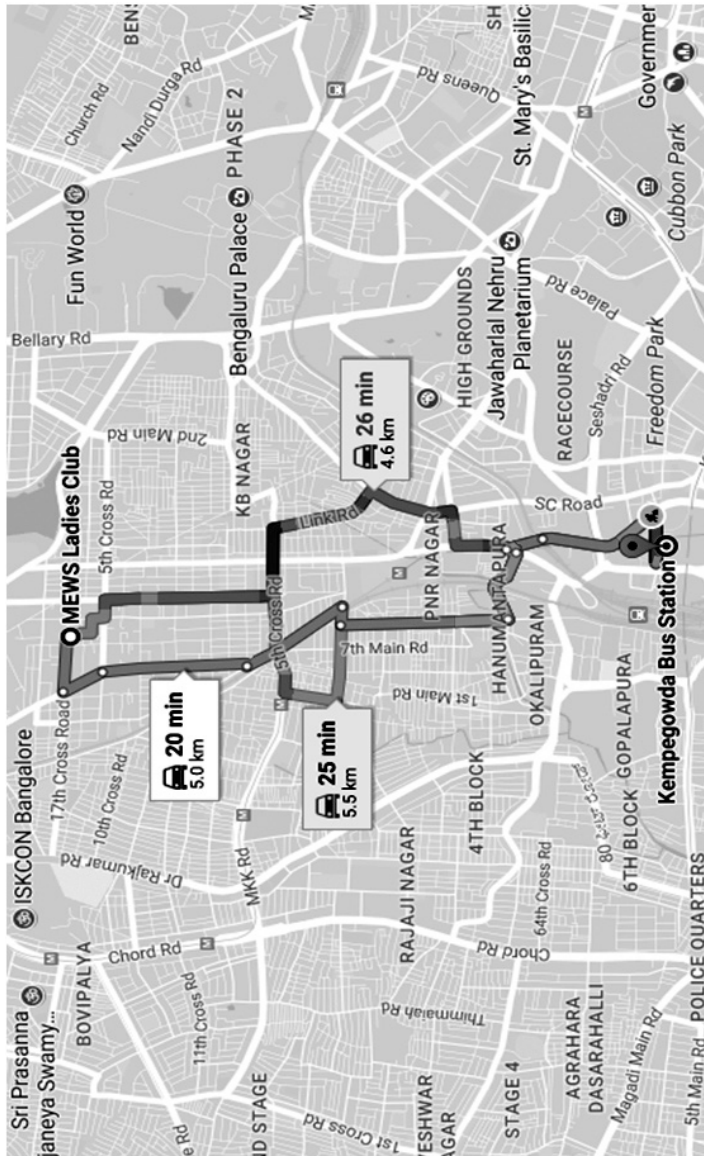
Sl.No.	Particulars	Details
1	Folio Number	
2	Name of the Shareholder(s)	
3	Name of Joint Holders, if any	
4	Address/Registered Address (in case of body corporate)	
5	E-mail Id. (to which documents/notices can be served through electronic mode)	
6	CIN/Registration No. (in case of body corporate)	
7	Unique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

Place :

Date :

(Signature of Shareholder/s)

VENUE ROUTE MAP



Smiths & Founders (India) Limited

(CIN: L85100KA1990PLC011303)

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