

**TWENTY SECOND**  
**ANNUAL REPORT**  
**2012-2013**



**SHIMOGA TECHNOLOGIES LIMITED**



## SHIMOGA TECHNOLOGIES LIMITED

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### BOARD OF DIRECTORS

SURESH SHASTRY	<i>Chairman</i>
G.ANANDA	<i>Director</i>
S.LAKSHMI NARAYANA MURTHY	<i>Director</i>

### AUDITORS

Naik & Shah  
Chartered Accountants,  
21/2, Madhuvana, New High School Road,  
Vishvespuram,  
Bangalore - 560 004.

### REGISTRAR AND TRANSFER AGENTS

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

### REGISTERED OFFICE

# 135/3A, 11th Cross,  
Malleswaram,  
Bangalore - 560 003.

### WORKS

Plot Nos. N 12 & 13,  
Industrial Estate,  
Sagar Road,  
Shimoga - 577 204.  
Karnataka

## NOTICE

**Notice** is hereby given that Twenty Second Annual General Meeting of the Members of **SHIMOGA TECHNOLOGIES LIMITED** will be held at MEWS Ladies Club, No.37, 17th Cross, (between 4th & 6th Main), Malleswaram, Bangalore - 560 055 on Saturday, 28th September, 2013 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, 2013 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. G. Ananda, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration and in this connection, to consider and, if thought fit, to pass with or without modification, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. B.N. Subramanya & Co., Chartered Accountants, (Firm Registration No.FRN004142S) (in respect of whom notice in writing from a member of the Company signifying his intention to appoint them as Auditors of the Company has been received pursuant to Section 225(1) of the Companies Act,1956) be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, M/s. Naik & Shah, Chartered Accountants ( who have not offered themselves for re-appointment as Auditors of the Company), to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board of Directors of the Company in addition to reimbursement of out-of-pocket expenses as may be incurred by them during the course of Audit".

**By the Order of the Board**

SURESH SHASTRY  
*Director*

### REGISTERED OFFICE:

# 135/3A, 11th Cross,  
Malleswaram,  
Bangalore - 560 003.

Place: Bangalore  
Date: 28.08.2013

### 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.
2. Register of Members and Share Transfer Books of the Company will remain closed from 23.09.2013 to 28.09.2013 ( both days inclusive ).
3. Members are requested to bring their Admission Slips with their copy of the Annual Report to the meeting.
4. 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 Government'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.
5. 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.
6. 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 mail@shimogatechnologies.com from the same e-mail address registered with the depository participants.



## SHIMOGA TECHNOLOGIES LIMITED

7. **Appointment / re-appointment of Directors** : The information as required to be provided under the Listing Agreement with the Stock Exchange, regarding the Director who is proposed to be appointed/re-appointed is given hereunder :

Name	<b>Mr. G. ANANDA</b>
Age	61 years
Qualifications	B.Sc , A.M.I.E and PGDM
Expertise	Worked as Factory Manager in Asian Paints Ltd. Worked as General Manager in <ol style="list-style-type: none"><li>1. Egyptian American Paint Co. Ltd.</li><li>2. Arvind Cotspin Ltd.</li><li>3. Bombay Oil Industries Ltd.</li></ol> As CEO in RM Mohite Textiles Ltd.
Shareholding	Nil
Other Directorships / Committee Memberships	Nil

8. **Appointment of Auditors** : M/s. Naik & Shah, Chartered Accountants, the Auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting. The retiring auditors have not offered themselves for reappointment. It is proposed to appoint M/s. B.N. Subramanya & Co., Chartered Accountants, as Auditors of the Company in place of the retiring auditors. The Company has obtained a written consent from M/s. B.N. Subramanya & Co., to the effect that their appointment, if made, will be within the limits specified under Section 224(1B) of the Companies Act,1956.

**By the Order of the Board**

SURESH SHASTRY  
*Director*

**REGISTERED OFFICE:**

# 135/3A, 11th Cross,  
Malleswaram,  
Bangalore - 560 003.

Place: Bangalore  
Date: 28.08.2013

## **DIRECTORS' REPORT**

Dear Members,

Your Directors present the Twenty Second Annual Report together with the Audited Accounts for the year ended 31st March 2013.

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

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

<b>Particulars</b>	<b>31.03.2013</b>	<b>31.03.2012</b>
Revenue from operations	<b>0.00</b>	0.00
Other Income	<b>4.10</b>	34.20
Profit /(Loss) before Financial Charges, Depreciation, Taxation and Prior Period items	<b>(9.49)</b>	19.05
Less: Financial Charges	<b>0.06</b>	0.01
Profit /(Loss) before Depreciation, Taxation and Prior Period items	<b>(9.55)</b>	19.04
Less: Depreciation	<b>19.89</b>	19.76
Profit /(Loss) before Taxation and Prior Period items	<b>(29.44)</b>	(0.72)
Less: Taxation (Including Deferred Tax)	<b>0.00</b>	0.00
Profit /(Loss) for the year	<b>(29.44)</b>	(0.72)
Less: Prior period items	<b>0.00</b>	0.00
Less: Write off	<b>0.00</b>	0.86
Net Profit/(Loss) for the year	<b>(29.44)</b>	(1.59)
Balance of Profit/(Loss) brought forward from last year	<b>(592.30)</b>	(590.71)
Profit/(Loss) Carried forward to Balance sheet	<b>(621.74)</b>	(592.30)

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

During the year under review, the Company has incurred a net loss of ₹ 29.44 Lakhs as against a net loss of ₹ 1.59 lakhs for the previous year ended 31st March 2012. The Company does not have any income from operations. The main source of income is lease rentals.

### **3. DIVIDEND:**

In view of loss incurred by the Company, your Directors do not recommend any dividend for the financial year ended 31st March 2013.

### **4. DIRECTORS:**

None of the Directors are disqualified as on 31st March 2013 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

Mr. G.Ananda retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. The Board recommends his re-appointment.

### **5. REHABILITATION SCHEME STATUS.**

Members may recall that in the Annual General Meeting held on 30th September 2010 the shareholders

approved reduction of Paid up Equity Share capital of the Company from ₹ 4,32,00,000/- divided into 4,32,00,000 shares of ₹ 1/- each into ₹ 43,20,000/- divided into 43,20,000 shares of ₹1/- each by cancelling ₹ 3,88,80,000/- divided into 3,88,80,000 equity shares of ₹1/- each of the Paid up Equity capital, which is unrepresented by available assets. In the same meeting, the Shareholders also approved Amalgamation of Smiths & Founders (India) Limited (erstwhile Bhagavathi Enterprises Limited) with the Company.

In pursuance of the above, during the year 2010-11, the Board arranged to get the business valuation of the Company as at 31.12.2010 and also obtained business valuation of the Amalgamating Company, Smiths & Founders (India) Limited ( erstwhile Bhagavathi Enterprises Limited ) as on that date. Based on the valuations of the two Companies, the Statutory Auditors of the Company recommended a share exchange ratio of 5:2, ie. 5 fully paid Equity Shares of ₹ 1/- each of the Company against every 2 fully paid Equity Shares of ₹ 1/- each of the Amalgamating Company.

