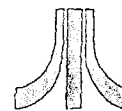


14th Annual Report 1997-98

MD		BR	
CS		DP	✓
RO		DP	✓
TRA		AC	✓
AGM		SE	✓
YE			

Shivalik Bimetal Controls Ltd.





SHIVALIK BIMETAL CONTROLS LTD.

BOARD OF DIRECTORS

Chairman :

Shri P.S. Gill

Managing Director :

Shri N.S. Ghumman

Dy. Managing Director :

Shri D.J.S. Sandhu

Directors :

Shri S.S. Sandhu

Shri S.N. Deogun

Shri P.N. Handa

Shri A.K. Sud

Company Secretary :

Shri Tirath Singh Gulati

Sr. Manager (Finance & Admn.)

Shri K.S. Negi

Auditors :

Malik Kapur & Co.

Chartered Accountants

New Delhi

Bankers :

Indian Bank,

Greater Kailash - I

New Delhi 110048.

Regd. Office :

16-18, New Electronics Complex

Chambaghat,

Distt. Solan,

Himachal Pradesh.

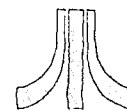
Head Office :

Suneja Chamber, 2nd Floor,

H-2, Alaknanda Commercial Complex,

New Delhi - 110019





NOTICE TO THE MEMBERS

Notice is hereby given that the 14th Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Monday, the 28th day of September, 1998 at the Regd. Office of the company at Plot No. 16-18, New Electronics Complex, Chambaghat, Distt. Solan (H.P.) at 10.00 a.m. to transact the following business:-

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with Reports of the Directors and the Auditors.
2. To appoint a Director in place of Mr. S.S. Sandhu who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. P.N. Handa who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the company and to fix their remuneration.

SPECIAL BUSINESS :

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

"Resolved that in modification of the resolution passed by the company at the Annual General Meeting held on 15th December, 1994, pursuant to the provisions of Sec. 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 the consent of the company in terms of the aforesaid Section of the Act be and the same is hereby accorded to the Board of Directors of the company to borrow such sum or sums of money in any manner from time to time as may be required for the purpose of business of the company with or without security and upon such terms and conditions as they may think fit, notwithstanding that moneys to be borrowed together with moneys already borrowed by the company (apart from temporary loans obtained from the company's bankers in the ordinary course of business) may exceed to aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not exceed Rs. 1000 Lacs (Rupees One Thousand Lacs)."

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

"Resolved that pursuant to the provisions of Section 269, 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, the consent of the company be and is hereby accorded to the appointment of and remuneration payable to Mr. S.S. Sandhu as Whole-time Director of the company for a period of five years w.e.f. 1.8.1998, subject to the approval of the Shareholders in the General Meeting on the following terms and conditions:-

(A) SALARY : Rs. 35,000/- per month

(B) PERQUISITES

- i) Medical Reimbursement :- Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- ii) Leave travel concession for self and family once in a year in accordance with the Rules of the Company.
- iii) Club Fee :- Fees of Clubs, subject to a maximum of two Clubs, provided that no life membership or admission fee will be allowed.



- iv) Personal Accident Insurance :- Premium not to exceed Rs. 1000/- per annum.
- v) Company's contribution towards pension/superannuation fund as per Rules of the Company for the time being in force but such contribution together with the P.F. shall not exceed 25% of the salary or such other increased amount provided that the same is not taxable under the Income Tax Act.
- vi) Company's contribution towards P.F. as per Rules of the Company for the time being in force but not exceeding 12% of the salary.
- vii) Gratuity not exceeding half month's salary for each completed year of service, subject to a ceiling of Rs. 3.50 lacs.
- viii) Free use of telephone at residence but personal long distance calls shall be billed by the company.
- ix) Free use of Company's Car with Driver for the business of the company.
- x) Earned/Privilege Leave :- One month's leave with full pay and allowances for every 11 months of service, subject to the condition that leave accumulated but not availed of, will not be encashed.

For and on behalf of the Board of Directors

Regd. Office:
16-18 New Electronics Complex
Chambaghat, Distt. Solan (H.P.)

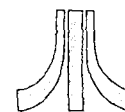
N.S. GHUMMAN
Managing Director

August 19, 1998

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NOTES :

- ★ A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
- ★ Explanatory Statement relating to Special Business is annexed to this Notice as required U/s. 173 of the Companies Act, 1956.
- ★ The Register of Members and the Share Transfer Books of the Company will remain closed from 21st September, 1998 to 28th September, 1998 (both days inclusive).
- ★ Members are requested to notify immediately change of address, if any, to Company's Regd. Office/Head Office. While communicating to the company, please quote your Folio Number.
- ★ Shareholders desirous of obtaining any information connecting the accounts and operation of the company are requested to address their questions to the company's Head Office, so as to reach at least five days before the date of the meeting so that the information may be made available at the meeting to the best extent possible.



Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SEC. 173(2)
OF THE COMPANIES ACT, 1956

Item No. 5

U/S 293(1) (d) of the Companies act, 1956 the Board of Directors can not, except with the consent of the company in General Meeting, borrow moneys apart from temporary loans obtained from the company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and free reserves viz. reserves not set apart for any specific purpose.

The Members in the Annual General Meeting held on 15th December, 1994 had accorded consent to the Board of Directors for borrowing to the extent of Rs. 500 lacs. Keeping in view the increased level of company's operation in terms of turnover and maintaining higher inventory level, the projected requirement of funds expected by the company it is considered necessary to increase the overall limit for borrowing by the Board of Directors to Rs. 1000 Lacs, (Rupees One Thousand Lacs). The Board has recommended to the General Body of Shareholders to give its approval. The Directors accordingly recommend the Resolution mentioned in this item of Notice for your approval.

