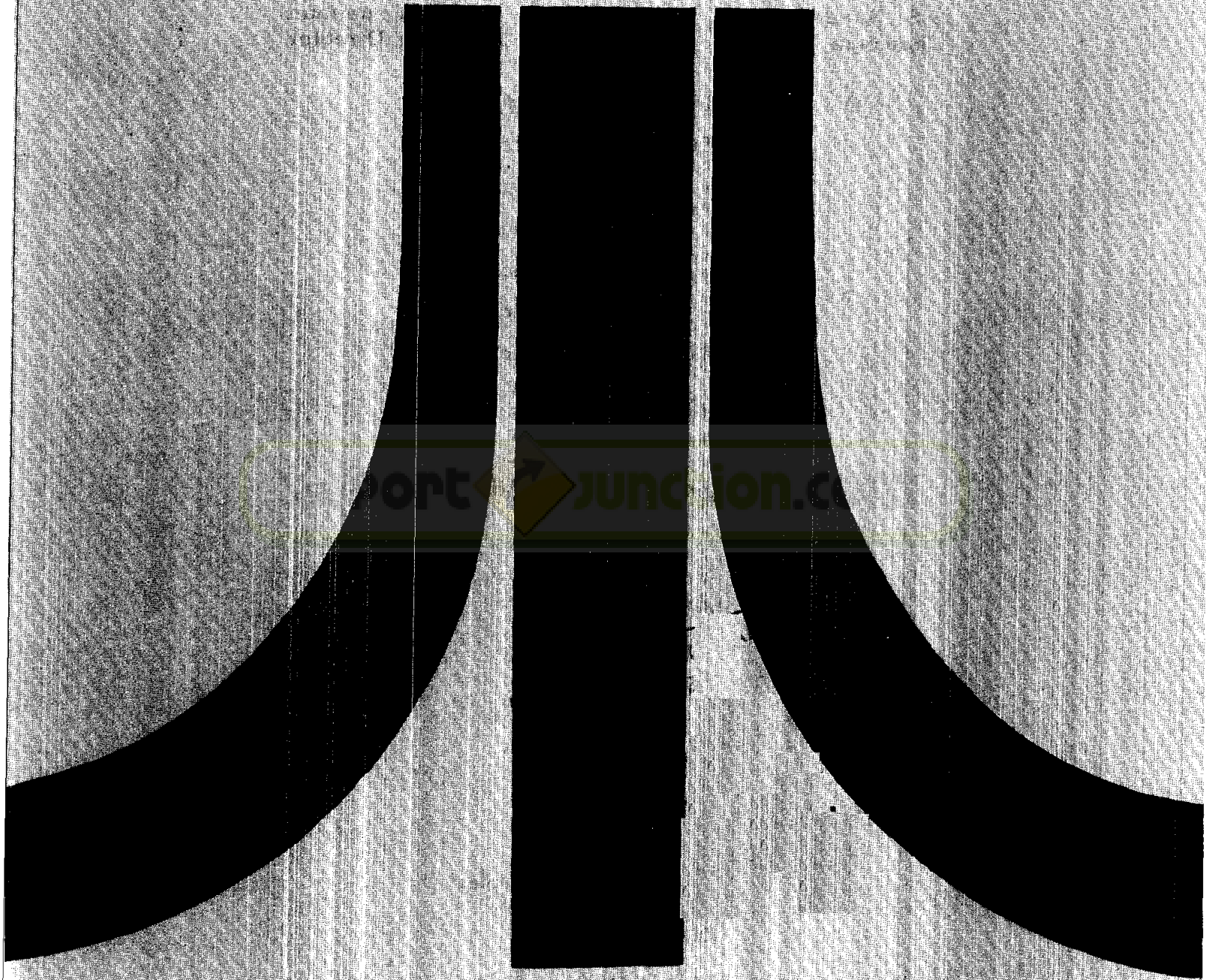


17th Annual Report 2000-2001



**SHIVALIK BIMETAL
CONTROLS LIMITED**



ISO 9002

ISO 9001



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
Nehru Place
New Delhi-110 019

