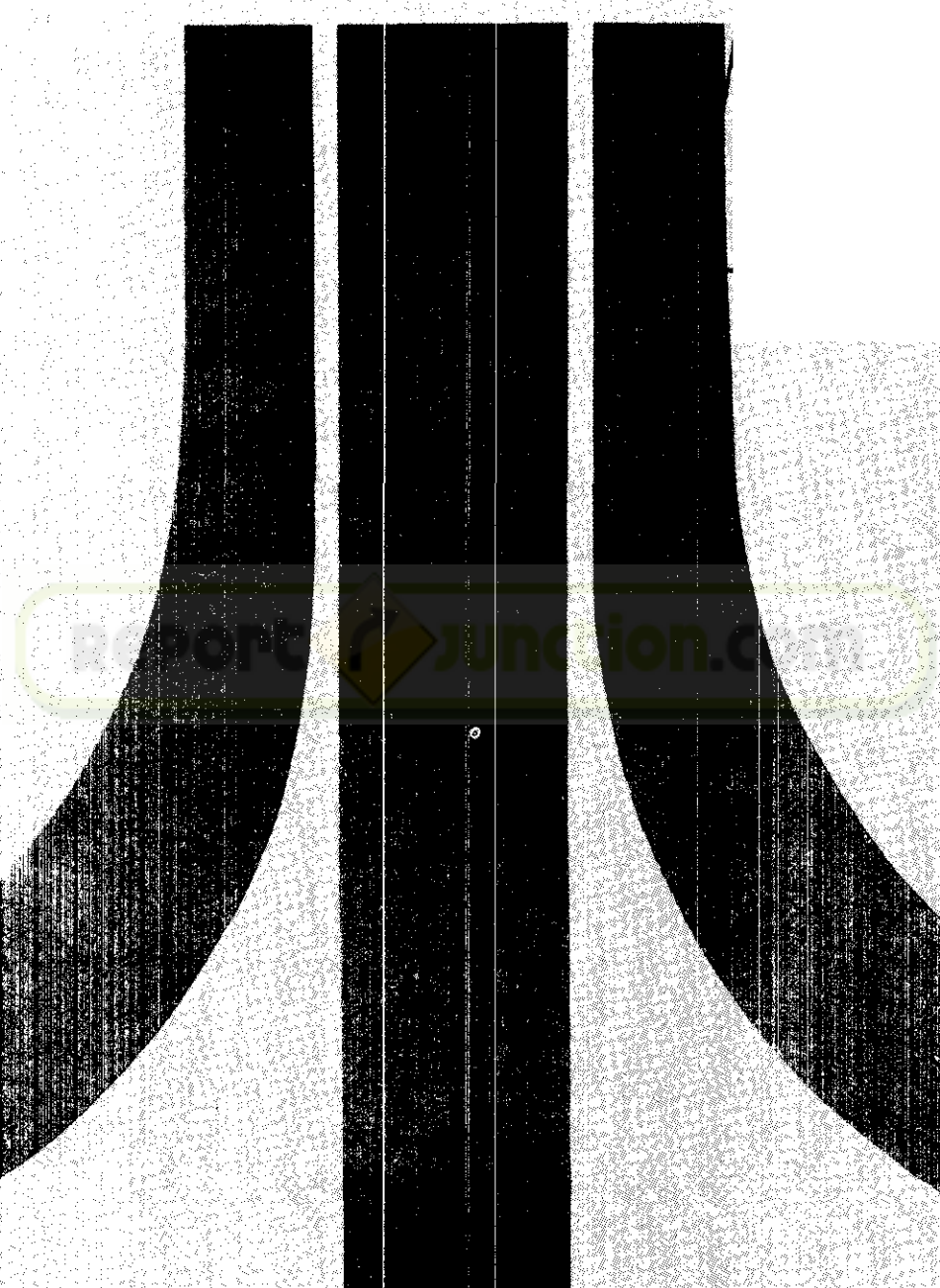


16th Annual Report 1999-2000



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SHIVALIK BIMETAL CONTROLS LIMITED





SHIVALIK BIMETAL CONTROLS LIMITED



BOARD OF DIRECTORS

S.S. Sandhu
Chairman

N.S. Ghumman
Managing Director

D.J.S. Sandhu, Dy. Managing Director

Brig. H.S. Sidhu (Retd.) Director

S.C. Verma Director

A.K. Sud Director

Rohit Kapur Director

G.S. Gill Director

Pritam Kashyap Director

Company Secretary :

Tirath Singh Gulati

Sr. Manager (Finance & Admn) :

K.S. Negi

Auditors :

Malik Kapur & Co.
Chartered Accountants
New Delhi.

