



SHIMOGA TECHNOLOGIES LIMITED

**NINETEENTH ANNUAL REPORT
2009 - 2010**



SHIMOGA TECHNOLOGIES LIMITED

BOARD OF DIRECTORS

SURESH SHASTRY

Chairman & Director

G.ANANDA

Director

S. LAKSHMI NARAYANA MURTHY

Director

AUDITORS

H.R.SUDARSHAN,

H.R.SUDARSHAN & ASSOCIATES,

Chartered Accountants,

No.47, "Brahmi", 9th Main, 11th Cross,

Girinagar Third Phase

Bangalore- 560 085.

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,

Malleswaram,

Bangalore - 560003

WORKS

PLOT NOs. N 12& 13,

Industrial Estate,

Sagar Road

Shimoga - 577 204.

Karnataka

NOTICE

Notice is hereby given that **Nineteenth Annual General Meeting of the Members of SHIMOGA TECHNOLOGIES LIMITED** will be held at Seva Sadan Association, 14th Cross, Malleshwaram, Bangalore-560003 on Thursday the 30th September, 2010 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, 2010 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. The retiring Auditors, Mr. H.R. Sudarshan, Proprietor M/s.H.R. Sudarshan & Associates, Chartered Accountants, Bangalore, have informed the Company that they are unwilling to continue as Statutory Auditors of the Company. In response to Companies letter, Mr. T. Raghavendra Naik, Proprietor, M/s. Raghavendra Naik & Associates, Chartered Accountants, Bangalore, have intimated their willingness to act as Statutory Auditors of the Company. As per the recommendation of the Audit Committee, the Board proposed to appoint Mr. T. Raghavendra Naik, Proprietor, M/s. Raghavendra Naik & Associates, 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 on Ordinary Resolution.

“RESOLVED THAT Mr. T. Raghavendra Naik, Proprietor, M/s Raghavendra Naik & Associates, Chartered Accountants, Bangalore be and are hereby appointed as Statutory Auditors of the Company in place of the retiring Auditors to hold the office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting at the remuneration as may be fixed by the Board of Directors.”

Special Business :

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

“RESOLVED THAT, pursuant to Clause 3 of the Articles of Association of the Company and other applicable provisions of the Companies Act, 1956 and subject to provisions of such other laws or rules or regulation and subject to approval of such other statutory Authorities, the Paid Up Equity Share Capital of the Company be reduced from Rs.4,32,00,000/- divided in to 4,32,00,000

shares of Rs.1/- each into Rs.43,20,000/- divided into 43,20,000 shares of Rs.1/- each and such reduction is effected by cancelling Rs.3,88,80,000/- divided into 3,88,80,000 equity shares of Rs.1/- each of the paid up equity share capital which is unrepresented by available assets.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to file a scheme to the Hon. Board for Industrial & Financial Reconstruction, for an order confirming the aforesaid reduction and Board of Directors of the Company be and are hereby authorised to sign and verify the scheme, appoint advocates and to do all such acts, deeds and things as may be necessary for obtaining the order of the Hon. Board for Industrial & Financial Reconstruction to the Reduction of Capital in terms of the aforesaid resolution.”

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

“RESOLVED THAT pursuant to the provisions of Section 18 of Sick Industrial Companies (Special Provisions) Act, 1985 and other applicable provisions, if any, of the Companies Act, 1956 and subject to sanction of the Hon. Board for Industrial and Financial Reconstruction and subject to obtaining such approvals, consents, permissions and sanctions by Statutory Authorities and Courts as may be required, approval be and is hereby accorded for the amalgamation of Bhagavathi Enterprises Limited with Shimoga Technologies Limited”.

“RESOLVED FURTHER THAT subject to getting clearance from the Hon. Board for Industrial and Financial Reconstruction, subject to furnishing such information to Stock Exchange and subject to such other approvals as may be required, the consent of the shareholders be and is hereby accorded to the Board of Directors, pursuant to provisions of section 81(1A) and other applicable provisions if any of the Companies Act, 1956, to issue further Equity Shares to the existing shareholders or to persons other than existing shareholders including shareholders of Bhagavathi Enterprises Limited.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to file a scheme before the Hon. Board for Industrial and Financial Reconstruction, for an order confirming the aforesaid amalgamation and issue further Equity Shares to the existing shareholders or persons other than the existing shareholders including the shareholders of Bhagavathi Enterprises Limited & the Board of Directors



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of the Company be and are hereby authorised to sign and verify the scheme, appoint advocates and to do all such acts, deeds and things as may be necessary for obtaining the order of the Hon. Board for Industrial and Financial Reconstruction”

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

"RESOLVED THAT pursuant to sections 16, 31 and 94 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Capital of the Company be and is hereby increased from Rs. 4,50,00,000/- (Rupees Four Crores fifty lakhs) divided into 4,50,00,000 equity shares of Rs. 1/- each to Rs. 10,00,00,000/- (Rupees Ten Crores only) divided into 10,00,00,000 Equity Shares of Rs. 1/- each, ranking pari passu with the existing Equity Shares.

RESOLVED FURTHER THAT Clause V of the Memorandum of Association of the Company be and is hereby altered to read as follows:

V. "The Share Capital of the Company is Rs.10,00,00,000/- (Rupees Ten Crores only) divided into 10,00,00,000 Equity Shares of Rs.1/- each.

RESOLVED FURTHER THAT Clause 3 of the Articles of Association of the Company be and is hereby altered to read as follows:

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

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorised to do such other acts and deeds as may be necessary for giving effect to this resolution."

By the Order of the Board of Directors

Place: Bangalore
Date: 27.08.2010

(S. SURESH)
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 24.09.2010 to 30.09.2010 (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 the proxy need not be a member of the Company. Proxies 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. The Explanatory Statement required under Section 173(2) of the Companies Act, 1956 in respect of the business mentioned above is being annexed herewith.
4. Members desiring any information as regards to accounts are requested to write to the Company so as to reach at least seven days before the date of the meeting to enable the management to keep the information ready.
5. 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.
6. Members / Proxies should fill the Attendance slip for attending the meeting.
7. 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.
8. 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.
9. Members are requested to intimate immediately any change in their address to the Registrar and Transfer Agents of the Company. Also they are requested to send to the Registrar and Transfer Agent (1) PAN (2) Bank Account Number.
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.

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Name	Sri. G.Ananda
Date of Birth	07.11.1952
Date of Appointment	02.08.2008
Educational Qualification	Bsc., A.M.I.E and PGDM
Work Experience	Worked as Factory Manager in Asian Paints Ltd, Worked as General Manager in 1. Egyptian American Paint Co.Ltd., 2. Arvind Cotspin Ltd. 3. Bombay Oil Industries Ltd., CEO in RM Mohite Textiles Ltd
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

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956

Item no.4

Ever since the Board of Directors formed an opinion about the sickness of the Company and filed a reference before the Hon. Board for Industrial and Financial Re-construction, in 2002, the Company has not been able to raise any additional share capital. During the last eight years, The Board of Directors tried several times to raise capital, but because of the accumulated losses and consequential erosion of capital, no investor showed any interest in investing in the capital of

the Company. Due to the fact that, the accumulated losses are more than the Paid up Capital, the book value of shares is negative. Therefore, the only other alternative for providing level playing field and attracting new investors to invest in the Company is to set off the losses against the existing capital of the Company, which tantamount to Reduction of Existing Paid-up Capital. Therefore the Company intends to reduce the capital and the resolution requires your approval.

The Capital Structure & Shareholding pattern of the Company before and after the implementation of Capital Reduction is set out below:

Particulars	Pre-Reduction	Post Reduction
Capital Structure	Authorised Share Capital - 4,50,00,000 Equity Shares of Rs.1/- each. Issued Issued, Subscribed and Fully Paid up Capital - 4,32,00,000 Equity Shares of Rs.1/- each	Authorised Share Capital - 10,00,00,000 Equity Shares of Rs.1/- each. Issued Issued, Subscribed and Fully Paid up Capital - 43,20,000 Equity Shares of Rs.1/- each
Shareholding Pattern	Promoter and Promoter group Holding : 0.95% Foreign Holding : 0.34% Public Financial Institutions: 0.14% Other Bodies- Corporate: 9.04% Individuals: 89.53%	Promoter and Promoter group Holding :0.95% Foreign Holding: 0.34% Public Financial Institutions: 0.14% Other Bodies- Corporate: 9.04% Individuals: 89.53%



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Note:- Since the Company is a listed Company it is not possible to predict the shareholding pattern after Capital Reduction and hence the post Reduction shareholding pattern is assumed to be same as pre- Reduction shareholding pattern.

None of the Directors of the Company is interested in the Resolution except to the extent of their holding of shares.

Item no.5

Ever since the Board of Directors formed an opinion about the sickness of the Company and filed a reference before the Hon. Board for Industrial and Financial Re-construction, in 2002, the Company has not been able to raise any additional capital. During the last eight years, the Board of Directors made several attempts to raise capital, but because of the accumulated losses and consequential erosion of capital, no investor showed any interest in investing in the capital of the Company. To Keep the business going, to curtail future losses and to save employment, the Company leased out its Factory to Bhagavathi Enterprises Limited on 1.4.2009. Whenever the company was in need of financial support i.e. at the time of settlement of dues to IDBI, at the time of settlement of dues to Bank of India, for settlement of dues to pressing creditors and now for payment of Sales Tax dues to Government of Karnataka, Bhagavathi Enterprises Limited has extended such support. Considering the events of recent past and to make the net worth of the company positive, the Company requested Bhagavathi Enterprises Limited to explore the possibility of amalgamation.

Broadly the features of the amalgamation are as follows:

- (i) Reduction of existing equity share capital of the company from Rs.4,32,00,000/- divided in to 4,32,00,000 shares of Rs.1/- each into Rs.43,20,000/- divided into 43,20,000 shares of Rs.1/- each
- (ii) After reduction of paid-up Equity Share Capital, allotment of equity shares of the Company to the shareholders of Bhagavathi Enterprises Limited, at Rs.1/- per share.

(iii) Merging of all assets and liabilities of Bhagavathi Enterprises Limited and Shimoga Technologies Limited.

(iv) The amalgamated Company to retain the name of the profit making entity ie. Bhagavathi Enterprises Limited.

As per the provisions of section 81(1)(A) of the Companies Act, 1956 to issue further Equity Shares to existing or other than the existing share holders requires special resolution to be passed in the General Meeting. If the amalgamation is approved, the Company has to allot further Equity Shares to shareholders of Bhagavathi Enterprises Limited.