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 the 17th Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Friday, the 10th day of August, 2001 at the Regd. Office of the Company, 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, 2001 and the Profit & Loss Account for the year ended on that date together with Reports of the Directors and the Auditors.
2. To declare Dividend for the year 2000-2001
3. To appoint a Director in place of Brig. H.S. Sidhu (Retd.), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Anil K. Sud, 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 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 re-appointment of and remuneration payable to Shri N.S. Ghuman as Managing Director for a period of five years w.e.f. 1st April 2001 subject to the approval of the shareholders in the General Meeting on the following terms and conditions :-

(A) SALARY : Rs. 70,000/- 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 months 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 will be allowed.
- iv) Personal Accident Insurance : Premium as per Rules of the Company.
- v) Company's contribution towards pension / superannuation as per Rules of the Company for the time being in force but such contribution together with 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 to exceed 12% of the salary.
- vii) Gratuity not exceeding half month's salary for each completed year of service, subject to a ceiling as per provisions of payment of Gratuity Act, 1972.



- viii) Free use of telephone at residence but long distance personal 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 : Half month's leave with full pay and allowances, for every 12 months of service subject to the condition that leave accumulated but not availed of during his tenure may be allowed to be encashed as per rules of the company.

7. 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 reappointment of and remuneration payable to Shri D.J.S. Sandhu, as Dy. Mannaging Director for a period of five years w.e.f. 1st April 2001 subject to the approval of the shareholders in the General Meeting on the following terms and conditions :-

(A) SALARY : Rs. 65,000/- 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 months 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 will be allowed.

iv) Personal Accident Insurance : Premium as per Rules of the Company.

v) Company's contribution towards pension / superannuation as per Rules of the Company for the time being in force but such contribution together with 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 to exceed 12% of the salary.

vii) Gratuity : Payable in accordance with an approved scheme and shall not exceed one half month's salary for each completed year of service.

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 : Half month's leave with full pay and allowances, for every 12 months of service subject to the condition that leave accumulated but not availed of during his tenure may be allowed to be encashed as per rules 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 Section 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 revised / increased w.e.f. 1st April, 2001 from Rs. 65,000/- to Rs. 70,000/- per month.

Other terms & conditions, perquisites remain 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 an Ordinary Resolution :-

"RESOLVED that in modification of the resolution passed by the company at the Annual General Meeting held on 29th September 2000, 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. 2,000 lacs (Rupees Two Thousand lacs)."

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

For and on behalf of the Board of Directors

N.S. GHUMMAN
MANAGING DIRECTOR

July 02, 2001

NOTES :

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- 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 Share Transfer Books of the Company will remain closed from 8th August to 10th August, 2001 (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 SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6 :

Mr. N.S. Ghumman was appointed as Managing Director of the Company for a period of five years upto 4th April 2001. In the Board meeting held on 27th April 2001, it was decided to re-appoint the Managing Director for another term of five years, keeping in view the utilities of his services for the growth of the business of the company in future as per terms and conditions mentioned in the Notice to the Members. Accordingly the Board recommends the resolution to be passed by the Shareholders as per the requirements of the Companies Act, 1956.

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

Item No. 7 :

Mr. D.J.S. Sandhu was appointed as Dy. Managing Director of the Company for a period of five years upto 4th April 2001. In the Board meeting held on 27th April 2001, it was decided to re-appoint the Dy. Managing Director for another term of five years, keeping in view the utilities of his services for the growth of the business of the company in future as per terms and conditions mentioned in the Notice to the Members. Accordingly the Board recommends the resolution to be passed by the Shareholders as per the requirements of the Companies Act, 1956.

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

Item No. 8 :

Mr. S.S. Sandhu was appointed as a Whole-time Director of the Company w.e.f. 01.08.98 for a period of five years on a monthly remuneration of Rs. 35,000/-, which has been subsequently increased to Rs. 65,000/- per month over the period.

With the increase in the activities of the company and consequent increase in the involvement of Mr. S.S. Sandhu, in the company and keeping in view the emolument structure prevailing in industry, your Directors in their meeting held on 27.04.2001 decided to increase the remuneration payable to Mr. S.S. Sandhu from Rs. 65,000/- to Rs. 70,000/- per month w.e.f. 01.04.2001 subject to the approval of the Members of the Company.