Bankers :

Indian Bank
Greater Kailash-I
New Delhi-110 048.

Regd. Office :

16-18, New Electronics Complex
Chambaghat, Distt. Solan
Himachal Pradesh.

Head Office :

H-2, Suneja Chamber, 2nd Floor
Alaknanda Commercial Complex
New Delhi-110 019.



NOTICE TO THE MEMBERS



Notice is hereby given that 16th Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Friday the 29th day of September, 2000, at the Regd. Office of the Company Plot No. 16-18, New Electronics Complex, Chambaghat, Distt. Solan (Himachal Pradesh) 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, 2000 and the Profit & Loss Account for the year ended on that date together with Reports of the Directors and the Auditors thereon.
2. To declare dividend for the year 1999-2000.
3. To appoint a Director in place of Mr. Gurmeet Singh Gill, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pritam Kashyap, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the company and to fix their remuneration.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Shri Subhash Chand Verma, who was co-opted as an Additional Director of the company under Article 129 of the Articles of Association of the company and who holds office upto the date of the Annual General Meeting and in respect of whom the company has received a notice in writing, pursuant to Section 257 of the Companies Act, 1956, proposing his candidature to the office of Director, be and is hereby appointed as Director of the Company."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED that Shri Rohit Kapur, who was co-opted as an Additional Director of the Company under Article 129 of the Articles of Association of the company and who holds office upto the date of the Annual General Meeting and in respect of whom the company has received a notice in writing, pursuant to Section 257 of the Companies Act, 1956, proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company."
8. 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 Sec. 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Mr. N.S. Ghumman, Managing Director, be and is hereby increased/ revised w.e.f. 1st April, 2000 from Rs.50,000/- to Rs. 65,000/- per month.

Other terms & conditions, perquisites remains the same, subject to the approval of Shareholders in the General Meeting."

9. 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 Sec. 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Mr. S.S. Sandhu, Whole-time Director, be and is hereby increased/ revised w.e.f. 1st April, 2000 from Rs.50,000/- to Rs. 65,000/- per month.

Other terms & conditions, perquisites remains the same, subject to the approval of the Shareholders in the General Meeting."

10. 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 Sec.309, 310 and other applicable provisions, if any, of the Companies



Act, 1956, the remuneration payable to Mr. D.J.S. Sandhu, Dy. Managing Director, be and is hereby increased/ revised w.e.f. 1st April, 2000 from Rs.45,000/- to Rs. 55,000/- per month.

Other terms & conditions, perquisites remains the same, subject to the approval of Shareholders in the General Meeting."

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

"RESOLVED that pursuant to Sec. 372-A and other applicable provisions, if any, of the Companies Act, 1956 and subject to regulations contained in FEMA (Transfer or Issue of any Foreign Security) Regulations, 2000, sanction of the Company be and is hereby accorded to the Company for subscribing upto \$ 4.35 lacs (US\$ Four lacs thirty five thousand only (equivalent to Indian Rs. 200.00 lacs (Rupees Two hundred lacs) at the current rate of exchange in the Equity Share Capital of a new company to be formed and registered in Europe.

Further resolved that Board of Directors of the company be and are hereby authorised to settle all matters arising out of and incidental to the proposed investment and generally to take all such steps as are necessary to implement this resolution."

