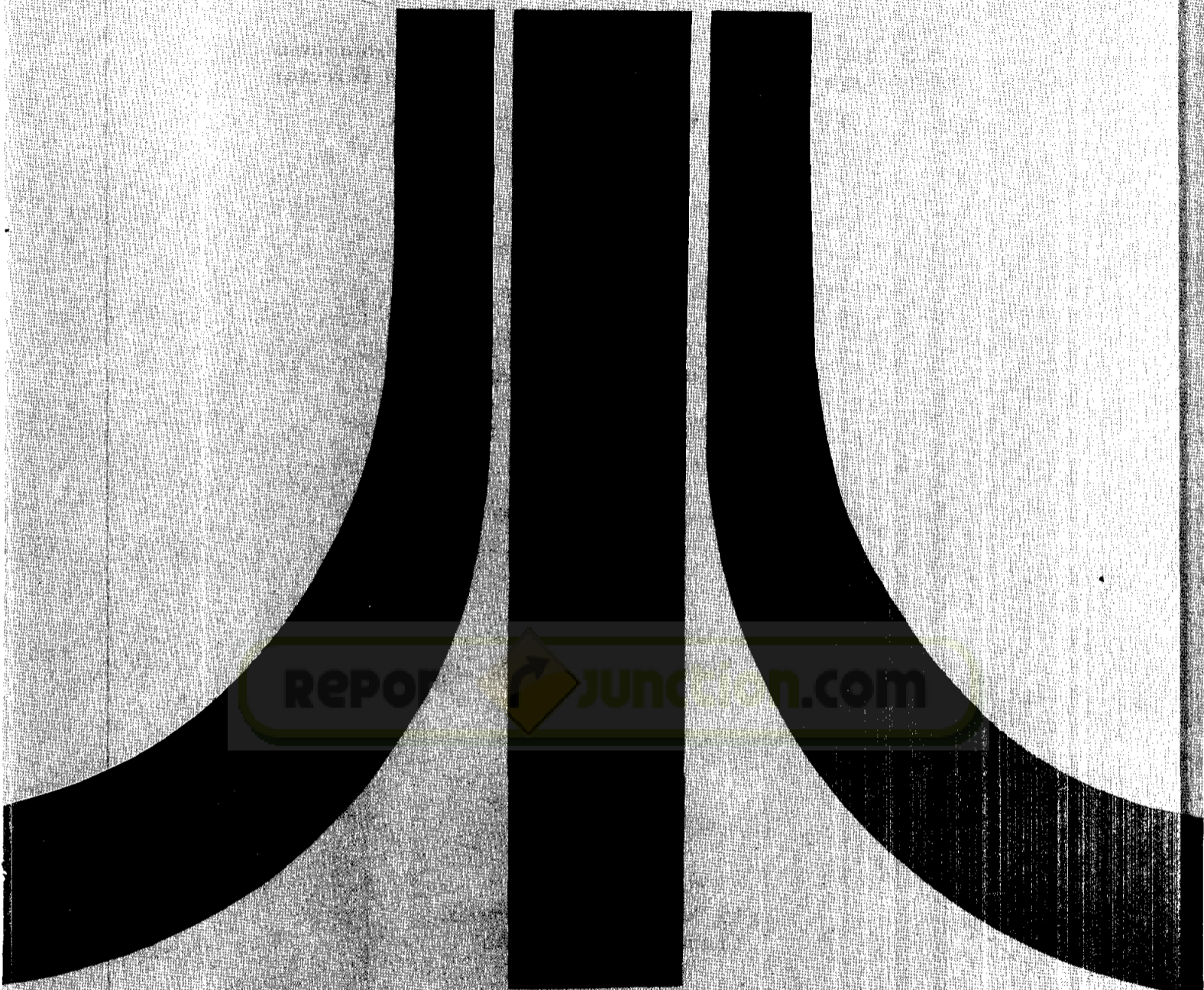


18th Annual Report 2001-2002



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**SHIVALIK BIMETAL
CONTROLS LIMITED**





SHIVALIK BIMETAL CONTROLS LIMITED



BOARD OF DIRECTORS

S.S. Sandhu
Chairman

N.S. Ghuman
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

Executive 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 Chambers, 2nd Floor
Alaknanda Commercial Complex
New Delhi-110 019.



