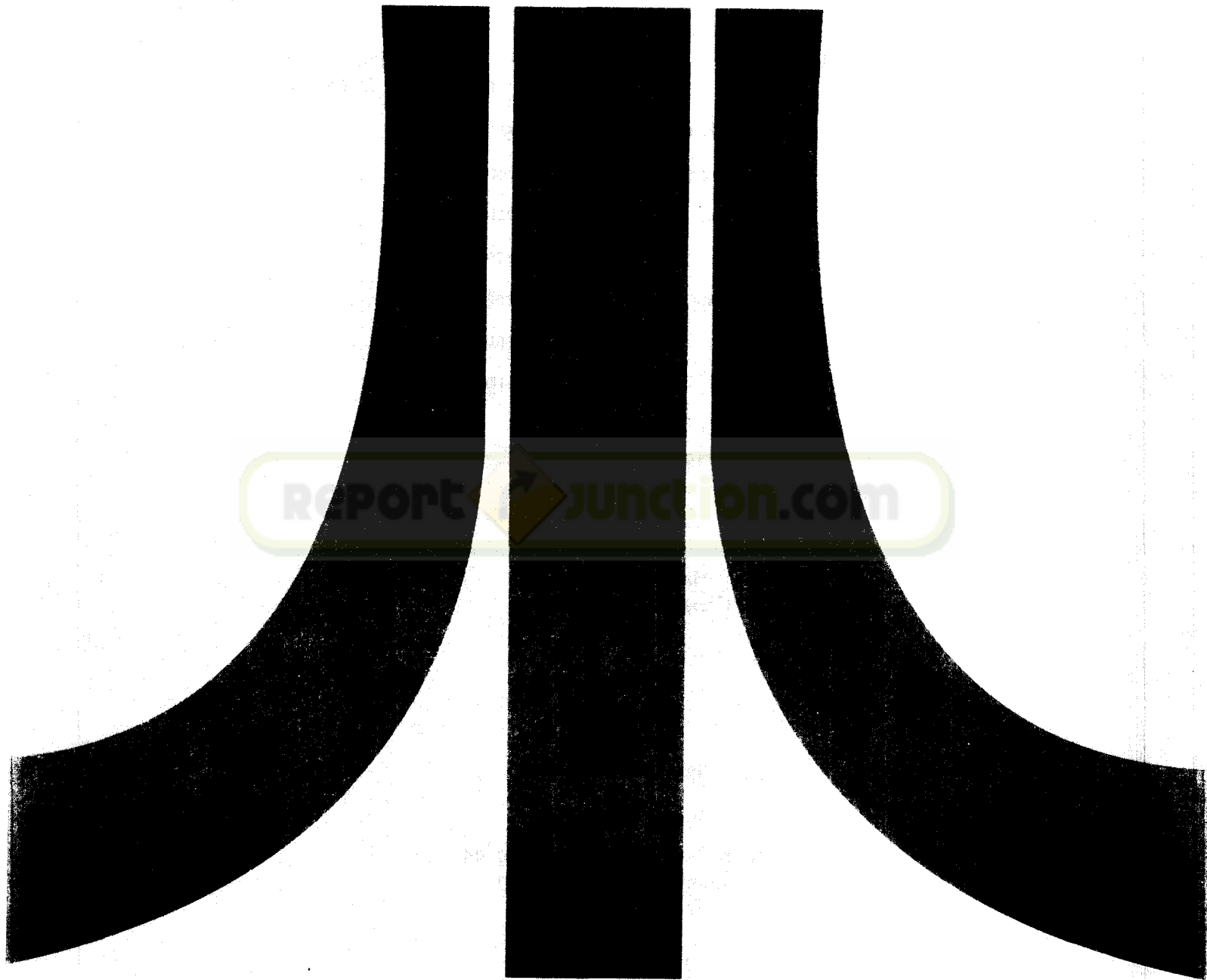


20th Annual Report

2003-2004



**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 20th Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Wednesday, the 21st day of July 2004 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 2004 and the Profit & Loss Account for the year ended on that date together with Reports of the Directors and the Auditors
2. To declare final Dividend for the year 2003-2004
3. To appoint a Director in place of Mr. Anil K. Sud, 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 an Ordinary Resolution:
"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. 1st April, 2004 from Rs. 1,10,000/- to Rs. 1,50,000/- 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 an Ordinary 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. 1st April 2004 from Rs. 1,10,000/- to Rs. 1,50,000/- 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 an Ordinary 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 2004 from Rs. 95,000/- to Rs. 1,30,000/- 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 24th September, 2003, 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. 4000 Lacs (Rupees Four Thousand lacs only)."

