

# 19th Annual Report 2002-2003



**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

N.J.S. Gill Director

**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 19<sup>th</sup> Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Wednesday, the 24<sup>th</sup> day of September, 2003 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 31<sup>st</sup> March 2003 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 2002-2003
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 Brig. H.S. Sidhu (Retd.), 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 Shri S.S. Sandhu, as Whole-time Director of the Company for a period of five years w.e.f. 1<sup>st</sup> August 2003, subject to the approval of the Shareholders in the General Meeting."  
 "FURTHER RESOLVED that pursuant to the 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. 1<sup>st</sup> April, 2003 from Rs. 85,000/- to Rs. 1,10,000/- per month. Other terms & conditions, perquisites remains 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 Shri N.S. Ghuman as Managing Director, be and is hereby revised/increased w.e.f. 1<sup>st</sup> April 2003 from Rs.85,000/- to Rs. 1,10,000/- per month. Other terms & conditions, perquisites remain the same, subject to the approval of the 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. 1<sup>st</sup> April 2003 from Rs.75,000/- to Rs.95,000/- per month. Other terms & conditions, perquisites remain the same, subject to the approval of the 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 in modification of the resolution passed by the Company at the Annual General Meeting held on 10<sup>th</sup> August, 2001, 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 the 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. 3000 Lacs (Rupees Three Thousand lacs only)."



10. To consider and if thought fit, to pass with or without modification(s) the following resolution as Ordinary Resolution:-  
 "RESOLVED that Mr. Nirmaljeet Singh Gill 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 such office upto the date of the Annual General Meeting and in respect of whom the company has received 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 a Director of the Company."
11. To consider and if thought fit, to pass with or without modification(s) the following resolution as Special Resolution:-  
 "RESOLVED that consent of the Company be and is hereby accorded for de-listing of the Company's Equity Shares from Delhi Stock Exchange Association Ltd. and The Ludhiana Stock Exchange Association Ltd. in accordance with SEBI's (Delisting of Securities) Guidelines 2003, relating to the subject.  
 Further Board of Directors be and is hereby authorized to take all suitable steps as are necessary for delisting of the securities."

Regd. Office:  
 16-18, New Electronics Complex,  
 Chambahat,  
 Distt. Solan (H.P)  
 July 30, 2003

For and on behalf of the Board of Directors

**N.S. GHUMMAN**  
 MANAGING DIRECTOR

## 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 20<sup>th</sup> September, 2003 to 24<sup>th</sup> September, 2003 (both days inclusive).

As per the SEBI's Circular No.D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, appointment of common agency for share registry work, physical and electronic the Company has appointed: **M/s. MAS Services Pvt. Ltd., AB-4, Safdarjang Enclave, New Delhi-110029** as the Company's **REGISTRARS and TRANSFER AGENTS**

Shareholders are advised to send all the requests and correspondence to them directly, MARKED UNIT:- SHIVALIK BIMETALS

- Members are requested to notify change of address, if any, to Company's Registrar and Transfer Agents **While communicating, 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.



## ***Annexure to Notice***

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

#### **Item No. 6**

Mr. S.S. Sandhu was appointed Whole-time Director of the Company for a period of five years w.e.f. 1.8.1998 i.e. upto 31<sup>st</sup> July, 2003 in terms of resolution passed by the Members in the Annual General Meeting Held on 28<sup>th</sup> Sept., 1998. Keeping in view the utilities & his services for the growth of the business of the company in future, it has been decided in the Board Meeting held on 28<sup>th</sup> May, 2003, to re-appoint Mr. S.S. Sandhu, as Whole-time Director of the Company for further period of five years w.e.f. 1<sup>st</sup> August, 2003. Accordingly the Board recommends the resolution to be passed by the Shareholders as per the requirements of the Companies Act, 1956.

Further the Members in the Annual General Meeting held on 10<sup>th</sup> July, 2002, resolved to fixed the remuneration payable to Mr. S.S. Sandhu, Whole-time Director at Rs. 85,000/- per month w.e.f. 1<sup>st</sup> April, 2002. Yours Directors in the Board meeting held on 28<sup>th</sup> May, 2003 decided to increase/revise the remuneration payable to Mr. S.S. Sandhu from Rs. 85,000/- to Rs. 1,10,000/- per month w.e.f. 1<sup>st</sup> April, 2003. Other terms & conditions remains the same, subject to the approval of the Shareholders in the General Meeting.

