



25<sup>th</sup>


ANNUAL REPORT

2015 - 2016



**Smiths & Founders (India) Limited**

CIN: L85110KA1990PLC011303



## Smiths & Founders (India) Limited

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### BOARD OF DIRECTORS

Suresh Shastry	<i>Chairman &amp; Managing Director</i>
Satish 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

Naveen K Shenoy ( upto 25.04.2016)  
Hareesha Gowda ( w.e.f. 25.04.2016)

### 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 Enterprises (India) 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 Fifth 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 24, 2016 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, 2016 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Ms. Supriya Shastri (DIN:01327762), who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Suresh Shastri (DIN:01099554), who retires by rotation and being eligible, offers himself for re-appointment.
4. To 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".

RESOLVED FURTHER THAT the board of Directors be and is hereby authorised to delegate all or any of the powers herein conferred in such manner as it may deem fit".

**By the Order of the Board**  
**HAREESHA GOWDA**  
*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 : 11.08.2016

### 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 17.09.2016 to 24.09.2016 (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

## Smiths & Founders (India) Limited

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. A route map showing directions to reach the venue of the 25th 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 21st September, 2016 (9.00 a.m) and ends on 23rd September, 2016 (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 i.e. 16th September, 2016, 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>

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"> <li>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).</li> </ul>
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(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 out 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 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. 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](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 linked in the login 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.

(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](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto: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.

## Smiths & Founders (India) Limited

- 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 16, 2016, 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](http://www.smithsandfoundersindia.com) and on the website of CDSL and communicated to the BSE Limited where the shares of the Company are listed.

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

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

Particulars	Ms. Supriya Shastri	Mr. Suresh Shastri
DIN	01327762	01099554
Date of Birth	2/7/1985	12/11/1956
Date of Appointment	17/3/2014	22/10/1990
Qualifications	M.B.A-Finance	Advanced Diploma in Forge Technology (ADFT), NIF&FT, Ranchi
Expertise in specific functional areas	Has over 12 years experience in Accounts & Finance	Has over 35 years experience in Forging Industry
Number of Meeting of the Board attended during the year	6/6	6/6
Other Directorships/ Committee Chairmanships/ Memberships	None	None
Number of Shares held in the Company	19527125	32434026
Relationship between directors inter-se	Daughter of Mr. Suresh Shastri and niece of Mr. Satish Shastri and Mr. Umesh Shastri	Brother of Mr.Satish Shastri and Mr.Umesh Shastri and father of Ms. Supriya Shastri
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

**HAREESHA GOWDA**  
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](mailto:cosec@smithsandfoundersindia.com)  
Website: [www.smithsandfoundersindia.com](http://www.smithsandfoundersindia.com)  
Place : Bangalore  
Date : 11.08.2016

## **DIRECTORS' REPORT**

Dear Members,

Your Directors present the Twenty Fifth Annual Report together with the Audited Statements of Account for the financial year ended March 31, 2016.

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

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

<b>Particulars</b>	<b>31.03.2016</b>	<b>31.03.2015</b>
Revenue from operations	<b>781.69</b>	653.85
Other Income	<b>86.38</b>	9.28
Profit/(Loss) before Financial Charges, Depreciation, Taxation and Prior Period items	<b>(6.80)</b>	(53.02)
Less: Finance Costs	<b>96.43</b>	88.11
Profit/(Loss) before Depreciation, Taxation and Prior Period items	<b>(103.23)</b>	(141.13)
Less: Depreciation	<b>34.70</b>	39.41
Profit/(Loss) before Taxation and Prior Period items	<b>(137.93)</b>	(180.54)
Less: Taxation (Including Deferred Tax)	<b>14.00</b>	0.00
Profit/(Loss) for the year	<b>(151.93)</b>	(180.54)
Less: Prior period items	<b>0.00</b>	0.00
Net Profit/(Loss) for the year	<b>(151.93)</b>	(180.54)
Balance of Profit/(Loss) brought forward from last year	<b>(506.38)</b>	(325.84)
Profit/(Loss) Carried forward to Balance sheet	<b>(773.88)*</b>	(506.38)

\* Includes ₹ 115.57 Lakhs additional depreciation charged to accumulated losses in FY 2014-15 pursuant to provisions of Companies Act, 2013.

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

During the year under review sales of your Company has registered a healthy growth of about 20%. Loss has come down from ₹ 180.54 Lakhs to ₹ 151.93 Lakhs due to profit on sale of assets.

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

Towards its rehabilitation, the Company has already begun implementation of various measures for improvement in its financial performance. As a first step towards this, during the year under review, the Company has sold its unit at Chikkaballapura, which has been lying idle since 2009. The sale proceeds has been used to repay bank borrowings fully and unsecured loan from Directors, partially. As the transaction took place towards the end of the financial year, its impact could be felt from financial year 2016-17 onwards, in terms of lower interest cost, which was around 13% in the last 2 years. The Company has taken several

steps for operational restructuring which are expected to lead to higher efficiency/cost savings in the times to come. The above measures will result in improved turnover and profitability and optimum utilization of available infrastructure.

As such the Company has also well laid strategy for future growth with clearly identified growth drivers to sustain and boost its revenues and profitability over the short, medium to long term.

The Board of Directors believes that the Company will be able to recover and recoup and gain newer heights in the years to come.

### **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, 2016.

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

## Smiths & Founders (India) Limited

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### 4. SHARE CAPITAL:

The Paid Up Capital of the Company as at March 31, 2016 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, 2016 none of the Directors of the Company hold instruments convertible into equity shares of the Company.

### 5. EXTRACT OF ANNUAL RETURN:

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

### 6. DIRECTORS:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Ms. Supriya Shastri, Director and Mr. Suresh Shastri, 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 2015-16, 6 (Six) meetings of the Board were held, details of which are given in the Corporate Governance Report.

### 8. KEY MANAGERIAL PERSONNEL:

The following are the Key Managerial Personnel of the Company:

1. Suresh Shastri - Chairman and Managing Director
2. Supriya Shastri - Whole Time Director
3. Satish Shastri - Whole Time Director
4. Umesh Shastri - Whole Time Director
5. Naveen Shenoy - Company Secretary (Upto 25.04.2016)
6. Hareesha Gowda - Company Secretary (w.e.f. 25.04.2016)

### 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](http://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 had 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, 2016 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 entered into a transaction with a related party on arm's length basis and in the ordinary course of business thereby not 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](http://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](http://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.

**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 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, 2016. 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 Rs. 1.02 Crore per annum or more. There were no employees employed for part of the year who were in receipt of remuneration of Rs. 8.50 Lakhs per month or more. During the year under review the Company had 77 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, 2016 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**

Place: Bangalore  
Date: 11.08.2016

**SURESH SHASTRY**  
*Chairman & Managing Director*