Regd. Office:
16-18, New Electronics Complex,
Chambahat,
Distt. Solan (H.P)
June 04, 2004

For and on behalf of the Board of Directors

N.S. GHUMAN
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 17th July to 21st July 2004 (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.

- 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 SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6

Mr. S.S. Sandhu was re-appointed Whole-time Director of the Company for a period of five years w.e.f 1.8.2003 i.e. upto 31st July, 2008 in terms of resolution passed by the Members in the Annual General Meeting held on 24th September, 2003 on remuneration of Rs. 1,10,000/- per month.

In view of the company's remarkable level of production and sales during the year, through the untiring efforts, the company's products have also reached foreign markets. In order to keep the remuneration in line with prevailing market practices in corporate sector and in view of dedication, hard work and experience, it was considered to revise the remuneration payable to Mr. S.S. Sandhu, Whole-time Director. Your Directors in the Board meeting held on 9th April, 2004 decided to revise/increase the remuneration payable to Mr. S.S. Sandhu from Rs. 1,10,000/- to Rs. 1,50,000/- per month w.e.f. 1st April, 2004, 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. 1st April, 2001 for a period of five years. The Members in Annual General Meeting held on 24th September, 2003 resolved to increase/revise the remuneration payable to Mr. N.S. Ghumman, Managing Director to Rs.1,10,000/- per month w.e.f. 1st April, 2003.



In view of the company's remarkable level of production and sales during the year, through the untiring efforts, the company's products have also reached foreign markets. In order to keep the remuneration in line with prevailing market practices in corporate sector and in view of dedication, hard work and experience, it was considered to revise the remuneration payable to Mr. N.S. Ghumman, Managing Director. Your Directors in the Board Meeting held on 9th April, 2004 decided to increase/revise the remuneration payable to Mr. N.S. Ghumman from Rs.1,10,000/- to Rs.1,50,000/- per month w.e.f. 1st April, 2004 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. 1st April, 2001 for a period of five years. The Members in Annual General meeting held on 24th September, 2003 resolved to increase / revise the remuneration payable to Mr. D.J.S. Sandhu, Dy. Managing Director to Rs. 95,000/- per month.

In view of the company's remarkable level of production and sales during the year, through the untiring efforts, the company's products have also reached foreign markets. In view to keep the remuneration in line with prevailing market practices in corporate sector and in view of dedication, hard work and experience, it was considered to revise the remuneration payable to Mr. D.J.S. Sandhu, Dy. Managing Director. Your Directors in Board meeting held on 9th April, 2004 decided to increase/revise the remuneration payable to Mr.D.J.S. Sandhu from Rs.95,000/- to Rs.1,30,000/- per month w.e.f. 1st April, 2004, 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 24th September, 2003 had accorded consent to the Board of Directors for borrowing to the extent of Rs.3,000 lacs. Keeping in view the increased level of the company's operations in terms of turnover and increased projected requirement of funds anticipated by the company, it is considered necessary to increase the overall limit for borrowing by the Board of Directors to Rs.4,000 lacs (Rupees Four 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 20th Annual Report and the Audited Accounts for the year ended 31st March 2004

SUMMARISED FINANCIAL RESULTS:

(Rs. in Lacs)

	April 2003 - March 2004	April 2002 - March 2003
Sales & other income	5477.60	4,357.25
Gross Profit before Interest, Depreciation & Taxation	711.15	536.53
Less: Interest & Financial Charges	159.16	135.30
Depreciation	76.26	52.22
Profit before taxes	475.73	349.01
Less: Provision for Tax	67.74	106.50
Profit after Tax	407.99	242.51
Add / (Less): Prior period adjustments (Net)	0.04	0.09
Add: Balance brought forward from Previous Year	361.17	283.56
Total available for Appropriation	769.20	526.16
Less: Appropriations:		
Interim Dividend	38.40	—
Tax on Interim Dividend	4.92	—
Proposed Final Dividend	57.60	57.61
Tax on Proposed Final Dividend	7.38	7.38
General Reserve	150.00	100.00
Balance carried forward	510.90	361.17

OPERATIONS & FINANCIAL RESULTS

The total Sales and Other Income for the year under review increased by 25.71% to Rs. 5477.60 lacs (previous year Rs. 4357.25 lacs). The company registered profit before tax(after interest and depreciation) amounting to Rs. 475.73 lacs as against the corresponding figure of Rs. 349.01 lacs for the previous financial year

EXPORTS:

In the last year report your Directors had informed that the outlook on export front is promising. Your Directors feel delighted to inform you that the company has achieved export turnover during the year under review to the tune of Rs.946.70 lacs as compared to Rs. 208.07 lacs during the previous year, Thus registering an increase of 355%. The export front continues to be quite encouraging in the current year also.