Your Directors recommend the proposed resolutions for your approval.

None of the Directors of the Company is interested in the Resolution except to the extent of their holding of shares.

Item no.6

In view of raising additional funds, your Company may have to go in for enhancement of capital base. In order to bring additional Equity, the Authorized Capital of the Company should be adequately increased. It requires amendment to the Capital Clause of the Memorandum of Association and Articles of Association of the Company.

Pursuant to sections 16 and 31 of the Companies Act, 1956 read with section 94 of the said Act, the above said amendments should be approved by the General Body by way of a Special Resolution.

Your Directors recommend the proposed resolutions for your approval.

None of the Directors of the Company is interested in the Resolution except to the extent of their holding of shares

By the Order of the Board of Directors

Place: Bangalore
Date: 27.08.2010

(S. SURESH)
Chairman & Director

DIRECTORS' REPORT

Dear Shareowners

Your Directors present the Nineteenth Annual Report together with the Audited Accounts for the year ended 31st March 2010.

1. FINANCIAL RESULTS.

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

Particulars	31.03.2010	31.03.2009
Gross Sales and other income	59.87	866.35
Profit /(Loss) before Financial Charges, Depreciation Taxation and Prior Period items	47.66	24.28
Less: Financial Charges	23.82	42.30
Profit /(Loss) before Depreciation, Taxation and Prior Period items	23.84	(18.02)
Less: Depreciation	21.69	(25.32)
Profit /(Loss) before Taxation and Prior Period items	2.15	(43.33)
Less: Taxation (Including Deferred Tax)	0.10	(30.21)
Profit /(Loss) for the year	2.05	(73.55)
Less: Prior Period items	0.15	(0.94)
Net Profit/(Loss) for the year	1.90	(74.49)
Balance of Profit/(Loss) brought forward from last year	(596.57)	(522.08)
Profit/(Loss) Carried forward to Balance sheet	(594.67)	(596.57)

2. OVERVIEW OF COMPANY PERFORMANCE:

The decision of leasing out the manufacturing facilities of the Company has proved beneficial. During the year under review, the Company has been able to reduce the operating expenses and record a Net profit of Rs.1.90 lakhs as against a net loss of Rs.74.48 lakhs for the previous year ended 31st March 2009. The sale of old fixed assets and writing off the excess provision in sundry creditors has enabled to achieve positive results.

3. DIVIDEND:

Since the company doesn't have sufficient amount of profits to pay dividend during the year under review, your Directors regret their inability to recommend dividend for the year ending 31st March 2010.

4. AUDITORS

You are requested to appoint Mr. T. Raghavendra Naik, Proprietor, M/s. Raghavendra Naik & Associates, Chartered Accountants, Bangalore, as statutory Auditors of the Company for the Current Year.

5. DIRECTORS:

None of the Directors are disqualified as on 31st March 2010 from being appointed as Director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act 1956.

6. 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.

7. FIXED DEPOSITS:

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

8. 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.

9. MANAGEMENT DISCUSSION AND ANALYSIS:

Pursuant to clause 49 of the listing Agreement entered in to



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with the stock exchange, Management Discussion And Analysis report forms the part of this report.

10. COMPLIANCE CERTIFICATE:

A Compliance certificate from Mr. Sudhindra K.S, Practicing Company Secretary, has been obtained regarding Compliance of provisions of Companies Act, 1956 as stipulated in Section 383A of the Companies Act, 1956 .It is annexed herewith to the Directors Report.

11. SETTLEMENT OF UNPAID SALES TAX.

The Government of Karnataka has introduced Karasamadhana Scheme 2010, which allows one time settlement of unpaid Sales tax by waiving off 90% of the interest and penalty due thereon. As the funds are not available with the Company to pay off the sales tax dues, Company has raised additional lease deposit of Rs. 75 lakhs from Bhagavathi Enterprises Limited and paid the sales tax dues to the department. By this payment the Company has cleared one of the long standing debt and saved Rs.34.75 lakhs in the form of waiver.

12. REHABILITATION SCHEME:

Ever since the Company was considered as a Sick, The Board of Directors of the Company are trying to mobilise additional funds, but due to weak financials of the Company, the investments are not coming forth. The company is a sick Company and the hearing before the Hon. Board for Industrial and Financial Reconstruction is still pending. The Company has to form a Rehabilitation scheme to make the networth of the Company positive and submit the same to the Board. The Board of Directors of the Company formed an opinion that, Reduction of the Existing share Capital of the Company and amalgamation with Bhagavathi Enterprises Limited will translate the net worth of the Company into positive. On this basis, the Board of Directors shall draft a Rehabilitation scheme and place it before the Honable Board for Industrial and Financial Reconstruction for their approval. Board is of the Opinion that once the said Rehabilitation Scheme is implemented the net worth of the Company will become positive.

13. RELATED PARTY DISCLOSURES:

As regards related party disclosures, one of the Directors of the Company is related to Directors of Bhagavathi Enterprises Limited, a closely held public limited company under the Companies Act, 1956. However, there are no common directors and no shareholders holdings 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 only as a matter of prudence. For details of transactions with Bhagavathi Enterprises Ltd during the year 2009-10, please refer point 11 of Schedule-VII.

14. AUDITORS QUALIFICATIONS:

Regarding Auditors qualifications, the Directors state as follows:

For item no. 4.VI a of the Audit Report read with note no.2 schedule vii

Though the net worth of the Company has substantially eroded and the Company has leased out its manufacturing

facilities, the facts that the plant is continuously working and the manufacturing facilities have been leased out only for a short period and the Company has reserved its right to take back the facilities and re start the operations, soon after the financial re-structuring is complete, the accounts have been drawn on going concern basis.

For item no. 4 VI b of the Audit Report read with note no.5(i) schedule vii

As on date the Company has settled the Sales Tax dues to the Department. Under Karasamadhana Scheme 2010 announced by Govt. of Karnataka.

For item no. 4 VI c of the Audit Report read with note no.7 schedule vii

- a. Advances given by the Company usually relates to deposits / advances with statutory institutions. Company has obtained receipts from such statutory institutions at the time of making the payments.
- b. The Company has requested all the creditors and debtors to confirm the balances and it has obtained confirmations from most of Debtors and Creditors. Confirmation from the banks has been obtained during the year under review.

For item no. 4 VI d of the Audit Report read with note no.5(iv) schedule vii

The company is in process of filing the necessary applications / appeals for reduction / deletion of demands to Provident Fund authorities.

For Item No. Vii of Annexure to Audit Report: relates to improving the internal audit system

The Company noted this suggestion and is in process of strengthening the internal audit systems by proper supervisions by qualified personnel.

For Item No. ix(a), ix(b) & ix(c) to Audit Report:

- a. The company has paid the statutory dues, however due to financial crunch, at times, the company has delayed payments.
- b. During the year 2010-11 the company has settled all the KST and CST dues upto 31st March 2005 under Karasamadhana Scheme 2010 and also deposited tax deducted at source for the year 2009-10 under the Income Tax Act 1961.
- c. As on the date the Company has settled the Sales Tax dues to the Department. Under Karasamadhana Scheme 2010.

For Item No. X to Audit Report:

The company is proposing reduction of capital and amalgamation to turn the networth positive.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGOING:

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(l) (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.

16. PARTICULARS OF EMPLOYEES:

The Company has no employees, therefore the statement

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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.

Customers and Vendors for their unstinted support to the Company.

17. APPRECIATION AND ACKNOWLEDGEMENTS:

Your Directors thank the Members, Government Authorities,

For and on behalf of the Board of Directors

Place: Bangalore
Date: 27.08.2010

S.Suresh **G.Ananda**
Chairman & Director Director

ANNEXURE TO THE DIRECTORS' REPORT FORM NO. A

DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	Year Ended 31.03.2010	Year Ended 31.03.2009
A) POWER & FUEL CONSUMPTION		
1. Electricity		
a. Purchased Units	—	978,004
Total Amount (Rs.)	—	4592478
Rate/Units (Rs.)	—	4.70
b. Own Generation		
i. Through Diesel Oil	—	4548.8
Units per litre of Diesel	—	2.44
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.)	—	122.45
Total Amount (Rs.)	—	2,971,767
Average Rate	—	24,269/ MT
4. Others/internal generation (Please give details)		
Quantity	—	—
Total Cost	—	—
Rate/Unit	—	—

B. CONSUMPTION PER UNIT OF PRODUCTION

	Standard If any	Year Ended 31.03.2010	Year Ended 31.03.2009
Products (with Details-Unit Electricity)	—	—	1042 Units/MT
Coal (Specify Quality)	—	—	—
Furnace Oil	—	—	130 MT

For and on Behalf of the Board of Directors

Place: Bangalore
Date: 27.08.2010

S. Suresh
Chairman & Director

G.Ananda
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 Bhagavathi Enterprises Limited, which is a healthy Company, provides an opportunity for the growth of the organisation.

Objective

Reduction of the share Capital and amalgamation is to make the networth of the Company positive.

1. Benefits to the Shareholders

- ❖ Reduction of Capital will help the Company in mobilising fresh investments, enhancement of business, positive growth and enhancement of share value.
- ❖ Amalgamation with a healthy Company will turn the net worth into positive, thereby enhancing the market value of shares.
- ❖ Amalgamation will result in conversion of debt into equity and the Company's debts will diminish drastically, adding value to the shares.
- ❖ Amalgamation will facilitate continuity of business thereby sending a positive signal to the market and in turn conserving the shareholders wealth.

2. What is the likely impact on the Share Price?

❖ **Share Price:**

Expected to move upwards.

❖ **Value of the Company:**

The value of the company will enhance to the extent of improvement in Net Worth.

The major perceivable threats are Liquidity, Interest rates, Political stability and Economic scenario.

Industrial Structure and Developments:

The Companies 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:

Subject to the approval of Capital Reduction and amalgamation, Company expects the operations to grow in a positive direction.

Internal Control Systems and their adequacy:

The Company has in place a strong Internal Control System, duly supplemented by internal audit system.

Human Resource Development:

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, Personal Cost, Administrative and other expenses during the year ending under scrutiny, Because of this Your Company earned a net profit of Rs.1,89,933/-.