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

#### **Item No.7**

Mr. N.S. Ghumman was re-appointed as Managing Director of the Company w.e.f. of 1<sup>st</sup> April, 2001 for a period of five years. The Members in Annual General Meeting held on 10<sup>th</sup> July, 2002, resolved to increase/revise the remuneration payable to Mr. N.S. Ghumman, Managing Director to Rs. 85,000/- per month w.e.f. 1<sup>st</sup> April, 2002.

Further your Directors in the Board meeting held on 28<sup>th</sup> May 2003 decided to increase/revise the remuneration payable to Mr. N.S. Ghumman from Rs. 85,000/- to Rs. 1,10,000/- per month w.e.f. 1<sup>st</sup> April 2003, 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. 8**

Mr. D.J.S. Sandhu was re-appointed as Dy. Managing Director of the company w.e.f. 1<sup>st</sup> April, 2001 for a period of five years. The Members in Annual General meeting held on 10<sup>th</sup> July, 2002, resolved to increase/revise the remuneration payable to Mr. D.J.S. Sandhu, Dy. Managing Directors to Rs.75,000/-.

Further your Directors in Board meeting held on 28<sup>th</sup> May. 2003 decided to increase/revise the remuneration payable to Mr. D.J.S. Sandhu from Rs. 75,000/- to Rs. 95,000/- per month w.e.f. 1<sup>st</sup> 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.

#### **Item No. 9**

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 10th August, 2001 had accorded consent to the Board of Directors for borrowing to the extent of Rs.2,000 lacs. Keeping in view the increased level of the 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.3,000 lacs (Rupees Three 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.

#### **Item No. 10**

Mr. Nirmaljeet Singh Gill 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 provisions 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. Nirmaljeet Singh Gill as Director of the company. Board, recommends his appointment as Director, subject to the approval of the Members of the Company.

None of the Directors except Mr. Nirmaljeet Singh Gill is concerned or interested in the resolution.

#### **Item No. 11**

As per the SEBI's (Delisting of Securities) Guidelines, 2003, the Securities of the company which are traded on nationwide trading terminal Stock Exchange, Mumbai/ NSE and the same are not being traded/quoted on other Listed Stock Exchanges, such securities may be delisted from those Stock Exchanges, subject to the approval of Shareholders in the General Meeting.

In view of the Company's securities not being traded/quoted on Delhi and Ludhiana Stock Exchange. Your Directors propose to delist the securities from Delhi Stock Exchange and The Ludhiana Stock Exchange.

None of the Directors is interested in this Resolution.



## DIRECTORS' REPORT



**Dear Members,**

Your Directors are pleased to present their 19<sup>th</sup> Annual Report and the Audited Accounts for the year ended 31<sup>st</sup> March 2003

### SUMMARISED FINANCIAL RESULTS:

(Rs. in Lacs)

	April 2002 - March 2003	April 2001 - March 2002
Sales & other income	4,357.25	3131.92
Gross Profit before Interest, Depreciation & Taxation	536.53	438.47
Less: Interest & Financial Charges	135.30	115.04
Depreciation	52.22	49.66
Profit before taxes	349.01	273.77
Less: provision for Tax	106.50	31.00
Profit after Tax	242.51	242.77
Less: Prior period adjustments (Net)	0.09	(0.69)
Add: Balance brought forward from Previous year	283.56	200.00
Total available for Appropriation	526.16	442.08
Less: Appropriation :		
General Reserve	100.00	110.52
Proposed Dividend	57.61	48.00
Corporate Dividend Tax	7.38	—
Balance carried forward	361.17	283.56

### YEAR IN RETROSPECT:

The sales and other income for the financial year under review, were Rs.4,357.25 lacs as against Rs. 3,131.92 lacs for the previous financial year registering an increase of 39.12%. The Profit before tax (after interest and depreciation) of Rs. 349.01 lacs for the financial year under review as against Rs. 273.77 lacs for the previous financial year, improved by 27.48%.

### CAPITAL EXPENDITURE:-

Company has made additions to gross block of assets amounting to Rs.70,43,180/- and further capital expenditure of Rs.3,06,47,112/- towards Building and new Plant & Machinery and other assets has been made, which is pending capitalisation.

### EXPORTS:

Exports during the year under review have increased to Rs. 208.07 lacs from Rs.86.53 lacs in the previous year. Your Directors are pleased to inform you that the company has received substantial export orders which are to be executed during the Financial Year 2003-04. As such, the outlook on exports front is very promising.

