TWENTIETH

Annual Report

2010 - 11

SHIMOGA TECHNOLOGIES LIMITED

BOARD OF DIRECTORS	SURESH SHASTRY	*Chairman & Director*
	G.ANANDA	*Director*
	S.LAKSHMI NARAYANA MURTHY	*Director*

AUDITORS

Mr. T. Raghavendra Naik, Proprietor,
M/S Raghavendra Naik & Associates,
Chartered Accountants
#5/B, GEF Block, 1st Floor, 1st Main, 1st Cross,
Rajajinagar Industrial Town
Bangalore - 10.

REGISTRAR AND TRANSFER AGENTS

TSR DARASHAW LIMITED
6-10, Haji Moosa Patrawala Industrial Estate,
20 Dr.E.Moses Road, Mahalaxmi,
Mumbai - 400011

REGISTERED OFFICE

135/3A, 11th Cross,
Malleshwaram,
Bangalore-560003

WORKS

PLOT NOs. N 12& 13,
Industrial Estate,
Sagar Road
Shimoga – 577 204.
Karnataka

NOTICE

Notice is hereby given that the **Twentieth Annual General Meeting of the Members of SHIMOGA TECHNOLOGIES LIMITED** will be held at MEWS Ladies Club No.37, 17th Cross (between 4th and 6th Main) Malleswaram, Bangalore – 560 055 on Thursday, 29th September, 2011 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited accounts for the year ended 31st March, 2011 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. S. Lakshmi Narayana Murthy who retires by rotation and being eligible, offers himself for re-appointment.
3. The retiring Auditors, Mr. T.Raghavendra Naik, Proprietor, M/s Raghavendra Naik & Associates, Chartered Accountants, Bangalore, have expressed their inability to continue as Statutory Auditors of the Company. In response to Company's letter, M/s Naik & Shah, Chartered Accountants, Bangalore have intimated their willingness, if appointed, to act as auditors of the Company. The Board recommends adoption of the resolution appointing M/s Naik & Shah, Chartered Accountants, Bangalore, as Statutory Auditors of the Company. Members may consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution: -**

   "RESOLVED THAT M/s Naik & Shah, Chartered Accountants, Bangalore be and are hereby appointed as Statutory Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting at remuneration as may be fixed by the Board of Directors."

By the Order of the Board of Directors

Place: Bangalore
Date: 30.08.2011

(SURESH SHASTRY)
Chairman & Director

Regd. Office:
135/3A, 11th Cross,
Malleswaram,
Bangalore – 560 003

NOTES:

1. Register of Members and Share Transfer Books of the Company will remain closed from 24.09.2011 to 29.09.2011(both days inclusive).
2. **A member entitled to attend and vote, is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. In order to be effective, an instrument of appointment of proxy should be deposited at the Registered Office of the Company not less than forty-eight hours before the time scheduled for commencement of the meeting.**
3. Members desiring any information as regards accounts are requested to write to the Company so as to reach at least seven days before the date of the meeting so as to enable the management to keep the information ready.
4. Members / Proxies are requested to bring their Copy of the Annual Report along with them to the Meeting since extra copies will not be supplied at the meeting.
5. Members / Proxies should fill the attendance slip for attending the meeting.
6. Members who hold shares in dematerialised form are requested to write their Client ID and DP numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance slip for attending the meeting.
7. As per Companies Act, 1956, a Shareholder may nominate in the prescribed manner a person to whom his shares in the Company shall vest in the event of death (Form 2B of Companies (Central Govt.'s) General rules & forms). In the case of joint holding, joint holders may together nominate a person to whom shares shall vest in the event of death of all the Joint Holders.
8. Members are requested to intimate immediately any change in their address to the Registrar and Transfer Agents of the Company. They are also requested to send to the Registrar and Transfer Agent: (1) PAN (2) Bank Account Number (3) E mail id
9. As a step towards green initiative, Ministry of Corporate Affairs approved Listed Companies to send their Annual Report to the members by email, which is given by the members. Hence members are requested to send their valid email id to the Company's Registered Office by post OR mail it to **mail@shimogatechnologies.com** OR Post/mail to **REGISTRAR AND TRANSFER AGENTS of the Company.**

10. The Relevant details of the person seeking reappointment as Director under item No.2 above pursuant to clause 49 of the listing Agreement entered in to with the Stock Exchange is given below.

