

EIGHTH ANNUAL REPORT 1998

MD	✓			BKC	✓
CS	✓			DPY	NA
RO	✓			DIV	NA
TRA	NA			AC	✓
AGM	✓	✓		SHI	✓
YE	✓		✓		



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SHIMOGA FORGE LIMITED







SHIMOGA FORGE LIMITED

BOARD OF DIRECTORS

S. SURESH, *Chairman & Managing Director*
B.R. SRINIVASA MURTHY
SHAILAJA SURESH

COMPANY SECRETARY

C. DWARAKANATH

AUDITORS

M/s. RAMRAJ & CO.,
Chartered Accountants
No.17, 59th Cross, V Block,
Rajajinagar,
Bangalore - 560 010

BANKERS

BANK OF INDIA,
Corporate Banking Branch, Bangalore - 560 025

REGISTERED OFFICE

No.98, I Floor, Govindappa Road,
Basavanagudi,
Bangalore - 560 004

WORKS

Plot No.12 & 13
Industrial Estate,
Sagar Road,
Shimoga - 577 204



SHIMOGA FORGE LIMITED

NOTICE

NOTICE is hereby given that the **Eighth Annual General Meeting** of SHIMOGA FORGE LIMITED will be held at 10.00 a.m. on Thursday, the 17th day of June, 1999, at the Bangalore Gayana Samaja, Sri Krishnarajendra Road, Bangalore - 560 004 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st December, 1998, the Profit and Loss Account for the year ended on that date, and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Shailaja Suresh, who retires by rotation and being eligible, offers herself for reappointment.

3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting and fix their remuneration by passing following Resolution as an Ordinary Resolution with or without modification(s):

"RESOLVED that M/s. Ramraj & Co. Chartered Accountants, Bangalore, be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting, on a remuneration plus reimbursement of out of pocket expenses incurred by them, as mutually agreed upon by the Board of Directors and the said firm."

Place: Bangalore

Date : 27.2.1999

Regd. Office :

No.98, I Floor,
Govindappa Road,
Basavanagudi,
Bangalore - 560 004

By Order of the Board
for SHIMOGA FORGE LTD,

C. DWARAKANATH
Company Secretary

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NOTES

(FORMING PART OF THE NOTICE)

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 SUCH PROXY NEED NOT BE A MEMBER.
2. The instrument appointing proxies, duly signed (if jointly held signed by all the holders thereof) in the format annexed

hereto must be lodged at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.

3. Register of Members and Share Transfer Books of the Company will remain closed from 01.6.1999 to 17.6.1999 (both days inclusive).
4. Members are requested to intimate immediately any change in their address to the Company's Registered Office, quoting Registered Folio Number.

Place: Bangalore

Date : 27.2.1999

Regd.Office :

No.98, I Floor,
Govindappa Road,
Basavanagudi,
Bangalore - 560 004

By Order of the Board
for SHIMOGA FORGE LTD

C. DWARAKANATH
Company Secretary



SHIMOGA FORGE LIMITED

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors present their Eighth Annual Report on the workings of your Company for the Financial year ended 31st December, 1998.

FINANCIAL RESULTS

Particulars	Year ended 31-12-98 Rs.	Year ended 31-12-97 Rs.
Sales & Other Income	4,39,41,087	4,38,69,875
Profit before IDT	81,53,940	60,14,414
Less (i) Interest	88,89,529	38,28,637
(ii) Dep.	30,78,992	16,25,345
(iii) Tax	Nil	Nil
Balance available for appropriation	(38,14,581)	5,60,432
Proposed Dividend	Nil	Nil
Balance transferred from previous year	(13,09,512)	(18,69,944)
Profit/Loss	(51,24,093)	(13,09,512)

PERFORMANCE

During the year under review, the Company has registered a turnover of Rs.415.87 Lakhs. The Profit before Interest, Depreciation and Tax has increased by Rs.21.40 lakhs, as compared to last year performance.

The increase in depreciation is mainly due to Capitalisation of Dies and Toolings under Fixed assets. Financial charges have increased due to charging of IDBI interest to Profit and Loss account.