During the year, on 14th August, 2012, a fully tied up Draft Rehabilitation Scheme (DRS), considered viable was submitted by IDBI Bank Ltd., the Operating



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Agency appointed by the Hon. Board for Industrial and Financial Reconstruction (BIFR) to Hon.BIFR for their consideration. On examination of the DRS, the Hon. BIFR observed certain deficiencies. The deficiencies were addressed to the satisfaction of the Hon.BIFR. Thereafter, the Hon. BIFR in its hearing held on 18th April 2013 have directed IDBI Bank to submit modified DRS to the Board, which has been since done. The modified DRS is now under examination of office of Hon. BIFR.

### 6. DIRECTORS RESPONSIBILITY STATEMENT:

As required under section 217(2AA) of the Companies Act, 1956, your Directors 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 31st March, 2013 and its loss for the year ended on that date;
- 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.

### 7. CORPORATE GOVERNANCE:

A Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report along with report on Corporate Governance.

### 8. MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to Clause 49 of the Listing Agreement, Management Discussion and Analysis Report forms part of this Report.

### 9. COMPLIANCE CERTIFICATE:

Secretarial Compliance Certificate from Mr. Vigneshwar Bhat, Practicing Company Secretary, under the provisions of Section 383A of the Companies Act, 1956 is annexed herewith to this Report.

### 10. RELATED PARTY DISCLOSURES:

As regards to related party disclosures, one of the Directors of the Company is related to Directors of Smiths & Founders (India) Limited, a closely held public limited company. However, there are no common Directors and no shareholders holdings in excess of 2% of the paid up capital in both 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 Smiths & Founders (India) Limited during the year 2012-13, please refer point 4 of Notes on accounts.

### 11. AUDITORS

The Company's Auditors, M/s. Naik & Shah, Chartered Accountants, retire at the ensuing Annual General Meeting and have expressed their inability to continue as Auditors of the Company. M/s. B.N. Subramanya & Co., Chartered Accountants, have intimated their willingness, if appointed, to act as Auditors of the Company. The Board recommend their appointment.

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

Particulars prescribed under Section 217(1)(e) of the Companies Act, 1956, are given in Annexure A, which forms part of this Report.

### 13. 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.

### 14. ACKNOWLEDGEMENTS:

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

**By the Order of the Board**

Place: Bangalore  
Date: 28.08.2013

**SURESH SHASTRY**  
Chairman

**ANNEXURE TO THE DIRECTORS' REPORT  
FORM NO. A**

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

	<b>Year Ended 31.03.2013</b>	<b>Year Ended 31.03.2012</b>
<b>A) POWER &amp; FUEL CONSUMPTION</b>		
<b>1. Electricity</b>		
a. Purchased Units	—	—
Total Amount (₹)	—	—
Rate/Units (₹)	—	—
b. Own Generation		
i. <b>Through Diesel Oil</b>		
Units per litre of Diesel	—	—
Oil Cost/Unit (₹)	—	—
ii. <b>Through Steam Turbine</b>		
Generator Units	—	—
Units per litre of	—	—
Fuel/Oil/Gas Cost/Unit (₹)	—	—
<b>2. Coal (specify quality &amp; where used)</b>		
Total Cost	—	—
Average Rate	—	—
<b>3. Furnace Oil</b>		
Quantity (K.Litre)	—	—
Total Amount (₹)	—	—
Average Rate	—	—
<b>4. Others/internal generation</b>		
(Please give details)		
Quantity	—	—
Total Cost	—	—
Rate/Unit	—	—

**B. CONSUMPTION PER UNIT (Nos.) OF PRODUCTION**

	<b>Year Ended 31.03.2013</b>	<b>Year Ended 31.03.2012</b>
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**

Place: Bangalore  
Date: 28.08.2013

SURESH SHASTRY  
*Chairman*



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments:

The Company does not have any income from operations. Its main source of income presently is rentals from leasing of its manufacturing facilities. The Company is looking forward to approval of its Rehabilitation Scheme by the Board for Industrial and Financial Reconstruction ('BIFR') for resumption of its operations. The Company has implemented necessary steps to reduce the operating and administrative expenses, to curtail the costs.

### Opportunities and Threats:

Despite current slowdown, the long term growth forecast for the Indian economy continues to be healthy. Increase in income levels and lifestyle aspirations, will drive ahead demand in the auto industry. The auto industry being a major contributor to the economy with its potential for employment, support from the Government for its development could be expected at all times. Though the accumulated loss of the Company is constraint for growth of the business, the proposed capital reduction and amalgamation with Smiths & Founders (India) Limited, provides an opportunity for vertical growth of the Company in future.

The major perceivable threats are liquidity, interest rates, increasing raw material price, political stability and economic scenario.

### Outlook:

With the timely onset of monsoon across the country, the Indian economy is projected to grow rapidly and demand conditions are expected to remain strong. Given the Automotive and Farm Equipment sectors with their updated product portfolios and continued exploration of global horizons is expected to strive to maintain their leadership position in their respective markets, the Company is confident of improved performance in the years to come. The imminent approval of the Rehabilitation Scheme by BIFR will give a

boost not only towards improved working results but also increase in the market value of its shares.

### Risks and Concerns:

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

### Internal Control Systems and their adequacy:

According to the size of the Company, Company has in place a strong Internal Control System.

### Discussion on Financial performance with respect to operational performance:

The Financial Statement have been prepared in compliance with the requirement of the Companies Act, 1956. During the year under review, the income for the Company is only from operating lease of Manufacturing Facilities. There is a modest reduction in Administrative and Other expenses during the year ending under scrutiny.

### Human Resource Development:

Other than the Directors, there are no employees in the Company.

### Cautionary Statement:

Certain statements in this Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries in which the Company conducts business and other incidental factors.



## **ANNEXURE TO THE DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE**

**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:**

Your Company considers good corporate Governance as a pre-requisite for meeting the needs and aspiration of its stakeholders 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:**

**a) Composition and Size of the Board.**

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

<b>Category</b>	<b>Name of the Director</b>
Non-Executive Director ( Promoter Group )	Sri. Suresh Shastry, Chairman
Independent Director	Sri. S Lakshmi Narayana Murthy
Independent Director	Sri. G. Ananda

**b) Directors Attendance Record and Directorship Held.**

Details of Directors attendance at Board Meetings during the year, last Annual General Meeting held on 24th September,2012 and also the number of Directorships and Committee memberships held by them in other Companies are given below :

Name of the Directors	Number of Board Meetings during the year 2012-13		Whether attended Last AGM	Number of Directorships in other public Companies*	Number of Committee Memberships held in public Companies*	Number of Committee Chairmanships held in public Companies*
	Held	Attended				
Sri.Suresh Shastry DIN 01099554	6	6	Yes	Nil	2	NIL
Sri. S.Lakshmi Narayana Murthy DIN 02725892	6	6	Yes	Nil	2	1
Sri. G.Ananda DIN 02264489	6	6	Yes	Nil	2	1

\* excluding Private Limited Companies and Companies under Section 25 of the Companies Act, 1956.

**c) Number of Board Meetings:**

Six Board Meetings were held during the year 2012-13 and the gap between two meetings did not exceed four months. The dates on which the Board meetings were held were 28th May 2012, 30th July 2012, 13th August 2012, 9th November 2012, 31st January 2013 and 9th March 2013.