Risks and Concerns:

The Companies 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. S. Suresh
Independent Director	Sri. S Lakshmi Narayana Murthy
Independent Director	Sri. G.Ananda

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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 No. of Board Meetings held :

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. S. Suresh DIN 01099554	5	5	Present	Nil	2	1
Sri. S. Lakshmi Narayana Murthy DIN 02264489	4	4	Present	Nil	2	1
Sri. G. Ananda DIN 02725892	5	4	Present	Nil	2	1
Dr. M.S. Ramaprasad DIN 00549584	1	1	N.A	NA	-	-

@ 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:

5 Board Meeting were held during the period -

The dates on which the meetings were held were 30th June 2009, 31st July, 2009, 31st October 2009, 30th January 2010 and 6th March, 2010.

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.S. Suresh 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 31.03.2010 on the following dates:

30th June 2009, 31st July 2009, 31st October 2009 and 30th January 2010.

Audit Committee meetings and attendance during the year.

Name	No. of Meetings held during his tenure	No. of Meetings Attended
Sri. S. Suresh	4	4
Sri. S.Lakshmi Narayana Murthy	4	4
Sri. G. Ananda	4	3



SHIMOGA TECHNOLOGIES LIMITED

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

1. Overseeing the Company's financial reporting process including Internal Audit arrangements and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with the Management the Annual Financial Statements before submission to the Board.
4. Reviewing any activity under its reference.

4. REMUNERATION OF DIRECTORS:

The Remuneration to Directors consists only of sitting fees paid. The total Sitting fee paid during the year is Rs.11000/-. The Managing Director resigned from his office on 01.04.2009. The Managerial Remuneration under section 198 of the Companies Act, 1956 is as follows:

Particulars	Year 31.3.2010	Yr.31-3.2009
	Rs.	Rs.
Remuneration	Nil	600000
Contribution to Provident Fund	Nil	72000
Contribution to Superannuation	Nil	90000
House Rent Allowance	Nil	240000
Perquisites:		
Leave Travel Allowance	Nil	Nil
Others	Nil	12290
Sitting fees paid to Non Executive Directors	11000	25000

5. SHARE TRANSFER-CUM -INVESTOR GRIEVANCE COMMITTEE:

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

Total Number of Complaints Received and Disposed of for the year ended 31.03.2010	Number of cases unresolved at the end of Year 31.03.2010	Pending Request for Demat Account for the year ended 31.03.2010
1 and nil	1	NIL

5A. Shares and Convertible Instruments held by non-executive Directors.

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

6. REMUNERATION COMMITTEE.

As there is no whole time Managerial person in the company, constitution of remuneration committee doesn't arises.

7. CEO CERTIFICATION

The Chairman has certified compliance of Clause 49 V of the Listing Agreement.

8. ANNUAL GENERAL MEETINGS :

Location and time for the last three Annual General Meetings were :

Year	AGM	Location	Date & Time	Special Resolution passed
2006-07	AGM	Century Club, No.1, Seshadri Road, (Cubbon Park) Bangalore - 560 001	28-09-2007 at 10.00 a.m.	Nil
2007-08	AGM	Century Club, No.1, Seshadri Road, (Cubbon Park) Bangalore - 560 001	18-09-2008 at 10.00 a.m.	Nil
2008-09	AGM	Seva Sadan Association, 14th Cross Malleshwaram, Bangalore-560003	25-09-2009 at 10.00 a.m	Nil

No special resolutions were passed through Postal Ballot during last year.

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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 interest of the Company.
- 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.**
No penalty was imposed by any of the said authorities on the company during the last three years.
- c. **Whistle Blower Policy**
During the year under Whistler Blower Policy no complaints was reported to Audit Committee. The Company has Complied with all the Mandatory requirements and most of the non-mandatory requirements as specified in the Revised Clause 49 of the Listing Agreement.

10. MEANS OF COMMUNICATION:

The Quarterly, Half yearly and Annual Financial results of the company are sent to the Stock Exchanges immediately after the Board approves them. These are also published in the newspapers as required by the Listing Agreements. The Financial Results were published in the following news paper for each Quarter Ended.

For the Quarter ended 30.06.2009	For the Quarter ended 30.09.2009	For the Quarter ended 31.12.2009	For the year ended 31.03.2010
1.Sanjevani 2. The Financial Express	1.Sanjevani 2.The Financial Express	1.Sanjevani 2.The Financial Express	1.Hosa Diganta 2.Business Standard.

11. GENERAL SHAREHOLDER INFORMATION:

11.1. AGM :

Date and Time : 30th September 2010 at 10.00 A.M
Venue : Seva Sadan, 14th Cross, Malleshwaram, Bangalore -560 003.

11.2. Financial Calendar:

Results for the Quarter ended 30th June 2010- 31st July 2010
Results for the Quarter ending 30th September 2010 - Last week of October 2010
Results for the Quarter ending 31st December 2010 - Last week of January 2011
Results for the Quarter ending 31st March 2011 - Last week of May 2011

11.3. **Book Closure Date :** 24.09.2010 to 30.09.2010 (Both days inclusive)

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

11.5. Listing of Equity Shares

On Stock Exchanges at : Mumbai

11.6. (a) **Stock Code:** Bombay Stock Exchange - 513418

(b) **Demat ISIN Numbers in NSDL & CDSL for Equity Shares:**

CDSL : INE728B01024 NSDL : INE728B01024

11.7. Stock Market Data :

MONTH	SHARE PRICE MOVEMENT 2009-10	
	SHARE PRICE at BSE (Rs.)	
	HIGH	LOW
Apr-09	0.47	0.35
May-09	0.64	0.39
Jun-09	0.82	0.50
Jul-09	0.64	0.46
Aug-09	0.52	0.40
Sep-09	0.71	0.44
Oct-09	0.60	0.39
Nov-09	0.56	0.42
Dec-09	0.50	0.41
Jan-10	0.70	0.44
Feb-10	0.58	0.48
Mar-10	0.55	0.38



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11.8. Share Price performance in comparison to broad based indices - BSE Sensex :

SHARE PRICE MOVEMENTS 2009-10

Month/Year	BSE Sensex Index		SHARE PRICE at BSE (Rs).	
	HIGH	LOW	HIGH	LOW
April 2009	11,492.10	9,546.29	0.47	0.35
May 2009	14,930.54	11,621.30	0.64	0.39
June 2009	15,600.30	14,016.95	0.82	0.50
July 2009	15,732.81	13,219.99	0.64	0.46
August 2009	16,002.46	14,684.45	0.52	0.40
September 2009	17,142.52	15,356.72	0.71	0.44
October 2009	17,493.17	15,805.20	0.60	0.39
November 2009	17,290.48	15,330.56	0.56	0.42
December 2009	17,530.94	16,577.78	0.50	0.41
January 2010	17,790.33	15,982.08	0.70	0.44
February 2010	16,669.25	15,651.99	0.58	0.48
March 2010	17,793.01	16,438.45	0.55	0.38

11.9 Registrar and Transfer Agents :

TSR DARASHAW LIMITED

6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai – 400 011

Tel : 022 6656 84 84

Fax : 022 6656 84 94

E-mail : csg-unit@tsrdarashaw.com

Website : www.tsrdarashaw.com

**Business Hours : 10:00 a.m. to 3.30 p.m.
(Monday to Friday)**

For the convenience of investors based in the following cities, transfer documents and letters will also be accepted at the following branches of TSR Darashaw Limited :

TSR DARASHAW LIMITED

503, Barton Centre, 5th Floor
84, Mahatma Gandhi Road,
Bangalore – 560 001

Tel : 080 25320321

Fax : 080 25580019

E-mail: tsrdlbg@tsrdarashaw.com

TSR DARASHAW LIMITED

Tata Centre, 1st Floor
43, Jawaharlal Nehru Road
Kolkata - 700 071

Tel : 033 22883087

Fax : 033 22883062

Email : tsrdlcal@tsrdarashaw.com

TSR DARASHAW LIMITED

Plot No. 2/42, Sant Vihar
Ansari Road, Daryaganj
New Delhi – 110 002

Tel : 011 23271805

Fax : 011 23271802

E-mail: tsrdldel@tsrdarashaw.com

TSR DARASHAW LIMITED

Bungalow No. 1, 'E' Road
Northern Town, Bistupur
Jamshedpur - 831 001

Tel : 0657 2426616

Fax : 0657 2426937

Email : tsrdljsr@tsrdarashaw.com

- 11.10. **Share Transfer System:** The Share transfer system as of now is processed by the Registrar and Transfer agent under the overall supervision of the Share Transfer Committee. Normally it will take 30 days time from the date of lodgment for the process of Share Transfer, if the documents are complete in all respects. In respect of Shares held in dematerialised mode, the transfer takes place instantly between the transferer and transferee and the Depository Participant through electronic credit/ debit of the accounts involved.

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11.11. Category of Shareholding as on 31st March 2010 :

Promoter and Promoter group Holding:	0.95%
Foreign Holding:	0.17%
Public Financial Institutions:	0.14%
Other Bodies- Corporate:	9.74%
Individuals:	89.00%

Distribution schedule of the Shimoga Technologies Limited as on 30.06.2010.

No of shares held	Total accounts	Total shares	Total % to paid up capital
Up to 500	1375	399448	0.92
501-1000	7087	7049286	16.32
1001-2000	1777	3392772	7.85
2001-3000	729	2077911	4.81
3001-4000	242	929267	2.15
4001-5000	661	3271453	7.57
5001-10000	613	5125624	11.86
10001-99999999	483	20954239	48.51

11.12. Dematerialization of Shares:

75.73% of the Shares of the company are in dematerialised form up to 31st March 2010.

11.13. Outstanding GDR / Warrants and convertible bonds, conversion : N.A.

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

11.15. Investor Correspondence:

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

Declaration:

(As required under Clause 49 of the Listing Agreement code of conduct)

I, Suresh Shastry, Chairman & Director of SHIMOGA TECHNOLOGIES LIMITED, to the best of my knowledge & belief, hereby declare that all the Board Members, have affirmed compliance with the Company code of conduct for the year ended March 31, 2010.