Our Company's performance has been affected consecutively for the second successive year under review, because of general slump in Indian Economy and more particularly due to prolonged recession experienced in the automobile industry.

This has prompted the Company to concentrate on Agriculture, Mining and General Engineering

Sector, to sustain its performance and growth prospects. However, your Board of Directors could not recommend any dividend.

FUTURE PROSPECTS

There is a marginal improvement in the order book position of the Company for the first half of the current financial year. Further, due to opening up of the economy and setting up of industries in the automobile sector by global leaders, the company has planned to tap this potential for its growth domestically and globally.

FIXED DEPOSITS

Your Company has accepted deposits from 15 Depositors to the tune of Rs.7,11,000/- during the year under review. The Company has neither overdue deposits nor unclaimed deposits on the date of the Balance Sheet.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and Company's Articles of Association Smt.Shailaja Suresh is due to retire by rotation in the forthcoming Annual General Meeting and is eligible for reappointment. She has offered herself for reappointment. Your Directors recommend her reappointment.

Further Smt.Hema Sathish had resigned from the office of the Director with effect from 1st November 1998. Her resignation was been accepted and the Board of Directors wish to place on record its gratitude for her dedicated services.

LISTING OF SHARES

Your Company's shares are listed on the following Stock Exchanges namely:

- Bangalore Stock Exchange Limited, Stock Exchange Towers, No.51, 1st Cross, J.C.Road, Bangalore - 560 027
- The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
- Madras Stock Exchange Ltd, Exchange Building, Post Box No.183, No.11, Second Line Beach, Chennai - 600 001.

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DIRECTORS' REPORT (contd.)**Y2K preparedness level**

1. None of the processes, operations, functions will be affected due to the year 2000 problem.
2. The Company will meet out of its internal resources, the cost to address and fix the year 2000 issues, if any.
3. The Company has initiated steps to minimize the risk, if any, from any external agencies not achieving the desired status of Y2K preparedness in its operations.

AUDITORS

M/s. Ramraj & Co, Chartered Accountants, Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a Certificate from the said Auditors, to the effect that their re-appointment, if made, would be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956. Your Directors recommend their re-appointment.

PARTICULARS OF EMPLOYEES

In compliance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as set out in the statement and forming part of this report, is attached.

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

The details as required to be furnished pursuant to Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are appended hereto and form part of this report.

INDUSTRIAL RELATIONS

The industrial relations with employees at various levels were very cordial during the year under review.

ACKNOWLEDGEMENTS

The Board of Directors wish to place on record its sincere gratitude for the support being extended to the Company by Bank of India, Industrial Development Bank of India. Further the Board wishes to thank various Departments of State and Central Government, Customers, Vendors, Trade Suppliers and Shareholders for their Whole-hearted co-operation. Lastly, your Directors also wish to recognise and record the unstinted support being extended by the workmen, staff and officers of the Company.

for and on behalf of Board of Directors

Place : Bangalore

Date : 27.2.1999

S. SURESH

Chairman and Managing Director



SHIMOOGA FORGE LIMITED

ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and forming part of the Directors' Report for the year ended on 31st December, 1998.

Name	Mr.S.Suresh	Mr. S. Sathish **
Designation	Chairman & Managing Director	Whole-time Director
Qualification	Advanced Diploma in Forge Technology	B.E.(Mechanical)
Age	43 Years	35 years
Date of Joining	22-10-1990	22-10-1990
Experience	20 Years	13 years
Gross Remuneration	Rs.5,26,845	Rs.56,784
Previous Employment	Bharat Forge Ltd	Sahyadri Forge

NOTE:

1. Gross remuneration include Salary, House Rent Allowance, Superannuation, Provident Fund Contribution. Appointment of Mr. S. Suresh, as Managing Director is contractual.
 2. Sri.Suresh.S and Smt.Shailaja Suresh, Directors of the Company are related to each other.
- ** Sri.S.Sathish was in employment of the Company as Whole-Time Director for a part of the financial year.

for and on behalf of Board of Directors

Place : Bangalore

Date : 27.2.1999

S. SURESH

Chairman and Managing Director