

TWENTY THIRD

Annual Report

2013-2014



Smiths & Founders (India) Limited

( formerly Shimoga Technologies Limited )

CIN: L85110KA1990PLC011303

# Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

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

## **COMPANY SECRETARY & COMPLIANCE OFFICER**

Naveen K. Shenoy

## **AUDITORS**

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

## **BANKERS**

Axis Bank Limited

## **REGISTRAR AND TRANSFER AGENTS**

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

## **REGISTERED OFFICE**

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

## **WORKS**

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

## **NOTICE**

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

### **ORDINARY BUSINESS:**

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

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

### **SPECIAL BUSINESS:**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**9. Appointment of Mr. Suresh Shastry as Managing Director.**

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

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

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

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

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

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

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

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

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

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

**11. Alteration of Articles of Association.**

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

"RESOLVED THAT pursuant to the provisions of Section 14, 64 and all other applicable provisions, if any, of the Companies Act, 2013, (including any statutory

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

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

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

**By the Order of the Board**

**NAVEEN K SHENOY**  
*Company Secretary*

## **Registered Office:**

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

Place : Bangalore  
Date : 20.11.2014

## **NOTES:**

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

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

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

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

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

### 11. Voting through electronic means

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

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

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

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

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

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

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

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- (xi) Click on the relevant EVSN of Smiths and Founders India Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour

of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - Mr. Vighneshwar Bhat, Practising Company Secretary of VB & Associates, Company Secretaries, has been appointed as Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
  - The scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in employment of the Company and forward his report of the votes cast in favour or against, if any, to the Chairman of the Company.
  - The Results shall be declared on or after the Annual General Meeting (AGM) by the Chairman or any other person authorized by him. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.

**By the Order of the Board**

**NAVEEN K SHENOY**  
*Company Secretary*

**Registered Office:**

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

Place : Bangalore  
Date : 20.11.2014



**Explanatory Statement under Section 102 of the Companies Act, 2013****Item No.4&5****Appointment of Independent Directors****Mr. V. Parthasarathy**

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

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

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

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

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

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

**Mr. Sudhindra Narayan Kalghatgi**

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

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

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

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

## Smiths & Founders (India) Limited

[ formerly Known as Shimoga Technologies Limited ]

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

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

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

### Item No.6,7&8

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

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

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

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

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

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

Except Mr. Satish 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.6.

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

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

#### I. General Information:

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

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

\* Consolidated figures of both transferor and transferee Company.

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