Name	**Mr. S. LAKSHMI NARAYANA MURTHY**
Date of Birth	04.06.1932
Date of Appointment	31.07.2009
Educational Qualification	B Com
Work Experience	He is a Businessman with 50 years of Experience
No. of shares held in the paid up capital of the Company.	Nil
Directorships held in other public Companies (Excluding Foreign Companies)	Nil
Memberships/Chairmanships of Committees of other Public Companies	Nil

By the Order of the Board of Directors

Place: Bangalore
Date: 30.08.2011

(SURESH SHASTRY)
Chairman & Director

DIRECTORS' REPORT

Dear Members,

Your Directors present the Twentieth Annual Report together with the Audited Accounts for the year ended 31st March 2011.

1. **FINANCIAL RESULTS.**

During the year under review Company has achieved the following financial results. (Rs. in Lakhs)

Particulars	31.03.2011	31.03.2010
Gross Sales and other income from operations	**45.69**	59.87
Profit /(Loss) before Financial Charges, Depreciation Taxation and Prior Period items	**32.03**	47.66
Less: Financial Charges	**6.73**	23.82
Profit /(Loss) before Depreciation, Taxation and Prior Period items	**25.30**	23.84
Less: Depreciation	**20.53**	21.69
Profit /(Loss) before Taxation and Prior Period items	**4.77**	2.15
Less: Taxation (Including Deferred Tax)	**0.00**	0.10
Profit /(Loss) for the year	**4.77**	2.05
Less: Prior Period items	**0.80**	0.15
Net Profit/(Loss) for the year	**3.96**	1.90
Balance of Profit/(Loss) brought forward from last year	**(594.67)**	(596.57)
Profit/(Loss) Carried forward to Balance sheet	**(590.71)**	(594.67)

2. **OVERVIEW OF COMPANY PERFORMANCE:**

During the year under review, the Company has been able to reduce the operating expenses and record a Net profit of Rs.3.96 lakhs as against a net profit of Rs.1.90 lakhs for the previous year ended 31st March 2010. Although the lease rentals are reduced, Company was able to curtail expenses and record increased profits.

3. **DIVIDEND:**

Considering the financial position of the Company, your Directors do not recommend dividend for the year ending 31st March 2011.

4. **AUDITORS**

Your Directors recommend the appointment of M/s. Naik & Shah, Chartered Accountants, Bangalore, as Statutory Auditors of the Company.

5. **DIRECTORS:**

None of the Directors are disqualified as on 31st March 2011 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.

6. **REHABLITITION SCHEME.**

During the year Board proceeded with Amalgamation process as a first step to give effect to resolution passed in the previous Annual General Meeting. The financials of both Smiths & Founders (India) Limited (Formerly Bhagavathi Enterprises Limited) and Shimoga Technologies Limited upto 31.12.2010 were prepared and both the Companies' businesses were valued as on that date. Based on these valuations, the Statutory Auditors of the Company recommended share exchange ratio of 5:2. and your Directors accorded approval for allotment of shares in the ratio of 5 equity shares of Shimoga Technologies Limited (face value Re.1 fully paid up) for every 2 equity shares of Smiths & Founders (India) Limited (face value Re1/- fully paid up). Based on the share exchange ratio a Draft Rehabilitation scheme was formulated and circulated to Smiths & Founders (India) Limited for their approval. After obtaining their approval, the Scheme has been presented to IDBI (The Operating Agency appointed by the BIFR), under intimation to the BIFR. Presently the scheme is being reviewed by IDBI.

7. **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to provisions contained in section 217(2AA) of the Companies Act, 1956, the Directors of your company confirm:

a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;

b) That 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 the end of the financial year and of the profit and loss of the company for that period;

c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

d) That the Directors have prepared the annual accounts on a going concern basis.

8. FIXED DEPOSITS:

The Company has not accepted any fixed deposits during the period under scrutiny.