Place: Bangalore

Date : 27.08.2010

S. SURESH

Chairman & Director

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To the Members of SHIMOGA TECHNOLOGIES LIMITED

I have examined the compliance of conditions of Corporate Governance by Shimoga Technologies Limited for the year ended 31st March 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with 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 my opinion and to the best of my information and according to the explanations given to me, and based on the representations made by the Directors and the Management,

the company has complied with in all material respects the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

I 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 **H.R. Sudarshan & Associates**

Chartered Accountants

Firm Reg. Number : 004162S

Place : Bangalore

Date : 31.05.2010

H.R.SUDARSHAN

Proprietor

Membership Number : 27981



COMPLIANCE CERTIFICATE

The Members, **Shimoga Technologies Limited., Bangalore**

I have examined the registers, records, books and papers of Shimoga Technologies Limited (CIN No L85110KA1990PLC011303) as required to be maintained under the Companies Act, 1956, (the Act) and the rules 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 2010. In my opinion and to the best of information available to me 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 maintained all the registers as stated in Annexure 'A' to this certificate, as per provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Karnataka.
3. The Company being Public Limited Company comments are not required.
4. The Board of Directors met 5 (Five) times respectively on 30th June 2009, 31st July 2009, 31st October 2009, 30th January 2010 and 06th March 2010 in respect of which meetings 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 and share transfer registers 22nd September 2009 to 25th September 2009 in connection with Annual General Meeting during the financial year under report.
6. The Annual General Meeting for the financial year ended on 31st March 2009 was held on 25th September 2009 after giving notice dated 31st July 2009 and the resolutions passed thereat were recorded in the Minutes Book maintained for the purpose.
7. No Extraordinary General Meetings were held during the financial year.
8. During the year under review the Company has not advanced loans its Directors and /or persons or firms or companies referred to in section 295 of Act.
9. The Company has not entered into any contract specified under Section 297 of the Act during the financial year.
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, the Company has not obtained any approvals from the Board of Directors, members or Central Government.
12. The Company did not have any occasion to issue duplicate share certificate and therefore, the approval of Board of Directors or duly constituted Committee of Directors for issue of duplicate share certificates does not arise.
13. The Company:
 - i. has delivered share certificates on lodgment thereof for transfer of shares in accordance with the provisions of the Act.
 - ii. Was not required to deposit any amount in a separate bank account as no dividend was declared during the financial year;
 - iii. Was not required to post warrants to any members of the Company as no dividend was declared during the financial year;
 - iv. Was not required to transfer any amount to Investor Education Protection Fund since there were no unclaimed or unpaid dividends.
 - v. Has complied with the requirements of Section 217 of the Act
14. The Board of Directors of the Company is constituted. During the financial year, Mr. M S Ramprasad resigned from the Board and Mr. Lakshminarayana Murthy was appointed as Additional Director under Section 260. However, there were no appointments of any alternate directors and directors to fill casual vacancies.
15. During the year under review the Company has complied with the provisions of Section 269 of the Act with regard to appointment of Managing Director/ Whole time Director/ Manager. However during the year under review there were no appointments of Managing Director/Whole Time Director/Manager.
16. The Company has not appointed any sole selling agent during the financial year.
17. As per the information available to me the Company was not required to any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act.
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 issued shares/debentures or other securities during the financial year under the scrutiny.

20. The Company has not bought back any of its shares during the financial year.
21. The Company has not issued Debentures/Preference shares and hence the matter of redemption does not rise.
22. The Company does not have any of its equity shares pending approval of transfer and hence the question of keeping in abeyance rights to dividend, rights shares and bonus shares pending registration of transfer of shares in compliance with the provisions of the Act does not arise.
23. The Company has not accepted any deposits falling under Section 58A of the Companies Act, 1956.
24. The company has complied with provisions of section 293 of the Companies Act.
25. The Company has not made any loans or advances or given any 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 financial year.
27. The Company has not altered the provisions of memorandum with respect to the objects of the Company during the financial year.
28. The Company has not altered the provisions of memorandum with respect to name of the Company during the financial year.
29. The Company has not altered the provisions of memorandum with respect to share capital of the Company during the financial year.
30. The company has not altered its Articles of Association during the year under review.
31. As per the information received from the company, there were no prosecutions initiated against or show cause notice received by the company for any alleged offences under the Act.
32. The Company has not received any amount as security from its employees during the financial year.
33. The Company has not constituted a separate provident fund trust for its employees or class of employees as contemplated under Section 418 of the Act.

Place: Bangalore
Date: 20th August 2010

SUDHINDRA K S
Company Secretary
C P No 8190

ANNEXURE - A

Registers as maintained by the Company

1.	Register of Members	u/s.150
2.	Books of Accounts	u/s.209
3.	Register of Directors	u/s.303
4.	Register of Directors' Shareholding	u/s.307
5.	Minutes Book of Board Meetings	u/s.193
6.	Minutes Book of General Meetings	u/s.193
7.	Register of Charges	u/s.143
8.	Register of Contracts	u/s.301
9.	Register of Investments	u/s 372A

ANNEXURE - B

Forms and Returns as filed by the Company with the Registrar of Companies during the financial year ending on 31st March 2010.

Sl No	Forms	Section	Particulars	With Additional Fees or Not Yes/NA
1	Form 23AC & 23ACA	U/s 220	Balance sheet for the Year 31st March 2009	Yes
2	Form 20B	159	Annual Return made Upto 25th September 2009	Yes
3	Form 32	303 (2)	For Appointment and resignation of Directors	Yes
4	Form 8	125	For Creation of Charge	Yes

AUDITORS' REPORT

TO

THE MEMBERS OF SHIMOGA TECHNOLOGIES LIMITED

1. I have audited the attached Balance Sheet of Shimoga Technologies Limited as at 31st March 2010, the Profit and Loss Account and the Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.
2. I conducted my audit in accordance with the auditing standards generally accepted in India. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditors Report) (Amendment) Order, 2004, (together the order) issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as I considered appropriate and according to the information and explanations given to me, I enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to my comments in the Annexure referred to in paragraph 3 above, I report that:
 - i) I have obtained all the information and explanations, which to the best of my knowledge and belief were necessary for the purposes of my audit;
 - ii) In my opinion, proper books of account, as required by law have been kept by the Company so far as appears from my examination of those books;
 - iii) The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account.
 - iv) In my opinion the Balance Sheet, Profit & Loss Account and the Cash Flow statement dealt with by this report subject to note 4(b) of Schedule VII comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent it is applicable.

v) On the basis of written representations received from the Directors, as on 31st March 2010 and taken on record by the Board of Directors, I report that none of the Directors are disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

vi) Attention is invited to :

- a) *Note No.2 of Schedule VII regarding preparation of accounts on a going concern basis even though the net worth of the Company has been substantially eroded and leasing of the land, Building and Plant and Machinery to Bhagavathi Enterprises Ltd, taking into account repayment of dues to IDBI and Bank of India and the management's assessment of improvement in the economic conditions, and the fact that manufacturing facilities are in use and the short period of lease. Accordingly, these accounts do not include adjustments aforesaid in case the management's business plans do not materialise.*
- b) *Note No.5(i) of Schedule VII regarding non-provision of penalty proposed by sales tax authorities .*
- c) *Note No.7 of Schedule VII regarding non-obtaining of confirmation of balances in the accounts of advances, deposits, some creditors and bank accounts.*
- d) *Note No.5(iv) of Schedule VII regarding orders passed by PF authorities levying penalties and enhancing the taxes payable for which the company is in the process of filing necessary applications/appeals for reduction/deletion of demands.*

The effect of (a) to (c) above could not be quantified and hence the effect on accounts of the same could not be ascertained.

vii) Subject to the matters referred to above, and my report in the annexure, in my opinion and to the best of information and according to the explanations given to me, the said accounts read with the notes thereon gives the information required by the Companies Act, 1956, 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 31st March 2010;
- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and



SHIMOGA TECHNOLOGIES LIMITED

- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **H.R. Sudarshan & Associates**
Chartered Accountants

Firm Reg. Number : 004162S

Place : Bangalore
Date : 31.05.2010

H.R.SUDARSHAN
Proprietor
Membership Number : 27981

Annexure to the Auditors' Report

Referred to in paragraph 3 of my report of even date,

- i) (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All the fixed assets have not been verified by the management during the year but, according to the information and explanations given to me, there is a regular programme of verification which, in my opinion, is reasonable having regard to the size of the Company and the nature of its assets. The discrepancies noticed on physical verification have been properly dealt with in the books of account.
- (c) *There was no disposal of a substantial part of fixed assets during the year. The company has leased its factory building and plant and machinery in order to curtail future losses, gain time to negotiate with the creditors and restart after improvement in the general economic scenario, w.e.f. 1/4/2009 for a period of 11 months which may be extended upto a maximum of three years. The lease agreement has been renewed for a further period of 11 months w.e.f. 24/05/2010. The assumption of a going concern has been followed in view of the reasons set forth in note no.2 of notes to accounts Schedule VII.*
- 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) During the year 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. As the Company has not granted any loans, secured or unsecured, to parties listed in the registers maintained under Section 301 of the Companies Act, 1956 clauses iii(b), iii(c) and iii(d) of paragraph 4 of the order are not applicable.
- (b) During the year the Company has not taken any loans, secured or unsecured, from companies, firms or other parties other than a director amounting to Rs. 1 crore as listed in the Register maintained under Section 301 of the Companies Act, 1956. The rate of interest and other terms and conditions of the loan are not prima facie prejudicial to the interests of the Company. The Company has been regular in payment of interest.
- iv) *In my opinion and according to the information and explanations given to me, there are adequate internal control procedures to make it commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and for sale of goods and services. Further, on the basis of my examination of the books and records of the Company, and according to the information and explanations given to me, other than items covered in Note 5 (ii) to 5(iv) of Schedule VII, I have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.*
- v) (a) Based on the audit procedures applied by me and according to the information and explanations given to me, I am of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding Rs.5 lakhs entered into during the financial year, because of the absence of any comparable prices for the current year, we are unable to comment whether the transactions are made at prevailing market prices at the relevant time.
- vi) In my opinion and according to the information and explanations given to me the Company has not accepted any deposits from the public during the year and consequently, the directives issued by the Reserve Bank of India, the provisions of section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed thereunder are not applicable.
- vii) *The company has an internal audit system, which in my opinion needs to be improved.*
- viii) According to the information and explanations given to me, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 in respect of the activities carried out by the company.
- ix) (a) *According to the information and explanations given to me, and on the basis of my examination of the books of account, the company has not been regular in depositing with appropriate authorities undisputed*

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statutory dues including income tax deducted at source, excise duty, sales-tax/ value added tax, service tax, entry tax, and professional tax. Barring a few instances, the company has been regular in payment of Provident Fund and Employees State Insurance dues.