**3. AUDIT COMMITTEE:**

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956.

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 comprises of a) Sri. G.Ananda, Chairman and Non Executive Independent Director b) Sri. Suresh Shastry, Non Executive Director and Sri. S.Lakshmi Narayana Murthy, Non Executive Independent Director. The Chairman of the Committee is a B.Sc., A.M.I.E, PGDM from IIM and carries vide experience of working at different levels in various Companies. The other members of the Committee have good knowledge of finance, accounts and business management.



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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 2012-2013 and the gap between two meetings did not exceed four months. The dates on which the Audit Committee Meeting were held are as follows: 28th May 2012, 13th August 2012, 9th November 2012 and 31st January 2013.

### Audit Committee meetings and attendance during the year.

Name	No. of Meetings held during the year 2012-13	No. of Meetings Attended
Sri. G. Ananda	4	4
Sri. Suresh Shastry	4	4
Sri. S.Lakshmi Narayana Murthy	4	4

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

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required replacement or removal of statutory auditors and fixation of audit fees. Approval of payment to statutory auditors for any other services.
3. Reviewing with management, the quarterly and annual financial statements before submission to the Board for approval.
4. To hold periodic discussions with the Statutory Auditors and Internal Auditors of the Company concerning the accounts of the Company, internal control systems, scope of audit and observations of the Auditors/Internal Auditors.
5. Reviewing with management, performance of statutory and internal auditors, and adequacy of internal control systems.
6. Discussion with statutory auditors before the audit commences, nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
7. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

### 4. REMUNERATION COMMITTEE:

As there are no whole time managerial personnel in the Company, constitution of remuneration committee does not arise.

### 5. SHARE TRANSFER CUM INVESTOR GRIEVANCE COMMITTEE:

The Company has constituted a Share Transfer-cum-Investor Grievances Committee, comprising of Sri. Suresh Shastry, Sri. G.Ananda and Sri. S.Lakshmi Narayana Murthy. This Committee monitors and redresses investors complaints, transfer/transmission of shares, etc.,

Total Number of Complaints Received and Disposed during the year ended 31.03.2013	Number of cases unresolved at the end of Year 31.03.2013	Pending Request for Demat Account for the year ended 31.03.2013
NIL	NIL	NIL

### Shares and Convertible Instruments held by non-executive Directors.

Name	No. of Shares / Convertible Instruments held
Sri. Suresh Shastry	6320 (equity shares)

### 6. REMUNERATION OF DIRECTORS:

The Remuneration to Directors consists only of Sitting fees paid. The total Sitting fee paid during the year ended 31.03.2013 is ₹ 6,000/-. The Managerial Remuneration under section 198 of the Companies Act, 1956 is as follows:

Particulars	Year 31.03.2013	Year 31.03.2012
Remuneration	Nil	Nil
Contribution to Provident Fund	Nil	Nil
Contribution to Superannuation	Nil	Nil
House Rent Allowance	Nil	Nil
Perquisites:		
Leave Travel Allowance	Nil	Nil
Others	Nil	Nil
Sitting fees paid to Non Executive Directors	6,000	15,000

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### 7. CEO CERTIFICATION:

The Chairman has certified to the Board that all the requirements of Clause 49 (V) of the Listing Agreement have been complied with.

### 8. ANNUAL GENERAL MEETINGS:

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

Year	AGM	Location	Date & Time	Special Resolution passed
2009-10	AGM	Seva Sadan Association, 14th Cross, Malleshwaram, Bangalore - 560 003	30.09.2010 10.00 a.m	<ol style="list-style-type: none"> <li>Reduction of 90% of paid up equity capital from ₹ 4,32,00,000/- divided into 4,32,00,000 shares of Re.1/- each to ₹ 43,20,000/- divided into 43,20,000 shares of ₹ 1/- each by cancelling ₹ 3,88,80,000/- divided into 3,88,80,000/- equity shares of ₹ 1/- each and file a Scheme before the BIFR for an Order confirming the reduction in capital.</li> <li>Approval for Amalgamation of Bhagavathi Enterprises Limited with the Company and file a Scheme before the BIFR for approval of amalgamation.</li> <li>Increase of Authorised share capital from ₹ 4,50,00,000/- divided into 4,50,00,000 equity shares of Re 1/- each to ₹ 6,00,00,000/- divided into 6,00,00,000 equity shares of Re 1/- each.</li> </ol>
2010-11	AGM	MEWS Ladies Club, No.37, 12th Cross, Malleshwaram, Bangalore - 560 055	29.09.2011 10.00 a.m.	Nil
2011-12	AGM	Soundarya Hall, Malleshwaram Association, No.11, 7th Cross, Malleshwaram, Bangalore - 560 003	24.09.2012 11.00 a.m.	Consent under Sec 293(1)(a) and other applicable provisions extending lease period of the Plant and Machinery, both present and and future, belonging to the Company to M/s. Smiths & Founders (India) Limited, Bangalore (Erstwhile M/s. Bhagavathi Enterprises Limited for a further period not exceeding 3 years with effect from 1.4.2012 or sanction of the Rehabilitation Scheme of the Company, which inter alia envisages amalgamation of M/s. Smiths & Founders (India) Limited with the Company, by the Hon.Board for Industrial and Financial Reconstruction.

No special resolutions were passed through Postal Ballot during the year 2012-13.

#### 9. a. Disclosures on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors or the Management, their Subsidiaries or relatives etc. that may have potential conflict with the interest of the Company at large:

None of the transactions with any of the related parties were in conflict with the interests of the Company.

Transactions with related parties are disclosed in note 4 of Notes on accounts.

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

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

#### c. Whistle Blower Policy

During the year, under Whistle Blower Policy no complaints were reported to Audit Committee.

#### d. Non-mandatory requirements

Adoption of non-mandatory requirements of Clause 49 of the Listing Agreement is being reviewed by the Board from time to time.



## SHIMOGA TECHNOLOGIES LIMITED

### 10. MEANS OF COMMUNICATION :

#### A. Quarterly Results :

The approved financial results are forthwith sent to the Stock Exchange where the shares are listed and are published in the newspapers as required by the Listing Agreement.

The Financial Results were published in the following newspaper for each Quarter Ended.

For the Quarter ended 30.06.2012	For the Quarter ended 30.09.2012	For the Quarter ended 31.12.2012	For the year ended 31.03.2013
1.Hosadigantha 2.The Financial Express	1.Hosadigantha 2.The Financial Express	1.Hosadigantha 2.The Financial Express	1.Hosadigantha 2.The Financial Express

#### B. Website:

The Company maintains a functional website [www.shimogetechnologies.com](http://www.shimogetechnologies.com), which is updated on regular basis. Quarterly results, Annual Reports, Code of Conduct and Ethics and Shareholding Pattern are available on the website in a user friendly and downloadable form.

#### C. Annual Report :

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

### 11. GENERAL SHAREHOLDER INFORMATION:

#### 11.1. AGM :

Date and Time : 28.09.2013 at 10.00 A.M

Venue : MEWS Ladies Club, No.37, 17th Cross, (between 4th & 6th Main), Malleswaram, Bangalore - 560 055.