None of the Directors of the company is interested in this resolution.

Item No. 6

Mr. S.S. Sandhu was appointed as a Director of the company since 1.9.1992. Board appointed Mr. S.S. Sandhu as Whole-time Director as of 1st August, 1998. This appointment is subject to the approval of the General Body. He has been actively associated with the running of the affairs of the company for quite some time especially with respect to Finance, Administration, monitoring of customers etc. It would be deemed fit to appoint Mr. S.S. Sandhu as Whole-time Director of the company in view of his active and fruitful participation. The Board therefore recommends the resolution mentioned in this item of Notice for Shareholders approval.

None of the Directors, except Mr. S.S. Sandhu, Mr. D.J.S. Sandhu and Mr. N.S. Ghuman who are also Directors, is interested or concerned in the proposed resolution.



DIRECTORS REPORT TO THE SHAREHOLDERS

The Directors have pleasure in presenting their 14th Annual Report on the business and operations of the Company and the audited statement of accounts for the year ended 31st March, 1998.

FINANCIAL RESULTS :	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Sales (An increase of 18% over the previous year)	1072.69	908.38
Profit before depreciation	126.45	116.61
Less : Depreciation	22.04	17.56
Profit before taxes	104.41	99.05
Less : Provision for Taxation	28.50	42.50
Profit After Taxes	75.91	56.55
Add (Less) : Prior period adjustment	0.19	0.02
	76.10	56.57
Add : Brought forward from previous year	65.00	50.00
Add : Investment Allowance Reserve (utilised)	15.84	15.40
Amount available for appropriation	156.94	121.97
Out of the above transferred to General Reserve	86.94	14.73
Proposed Dividend on Equity Shares	--	38.40
Tax on proposed Dividend	--	3.84
Balance carried over	70.00	65.00
	156.94	121.97

PERFORMANCE :

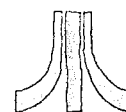
Your directors are glad to place on record the increase of about 18% in sales over the last year. The current year's sale is Rs. 1072.69 lacs as compared to Rs. 908.38 lacs during the previous year. The current year's trend of sales continue to be promising and the company hopes to record an increase in sales over 1997-98 and consequent increase in profits.

In the last year's Report your Directors had informed you that Snap Action material had been produced in plant at Solan. The Board is pleased to record that the quality had been approved in tests in Austria.

Snap Action Disc is the product of tomorrow. Your Company will be the first in India and amongst select few in the world to produce Disc Material as well as Discs in finished form.

In order to achieve a better added value to the Company's basic products, viz. Thermostatic Bimetals, your Directors have accordingly decided to set up the Disc Making Plant from its internal accruals.

The Board feels that, in the present day scenario, it will be prudent not to create long term liabilities by borrowing money for financing the Disc Manufacturing facility. Your Directors accordingly seek Shareholders indulgence for not declaring dividend based on the aforesaid programme.



New Industrial Undertaking (Unit-II) :

In the last year's Report, your Directors had reported that the company had set up a New Industrial Undertaking called Shivalik Bimetal Controls Ltd. - Unit-II in Himachal Pradesh for manufacture of bimetallic and other components. The turnover of this Unit during the period from 2nd July, 1997 till 31st March, 1998 is Rs. 168.32 lacs and the orders booked for current year are encouraging.

REGISTRATION AS SSI UNIT :

Since the limit of investment in Plant & Machinery by an Industrial Undertaking as per guidelines / provisions notified in the Industrial Regulation Act stands at Rs. 300 lacs for being eligible to be registered as SSI Unit, the company's Unit-I as well as Unit-II have been categorised and registered as SSI Units by Directorate of Industries, Himachal Pradesh.

DIRECTORS :

Mr. S.S. Sandhu and Mr. P.N. Handa, Directors, retire by rotation under Article 142 of the Articles of Association of the Company and being eligible, offer themselves for re-appointment.

AUDITORS :

M/s. Malik Kapur & Company, Chartered Accountants, retire and offer themselves for re-appointment. The Company has obtained a certificate from the auditors as required Under Section 224 of the Companies Act, 1956 to the fact that their re-appointment, if made, would be in conformity with the limits specified in that section.

FIXED DEPOSITS :

The company has not raised any funds by way of deposits Under Section 58A of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES :

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended is given in the Annexure forming part of the report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all Shareholders of the Company excluding the statement of particulars of employees u/s/ 217(2A) of the said Act. Any shareholder interested in obtaining a copy of this statement may write to Sr. Manager (Fin. & Admn.) at the Registered Office of the Company.

ACKNOWLEDGEMENTS :

The Directors record their deep gratitude for the co-operation, assistance and guidance extended by the company's bankers, Indian Bank.

The company wishes to place on record its appreciation for the dedicated services of the staff and employees of the company. The management and the workers have continued to maintain complete understanding and no mandays have been lost during the current year. The plant has been running smoothly and the company has met all its commitments in the domestic and export markets.

Your Directors acknowledge, with gratitude, the faith and confidence that the shareholders of the company have continued to repose in the company. The directors assure the company's shareholders of their continued dedication for the welfare of the company and its shareholders.

For and on behalf of the Board

Place : New Delhi
Date : August 19, 1998

P.S. GILL
Chairman