books of account, the following undisputed dues in respect of sales tax, entry tax, service tax, income tax deducted at source, provident fund, professional tax and employees' state insurance dues are outstanding at 31, March 2010 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to me, and on the basis of my examination of the

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
The Central Sales Tax Act, 1956	CST Payable including interest on delayed payment	8,801 28,747	Aug 02 to May 03 2002-03	On monthly basis, on 20th of the following month	Not Yet Paid
The Karnataka Sales Tax Act, 1957	KST Payable including interest on delayed payment	14,053 1,583,914 838,995 1,858,587 4,131,427	2000-01 2001-02 2002-03 2003-04 2004-05	On monthly basis, on 20th of the following month	Not Yet Paid
The Karnataka Tax on Professions, Trade and Callings Act.	Profession Tax Payable including interest on delayed payment	320,324	Sept 04, Dec 04 - to March 09	On monthly basis, on 20th of the following month	Not Yet Paid
The Employees State Insurance Act,	ESI payable and interest on delayed payment of ESI	8,157	October 08 to March 09 and June 09	On monthly basis, on 21st of the following month	Not Yet Paid
The Provident Fund Act,	Provident Fund interest on delayed payment Interest & Penal Damages	72 3,805 57,792 55,443	March 09 May 07, June 07, August 07 & September 07 1996-2001 2002-2005	On monthly basis, on 20th of the following month including grace days	Not Yet Paid Not Yet Paid
Service Tax	Service tax & Education Cess on GTA including interest on delayed payment	79,749	Feb 06 to Mar 09 and July 09	On monthly basis on 5th of the following month	Not Yet paid
The Karnataka Tax on Entry of Goods into Local Area for Consumption, Use or sale therein, 1979 Penalty	Entry Tax including interest on delayed payment	618,757 59,025 150,495 48,297 20,000 50,000	2001-2005 2006-07 2007-08 2005-06 & 2006-08 2003-04 2004-05	On monthly basis, on 20th of the following month	Not Yet Paid
Income Tax Act, 1961	Tax Deducted at source/ Tax Collected at source including interest on delayed payment	146,470	April 09 to Sept 09	On monthly basis, on 7th of the following month	Not yet paid
The Karnataka Value Added Tax Act, 2003	VAT including interest on delayed payment	50,660 103,267 13,935 6,352	2005-06 2006-07 2007-08 2008-09	On monthly basis, on 20th of the following month	Not yet paid
The Central Excise and Salt Act	Excise duty, Education cess and Secondary & Higher Education Cess including interest	8,198	Sept 08 & March 09	On the 5th of the following month	Not yet paid



SHIMOGA TECHNOLOGIES LIMITED

- c) As at 31st March 2010, according to the records of the company, the following are the particulars of disputed dues on account of sales-tax, income tax, customs duty, wealth tax, service tax, excise duty and cess matters that have not been deposited.

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
The Karnataka Sales Tax Act, 1957 & The Central Sales Tax Act, 1956.	Sales Tax	27,775	June 02 to Dec 02	High Court of Karnataka Bangalore.

- x) In my opinion, the accumulated losses of the Company at the end of the financial year is greater than fifty per cent of its net worth. The company has not incurred cash losses during the financial year covered by my audit but has incurred cash losses in the immediately preceding financial year.
- xi) In my opinion and according to the information and explanations given to me, the company has not defaulted during the year in repayment of dues to its bankers or to any financial institution. The company has not issued any debentures.
- 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 my opinion and according to the information and explanations given to me, the company is not a chit fund or nidhi / mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the order are not applicable to the company.
- xiv) According to the information and explanations given to me, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the order are not applicable to the Company.
- xv) According to the information and explanations given to me, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.
- xvi) The company has not obtained any term loans during the year. Accordingly, clause 4(xvi) of the order is not applicable.
- xvii) According to the information and explanations given to me, the cash flow statement examined by me and on an overall examination of the balance sheet of the Company, I report that funds raised on short-term basis have not been used for long term investment.
- xviii) The Company has not made any preferential allotment of shares to companies/firms/ parties covered in the register maintained under section 301 of the Companies Act, 1956 during the year. Accordingly, clause 4(xviii) of the order is not applicable.
- xix) The company has not issued any debentures. Accordingly, clause 4(xix) of the order is not applicable.
- xx) The Company has not raised any money by public issues during the year. 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 generally accepted auditing practices in India, and according to the information and explanations given to me, I have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have I been informed of such case by the management.

For **H.R. Sudarshan & Associates**

Chartered Accountants

Firm Reg. Number : 004162S

Place : Bangalore

Date : 31.05.2010

H.R.SUDARSHAN

Proprietor

Membership Number : 27981

NINETEENTH ANNUAL REPORT 2009-10

BALANCE SHEET AS AT 31ST MARCH, 2010

Particulars	Schedule No	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SOURCES OF FUNDS			
1. Shareholders' Funds			
Capital	I	43,200,000	43,200,000
2. Loan Funds			
Secured Loans	II	-	10,000,000
Unsecured Loans	III	-	10,275,410
TOTAL		43,200,000	63,475,410
APPLICATION OF FUNDS			
1. Fixed Assets			
(a) Gross Block	IV	56,423,022	58,991,084
(b) Less: Depreciation to date		38,763,688	37,073,843
(c) Net Block (a-b)		17,659,334	21,917,241
(d) Capital work-in-progress (At cost)		-	-
		17,659,334	21,917,241
2. Deferred Tax Assets (Net)		-	-
3. Current Assets, Loans and Advances			
(a) Inventories	V	-	-
(b) Sundry Debtors		135,348	6,169,789
(c) Cash and Bank Balances		132,404	242,237
(d) Loans and Advances		1,961,867	1,844,115
		2,229,619	8,256,141
Less:			
3a. Current Liabilities and Provisions			
(a) Liabilities	VI	35,549,578	25,266,832
(b) Provisions		606,524	1,088,222
		36,156,102	26,355,054
Net Current Assets (3-3a)		(33,926,483)	(18,098,913)
4. Miscellaneous Expenditure			
Profit and Loss Account - Loss		59,467,149	59,657,082
TOTAL		43,200,000	63,475,410
Notes on Accounts	VII		

The schedules referred to above form part of the Balance Sheet

As Per My Report of even date
For H.R. Sudarshan & Associates

Chartered Accountants

Firm Registration No. : 004162S

H. R. SUDARSHAN

Proprietor

Membership Number : 27981

Place : Bangalore

Date : 31.05.2010

For and on behalf of the Board of Directors

G. ANANDA

Director

S. SURESH

Chairman & Director

**SHIMOGA TECHNOLOGIES LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010**

Particulars	Schedule No.	Year Ended 31-03-2010 (Rupees)	Year Ended 31-03-2009 (Rupees)
INCOME			
Sales	VIII	-	81,870,308
Lease Rentals (TDS Rs.3,79,350/- (previous year Rs.Nil/-))		2,100,000	-
VAT on Lease Rentals		262,500	-
Other Income	IX	3,624,911	4,765,526
Accretion/(Depletion) of stock		-	(1,696,142)
TOTAL		5,987,411	84,939,692
EXPENDITURE			
Excise Duty & Taxes		262,500	12,262,197
Manufacturing Expenses	X	21,598	63,562,064
Administrative & Other Expenses	XI	926,096	6,686,887
Financial Charges	XII	2,382,560	4,229,634
Bad Debts and Advances written off		10,000	-
Depreciation		2,169,183	2,532,570
TOTAL		5,771,937	89,273,352
PROFIT / (LOSS) BEFORE TAX & PRIOR PERIOD ITEMS		215,474	(4,333,660)
Add: Fringe Benefit Tax		-	141,203
Less: Fringe Benefit Tax earlier period		10,047	-
		205,427	(4,474,863)
Add: Deferred Tax (Expense)/ Income		-	(2,879,815)
Profit / (Loss) for the Year		205,427	(7,354,678)
Prior Period Adjustments (net)		15,494	93,957
		189,933	(7,448,635)
BALANCE BROUGHT FORWARD FROM LAST YEAR		(59,657,082)	(52,208,447)
Less: Deferred tax on initial adoption		-	-
Accumulated Loss		(59,467,149)	(59,657,082)
BALANCE CARRIED TO BALANCE SHEET		(59,467,149)	(59,657,082)
Basic & Diluted EPS		0.00	(0.17)
Weighted average number of shares		43,200,000	43,200,000
Notes on Accounts	VIII		

The Schedules referred to above form part of the Profit and Loss Account

As Per My Report of even date
For H.R. Sudarshan & Associates

Chartered Accountants

Firm Registration No. : 004162S

H. R. SUDARSHAN

Proprietor

Membership Number : 27981

Place : Bangalore

Date : 31.05.2010

For and on behalf of the Board of Directors

G. ANANDA

Director

S. SURESH

Chairman & Director

NINETEENTH ANNUAL REPORT 2009-10

SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010

PARTICULARS	Schedule No.	As at 31.03.2010 Rupees	As at 31.03.2009 Rupees
SHARE CAPITAL AUTHORISED 45,000,000 Equity Shares of Rs.1/- each (Previous Year 45,000,000 Equity Shares of Rs.1/- each)	I	45,000,000	45,000,000
ISSUED SUBSCRIBED AND FULLY PAID UP 43,200,000/- Equity Shares of Rs.1/- each fully paid up (Previous Year 43,200,000/- Equity Shares of Rs.1/- each fully paid up)		43,200,000	43,200,000
SECURED LOANS Secured Loan from a company Secured by equitable mortgage of land and building situated at Plot No.N-12 & N-13, Industrial Estate, Sagar Road, Shimoga by deposit of title deeds and hypothecation of Plant & Machinery both present and future including plant & machinery in transit.	II	-	10,000,000
TOTAL		-	10,000,000
UNSECURED LOANS Unsecured loan from a Director Overdrawn book balance on current account	III	-	10,000,000
TOTAL		-	275,410
		-	10,275,410