NOTICE TO THE MEMBERS



Notice is hereby given that the 18th Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Wednesday, the 10th day of July, 2002 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 2002 and the Profit & Loss Account for the year ended on that date and Reports of the Directors and the Auditors thereon.
2. To declare Dividend for the year 2001-2002.
3. To appoint a Director in place of Mr. Subhash C. Verma, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rohit Kapur, 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 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Shri N.S. Ghumman as Managing Director, be and is hereby revised/increased w.e.f. 1st April 2002 from Rs.70,000/- to Rs. 85,000/- per month. Other terms & conditions, perquisites remain the same, subject to the approval of the Shareholders in the General Meeting."
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 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 2002 from Rs. 70,000/- to Rs. 85,000/- per month. Other terms & conditions, perquisites remain the same, subject to the approval of shareholders in the General Meeting."
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. D.J.S. Sandhu, Dy. Managing Director, be and is hereby revised/increased w.e.f. 1st April 2002 from Rs.65, 000/- to Rs. 75,000/- per month. Other terms & conditions, perquisites remain the same, subject to the approval of the Shareholders in the General Meeting."

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

For and on behalf of the Board of Directors

N.S. GHUMMAN
MANAGING DIRECTOR

May 28, 2002

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 Share Transfer Books of the Company will remain closed from 8th July to 10th July 2002 (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.
- Copy of Form No.15-G under Income Tax Rules is enclosed in duplicate. Individual Shareholders entitled to dividend exceeding Rs.1000/- are requested to return the duly filled in form 15 G in duplicate in cases where estimated total income of Shareholder will increase the exemption limit in accordance with provisions of Sec.197-A of the Income Tax Act.

Annexure to Notice

EXPLANATORY STATEMENT PURSUANT TO SEC.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. The Members in Annual General Meeting held on 10th August 2001, decided to re-appoint the Managing Director for another term of five years, on a monthly remuneration of Rs.70,000/- per month. Your Directors in their meeting held on 29th April 2002 decided to increase the remuneration payable to Mr. N.S. Ghumman from Rs. 70,000/- to Rs. 85,000/- per month w.e.f. 1st April 2002, subject to the approval of the Shareholders in the General Meeting.

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. 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. 70,000/- per month over the period. Your Directors in their meeting held on 29th April 2002 decided to increase the remuneration payable to Mr. S.S. Sandhu from Rs. 70,000/- to Rs. 85,000/- per month w.e.f. 01.04.2002, subject to the approval of the Shareholders in the General Meeting.

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. 8

Mr. D.J.S. Sandhu was appointed as Dy. Managing Director of the company for a period of five-year upto 4th April 2001. The Members in Annual General meeting held on 10th August 2001, decided to re-appoint the Dy. Managing Director for another term of five years on a monthly remuneration of Rs. 65,000/-. Your Directors in their meeting held on 29th April 2002 decided to increase the remuneration payable to Mr. D.J.S. Sandhu from Rs. 65,000/- to Rs.75,000/- per month w.e.f. 1st April, 2002, subject to the approval of the Shareholders in the General Meeting.

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.



DIRECTORS' REPORT



Dear Members,

Your Directors are pleased to present their 18th Annual Report and the Audited Accounts for the year ended 31st March 2002.

SUMMARISED FINANCIAL RESULTS:

(Rs. in Lacs)

	April 2001 - March 2002	April 2000 - March 2001
Sales & other income	3137.96	2641.64
Gross Profit before Interest, Depreciation & Taxation	438.47	329.95
Less: Interest & Financial Charges	115.04	70.47
Depreciation	49.66	36.76
Profit before taxes	273.77	222.72
Less: provision for Taxes	31.00	22.00
Profit after Tax	242.77	200.72
Less: Prior period adjustments (Net)	(0.69)	0.26
Add: Balance brought forward from Previous year	200.00	150.00
Total available for Appropriation	442.08	350.98
Less: Appropriation:		
General Reserve	110.52	98.08
Proposed Dividend	48.00	48.00
Corporate Dividend Tax	-	4.90
Balance carried forward	283.56	200.00

OPERATIONS REVIEW :

During the year under review, the sales & other income increased by 18.79%, gross profit increased by 32.89%, profit after tax increased by 20.95% and earnings per share increased to Rs. 12.61 per share.

The year under review has been a challenging year for the business operations of your company, in view of prevailing sluggish market conditions because of global recession. However your company has shown all round growth.