9. CORPORATE GOVERNANCE REPORT:

In accordance with clause 49 of the listing Agreement with the stock exchange, a separate Report on Corporate Governance along with the Auditors certificate on its Compliance is attached to this report.

10. MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to clause 49 of the listing Agreement entered in to with the stock exchange, Management Discussion and Analysis report forms the part of this report.

11. COMPLIANCE CERTIFICATE:

A Compliance certificate from Mr. Vighneshwar Bhat, Practicing Company Secretary, has been obtained regarding Compliance of provisions of Companies Act, 1956 as stipulated in Section 383A of the Companies Act, 1956 and is annexed herewith.

12. RELATED PARTY DISCLOSURES:

As regards related party disclosures, one of the Directors of the Company is related to Directors of Smiths & Founders (India) Limited (Formerly Bhagavathi Enterprises Limited), a closely held public limited company. However, there are no common Directors and no shareholders holding in excess of 2% of the paid up capital of either of the Companies. There are no other materially significant related party transactions made by the Company with promoters, Directors or management etc. that may have potential conflict with the interest of the Company at large. However, this disclosure is made as a matter of prudence. For details of transactions with of Smiths & Founders (India) Limited during the year 2010-11, please refer point 8 of notes to accounts.

13. AUDITORS QUALIFICATIONS:

Regarding Auditors qualifications in Annexure to Auditors Report. Point no. IX (a), (b) related to deposit of undisputed statutory dues with various authorities. The Directors state as follows:

a. The Company has paid the statutory dues, however due to financial constraints, at times, the company has delayed payments.

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

Annexure A to this report gives the information in respect of conservation of Energy, Technology absorption and Foreign Exchange earning and outgo, required under, Sec 217(I) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Director's) Rules, 1988 and form part of the Directors' Report.

15. PARTICULARS OF EMPLOYEES:

The Company has no employees, therefore the statement relating to Particulars of Employees forming part of this report pursuant to section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975, as amended from time to time is not applicable to the Company.

16. APPRECIATION AND ACKNOWLEDGEMENTS:

Your Directors thank the Members, Government Authorities, Customers and Vendors for their unstinted support to the Company.

By the Order of the Board of Directors

Place: Bangalore
Date: 30.08.2011

(SURESH SHASTRY)
Chairman & Director

ANNEXURE TO THE DIRECTORS' REPORT

FORM NO. A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

	Year Ended 31.03.2011	Year Ended 31.03.2010
A) POWER & FUEL CONSUMPTION		
1. Electricity		
a. Purchased Units	—	—
Total Amount (Rs.)	—	—
Rate/Units (Rs.)	—	—
b. Own Generation		
i. **Through Diesel Oil**	—	—
Units per litre of Diesel	—	—
Oil Cost/Unit (Rs.)	—	—
ii. **Through Steam Turbine**		
Generator Units	—	—
Units per litre of Fuel/Oil/Gas Cost/Unit	—	—
2. Coal (specify Quality & where used)		
Total Cost	—	—
Average Rate	—	—
3. Furnace Oil		
Quantity (MT) (Rs.)	—	—
Total Amount (Rs.)	—	—
Average Rate	—	—
4. Others/internal generation		
(Please give details)		
Quantity	—	—
Total Cost	—	—
Rate/Unit	—	—

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standard If any	Year Ended 31.03.2011	Year Ended 31.03.2010
Products (with Details-Unit Electricity)	—	—	—
Coal (Specify Quality)	—	—	—
Furnace Oil	—	—	—

TECHNOLOGY ABSORPTION

No items to disclose under this head

FOREIGN EXCHANGE EARNING AND OUTGO

No Foreign Exchange Earnings or outgo during the year under review.

By the Order of the Board of Directors

Place: Bangalore
Date: 30.08.2011

(SURESH SHASTRY)
Chairman & Director

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-looking Statements:

The report contains certain forward-looking statements, which are based on certain assumptions and expectations of future events. The Company does not guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent developments.