Notes on Accounts

VII

IV. FIXED ASSETS AND DEPRECIATION

Amount in Rupees

DESCRIPTION	GROSS BLOCK (AT COST)						DEPRECIATION					NET BLOCK		
	As at 01-04-2009	Additions	Adjustments	Sale	Deletions	As at 31-03-2010	Rate	As at 1-04-2009	From 1-4-2009 to 31-3-2010 Additions	Cumulative Dep on asset sold	Reversals	As at 31-3-2010	As at 31-3-2010	As at 1-04-2009
Land	2,024,158	-	-	-	-	2,024,158	-	-	-	-	-	-	2,024,158	2,024,158
Land II	852,278	-	-	852,278	-	-	-	-	-	-	-	-	-	852,278
Building	8,754,691	-	-	1,715,784	-	7,038,907	3.34%	3,449,647	255,824	479,338	-	3,226,133	3,812,774	5,305,044
Plant & Machinery	32,297,236	-	-	-	-	32,297,236	5.28%	19,780,128	1,688,142	-	-	21,468,270	10,828,966	12,517,108
Office Equipments	361,154	-	-	-	-	361,154	4.75%	145,572	14,951	-	-	160,523	200,631	215,582
Hand Tools & Equipments	262,941	-	-	-	-	262,941	5.28%	201,622	10,655	-	-	212,277	50,664	61,320
Other Tools	226,237	-	-	-	-	226,237	5.28%	207,497	8,846	-	-	216,343	9,894	18,739
Dies & Tools	12,798,086	-	-	-	-	12,798,086	11.31%	12,556,805	93,140	-	-	12,649,945	148,141	241,281
Electrical Installation	838,756	-	-	-	-	838,756	5.28%	394,374	42,318	-	-	436,692	402,064	444,382
Computer Equipment	299,344	-	-	-	0	299,344	16.21%	155,221	37,616	-	-	192,837	106,507	144,123
Software	47,144	-	-	-	0	47,144	16.21%	14,583	7,204	-	-	21,787	25,357	32,561
Furniture & Fixtures	229,059	-	-	-	-	229,059	6.33%	168,394	10,487	-	-	178,881	50,178	60,665
Vehicles	-	-	-	-	-	-	9.50%	-	-	-	-	-	-	-
Total	58,991,084	-	-	2,568,062	-	56,423,022		37,073,843	2,169,183	479,338	-	38,763,688	17,659,334	21,917,241
Previous year	65,952,002	197,459	(90,640)	32,000	7,035,737	58,991,084		40,506,736	2,532,570	15,372	5,950,091	37,073,843	-	-

Notes on Accounts

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**SHIMOGA TECHNOLOGIES LIMITED****SCHEDULES TO THE BALANCE SHEET AS AT 31ST MARCH, 2010**

PARTICULARS	Schedule	As at 31.03.2010	As at 31.03.2009
	No.	Rupees	Rupees
CURRENT ASSETS, LOANS AND ADVANCES:	V		
A. INVENTORIES (As Certified by the management)			
Stock - Consumable Stores		-	-
Stock - Raw Material		-	-
Stock - Work in process		-	-
Stock - Waste & Scrap		-	-
		-	-
B. SUNDRY DEBTORS (unsecured)			
(i) <i>Considered Good</i>			
(a) Outstanding for a period exceeding six months		-	-
(b) Other debts		135,348	6,169,789
(ii) <i>Considered doubtful</i>			
-Outstanding for a period exceeding six months		-	-
		135,348	6,169,789
Less: Provision for Doubtful Debts		-	-
		135,348	6,169,789
C. CASH AND BANK BALANCES			
Cash on hand		1,748	350
With Scheduled Banks:			
In Current Accounts		130,656	241,887
		132,404	242,237
D. LOANS AND ADVANCES (Unsecured, Considered good unless otherwise stated)			
Advances / claims recoverable in cash or in kind or for value to be received.		138,264	380,900
Advance Income Tax & Tax Deducted at Source (Net of Provisions Rs. Nil Previous Year Rs. Nil)		455,504	76,154
Amount due from a Director (Maximum amount due at any time during the year Rs.19,462/- (Previous year Rs. Nil)		-	19,462
Deposits with Government Authorities		1,368,099	1,367,599
		1,961,867	1,844,115
CURRENT LIABILITIES AND PROVISIONS	VI		
(a) Current Liabilities			
Creditors for goods		27,312	10,465,730
Creditors for expenses		28,792,695	6,898,838
Creditors for Others		6,729,571	7,787,989
Interest accrued but not due on unsecured loan		-	114,275
		35,549,578	25,266,832
(b) Provisions			
Provision for Fringe Benefit Tax		-	134,203
Provision for Gratuity		183,186	519,643
Provision for Leave Salary		423,338	434,376
		606,524	1,088,222

Notes on Accounts

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NINETEENTH ANNUAL REPORT 2009-10

SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010

PARTICULARS	Schedule No.	Year Ended 31st March 2010		Year Ended 31st March 2009	
		Rupees	Rupees	Rupees	Rupees
SALES	VIII	-	-	68,059,096	
Sales		-	-	700,698	67,358,398
Less: Returns		-	-	-	12,063,690
Excise Duty & Taxes		-	-	-	-
Trading Sales		-	-	1,773,982	1,996,303
- Raw Materials		-	-	222,321	227,709
- Consumables		-	-	-	-
Excise Duty & Taxes on Trading Sales		-	-	-	-
Conversion Charges		-	-	224,208	
{TDS Rs.Nil, (Previous year Rs.Nil)}		-	-	-	
TOTAL		-	-	-	81,870,308
OTHER INCOME	IX		58,726		86,473
Interest received on MESCOM Deposit					
(TDS Rs.Nil /- (previous year Rs.19,595/-))					
Sundry creditors/ Excess provision written back			2,654,909		4,409,053
Marketing Development Assistance			-		270,000
Profit on Sale of Fixed Assets		911,276		-	
TOTAL		3,624,911			4,765,526
MANUFACTURING EXPENSES	X				
Raw Materials Consumed:					
Opening Stock		-	-	3,391,055	
Purchases less returns		-	-	36,277,525	39,668,580
Less: Closing Stock		-	-	-	-
Trading purchases		-	-	1,890,195	2,112,516
- Raw Materials		-	-	222,321	-
- Consumables		-	-	-	-
Stores Consumption:					
Opening Stock		-	-	722,788	
Consumables Stores Purchases less returns		-	-	4,781,670	5,504,458
Less: Closing Stock		-	-	-	-
Freight :					
Freight Inward		-	-	-	383,455
Labour Charges:					
Labour/Heat Treatment Charges		-	-	-	1,158,881
Personnel Cost:					
Salaries & Wages		-	-	5,722,710	
Production Incentive & Bonus		1,468	-	1,102,753	
Contribution to Provident & Other funds		-	-	809,315	
Staff Welfare		10,700	-	277,977	
Gratuity		-	-	601,468	
Leave Salaries		2,430	14,598	177,479	8,691,702
Power Charges	-	-	-	4,592,478	
Repairs & Maintenance					
- Building	-	-	227,956		
- Machinery	-	-	535,101		
- Others	-	-	82,174	845,231	
Other Factory Expenses		7,000		604,763	
TOTAL		21,598			63,562,064

Notes on Accounts

VII

**SHIMOGA TECHNOLOGIES LIMITED****SCHEDULES TO THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 2010**

PARTICULARS	Schedule No.	Year Ended 31st March 2010		Year Ended 31st March 2009	
		Rupees	Rupees	Rupees	Rupees
ADMINISTRATION,SELLING & OTHER EXPENSES	XI				
Directors Remuneration		11,000		955,459	
Salaries & Bonus		-		1,009,045	
Contribution to Provident & Other funds		-		167,410	
Staff Welfare - Office		30		77,600	
Professional Charges		233,802		455,076	
Postage & Telegram		27,418		214,163	
Printing & Stationery		941		91,443	
Travelling & Conveyance - Directors		16,710		509,873	
Travelling & Conveyance - Others		476		410,732	
Rent		40,095		89,280	
Rates & Taxes		173,257		160,063	
Insurance		-		67,894	
Selling Expenses		79,596		494,274	
General Expenses		193,063		437,660	
Repairs & Maintenance		6,868		203,307	
Asset write off		-		1,085,646	
Loss on Sale of Asset		-		13,828	
Auditors' Remuneration					
i) Statutory Audit Fees		33,090		88,240	
ii) Tax Audit Fees		-		33,090	
iii) VAT Audit Fees		-		22,060	
iv) Taxation Matters		22,060		33,090	
v) Certification Matters		65,629		48,552	
vi) Out of Pocket expenses		22,061		19,102	
TOTAL			926,096		6,686,887
FINANCIAL CHARGES	XII				
Interest					
On Secured loan		-		210,959	
On Unsecured loan		1,275,620		245,549	
Others		1,063,953		3,730,214	
Bank Charges		42,987		42,912	
TOTAL			2,382,560		4,229,634

Notes on Accounts

VII

NINETEENTH ANNUAL REPORT 2009-10

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2010

	Year ended 31.03.2010		Year ended 31.03.2009	
	Rupees	Rupees	Rupees	Rupees
A. Cash Flow from Operating Activities :				
Profit/(Loss) for the year		215,474		(4,333,660)
<i>Adjustments for:</i>				
Depreciation for the year	2,169,183		2,532,570	
Interest on Loans	1,275,620		456,508	
Prior Period Expenses	(15,494)		(93,957)	
Profit/ (Loss) on sale of fixed assets	(911,276)		13,828	
Depreciation written back	(479,338)	2,038,695	(5,965,463)	(3,056,514)
Operating Profit before working capital changes:		2,254,169		(7,390,174)
<i>Adjustments for:</i>				
Inventories	-		5,809,985	
Sundry Debtors	6,034,441		(5,907,535)	
Loans and Advances	261,598		601,978	
Unsecured Loans				
Current Liabilities	9,801,048	16,097,087	(19,780,497)	(19,276,069)
Cash generated from operations		18,351,256		(26,666,243)
Income Tax / Tax Deducted at Source	(379,350)		(19,595)	
Fringe Benefit Tax	-		(141,203)	
Fringe Benefit Tax - previous year	(10,047)	(389,397)	-	(160,798)
Net cash from operating activities		17,961,859		(26,827,041)
B. Cash Flow from Investing Activities :				
Purchase of fixed assets	-		(106,819)	
Assets written off	-		7,035,737	
Sale of fixed assets	3,479,338		18,172	
Net cash used in investing activities		3,479,338		6,947,090
C. Cash Flow from Financing Activities :				
Repayment of Secured Loan	(10,000,000)		-	
Repayment of Unsecured Loan	(10,275,410)		9,970,840	
Less rental deposit received				
Loan received				
- From a Director	-		10,000,000	
Interest Paid	(1,275,620)		(456,508)	
Net cash used in activities		(21,551,030)		19,514,332
Net increase/ (decrease) in cash and cash equivalents		(109,833)		(365,619)
Cash and cash equivalents as at beginning		242,237		607,856
Cash and cash equivalents as at closing		132,404		242,237

As Per My Report of even date
For **H.R. Sudarshan & Associates**

Chartered Accountants

Firm Registration No. : 004162S

H. R. SUDARSHAN

Proprietor

Membership Number : 27981

Place : Bangalore

Date : 31.05.2010

For and on behalf of the Board of Directors

G. ANANDA

Director

S. SURESH

Chairman & Director

AUDITORS CERTIFICATE

I have verified the attached Cash Flow Statement of **SHIMOGA TECHNOLOGIES LIMITED** derived from the financial statements and books and records maintained by the company for the year ended 31st March, 2010 and found the same in agreement therewith.