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

Item No. 9 :

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 Members in the Annual General Meeting held on 29th September, 2000 had accorded consent to the Board of Directors for borrowing to the extent of Rs. 1,500 lacs. Keeping in view the increased level of company's operations in terms of turnover and maintaining higher inventory level and extended credit period, 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. 2,000 lacs (Rupees Two thousand lacs).

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.



DIRECTORS' REPORT



Dear Members,

Your Directors are pleased to present their 17th Annual Report and the audited accounts for the year ended 31st March 2001.

SUMMARISED FINANCIAL RESULTS: (Rs. in lacs)

	April 2000 - March 2001	April 1999 - March 2000
Sales & other income	2641.64	2483.10
Profit before interest, Depreciation & taxation	329.95	337.21
Interest & Financial Charges	70.47	38.68
Depreciation	36.76	34.10
Less: provision for Taxation	22.00	40.00
Profit after Taxation	200.72	224.43
Prior period adjustment	0.26	(1.05)
Add: Balance brought forward	150.00	80.00
Total available for Appropriation	350.98	303.38
Less: General Reserve	98.08	94.82
Dividend	48.00	48.00
Corporate Dividend Tax	4.90	10.56
Balance carried forward	200.00	150.00

OPERATIONS REVIEW :

During the year under review, your company achieved sales of Rs. 2603.69 lacs against Rs. 2,461.27 Lacs in the previous year.

The export sales have increased more than two & half times over the previous year i.e. Rs. 79.28 lacs as compared to Rs. 31.16 lacs in the previous year. Your Directors are constantly exploring the Export avenues for the Company's products. Because of the interest on Term Loan and additional working capital, the finance costs have gone up. However, your directors are keeping a very close watch on all costs.

DIVIDEND :

Your Directors are pleased to recommend payment of dividend @ 25% in the paid up value of equity shares, which comes to Rs. 2.50 per share. The dividend will absorb Rs. 52.90 Lacs including Corporate Dividend Tax

EXPANSION AND MODERNISATION :

As informed last year regarding setting up the facilities for manufacturing Trimetals through EB Technology, your Directors are pleased to inform that the Edge Welding Machinery imported from Germany has been installed successfully and it has started commercial production w.e.f. 15.02.2001.

To meet the capital cost of the expansion / modernisation, your company has availed a Medium Term Loan of Rs. 172.00 lacs from the bankers of the company, accordingly the proposal to raise the funds through issue of further capital has been deferred for the time being.



DIRECTORS' REPORT



Further, the members of the company had approved resolution pursuant to section 372-A of the Companies Act, 1956 that the company can make investment of more than 60% of the subscribed equity share capital and free reserves, in setting of the proposed joint venture project abroad. Your directors are in the process of exploring the best possible option in this matter and appropriate decision shall be taken in the near future.

Unit-II

This unit has contributed Rs. 1469.73 to the company's annual turnover during the year 2000-2001 as compared to Rs. 1161.92 lacs during the previous year.

PERSONNEL :

The relationship with the employees at all levels remained peaceful and cordial throughout the year.

DIRECTORS :

Brig. H. S. Sidhu (Retd.) & Mr. Anil K Sud, Directors, retire by rotation under Article 142 of the Articles of Association of the company and being eligible offer themselves for re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement u/s. 217 (2AA) of the Companies Act, 1956 with respect to Directors' Responsibility statement, it is hereby confirmed :

- i) that in the preparation of the Annual Accounts for the financial year ended 31st March, 2001, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- ii) that the Directors had selected such accounting policies and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of three financial year and of the profit or loss of the Company for the year under review;
- iii) that the Directors has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors had prepared the accounts for the financial year ended 31st March, 2001 on a 'going concern' basis.

AUDITORS :

M/s. Malik Kapur & Company, Chartered Accountants, retire and offer themselves for reappointment. The Company has obtained a certificate from the Auditors as required U/S 224(1B) 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 accepted any Fixed Deposits from the Public during the year under review.

LISTING OF SHARES :

Your company's shares are listed on Mumbai, Delhi and Ludhiana Stock Exchanges. The requisite listing fee for the year 2001-2002 has also been remitted to these Stock Exchanges.