#### 11.2. Financial Calendar:

Results for the Quarter ended 30th June 2013	- 3rd August 2013
Results for the Quarter ending 30th September 2013	- 14th November 2013
Results for the Quarter ending 31st December 2013	- 14th February 2014
Results for the Quarter ending 31st March 2014	- End May 2014

11.3. **Book Closure Date :** 23.09.2013 to 28.09.2013 (Both days inclusive)

11.4. **Dividend Payment Date :** N.A.

#### 11.5 Listing on Stock Exchanges :

Equity Shares : BSE Ltd., Mumbai

Annual listing fee payable to BSE Ltd. for Financial Year 2013-14 has been paid.

#### 11.6 Stock Codes :

(a) BSE Ltd. - 513418

(b) ISIN Code - INE728B01024

#### 11.7. Stock Market Data :

MONTH	SHARE PRICE MOVEMENT 2012-13	
	SHARE PRICE at BSE (₹)	
	HIGH	LOW
April 2012	0.23	0.21
May 2012	0.26	0.22
June 2012	0.25	0.20
July 2012	0.27	0.21
August 2012	0.22	0.16
September 2012	0.22	0.16
October 2012	0.21	0.19
November 2012	0.23	0.19
December 2012	0.23	0.20
January 2013	0.23	0.20
February 2013	0.22	0.19
March 2013	0.19	0.06

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

Month/Year	BSE Sensex Index		Share Price at BSE (₹)	
	HIGH	LOW	HIGH	LOW
April 2012	17664.10	17010.16	0.23	0.21
May 2012	17432.33	15809.71	0.26	0.22
June 2012	17448.48	15748.98	0.25	0.20
July 2012	17631.19	16598.48	0.27	0.21
August 2012	17972.54	17026.97	0.22	0.16
September 2012	18869.94	17250.80	0.22	0.16
October 2012	19137.29	18393.42	0.21	0.19
November 2012	19372.70	18255.69	0.23	0.19
December 2012	19612.18	19149.03	0.23	0.20
January 2013	20203.66	19508.93	0.23	0.20
February 2013	19966.69	18793.97	0.22	0.19
March 2013	19754.66	18568.43	0.19	0.06

**11.9 Registrar and Transfer Agents :**

**INTEGRATED ENTERPRISES ( INDIA ) LIMITED**

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

Tel : 080 2346 0815 to 818

Fax : 080 2346 0819

E-mail: vijayagopal@integratedindia.in  
alfint@vsnl.in

Website : www.iepindia.com

**11.10. Share Transfer System:** The Registrar and Transfer Agents, M/s. Integrated Enterprises (India) Limited, Bangalore are authorised by the Board for processing of share transfers, which are approved by the Company's Share Transfer Committee.

Share Transfer requests are processed and despatched to the shareholders generally within 10 to 15 days from the date of receipt. In case of shares in electronic form, the transfers are processed by NSDL/CDSL through respective Depository Participants.

The Company obtains from a Company Secretary in Practice, half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with the Stock Exchange and files a copy of the certificate with the Stock Exchanges. Also, pursuant to Regulation 55A of SEBI ( Depositories and Participants ) Regulations, 1996, certification is done by a Company Secretary in Practice regarding timely dematerialisation of the shares of the Company. Further, secretarial audit is done on a quarterly basis for reconciliation of the share capital of the Company.

**11.11. Category of Shareholding as on 31st March 2013:**

Promoter and Promoter group Holding:	0.41%
Foreign Holding:	0.00%
Other Bodies- Corporate:	5.18%
Individuals:	94.27%
Banks:	0.14%



## SHIMOGA TECHNOLOGIES LIMITED

Distribution of Shareholding as on 31.03.2013.

No of shares held	Total accounts	Total shares	Total % to paid up capital
Up to 500	1427	395802	0.92
501-1000	6975	6937955	16.06
1001-2000	1787	3404347	7.88
2001-3000	714	2037731	4.72
3001-4000	234	902525	2.09
4001-5000	647	3207483	7.42
5001-10000	602	5084212	11.77
10001-999999999	493	21229945	49.14
<b>TOTAL</b>	<b>12879</b>	<b>43200000</b>	<b>100.00</b>

### 11.12. Dematerialization of Shares:

76.04% of the Shares of the Company are in dematerialised form as on 31st March 2013.

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

### 11.14. Plant Locations : Plot Nos. N-12 & N-13, Industrial Estate, Sagar Road, SHIMOGA - 577 204. (Leased out w.e.f. 1.4.2009)

### 11.15. Investor Correspondence:

- For Shares in physical form : To the Registrar and Transfer Agents
- For Shares in Dematerialization Form: To the Depository Participant

### Annual Declaration pursuant to Clause 49(I)(D)(ii) of the Listing Agreement.

I, Suresh Shastri, Chairman of SHIMOGA TECHNOLOGIES LIMITED, declare that to the best of my knowledge and belief, all the Members of the Board have affirmed their compliance with the Company's code of conduct for the year ended March 31, 2013.

Place: Bangalore  
Date : 28.08.2013

**SURESH SHASTRI**  
*Chairman*

## AUDITORS' REPORT ON CORPORATE GOVERNANCE

We have examined the compliance of the conditions of Corporate Governance by SHIMOGA TECHNOLOGIES LIMITED ( 'the Company' ) for the year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions

of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Naik & Shah,**  
*Chartered Accountants*  
FRN010270S

Place : Bangalore  
Date : 28.08.2013

**T. RAGHAVENDRA NAIK**  
*Partner*  
Membership Number : 210228

## SECRETARIAL COMPLIANCE CERTIFICATE

CIN of the Company: L85110KA1990PLC011303

Authorised Capital: Rs.6,00,00,000/-

To,  
The Members,  
SHIMOGA TECHNOLOGIES LIMITED  
135/3A, 11th Cross, Malleshwaram, Bangalore - 560 003.

I have examined the registers, records, books and papers of SHIMOGA TECHNOLOGIES LIMITED as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2013. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year :

1. The Company has kept and maintained all registers as stated in '**Annexure – A**' to this certificate, as per the provisions and the rules made there under and all entries therein have been recorded.
2. The Company has filed the forms and returns as stated in '**Annexure – B**' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities prescribed under the Act and the rules made there under.
3. The Company has minimum paid up capital as prescribed under Sec.3 (1)(iv)(c) of the act. The Company being a public Company, comments relating to the provisions of Sec.3 (1) (iii) of the Act are not required.
4. The Board of Directors met 6 times - on 28.5.2012, 30.7.2012, 13.8.2012, 9.11.2012, 31.1.2013 and 9.3.2013, in respect of which meeting notices were given and proceedings were recorded and signed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 19.09.2012 to 24.09.2012 during the year under scrutiny.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 24.09.2012 after giving due notice to the members of the Company and the resolutions passed there at were recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meetings were held during the year under scrutiny.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under Section 295 of the Act during the year under scrutiny.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the year under scrutiny.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act during the year under scrutiny, the Company has not obtained any approvals from the Board of directors, members or Central Government.
12. The Company has not issued any duplicate share certificates during the year under scrutiny.
13. The Company has:
  - (i) Not required to deliver the certificates as there was no allotment transfer/transmission of securities during the year under scrutiny;
  - (ii) Not declared any dividend during the year under scrutiny.
  - (iii) Not required to post warrants to any member of the Company as no dividend was declared during the year under scrutiny.
  - (iv) Not transferred the amounts in unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund as there were no such amounts outstanding during the financial year under review.
  - (v) Generally complied with the requirements of Section 217 of the act.
14. The Board of Directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the year under scrutiny.
15. The Company has not appointed any managing director/wholtime director/ manager during the year under scrutiny.
16. The Company has not appointed any sole selling agents during the year under scrutiny.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar and / or such authorities prescribed under the various provisions of the act during the year under scrutiny.
18. The Directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not allotted any shares during the year under scrutiny.
20. The Company has not bought back any shares during the year under scrutiny.
21. As there were no preference shares or debentures issued, there was no redemption of preference shares or debentures during the financial year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.