12. 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 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the permission of SEBI and such further approvals as may be necessary from Banks, who have granted/sanctioned financial facilities to the company and such other approvals, permissions and consents as may be necessary and subject to such terms and conditions, and modifications as may be stipulated or specified by any of the aforesaid authorities or bodies while granting such approvals, the consent of the Company be and is hereby granted to the Board of Directors of the Company to issue 9,60,070 (Nine Lac, Sixty Thousand Seventy) Equity Shares of Rs. 10/- each for cash at a premium of Rs.10/- per share of an aggregate nominal value of Rs.96,00,700/-(Rupees Ninety Six Lac, Seven Hundred) on Rights Basis to the Equity Shareholders of the Company, whose names appear on the Register of Members of the Company on the date to be hereinafter determined by the Board of Directors of the Company (Record Date) in the proportion of 2:1 (Two to One) Equity Share for every Equity Share held by the shareholders on the Record Date or such other proportion as may be decided by the SEBI and if required by the SEBI to reserve a portion or other wise in favour of the employees/workers(including Indian Working Directors of the Company) and that the new Equity Shares shall in all respect rank pari passu with the existing Equity Shares of the Company save and except that the New Equity Shares shall not rank for dividend, if any, declared or paid by the Company in any period prior to the financial year in which the shares are allotted and in respect to the financial year in which they are allotted and in subsequent financial year they shall rank for dividend, if any, declared or paid in proportion to the amount paid up thereon and pro-rata for the period during which such capital is paid up thereon.

RESOLVED further that subject to the approval of SEBI and such other approvals as may be necessary and subject to such conditions and modifications as may be prescribed in such approvals and which may be agreed to by the Board of Directors of the Company the Equity Shares be issued, inter alia, upon the following terms and conditions:

- a) The offer aforesaid shall be made under a letter of offer specifying the number of new equity shares offered and stipulating a time not less than one month (or within such time as may be extended by the Board of Directors) from the date of the offer within which time the offer, if not accepted will be deemed to have been declined;
- b) The offer for the aforesaid new equity shares shall include the right exercisable by the members to whom the offer is made to renounce the new Equity Shares offered to them in favour of any other person.

RESOLVED further that the Board of Directors be and are hereby authorised to dispose of such of the Equity Shares as are not ultimately subscribed by the Equity Shareholders of the Company in the record date in such manner and on such terms and conditions as they may deem most beneficial to the company.



RESOLVED further that for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do and perform all necessary and incidental acts, deeds, matters and things as may be necessary and to make alterations and vary the terms and conditions of the issue and give such directions as may be necessary or desirable or to settle any question of difficulties whatsoever as may arise with regard to the issue and allotment of equity shares in such manner as the Board of Directors may consider necessary, proper or expedient."

13. 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 28th September, 1998, 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. 1,500 lacs (Rupees one thousand five hundred lacs)."

Regd. Office:

16-18, New Electronics Complex
Chambahat, Distt. Solan
Himachal Pradesh.

For and on behalf of the Board of Directors

N.S. GHUMMAN
Managing Director

Date: 25.08.2000

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NOTES:

- A member entitled to attend and vote is entitled to appoint a 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 Share Transfer Books of the Company will remain closed from 23rd September, 2000 to 29th September, 2000 (both days inclusive).
- Members are requested to notify 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 to 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 meeting, so that the information may be made available at the meeting to the best extent possible.



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

Item No. 6

Mr. Subhash Chand Verma was appointed as Additional Director in terms of Article 129 of the Articles of Association of the Company and as such he will hold office upto the date of this Annual General Meeting in terms of the provision of Section 260 of the Companies Act, 1956. The Company received a notice in writing from a Member U/s 257 of the Companies Act, 1956, signifying his intention to propose Mr. Subhash Chand Verma as Director of the Company. Having regard for his wide knowledge, the Board of Directors is of the opinion that his association with the Board will be of immense value to the progress of the Company and the Board, therefore recommends his appointment as Director, subject to the approval of the Members of the Company.

None of the Directors except Mr. Subhash Chand Verma is concerned or interested in the resolution.