### DIVIDEND:-

Your Directors are pleased to recommend payment of Dividend @ 30% on the paid up value of equity shares, which comes to Rs. 3.00 per share. The dividend will absorb Rs.57.60 Lacs and Corporate Dividend Tax 7.38 lacs..

### 100% EXPORT ORIENTED UNIT:

Your Directors are pleased to inform you that Ministry of Commerce, Govt. of India, NEPZ, NOIDA. has accorded its approval to the Company's Unit-III as 100% Export Oriented Unit.



The company has already imported 1 No. Electron Gun Welding Machine, Soldering & Skiving Machine required for the 100% Export Oriented Unit and the said Unit has commenced commercial production on 18<sup>th</sup> June, 2003.

### **PRIVATE BONDED WAREHOUSE:**

Your Directors are pleased to inform you that necessary approval for private bonded warehouse at our premises Plot No.16-18, New Electronics Complex, Chambaghat, Solan for the storage of raw materials has been accorded by Dy. Commissioner of Customs & Central Excise, Division Shimla and all other formalities have completed in this regard.

### **EXPANSION/DIVERSIFICATION:**

Govt. of India vide its Notification dated 7<sup>th</sup> January, 2003, and subsequent legislation/notification have framed the laws/schemes to extend various incentives/exemptions under Excise and Income Tax provisions for setting-up new units and expansion/diversification of existing units in the specified areas of State of Himachal Pradesh.

Your Directors are pleased to inform you that your company is eligible under the new Policy subject to the compliance of certain conditions. The company is in the process of enhancing the Installed Capacity of existing industrial units of the company and also acquiring New Plant & Machinery, so as to comply with various regulations to avail the incentives, exemptions etc.etc.

### **PERSONNEL:**

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

### **DIRECTORS:**

Mr. Gurmeet Singh Gill and Brig. H.S. Sidhu (Retd), 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, 2003, 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, 2003 on a 'going concern' basis.

### **AUDITORS:**

M/s. Malik Kapur & Co., 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 2003-2004 has also been remitted to these Stock Exchanges.

As per the SEBI's Circular No.D&CC/FITTC/CIR-15/2002 dated 27th December, 2002, that all work related to share registry in terms of both physical and electronic should be maintained at single point or by SEBI registered R & T Agent and Company has appointed **M/s. MAS Services Pvt. Ltd., AB-4, Safdarjung Enclave, New Delhi-110029, as the Company's REGISTRARS and TRANSFER AGENTS.**

Shareholders/Investors are advised to send their share transfer registry electronic/physical/any correspondence to them directly on the above mentioned address, marked **UNIT:- SHIVALIK BIMETAL**

Further as per SEBI's (Delisting of Securities) Guidelines, 2003, the Securities of the company which are traded on nationwide terminal Stock Exchange, Mumbai/ NSE and the same are not being traded/quoted on other Listed Stock Exchanges, such securities may be delisted from those Stock Exchanges.

In view of the Company's securities not being traded/quoted on Delhi and Ludhiana Stock Exchange, your Directors propose to delist the securities from Delhi Stock Exchange and Ludhiana Stock Exchange.

## 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.

As per the above Section an amount of Rs. 45,876.73 towards Unclaimed/Unpaid Dividend for the year 1994-95 had been transferred to the "Investors Education and Protection Fund"

Shareholders who have not encashed their dividend warrants may kindly contact the Company immediately and lodge their warrants for revalidation.

## Recognition inhouse R & D Unit

The Company's R&D Unit stands recognised vide Letter No.TU/IV-RD/2256/2002 dated 17.05.2002.

## FORM – B

### 1. Research and Development

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

The Company has developed pre-soldered (Solder reflow) Strip in continuous coil. From this, automobile defrost connector component has been developed and approved by the Customer.

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

Commercial supply of above mentioned component has commenced from July, 2003.

#### C. Future plan of action:

The company is developing Bimetal Component for automobile brakes and expanding the variety and types of Bimetal Snap Discs.

#### D. Expenditure on R&D:

- |  |                |
|--|----------------|
| a. Recuring  | Rs. 8,91,377/- |
| b. Capital   | Rs. —          |
| Total  | Rs. 8,91,377/- |
| c. Total R&D expenditure as a percentage of total turnover | 0.20%          |