Place : Bangalore

Date : 31.5.2010

for **H.R. SUDARSHAN AND ASSOCIATES**

Chartered Accountants

H.R. SUDARSHAN

Proprietor

Membership Number : 27981



NOTES AND ADDITIONAL INFORMATION FORMING PART OF ACCOUNTS

SCHEDULE NO. VII

1. SIGNIFICANT ACCOUNTING POLICIES:

The significant Accounting policies followed by the Company are as stated below:

- i) 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. The company maintains its accounts on accrual basis.
- ii) Sale of goods is recognised at the point of despatch of finished and converted goods to customers and is inclusive of duties & taxes. Income from operating lease is recognised on a straight line basis over the lease term.
- iii) Preliminary, share issue and other deferred revenue expenses are written off to the extent of one tenth per annum.
- iv) Fixed Assets & Depreciation:
 - a) Fixed assets including Dies and Tools are capitalised at acquisition cost including directly attributable cost of bringing the assets to its working condition for the intended use.
 - b) Depreciation on Fixed assets is provided on straight line method in accordance with Schedule XIV of the Companies Act, 1956. As in previous years, based on expert opinion obtained, depreciation on Plant and Machinery is provided at the rates applicable for continuous processing plants.
- v) 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 profit and loss account 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.
- vi) Inventories:

Raw materials, work in progress & finished goods are valued at lower of cost and net realizable value. In valuing of work-in-process and finished goods, cost of materials as well as conversion cost is taken into consideration. Finished goods are valued inclusive of excise duty payable thereon. Cost is determined using FIFO method.
- vii) Employee Benefits:

Retirement and Gratuity benefits:

Retirement benefits in the form of Provident Fund and Superannuation Scheme are defined contribution schemes and the contributions are charged to the profit and loss account of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the Provident Fund authorities/The Life Insurance Corporation of India who maintain and administer the Superannuation Scheme. During the year there were no employees and as such there is no charge to the profit and loss account of the year.

Gratuity liability is a defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. The scheme is maintained and administered by the Life Insurance Corporation of India to which the company makes periodic contributions. All the employees of the Company have resigned at the close of business hours on 31/03/2009. Provision was therefore made on the basis of the amount due as on 31/03/2009 in the previous year. Since there are no employees during the year there is no charge to the profit and loss account.

Leave Encashment payable as per the company's rules and calculated as per the amount payable towards a policy with LIC has been charged to the Profit & Loss Account during the previous year. The scheme is maintained and administered by the Life Insurance Corporation of India to which the company makes periodic contributions. Since there are no employees during the year there is no charge to the profit and loss account.

Short term compensated absences are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered. Long term compensated absences are provided for based on actuarial valuation made at the end of each financial year. The actuarial valuation is done as per projected unit credit method. All the employees of the Company have resigned at the close of business hours on 31/03/2009. Provision has been made on the basis of the amount determined by LIC as it is higher than the amount due as on 31/03/2009.

Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

viii) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that takes necessarily substantial period of time to get ready for its intended use. All other borrowing costs are charged to revenue.

ix) Provision for Current 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 and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is virtual certainty that the asset will be realised in future.

x) 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.

The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares that could have been issued on conversion of all dilutive potential equity shares.

xi) 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.

2. Going Concern: The Company has repaid dues to Bank of India and IDBI under a one time settlement scheme during the previous years. As a result the accumulated losses have been reduced. Due to the economic crisis, the turnover of the company declined during the period October 2008 to March 2009. Since it was not economical to run the factory at such levels, nor to keep the factory closed and with a view to curtail the mounting losses the company proposed to lease the facilities and an Extra-Ordinary General Meeting of

the shareholders was called for this purpose on 20th March 2009. In accordance with the resolution of the shareholders at the Extra-ordinary General Meeting, the Company entered into an agreement on 29th March 2009 with Bhaghavathi Enterprises Ltd for leasing of the manufacturing facilities with effect from 1/4/2009 for a period of 11 months and renewed further period of 11 months on 24/05/2010. All the employees of the company have resigned at the close of business hours on 31/3/2009 and joined Bhaghavathi Enterprises Ltd. Considering the fact that the manufacturing facilities are still in use, the management's assessment of improvement in the economic conditions in general, the accounts of the Company have been prepared on a "Going Concern" basis even though the manufacturing facilities have been leased and there is an erosion in the net worth of the company due to accumulated losses.

3. Contingent Liabilities:

- a) Penalties & Interest on Penalties/arrears of sales tax/ tax deducted/collected at source, excise duty, service tax and provident fund - Not Ascertainable
- b) Penalty for non payment of professional tax and non filing of Professional Tax Returns –Not Ascertainable.
- c) Commitments: Estimated amount of contracts to be executed on capital account not provided for Rs. Nil (Previous year Rs. Nil).

4. Retirement benefit Plans:

a) 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 profit and loss account.

b) Defined benefit plans

The Company makes annual contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to fifteen days salary for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service.

The present value of the defined benefit obligation and the related current service cost were measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each



SHIMOGA TECHNOLOGIES LIMITED

balance sheet date. All the employees of the company resigned on 31/03/2009 and there were no employees during the year 2009-10. Hence the company did not make any payment towards continuation of the group gratuity policy and leave encashment policy during the year. As a result the Company has not been able to obtain the details required in respect of disclosure under accounting standard 15 from the Life Insurance Corporation of India.

5. (i) The Company has received notices from the sales tax authorities for recovery of sales tax dues for the period June 2002 to March 2003 amounting to Rs.7,76,543/- and penalty for delayed payment of the same amounting to Rs.27,775/-. The Company has filed a petition before the Honourable High Court of Karnataka, which has granted a stay pending disposal of the petition. No provision has been made for the proposed penalty as the matter is sub-judice.
- (ii) The assessment orders for the years 2000-01, 2003-04 & 2004-05 have been received by the company from the sales tax authorities in the earlier years. An ex-parte order had been passed for the assessment year 2001-02 and additional tax under the KST and CST Act has been demanded to the extent of Rs.11,51,936/-. For the year 2003-04 the company's contention that the goods are liable for tax @ 2% had been overruled and taxed at 4% resulting in an additional demand of Rs.11,02,804/-. In the assessment order for the year 2004-05 Cess under Section 6D & 6E of the Karnataka Sales Tax Act, 1957 amounting to Rs.4,75,006/- had been levied, though the same is not applicable in respect of Schedule IV Goods. Further, tax of Rs.4,78,634/- has been levied @ 4% on goods sold by the company rejecting the contention of the company that the same are liable to tax @2%. The company had filed rectification applications before the appropriate authorities for the years 2002-03, 2003-04 and 2004-05. The rectification orders for the said years have been received and the contention of the company has been accepted. There is a reduction of Rs.35.58 lakhs in the taxes demanded. As provision had been made in the accounts for the entire demand and the interest payable on the same in the earlier years, a sum of Rs.35.58 lakhs has been written back towards sales tax liability and Rs. 7.86 lakhs has been written back in respect of interest thereon during the previous year.
- (iii) An audit under the Karnataka Value Added Tax Act has been carried out for the period 1/4/2005 to 31/3/2007. Based on the audit findings a sum of Rs.388,209/- has been demanded towards tax, Rs.68,755/- towards interest and Rs.61,283/- towards penalties. Estimated liability of Rs. 339,109/- was provided during the year 2006-07

towards tax due and interest. The differential amount of Rs.117,855/- towards tax and interest and Rs. 61,283/- towards penalty has been provided during the year 2007-08 on receipt of the order.

- (iv) The Company has received notices of demand from the PF authorities for payment of interest and damages amounting to Rs.171,577/- for the years 1996-97 to 2004-05 due to delayed payment of contribution to the PF authorities. The Company has paid interest amounting to Rs.28,236/- for the years 1996-97 to 2000-01 and has sought waiver of damages. The Company is in the process of filing a similar request for the years 2001-02 to 2004-05. However, as a matter of prudence the entire amount has been provided for. The PF authorities have initiated proceedings for recovery of dues.
6. Managerial remuneration under section 198 of the Companies Act, 1956

Particulars	Year Ended on 31-03-2010	Year Ended on 31-03-2009
	Rupees	Rupees
Remuneration	NIL	6,00,000
Contribution to Provident Fund	NIL	72,000
Contribution to Superannuation Fund	NIL	90,000
House Rent Allowance	NIL	2,40,000
Perquisites:		
-Leave Travel Allowance	NIL	NIL
-Others	NIL	12,290
-Sitting fees paid to Non Whole time Directors	11000	25,000

7. Confirmation of balances from few of the creditors have not been received.
8. The company is a sick industrial company within the meaning of clause (o) of sub-section (1) of Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985, and the Company has made an application to the Board of Industrial and Financial Reconstruction under the provisions of the said Act. The matter is pending before the Honourable Board.
9. Disclosure as per Section 22 of 'The Micro, Small and Medium Enterprises Development Act, 2006' (as certified by the management)

Particulars	For the year ended March 31, 2010 (Rupees)		For the year ended March 31, 2009 (Rupees)	
	Principal	Interest	Principal	Interest
Amount due to Vendor	-	143,963	700,460	98,278
Amount paid beyond the appointed date	700,460	-	4,474,539	-
Interest accrued and remaining unpaid (includes interest disallowable)	-	143,963		98,278

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Names of the Small Scale Industrial Undertakings to whom the company owes any sum which is outstanding for more than 45 days as at 31/03/2010 : Nil (Previous Year M/s Abirami Precision Works).

The above information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. The same has been relied upon by the auditors.

10. The company has leased out its manufacturing facilities during the year. The company has no other operations which are material in size other than the business of leasing during the current year. Hence segmental reporting does not arise for the year under consideration. The company did not have any other business other than the business of manufacture of forgings during the previous year.