Your company remains optimistic about the new business opportunities and will aggressively pursue the same and will ensure adequate preparedness in future as well.

EXPORTS:

As reported in the last year's report, the company continues to make sustained efforts towards enhancing the Exports. Exports during the year under review have increased to Rs. 86.53 Lacs from Rs. 79.28 Lacs in the previous year. Though this is not a significant increase, but efforts in this direction have been very aggressive and we are hopeful this year 2002-2003 will show better results on Exports.

Recognition of in-house R & D Unit

Your Company had filed an application to Department of Scientific and Industrial Research, Ministry of Science and Technology, New Delhi, for recognition of in house R & D Unit. Your Directors are pleased to inform you that the same has been approved by the Ministry vide its letter reference No. TU/IV-RD/2256/2002 dated 17.05.2002.

Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

**FORM – B****1. Research and Development (R&D)**

A. Specific area in which R&D carried out by the Company:

Development of techniques, equipment and standards for Strips and Components

B. Benefits derived as a result of the above R&D:

The company has successfully designed new color compensators for 20" colour picture tubes. This has resulted in savings of material & cost both to the customer & the company. Development of snap discs and snap disc material is continuing.

C. Future plan of actions:

Corrosion proof bimetal developed are under test by the users. New multimetal material systems being developed for connector inducting, among them EB welded copper-Beryllium copper multigauge material and reflow solder top lay material.

D. Expenditure on R&D

a Capital Rs. 3,28,781/-

b Recurring Rs. 8,20,498/-

Total Rs. 11,49,279/-

c Total R&D expenditure as a percentage of total turnover -: 0.4%

2. Technology absorption, adaptation and innovation

A. Efforts in brief, made towards technology absorption, adaptation and innovation.

Company has acquired trimetal Edge Welding Technology and has assimilated the same after adopting the same for the commercial activities of the Company.

B. Benefits derived as a result of the above efforts:

The exports of the products manufactured from this technology have been made which has found acceptance in the international market.

C. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished.

A Technology imported - EB Edge Welding

B Year of Import - 2000-2001

C Has technology been fully absorbed - Yes

D If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of actions.
- Not Applicable.

3. Foreign Exchange Earning and Outgo:

Total Foreign Exchange earned - Nil

Total Foreign Exchange used - Nil

DIVIDEND:

Your Directors are pleased to recommend payment of Dividend @ 25% on the paid up value of equity shares, which comes to Rs. 2.50 per share. The dividend will absorb Rs. 48.00 Lacs.



EXPANSION AND MODERNISATION :

The members of the company had approved resolution pursuant to section 372-A of the Companies Act, 1956 for setting up of a proposed joint venture project abroad. Your directors are in the process of exploring the best possible option in this matter.

UNIT-III

Your company is setting up New Industrial Undertaking (Unit-III) at the Company's factory premises at Solan, for which approval has been obtained from Directorate of Industries, Shimla (H.P.). Further Unit III has already carried out trial runs and the necessary modifications/changes are being carried in the manufacturing process as per feed back received from the customers. The company is all set to commence commercial production in Unit-III very soon.

PERSONNEL:

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

DIRECTORS:

Mr. Subhash C. Verma and Mr. Rohit Kapur, retire by rotation under Articles 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, 2002, the applicable accounting standards had been followed along with 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 the financial year and of the profit of the Company for the year under review;
- iii) that the Directors have 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, 2002 on a 'going concern' basis.

AUDITORS:

M/s. Malik Kapur & Company, Chartered Accountants, New Delhi retire and offer themselves for re-appointment. 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 2002-2003 has also been remitted to these Stock Exchanges.

The electronic connectivity in respect of your equity shares with CDSIL & NSDL has been activated under ISIN INE386D01019 for the dematerialisation of shares.



Request to Investors

As required by SEBI, it is advised that the Investors shall furnish details of their bank account number, name and address of bank for incorporating the same in the warrants.

Investors are requested to kindly note that any dividend warrant which remains unencashed for a period of seven years will be transferred to "Investors Education and Protection Fund " in terms of Section 205C of the Companies Act, 1956.

Those who have not encashed their dividend warrants may kindly contact the Company immediately and surrender their warrants for further action.

PARTICULARS OF EMPLOYEES:

Information as per Sec. 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended forms part of the report. However, as per provisions of Sec.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 Executive Manager (Fin. & Admn.) at the Regd. Office of the Company.