## SHIMOGA TECHNOLOGIES LIMITED

23. The Company has not accepted any deposits falling under the provisions of Section 58A and 58AA of the Act, read with Companies (Acceptance of Deposit) Rules, 1975.
24. The Company has not made any borrowings during the financial year ended 31st March 2013.
25. The Company has not made any loans and investments and given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one State to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. As per the information and explanations given by the Company, there was no prosecution initiated against or

show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the year under scrutiny, for offences under the Act.

32. As per the information and explanations given by the Company, the Company has not received any money as security from its employees during the year under scrutiny.

33. According to the information and explanations provided to us, the Company was not required to constitute Provident Fund pursuant to Section 418 of the Act.

Place: Bangalore

Date: 13.04.2013

**VIGNESHWAR BHAT**

*Company Secretary In Practice*

C.P.No.10012

**Name Of The Company :**

**SHIMOGA TECHNOLOGIES LIMITED**

### ANNEXURE - A

Registers as maintained by the Company

Sl.No	Name of the Register
1	Register of Charges U/s. 143(1)
2	Register of Members U/s. 150(1)
3	Register of companies and firms in which the directors of the Company are interested U/s. 301(1)
4	Register of Directors U/s. 303(1)
5	Register of Directors Shareholding U/s. 307(1)

### ANNEXURE - B

Returns / Forms / Documents filed with Registrar of Companies, Regional Director, Central Govt. or other authorities during the financial year ended on 31st March 2013

I - REGISTRAR OF COMPANIES					
Sl. No.	e-Form No.	Relevant Section	Description of the Document	Whether filed within prescribed time Yes/No	If delay in filing, whether requisite additional fee paid Yes/No
1.	66	383A	Secretarial Compliance Certificate for the year 2011-2012.	Yes	NA
2.	20B	159	Annual Return as on AGM held on 24.09.2012.	Yes	NA
3.	8	135	Modification of charge - charge Id- 10140877.	Yes	NA
4.	23AC Xbri and 23ACA Xbri	220	Balance Sheet as on 31.03.2012 and the Profit and Loss Account for the year ended as on that date.	Yes	NA
II - REGIONAL DIRECTOR				NIL	
III - CENTRAL GOVERNMENT AND OTHER AUTHORITIES				NIL	

Place: Bangalore

Date: 13.04.2013

**VIGNESHWAR BHAT**

*Company Secretary In Practice*

C.P.No.10012



## **INDEPENDENT AUDITORS' REPORT**

TO

**THE MEMBERS OF SHIMOGA TECHNOLOGIES LIMITED  
REPORT ON THE FINANCIAL STATEMENTS**

1. We have audited the accompanying financial statements of Shimoga Technologies Limited (the "Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

2. The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**AUDITORS' RESPONSIBILITY**

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**OPINION**

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in

the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
  - b) in the case of the Statement of Profit and Loss Account, of the loss for the year ended on that date; and
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
7. Attention is invited to Point No.8 in Part I of Note 2 regarding preparation of accounts on Going Concern basis although the networth of the company has eroded and the Company has been declared as sick industrial company within the meaning of clause (o) of sub section (1) of Section 3 of the Sick Industrial Companies Act, 1985.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by Section 227(3) of the Act, we report that:
  - a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c) the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of Section 211 of the Companies Act, 1956;
  - e) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **Naik & Shah,**  
*Chartered Accountants*  
FRN010270S

Place : Bangalore  
Date : 13.04.2013

**T. RAGHAVENDRA NAIK**  
*Partner*  
Membership Number : 210228



## **Annexure to the Independent Auditors' Report**

(as referred in paragraph 8 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i) (a) the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) the Company has a regular programme for physical verification of its fixed assets by which fixed assets are verified in a phased manner. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets;
- (c) During the year, the company has not disposed off substantial/ major part of fixed assets.
- ii) The company did not have inventories at any time during the year. Consequently, the requirements regarding physical verification of inventories, maintenance of records of inventory and discrepancies between physical stocks and book records are not applicable to the company for the year.
- iii) (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, during the period. As the Company has not granted any loans, secured or unsecured, to parties listed in the register maintained under Section 301 of the Companies Act, 1956, clauses iii(b), iii(c), and iii(d) of the paragraph 4 of the Order, are not applicable;
- (b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, during the period. As the Company has not taken any loans, secured or unsecured, from parties listed in the register maintained under Section 301 of the Companies Act, 1956, clauses iii(f) and iii(g) of the paragraph 4 of the Order, are not applicable;
- iv) In our opinion and according to the information and explanations given to us, there is an internal control system commensurate with the size of the Company and the nature of its business with regards to the purchase of fixed assets and leasing service. During the course of our audit no major weakness has been noticed in respect of these areas;
- v) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that all transactions that need to be entered into the register in pursuance of Section 301 of the Act have been so entered;
- vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder;
- vii) The company has an internal audit system, which in our opinion needs to be strengthened;
- viii) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956;
- ix) (a) According to the records of the Company and information and explanations given to us, the Company has been regular in depositing undisputed statutory dues including tax deducted at source, value added tax and other statutory dues with the appropriate authorities during the year;
- (b) According to the information and explanation given to us, and on the basis of our examination of the books of account, there is no undisputed dues in respect of income tax, wealth tax, sales tax, customs duty and excise duty outstanding, as at the last day of the financial year, for a period of more than six months since they became payable;
- (c) As at March 31, 2013, according to the records of the Company, there are no dues outstanding on sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess and Investor education and protection fund, on account of any dispute.
- x) In our opinion, the accumulated losses of the company at the end of the financial year is greater than fifty percent of its networth as at the last day of the financial period and has incurred cash loss during the financial year ended on that date;
- xi) according to the information and explanation given to us and based on our audit procedures, we are of the opinion that the Company, has not defaulted in repayment of its dues to any financial institution, bank or to debenture holder during the period;
- xii) the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities;
- xiii) in our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, clause (xiii) of the Order is not applicable to the Company;

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- xiv) in our opinion and according to information and explanations given to us, the Company is not a dealer or trader in securities;
- xv) according to the information and explanations given to us and the records examined by us, the Company has not given any guarantees for loans taken by others from banks or financial institutions;
- xvi) according to the information and explanations given to us, no term loan has been borrowed by the company;
- xvii) based on the information and explanations given to us and on an overall examination of the balance sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long-term investment;
- xviii) the Company has not made any preferential allotment of shares to parties and the companies covered in the Register maintained under Section 301 of the Companies Act, 1956;
- xix) the Company has not issued any debentures during the year;
- xx) the Company has not raised any money by public issue during the period, accordingly clause 4(xx) of the order is not applicable;
- xxi) During the course of examination of the books and records of the company, carried out in accordance with the auditing practices generally accepted in India and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the company for the year, nor have we been informed of such case by management;