11. Related Party Disclosures:

(a) Transaction with related parties & Key Management Personnel

Name of the Party	Nature of Transactions	Year ended 31-03-2010 Amount (Rs.)	Year ended 31-03-2009 Amount (Rs.)
Bhagavathi Enterprises Ltd.	Lease rentals on Hiring of Machinery & Building	2,362,500	Nil
	Sales Less Returns	Nil	77,295,004
	Car Hire Charges Paid	Nil	261,000
	Interest on delayed payment for supplies made / advance received	Nil	2,307,413
	Interest on Secured Loan	Nil	210,959
Mr. S. Suresh	Interest on Unsecured Loan	12,75,620	245,549

(b) Balance with related parties

Name of the Party	Particulars	Year ended 31-03-2010 Amount (Rs.)	Year ended 31-03-2009 Amount (Rs.)
Bhagavathi Enterprises Ltd.	Debtors / Advance from Customers	1,38,349	6,165,150
	Secured Loan	Nil	10,000,000
	Lease rental deposit-Received	24,080,000	Nil
Mr. S. Suresh	Unsecured Loan	Nil	10,000,000
	Advance towards expenses	Nil	19,462

12. The information required by Para 3 & 4 of part II of the Schedule VI of the Companies Act, 1956 is as follows:

	Year Ended 31-03-2010	Year Ended 31-03-2009
Installed Capacity-Per annum	1890	1890
Licensed Capacity	-N.A-	-N.A-
Production in Tonnes	Nil	943

**SHIMOGA TECHNOLOGIES LIMITED****13. Value of imported and indigenous materials consumed:**

Particulars	Year Ended 31-03-2010		Year Ended 31-03-2009	
	%	Rs.	%	Rs.
Raw Materials - Imported	-	-	-	-
- Indigenous	-	-	100%	39,668,580
Spare parts & Components - Imported	-	-	-	-
- Indigenous	-	-	100%	5,504,458

14. Quantitative Details:

Sl No	Particulars	Opening Stock		Purchases		Sales		Consumption Production	Closing Stock	
		Qty MT	Amount Rs.	Qty MT	Amount Rs.	Qty MT	Amount Rs.	Qty MT	Qty MT	Amount Rs.
1	Raw Materials- Steel	-	-	-	-	-	-	-	-	-
		<i>98</i>	<i>3,391,055</i>	<i>845</i>	<i>36,277,525</i>	-	-	<i>943</i>	-	-
2	Steel for Trading	-	-	-	-	-	-	-	-	-
		-	-	<i>56</i>	<i>1,890,195</i>	<i>56</i>	<i>2,001,691</i>	-	-	-
3	Steel Forgings	-	-	-	-	-	-	-	-	-
		<i>25</i>	<i>13,44,526</i>	-	-	<i>630</i>	<i>75,118,026</i>	<i>605</i>	-	-
4	Waste & Scrap	-	-	-	-	-	-	-	-	-
		<i>22</i>	<i>351,616</i>	-	-	<i>266</i>	<i>4,259,045</i>	<i>244</i>	-	-

NOTES :

- Quantities have been rounded off to the nearest tonne.
 - Steel Forgings- Opening & Closing Stock are in Work-in- Progress only.
 - Production loss is considered at Nil (Previous year 9%).
 - Figures in italics pertains to previous year.
 - Raw material consumption Nil (previous year 943) tonnes includes Nil tonnes (previous year 11) towards conversion of 3rd party material.
- No provision has been made for taxation as there is no taxable income as per the provisions of the Income tax Act, 1961.
 - Deferred tax asset has not been recognised as there is no certainty backed by convincing evidence of future taxable income.

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17. Prior Period Adjustments:

Amount in Rs.

Particulars	Year Ended 31-03-2010	Year Ended 31-03-2009
Expenditure:		
Leave Encashment, Bonus & Superannuation Contribution	-	6,939
Repairs and Maintenance and loss on sale of machinery	-	50,000
Others	15,494	53,168
FBT –earlier period	10,047	-
Total	25,541	110,107
Income:		
FBT refund received	-	14,400
Excess Interest, Excess provision for leave salary, sundry creditors written back and Others	-	1,750
Total	-	16,150
Net Prior Period Income/Expenditure	25,541	93,957

18. Calculation of Earning per share as per Accounting Standard (AS-20) “Earning per Share”

Particulars	2009-10	2008-09
Net Profit/(loss) for the year (Rs.)	189,933	(7,448,635)
No. of Equity Shares outstanding at the beginning of the year	43,200,000	43,200,000
No. of Equity Shares outstanding at the end of the year	43,200,000	43,200,000
Weighted average number of equity shares	43,200,000	43,200,000
Nominal value per share (Rs.)	1	1
Basic & diluted earnings per share	0.00	(0.17)

19. The Company's significant leasing arrangements are in respect of operating leases for office premises. The leasing arrangement is for 11 months and is renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as rent in the Profit and Loss Account. During the year Rs. 40,095/- has been recognized in the Profit & Loss account. (Previous Year : Rs. 89,280/-). Future minimum lease rentals payable as at 31st March 2010 as per the lease agreement within the next one year is Rs. 42,446/- .
The Company entered into an agreement on the 29th of March 2009 to lease its Factory Building and Plant and Machinery w.e.f. 1/4/2009 for a period of 11 months to Bhaghavathi Enterprises Ltd for a sum of Rs.200,000/- per month. The Company also received a sum of Rs.1.0 Crore as a deposit towards the same. The lease was renewed for a further period of 11 months. The Company received a fresh deposit of Rs.1.41 crores and the lease rental was reduced to Rs.100,000/- per month w.e.f 01.01.2010. The amount received has been utilised for repayment of unsecured loan taken from a Director. The lease is renewable by mutual consent on mutually agreeable terms. Future minimum lease rentals receivable as at 31st March 2010 as per the lease agreement within the next one year is Rs.12 lakhs. The information pertaining to future minimum lease rentals receivable is based on the lease agreements entered into by the Company and Bhaghavathi Enterprises Ltd. Lease rentals are reviewed periodically taking into account prevailing market conditions.
20. The Company had taken an unsecured loan from a director amounting to Rs.1 crore. The same was repaid during the year out of proceeds of the security deposit received towards leasing the manufacturing facilities.
21. The Company has created an equitable mortgage by deposit of title deeds on the Land and Building situated at Plot No.N12 & N13, Industrial Estate, Sagar Road, Shimoga - 577204 and also hypothecated the Plant and Machinery both present and future in favour of Bhagavathi Enterprises Ltd as a security for the deposit for Rs.2.40 crores given by them for leasing the manufacturing facilities.
22. Expenditure in Foreign Currency: Travelling, Conveyance and Exhibition expenses Rs. Nil/- (Previous Year Rs. 413,053/-)
23. Earnings in Foreign Currency : Nil (Previous Year Rs. Nil)
24. Previous year figures have been regrouped wherever necessary to confirm to the current year's classification.
25. Figures have been rounded off to the nearest Rupee.
Signatories to schedules I to XIII
The Schedules referred to above form part of the Balance Sheet and Profit & Loss Account



SHIMOGA TECHNOLOGIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. REGISTRATION DETAILS

Registration No. : 0 8 1 1 3 0 3

State Code : 0 8

Balance Sheet Date 3 1 0 3 2 0 1 0
Date Month Year

II. CAPITAL RAISED DURING THE YEAR (Amount in Rs. thousands)

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. thousands)

Total Liabilities

4 3 2 0 0

Total Assets

4 3 2 0 0

Sources of Funds

Paid-up Capital

4 3 2 0 0

Reserves & Surplus

N I L

Secured Loans

N I L

Unsecured Loans

N I L

Application of Funds

Net Fixed Assets

1 7 9 5 9

Investments

N I L

Net Current Assets

(3 3 9 2 6)

Miscellaneous Expenditure

N I L

Accumulated Losses

5 9 4 6 7

IV. PERFORMANCE OF THE COMPANY (Amount in Rs. thousands)

Turnover

5 9 8 7

Total expenditure

5 7 7 1

Profit Before Tax

2 1 5

Profit After Tax

2 0 5

Earning per Share (Rs. Ps.)

0 . 0 0

Dividend Rate %

N I L

V. GENERIC NAMES OF THREE PRINCIPAL PRODUCTS / SERVICES OF THE COMPANY (as per monetary terms)

Item Code No :

7 3 2 6 9 0 2 1 5

Product Description

Finished and Semi Finished Steel Forgings for Auto spares.

Item Code No :

7 3 2 6 9 0 2 1 5

Product Description

Finished and Semi Finished for Earth Moving Implements.

For and on Behalf of the Board of Directors

Place : Bangalore
Date : 31.05.2010**G. ANANDA**
Director**S. SURESH**
Chairman & Director

 **SHIMOGA TECHNOLOGIES LIMITED**

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

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Hall)

I hereby record my presence at the Nineteenth Annual General Meeting of the Company held at 10.00 A.M. on Thursday the 30th day of September 2010 at Seva Sadan Association, 14th Cross, Malleswaram, Bangalore - 560 003.

Name of the Attending Shareholder.....
(in Block Letters)

Name of the Proxy.....
(To be filled in if the Proxy attends instead of the Share Holder)

Signature of the Shareholder/Proxy.....

Ledger Folio Number / DPID / Client ID.....No.of Shares held.....

NOTE : Shareholders/Proxyholders are requested to bring the Attendance Slips with them, duly filled in when they come to the Meeting and hand them over at the gate, affixing their signatures on them.



 **SHIMOGA TECHNOLOGIES LIMITED**

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

PROXY

I/We.....of.....in the district of.....
being a Member/Members of the above named Company hereby appoint.....
of.....in the district of.....or failing
him.....of.....
in the district of.....as my/our Proxy to attend and vote for me/us on
my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at 10.00 A.M.
on Thursday the 30th day of September 2010 at Seva Sadan Association, 14th Cross, Malleswaram,
Bangalore - 560 003 and at any adjournment thereof.

Signed this.....day of.....of September, 2010.

Affix Re. 1/-
Revenue Stamp
and Sign.

Note : The Proxy form must be returned so as to reach the Registered Office of the Company at # 135 / 3A, 11th Cross, Malleswaram, Bangalore – 560 003 not less than 48 hours before the time for holding the aforesaid Meeting.

BOOK-POST

U.C.P.

If undelivered please return to :



SHIMOGA TECHNOLOGIES LIMITED

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