Opportunities and Threats:

The growth of the auto industry is a positive sign; the present economic scenario provides more opportunities for the Company to expand its business. The accumulated loss of the Company is a constraint for growth of business. Proposed reduction of the existing share capital and amalgamation with Smiths & Founders (India) Limited (Formerly Bhagavathi Enterprises Limited), which is a healthy Company, provides an opportunity for the growth of the organisation.

The major perceivable threats are Liquidity, Interest rates, Increasing price of the raw materials, Political instability and Economic scenario.

Industrial Structure and Developments:

The Company's main source of income is from operating lease of Manufacturing Facilities. Company implemented necessary steps to reduce the operating and administrative expenses, to curtail the costs.

Outlook:

A Draft Rehabilitation Scheme has been submitted before The Board for Industrial & Financial Reconstruction for approval. Subject to approval of the BIFR and successful implementation of the scheme, Company expects improved working results and increase in the market value of shares.

Internal Control Systems and their adequacy:

Your Company has in place an Internal Control System commensurate with the size of the Company.

Human Resource Development:

Other than the Directors, there are no employees in the company as they have resigned from the Company with effect from 01.04.2009.

Discussion on Financial performance with respect to operational performance:

During the year under review, the income for the Company is only from operating lease of Manufacturing Facilities. There is a considerable decrease in Financial Charges, personnel cost, Administrative and other expenses during the year ending under scrutiny.

Risks and Concerns:

The Company's operations depend on the fluctuation in prices and its operational expenses. The state of the economy, therefore, influences the income and profitability.

ANNEXURE TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1. **Company's Philosophy on Code of Governance:**

   Your Company considers good corporate Governance as a pre-requisite for meeting the needs and aspiration of its shareholders and other stakeholders in the Company and firmly believes that the same could be achieved by maintaining transparency in its dealings and practices, clear accountability, integrity and strict regulatory Compliance.

2. **Board of Directors:**

   The Board of Directors consists of Three Directors. Composition of the Board is as follows:

Category	Name of the Director
Chairman & Director	Sri. Suresh Shastry
Independent Director	Sri. S Lakshmi Narayana Murthy
Independent Director	Sri. G. Ananda

Attendance of each Director at the Board Meetings, last Annual General Meeting and number of Board Committees of which he/she is a Chairman and Number of Board Meetings held is given below:

Name of the Director	Attendance Particulars			No. of other Directorships and Committee Member / Chairmanship		
	Board Meetings held & present during Directors tenure		Last AGM	Other Directorships@	Committee Memberships	Committee Chairmanships
	Held	Present				
Sri. Suresh Shastry DIN 01099554	11	11	Present	Nil	2	NIL
Sri. S. Lakshmi Narayana Murthy DIN 02264489	11	11	Present	Nil	2	1
Sri. G.Ananda DIN 02725892	11	11	Present	Nil	2	1

@ Including Directorship in Private Limited Companies and excludes any Company registered under Section 25 of the Companies Act, 1956

Number of Board Meetings held and the dates on which held :

11 Board Meeting were held during the period -

The dates on which the meetings were held were 31st May 2010, 10th June 2010, 14th July 2010, 30th July 2010, 9th August 2010, 27th August 2010, 30th September 2010, 29th October 2010, 29th January 2011, 28th February 2011, 9th March 2011.

The maximum gap between two Board Meetings was not more than three months.

3. **AUDIT COMMITTEE :**

The terms of reference of the Audit Committee cover all areas prescribed by Clause 49 of the Listing Agreement and include the following:

The Audit Committee of your Company has three Directors namely, Sri. Suresh Shastry and Sri. S. Lakshmi Narayana Murthy under the Chairmanship of Sri. G. Ananda, who is a Bsc.,A.M.I.E, PGDM from IIM and carries wide experience of working at different levels in various Companies. The Audit Committee has been granted powers as prescribed under clause 49 II (C) of the Listing Agreement.

The Audit Committee met four times during the year-ended 31.03.2011 on the following dates:

31st May 2010, 30th July 2010, 29th October 2010, 29th January 2011

Audit Committee meetings and attendance during the year.

Name	No. of Meetings held during his tenure	No. of Meetings Attended
Sri.Suresh Shastry	4	4
Sri. S.Lakshmi Narayana Murthy	4	4
Sri. G. Ananda	4	4