For **Naik & Shah,**  
*Chartered Accountants*

FRN010270S

Place : Bangalore  
Date : 13.04.2013

**T. RAGHAVENDRA NAIK**  
*Partner*  
Membership Number : 210228



# SHIMOGA TECHNOLOGIES LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	Note No.	As at 31 March 2013 ₹	As at 31 March 2012 ₹
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	4,32,00,000	4,32,00,000
(b) Reserves and surplus	4	(6,21,74,077)	(5,92,29,654)
(c) Money received against share warrants		-	-
		(1,89,74,077)	(1,60,29,654)
<b>Current liabilities</b>			
(a) Other current liabilities	5	3,29,16,655	3,17,07,098
		3,29,16,655	3,17,07,098
<b>TOTAL</b>		1,39,42,578	1,56,77,444
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	6.A	1,17,93,664	1,37,35,096
(ii) Intangible assets	6.B	6,690	11,705
(iii) Capital WIP		2,96,509	-
		1,20,96,863	1,37,46,801
<b>Current assets</b>			
(a) Cash and cash equivalents	7	22,846	27,890
(b) Short-term loans and advances	8	18,22,869	19,02,753
		18,45,715	19,30,643
<b>TOTAL</b>		1,39,42,578	1,56,77,444

The notes referred to above form integral part of the financial statements

For and on behalf of the Board of Directors

As per our report of even date  
**For Naik & Shah**  
Chartered Accountants  
FRN 010270S

**Suresh Shastry**  
Chairman

**G Ananda**  
Director

**T Raghavendra Naik**  
Partner  
M No.: 210228

Place: Bangalore  
Date : 13.04.2013

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

PARTICULARS	Note No.	For the Year Ended 31 March 2013 ₹	For the Year Ended 31 March 2012 ₹
<b>CONTINUING OPERATIONS</b>			
Revenue from operations		-	-
		-	-
Other income	9	4,10,276	34,20,011
<b>Total revenue (1+2)</b>		4,10,276	34,20,011
<b>Expenses</b>			
(a) Finance costs	10	6,089	1,103
(b) Depreciation and amortisation expense	6.A & B	19,89,808	19,76,284
(c) Other expenses	11	13,58,802	15,14,669
<b>Total expenses</b>		33,54,699	34,92,056
<b>Profit / (Loss) before exceptional and extraordinary items and tax</b>		(29,44,423)	(72,045)
Exceptional items & Extraordinary items		-	-
Write off - Dies and Tools		-	86,480
<b>Profit / (Loss) for the year</b>		(29,44,423)	(1,58,524)
<b>Earnings per share (of ₹ 1/- each) :</b>			
(a) Basic		(0.07)	(0.01)
(b) Diluted		(0.07)	(0.01)
<b>Earnings per share (excluding extraordinary items) (of ₹ 1/- each) :</b>			
(a) Basic		(0.07)	(0.01)
(b) Diluted		(0.07)	(0.01)

The notes referred to above form integral part of the financial statements

For and on behalf of the Board of Directors

As per our report of even date  
**For Naik & Shah**  
Chartered Accountants  
FRN 010270S

**Suresh Shastry**  
Chairman

**G Ananda**  
Director

**T Raghavendra Naik**  
Partner  
M No.: 210228

Place: Bangalore  
Date : 13.04.2013



# SHIMOGA TECHNOLOGIES LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2013

PARTICULARS		Year ended 31.03.2013		Year ended 31.03.2012	
		₹	₹	₹	₹
<b>A.</b>	<b>Cash Flow from Operating Activities :</b>				
	Profit/(Loss) for the year (a)		(29,44,423)		(1,58,524)
	<i>Add : Adjustments for:</i>				
	Depreciation for the year	19,89,808		19,76,284	
	Loss on withdrawal of fixed assets	-	19,89,808	86,480	20,62,764
	<b>Sub Total (b)</b>		(9,54,615)		19,04,240
	<b>Less: Adjustments for</b>				
	Rectification relating to carrying cost of Fixed Asset (c)		43,360		-
	<b>Operating Profit before working capital changes (d=b-c)</b>		(9,97,975)		19,04,240
	<i>Add:</i>				
	Decrease in loans and advances	79,884		38,551	
	Increase in current liabilities	12,09,556		-	
	<b>Sub Total (d)</b>		12,89,440		38,551
	<i>Less:</i>				
	Decrease in current liabilities	-		19,69,786	
	<b>Sub Total (e)</b>		-		19,69,786
	<b>Net cash from operating activities (A =c+d-e)</b>		2,91,465		(26,995)
<b>B.</b>	<b>Cash Flow from Investing Activities :</b>				
	Purchase of fixed assets	(2,96,509)		-	
	<b>Net cash used in investing activities (B)</b>		(2,96,509)		-
<b>C.</b>	<b>Cash Flow from Financing Activities :</b>				
	<b>Net cash used in financing activities (C)</b>		-		-
	<b>Net increase/ (decrease) in cash and cash equivalents (A+B+C)</b>		(5,044)		(26,995)
	<b>Cash and cash equivalents as at beginning</b>		27,890		54,884
	<b>Cash and cash equivalents as at closing</b>		22,846		27,889

For and on behalf of the Board of Directors

As per our report of even date

**For Naik & Shah**

Chartered Accountants

FRN 010270S

**Suresh Shastry**  
Chairman

**G Ananda**  
Director

**T Raghavendra Naik**  
Partner  
M No.: 210228

Place: Bangalore  
Date : 13.04.2013

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **NOTE NO. 1**

The company was incorporated under the Companies Act, 1956 on 22 October 1990 as a Private Limited Company under the name Shimoga Forge Pvt Ltd. The Company changed its name to Shimoga Technologies Ltd on 17 August 2000. The company is listed on Bombay Stock Exchange.

### **NOTE NO. 2**

#### **PART I**

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Basis of Preparation of Financial Statement**

The financial statements are prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

##### **2. Fixed Assets & Depreciation:**

- a) Fixed assets are capitalised at acquisition cost including costs directly attributable to bringing the assets to their working condition, for the intended use.
- b) Certain assets identified as having reached their economic useful life have been withdrawn from active use. The carrying value of such assets is charged to the statement of profit and loss. Income on such assets shall be recognised upon sale or disposal.
- c) Depreciation is provided on straight-line method in accordance with rates prescribed in Schedule XIV to the Companies Act, 1956.

##### **3. Impairment of Assets:**

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

##### **4. Employee Benefits:**

###### **i. Defined Contribution plans**

The Company makes Provident Fund / Superannuation contributions to the provident fund authorities/ the Life Insurance Corporation of India as a fixed percentage of the payroll costs which is recognised in the Statement of profit and loss.

###### **ii. Defined benefit plans**

The Company has provided for the liability towards gratuity on the basis of 15 days salary for each completed year of service in respect of employees who are on the rolls as at 31 March 2013.