Item No.7

Mr. Rohit Kapur was appointed as Additional Director in terms of Article 129 of the Articles of Association of the Company and as such he will hold office upto the date of this Annual General Meeting in terms of the provision of Sec.260 of the Companies Act, 1956 The Company received a notice in writing from a Member U/s 257 of the Companies Act, 1956, signifying his intention to propose Mr. Rohit Kapur as Director of the Company. Having regard for his wide knowledge and experience, the Board of Directors is of the opinion that his association with the Board will be of immense value to the progress of the Company and Board, therefore, recommends his appointment as Director, subject to the approval of the Members of the Company.

None of the Directors except Mr. Rohit Kapur is concerned or interested in the resolution.

Item Nos. 8, 9 and 10

Mr. N.S. Ghumman was appointed as Managing Director w.e.f.5th April, 1996 at the 12th Annual General Meeting of the Company held on 27th September, 1996.

Mr. S.S. Sandhu was appointed as Whole-time Director of the Company w.e.f. 1st August, 1998 at the 14th Annual General Meeting of the Company held on 28th September, 1998.

Mr. D.J.S. Sandhu was appointed as Dy. Managing Director of the Company w.e.f. 5th April, 1996 at the 12th Annual General Meeting of the company held on 27th September, 1996 .

As the Shareholders may be aware, that Govt. has further liberalised Schedule XIII of the Companies Act, 1956 enhancing the limits of managerial remuneration. The remuneration of the Whole-time Directors already approved by the Shareholders were based in the earlier limits set under Schedule XIII. It is now proposed to revise/increase the remuneration of the Whole-time Directors from 1st April, 2000 of their respective contracts related to proportionate increase in salary. All other terms & conditions, perquisites as approved by the Shareholders will remain unchanged. Your Directors recommend the resolutions for your approval.

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

Item No.11

The Directors are glad to inform that as incidental to the expansion/diversification of the Company's activities the Company plans to set up a joint venture project abroad, preferably in the vicinity of Europe to compete in the international market and keeping in view the globalisation trend. The project is to be implemented through formation of a wholly owned



subsidiary/joint venture company. To implement the project, the Company will be providing technical know-how and financial collaboration to set up the said project.

As per provisions of Company Law, the company can make investment in the proposed new company upto 60% of the subscribed equity share capital and free reserves of New Company. However, as the proposed investment will be in excess of 60% of the paid-up capital of New Company, it is necessary to obtain sanction of the Members in General Meeting as required by Section 372-A of the Companies Act, 1956

As per liberalised provisions under FEMA, the company can invest upto 25% (Twenty five percent) of its Net Worth as Direct Investment in Joint Venture/Wholly owned subsidiary abroad, subject to fulfillment of certain conditions, which your company complies with.

The Directors are presently exploring all the possibilities best suited to the company with respect to setting up the project, technically and also seeking the expert advise on related Financial and Taxation matters for incorporation of the company abroad

Your Directors, therefore, recommend that the Board be authorised to take final decision in the matter.

The Directors expect that the investment in the said joint venture shall be fruitful one and expected to make good return within a reasonable time. The Directors, therefore, recommend the resolution for your approval.

None of the Directors of the Company is interested in the resolution except that they are members of this company like any other member thereof.

Item No.12

The Company is in the process of setting up facilities for manufacturing Trimetals through E B Technology, for which it has already acquired technical know how and has placed the order for supply of machine from Germany.

Your Directors feel that it is the need of the hour to set up such a facility.

For partly financing the company's expansion/diversification programme the company would need to raise funds through alternative sources, it has proposed to issue further capital to the existing members of the company on Rights Basis on the terms and conditions as set out in the resolution.

None of the Directors of the company are in any way interested in this resolution except to the extent of the shares which they may be entitled to apply for in their capacity as existing members of the company.

Item No. 13

The members in the Annual General Meeting held on 28th September, 1998 had accorded consent to the Board of Directors for borrowing to the extent of Rs. 1000 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. 1,500 lacs (Rupees One thousand five hundred lacs).

U/S 293(1)(d) of the Companies Act, 1956, the Board of Directors cannot, 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 Board recommend to the General Body of Shareholders to accord its approval to the Resolution mentioned in this Notice.

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