ACKNOWLEDGEMENTS:

The Directors express their gratitude to the Company's Bankers, Indian Bank, for their co-operation and support extended to the company from time to time.

The Directors express their gratitude to the company's customers for the confidence they have reposed in the company.

The Directors also express their gratitude to all of you, the Shareholders for your support to the company.

The Directors also place on record their appreciation for the contribution made by employees at all levels.

For and on behalf of the Board

Place: Solan (H.P.)
Date : 28.05.2002

S.S. SANDHU
CHAIRMAN

ANNEXURE TO THE DIRECTORS REPORT

INFORMATION FORMING PART OF DIRECTORS REPORT U/S 217(1)(e) OF THE COMPANIES ACT 1956.

Conservation of Energy :

The company is making continuous efforts to conserve energy by proper maintenance of equipments installed and by use of natural light.

Foreign Exchange Earnings and Outgo :

i) CIF value of Imports	Rs. 7,92,20,110/-
ii) Expenditure in foreign currency	Rs. 8,39,117/-
iii) Foreign Exchange earned	Rs. 86,53,168/-



AUDITORS' REPORT



To

The Members of

SHIVALIK BIMETAL CONTROLS LIMITED

We have audited the attached Balance Sheet of Shivalik Bimetal Controls Ltd. as at 31st March, 2002 and also the Profit & Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we 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. We believe that our audit provides reasonable basis for our opinion.

1. As required by the Manufacturing and other Companies, (Auditor's Report) Order 1988 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such checks of books and records as we considered appropriate and according to the information and explanations given to us during the course of audit, we enclose in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said order.
2. Further to our comments in the annexure referred to in Paragraph (1) above;
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
 - (c) The Balance Sheet and Profit & Loss Account dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Profit and Loss Account and Balance Sheet of the Company complies with the accounting standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956.
 - (e) On the basis of written representations received from the management, as on 31st March, 2002, and taken recorded by the Board of Directors, we report that none of the directors is disqualified as on 31st, March, 2002, from being appointed as a director in terms of Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give 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:
 - (i) in the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2002 and
 - (ii) in the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date.

For **MALIK KAPUR & CO.**
CHARTERED ACCOUNTANTS

Camp : Solan (H.P.)
Dated : 28th May, 2002

SURESH MALIK
PROPRIETOR



Annexure to the Auditors' Report

Referred to in Paragraph (1) of our Report of even date on the Statements of Account of Shivalik Bimetal Controls Ltd., as at and for the year ended 31st March 2002.

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us, physical verification of the assets was conducted by the Management during the year. In our opinion, the frequency of verification is reasonable and having regard to the size of the operations of the Company and on the basis of explanations received, no serious discrepancies have been noticed on such verification.
2. None of the fixed assets have been revalued during the year.
3. Finished goods, stores, spare-parts and raw materials have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
4. According to the information and explanations given to us, the procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. No discrepancies have been noticed on verification between the physical stocks and book records.
6. In our opinion, on the basis of our examination of the stock records, the valuation of stock is fair and proper in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
7. The Company has not taken any loans secured or unsecured from companies, firms or other parties listed in register maintained pursuant to provisions of Section 301 of the Companies Act, 1956.
8. The Company has not granted any loans secured or unsecured to the Companies, firms or other parties listed in the register maintained pursuant to provisions of Section 301 of the Companies Act, 1956.
9. The Company has not given any loans or advances in the nature of loans during the year excepting interest-free loans to the staff members, which were generally re-paid as per the stipulation made by the Company.
10. In our opinion, and according to information and explanations given to us, there are adequate internal control procedures, commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials and for sale of goods.
11. According to information and explanation given to us, the company has not entered into any transactions of purchase of goods and materials and sales of goods, material and services, made in pursuance of contracts or arrangements entered in the register maintained under section 301 of The Companies Act 1956 and aggregating to Rs. 50,000/- or more during the year in respect of each party.
12. The company has a regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so determined.
13. The Company has not accepted any deposits from public during the year under Section 58A of the Company's Act, 1956.
14. In our opinion, reasonable records have been maintained by the company for the sale of scraps. We are informed that no realisable by-products are generated by the company's operations.
15. In our opinion, the Company has an adequate internal audit system commensurate with the size and nature of business.
16. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act. 1956.
17. According to the records of the Company, Provident Fund and Employees' State Insurance dues have been regularly deposited during the year with the appropriate authorities.