Provision for the liability on account of leave encashment has been made based on the last drawn salary.

Details of Current Service cost, interest cost, Gross Liability, Past Service cost, Fair Value of Plan assets and movement of net liability has not been furnished as actuarial valuation has not been carried out and no investments have been made towards meeting the aforesaid liabilities as there are no employees on the rolls since 1 April 2009.

##### **5. Provision for Current Tax and Deferred Tax:**

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing differences" between taxable income and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. However, no deferred tax assets are recognised on carry forward of tax losses and unabsorbed tax depreciation since there is no virtual certainty in respect of future taxable income. If deferred tax assets are to be recognised on carry forward of tax losses and unabsorbed tax depreciation the loss for the period would diminish by ₹ 88.07 Lakhs.

##### **6. Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

##### **7. Provision, Contingent Liabilities and Contingent Assets:**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

##### **8. Going Concern**

In accordance with the resolution passed at the extraordinary general meeting, the company has entered into an agreement on 29 March 2009 with Smiths & Founders (India) Ltd for leasing of its plant and machinery. The lease agreement has been renewed for a further period of 11 months with effect from March 1, 2013.

Considering the manufacturing facilities are still in use, the management's assessment of improvement in operations in general, the accounts of the company have been prepared on a Going Concern basis although the manufacturing facilities have been leased. The



## SHIMOGA TECHNOLOGIES LIMITED

accumulated loss exceeds the net worth of the company by ₹ 189,74,077.

In order to revive the business and enhance the future prospects of the Company, the Company has submitted a Draft Rehabilitation Scheme (DRS) to Board For Industrial and Financial Reconstruction (BIFR) through IDBI Bank Ltd., the Operating Agency appointed by Hon.BIFR, on 14th August, 2012. The DRS is under consideration of Hon.BIFR. The salient features of the DRS are, 90% Capital reduction, amalgamating Smiths & Founders (India) Limited with the Company with 5:2 share exchange ratio and change of name from Shimoga Technologies Limited to Smiths & Founders (India) Limited.

The shareholders have already approved the proposal of amalgamation of Smiths & Founders (India) Limited with the Company.

### PART II

#### NOTES ON ACCOUNTS:

1. The financial statements have been prepared in consonance with Schedule VI to the Companies Act 1956, and previous year's figures have been accordingly regrouped wherever necessary.
2. Figures have been rounded off to the nearest rupee.
3. No provision has been made for taxation, as there is no taxable income in terms of the provisions of the Income-tax Act, 1961.

#### 4. Related Party Disclosures:

(a) Transaction with related parties and key managerial personnel:

Name of the Party	Transactions details	Year ended 31-03-2013 Amount ( ₹ )	Year ended 31-03-2012 Amount ( ₹ )
Smiths & Founders (India) Ltd.	Lease rentals on hiring of plant and machinery	3,00,000	3,00,000

(b) Balance with related parties:

Name of the Party	Particulars	Year ended 31-03-2013 Amount ( ₹ )	Year ended 31-03-2012 Amount ( ₹ )
Smiths & Founders (India) Ltd.	Lease rental deposit received	3,27,20,978	3,15,46,855



## TWENTY SECOND ANNUAL REPORT 2012-13

### 5. Calculation of Earnings per share as per Accounting Standard (AS-20) "Earning per Share"

PARTICULARS	2012-13	2011-12
Net Profit/(loss) for the year (₹)	(29,44,423)	(1,58,524)
No. of Equity Shares outstanding at the beginning of the year	4,32,00,000	4,32,00,000
No. of Equity Shares outstanding at the end of the year	4,32,00,000	4,32,00,000
Weighted average number of equity shares	4,32,00,000	4,32,00,000
Nominal value per share (₹)	1	1
Basic & Diluted earnings per share	(0.07)	(0.01)

6. The company has entered into two lease agreements for letting out of plant and machinery and establishment of office premises.

- i. The lease arrangement is for 11 months in respect of plant and machinery and is renewable on mutually agreeable terms. The agreement was renewed for 11 months with effect March 1, 2013. The aggregate lease rentals receivable for the year is reflected as rent received / receivable under other income in the Statement of profit and loss.

The company has created an equitable mortgage by deposit of title deeds of land and building situated at Plots No. N12 & N13, Industrial Estate, Sagar Road, Shimoga and also hypothecated the plant and machinery in favour of Smiths & Founders (India) Ltd as a security for the deposit for ₹ 3.25 Crores given by them for leasing the manufacturing facilities.

- ii. In respect of establishment of office premises, the lease arrangement is for 11 months and is

renewable on mutually agreeable terms. The lease was further renewed for period until August 2012. The aggregate lease rentals payable for the year is reflected as rent paid / payable under indirect expense in the Statement of profit and loss. The disclosure required as per Accounting Standard 19 with regard to the above is as under:

- a) Payments under operating lease for period:

- 1) Not later than one year: ₹ Nil
- 2) Later than one year but not later than five year: ₹ Nil

- b) Payment recognised in the Statement of Profit and Loss for the year ended 31 March 2013 is ₹ 29,032.

7. There are no employees who are in receipt of remuneration in excess of the limits specified under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended.

8. Earnings in Foreign Currency: ₹ Nil (Previous Year ₹. Nil)

### NOTE 3 SHARE CAPITAL

PARTICULARS	Year ended 31.03.2013		Year ended 31.03.2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised Equity shares of ₹ 1 each with voting rights	6,00,00,000	6,00,00,000	6,00,00,000	6,00,00,000
(b) Issued Equity shares of ₹ 1 each with voting rights	4,32,00,000	4,32,00,000	4,32,00,000	4,32,00,000
(c) Subscribed and fully paid up Equity shares of ₹ 1 each with voting rights	4,32,00,000	4,32,00,000	4,32,00,000	4,32,00,000
	4,32,00,000	4,32,00,000	4,32,00,000	4,32,00,000
<b>TOTAL</b>	4,32,00,000	4,32,00,000	4,32,00,000	4,32,00,000



# SHIMOGA TECHNOLOGIES LIMITED

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### NOTE 4 RESERVES AND SURPLUS

PARTICULARS	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) General reserve		
Opening balance	(5,92,29,654)	(5,90,71,130)
Add: Transferred from surplus in Statement of Profit and Loss	(29,44,423)	(1,58,524)
Less: Utilised / transferred during the year for:		
Closing balance	(6,21,74,078)	(5,92,29,654)

### NOTE 5 OTHER CURRENT LIABILITIES

(i) Statutory remittances	6,049	12,214
(ii) PF Penal Damages	1,13,235	1,13,235
(iii) Lease Rental Deposit - S&FIL (BEL)	3,27,20,978	3,15,46,855
(iv) Others Payables	76,393	34,794
<b>TOTAL</b>	<b>3,29,16,655</b>	<b>3,17,07,098</b>

### NOTE 6.A TANGIBLE ASSETS

Amount in ₹

Sl.	Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01-04-2012	Additions	Deletions	As at 31-03-2013	As at 1-04-2012	Additions	Deletions	As at 31-03-2013	As at 31-03-2012
1	Building	72,42,252	-	-	72,42,252	37,03,815	2,41,891	-	39,45,707	32,96,546
2	Computer	2,99,344	-	-	2,99,344	2,58,533	24,817	-	2,83,349	15,995
3	Electrical Installation	8,38,756	-	-	8,38,756	5,13,472	35,703	-	5,49,174	2,89,581
4	Furniture And Fixture	2,29,059	-	-	2,29,059	1,94,353	3,066	-	1,97,419	31,640
5	Hand Tools And Equipments	2,62,942	-	-	2,62,942	2,28,914	8,318	-	2,37,233	25,709
6	Land	20,24,158	-	-	20,24,158	-	-	-	-	20,24,158
7	Office Equipments	3,61,154	-	-	3,61,154	1,90,368	14,520	-	2,04,889	1,56,265
8	Other Tools	2,26,235	-	-	2,26,235	2,19,833	1,629	-	2,21,462	4,773
9	Plant And Machinery FN 1	3,22,97,236	43,360	-	3,23,40,596	2,47,36,751	16,54,848	-	2,63,91,599	59,48,997
	<b>TOTAL</b>	<b>4,37,81,136</b>	<b>43,360</b>	<b>-</b>	<b>4,38,24,496</b>	<b>3,00,46,040</b>	<b>19,84,793</b>	<b>-</b>	<b>3,20,30,832</b>	<b>1,17,93,664</b>

### NOTE 6.B INTANGIBLE ASSETS

Sl.	Intangible Asset	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As at 01-04-2012	Additions	Deletions	As at 31-03-2013	As at 1-04-2012	Additions	Deletions	As at 31-03-2013	As at 31-03-2012
1	Computer Software	47,144	-	-	47,144	35,439	5,015	-	40,454	6,690
	<b>TOTAL</b>	<b>47,144</b>	<b>-</b>	<b>-</b>	<b>47,144</b>	<b>35,439</b>	<b>5,015</b>	<b>-</b>	<b>40,454</b>	<b>6,690</b>

Foot Note (FN) 1: An asset description appearing in Plant & Machinery was erroneously carrying negative values under both Gross Block & Depreciation. The addition of Rs.43,360/- is to rectify the corresponding value in Gross Block. An amount of Rs.21,175/-.

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **NOTE 7 CASH AND CASH EQUIVALENTS**

PARTICULARS	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
(a) Cash on hand	1,488	3,502
(b) Balances with banks	21,358	24,387
<b>TOTAL</b>	<b>22,846</b>	<b>27,889</b>

### **NOTE 8 SHORT-TERM LOANS AND ADVANCES**

(a) Security deposits	-	1,500
(b) Others (specify nature)	-	1,500
Secured, considered good		
i. Deposits With Govt. Authorities	12,61,976	13,68,099
ii. Deposits With Others	-	35,000
iii. Loans & Advances (Asset)	5,60,893	4,98,154
	<b>18,22,869</b>	<b>19,01,253</b>
<b>TOTAL</b>	<b>18,22,869</b>	<b>19,02,753</b>

### **NOTE 9 OTHER INCOME**

Note	Particulars	For the Year Ended 31 March 2013 ₹	For the Year Ended 31 March 2012 ₹
(a)	Interest income (Refer Note (i) below)	66,916	60,224
(b)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below)	3,43,360	33,59,787
	<b>TOTAL</b>	<b>4,10,276</b>	<b>34,20,011</b>
(i)	Interest income		
	Other interest	66,916	60,224
	<b>Total - Interest income</b>	<b>66,916</b>	<b>60,224</b>
(ii)	Other non-operating income comprises:		
	Rental income from operating leases	3,00,000	3,00,000
	Liabilities / provisions no longer required written back	-	15,57,706
	Re-Fund Relating to Earlier Years	-	15,02,081
	Rectification Relating to carrying cost of Fixed Asset	43,360	-
	<b>Total - Other non-operating income</b>	<b>3,43,360</b>	<b>33,59,787</b>



## SHIMOGA TECHNOLOGIES LIMITED

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS

#### NOTE 10 FINANCE COSTS

PARTICULARS	For the Year Ended 31 March 2013 ₹	For the Year Ended 31 March 2012 ₹
(a) Interest expense on:		
(i) Borrowings	-	1,103
(ii) Interest on statutory liabilities	156	-
(iii) Bank Charges	5,933	
<b>TOTAL</b>	<b>6,089</b>	<b>1,103</b>

#### NOTE 11 OTHER EXPENSES

Advertisement Expenses	58,160	49,728
Rent including lease rentals	29,032	44,748
Repairs and maintenance - Buildings	-	13,555
Repairs and maintenance - Others	550	1,544
Rates and taxes	60,237	46,046
Travelling and conveyance	1,25,270	1,37,996
Printing and stationery	1,040	1,374
Professional & Consultancy Charges	3,14,186	6,40,570
Operating Agency Fees	3,88,712	-
AGM Expenses	1,19,977	1,38,293
Payments to auditors (Refer sub-note (i) below)	91,236	1,02,746
Bad debts and other receivables, loans and advances written off	1,35,825	2,91,019
Miscellaneous expenses	34,577	47,049
<b>TOTAL</b>	<b>13,58,802</b>	<b>15,14,669</b>
(i) <b>Payments to the auditors comprises (net of service tax input credit, where applicable):</b>		
As auditors - statutory audit	71,236	80,274
For taxation matters	20,000	22,472
<b>TOTAL</b>	<b>91,236</b>	<b>1,02,746</b>



# SHIMOGA TECHNOLOGIES LIMITED

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

## ATTENDANCE SLIP

( Please fill this attendance slip and hand it over at the entrance of the meeting hall )

DP ID *	
Client ID*	

Regd.Folio	
Number of Shares Held	

I hereby record my presence at the Twenty Second Annual General Meeting of the Company held on Saturday, 28th September, 2013 at 10.00 a.m at MEWS Ladies Club, No.37, 17th Cross, (between 4th & 6th Main), Malleswaram, Bangalore - 560 055.

Name of the Attending Shareholder.....

Name of the Proxy.....

(To be filled in if the Proxy attends instead of the Shareholder)

Signature of the Shareholder/Proxy.....

**NOTE: Shareholders/Proxy holders are requested to bring the Attendance Slip with them, duly filled in, when they come to the meeting and hand it over at the gate, affixing their signature on it.**

**\*Applicable for Investors holding shares in electronic form.**



# SHIMOGA TECHNOLOGIES LIMITED

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

DP ID *	
Client ID*	

Regd.Folio	
Number of Shares Held	

## PROXY FORM

I/We .....of..... being a member/ members of SHIMOGA TECHNOLOGIES LIMITED hereby appoint..... of.....failing him.....of..... as my/ our proxy to attend and vote for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company to be held on Saturday, 28th September, 2013 at 10.00 a.m at MEWS Ladies Club, No.37, 17th Cross, (between 4th & 6th Main), Malleswaram, Bangalore - 560 055. and at any adjournment thereof.

Signed this.....day of....., 2013.

Affix 1 Re.  
Revenue Stamp

**Signed proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time of the meeting. The proxy need NOT be a member.**

BOOK-POST

*If undelivered please return to :*



**SHIMOGA TECHNOLOGIES LIMITED**

Regd. Office : Post Box No. 330,  
#135/3A, 11th Cross, Malleswaram,  
Bangalore - 560 003