DIVIDEND:

An Interim Dividend was paid @ 20% (Rs. 2/- per equity share) on 19,20,140 Equity Shares for the year ended 31.03.2004. Your Directors recommend the payment of Final Dividend @ 30% (Rs. 3/- per equity share). The total dividend for the year comes to 50% (Rs. 5/- per equity share).



EXPANSION / DIVERSIFICATION:

As informed in the earlier year report, the company is endeavoring to avail benefits and exemptions as are available under the New Industrial Policy notified by the Government. Accordingly the company has undertaken and completed substantial expansion during the year of its Unit-II in accordance with the provisions of Income Tax Act, 1961. The company is also in the process of undertaking substantial expansion of its Unit-I during the current year for which major equipments have been identified and orders placed therefor.

PERSONNEL:

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

DIRECTORS:

Mr. Anil K. Sud 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 Director's Responsibility statement, it is hereby confirmed.

- i) That in the preparation of the Annual Accounts for the financial year ended 31st March, 2004 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 2004 on a 'going concern' basis.
- v) As per Section 383-A of the Companies Act, 1956, Compliance Certificate has been obtained from the Practicing Company Secretary, M/s T.S. Gulati & Co., Company Secretaries, New Delhi.

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 The Stock Exchange, Mumbai (BSE). The requisite listing fee for the year 2004-2005 has also been remitted to the Stock Exchange.

The securities of the Company have been de-listed from Delhi and Ludhiana Stock Exchanges w.e.f. 31.03.2004.

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-110 029, 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**.

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.45,888.00 towards Unclaimed /Unpaid Dividend for the year 1995-96 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 recognition of company's in-house R & D Unit in terms of Ministry's letter reference No. TU/IV-RD/2256/2002 dated 17.05.2002 has been extended upto 31.03.2006.

FORM – B

1. Research and Development (R&D)

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

The Company has developed narrow width burr free slitting, high precision EB welding, pre-soldered (Solder reflow) Strip in continuous coil and development of Electron beam welded shunt material for energy meters.

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

Commercial supply of above mentioned component has picked up besides there is improvement in the process of Getter spring.

C. Future plan of actions:

The company is developing various Bimetal / Trimetal components for automobile and Electric /electronics industry for different usages.

D. Expenditure on R&D

- | | |
|---|----------------|
| a Recurring | Rs. 8,80,417/- |
| b. Capital | Rs. Nil |
| Total | Rs. 8,80,417/- |
| c Total R&D expenditure as a percentage of total turnover | 0.16% |

2. Technology absorption, adaptation and innovation

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

Company has acquired Trimetal Edge Welding Disk making Technology and has assimilated the same after adapting the same for commercial activities of the Company.

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

The exports of the products manufactured from the technology have been quite encouraging, which 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.

3. Foreign Exchange Earning and Outgo:

Total Foreign Exchange earned	-	Nil
Total Foreign Exchange used	-	Nil

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:

Your Directors acknowledge the co-operation and active support extended by our Bankers, i.e. Indian Bank.

The Directors also wish to place on record their appreciation, for the continuous support received from the Shareholders, Customers, Suppliers and Company's Employees at all levels.

Your Director's look forward to the future with confidence.

For and on behalf of the Board

Place: New Delhi
 Date : June 04, 2004

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 :

Total Foreign Currency Earned	Rs. 9,53,38,353/-
Total Foreign Currency Spent	Rs . 16,01,05,854/-



COMPLIANCE CERTIFICATE

Registration No: 06-5862
Nominal Capital : Rs. 5.00 Crores

To,
 The Members,
 Shivalik Bimetal Controls Limited
 16-18, New Electronics Complex,
 Chambaghat, Distt. Solan
 Himachal Pradesh

We have examined the registers, records, books and papers of Messers Shivalik Bimetal Controls Limited as required to be maintained under the Companies Act., 1956 and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the company for the financial year ended as on 31st March, 2004. In our opinion and to the best of our information and according to the examinations carried on by us and explanations furnished to us by the company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure "A" to this certificate, as per the provisions of the Act and the rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure "B" to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made thereunder.
3. The Company being a public limited Company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met six (6) times respectively on 28/5/2003, 27/6/2003, 30/7/2003, 24/9/2003, 23/10/2003 and 30/1/2004 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company closed its Register of Members from 20.9.2003 to 24.9.2003 (both days inclusive) and necessary compliance of section 154 of the Act has been made.
6. The annual general meeting for the financial year ended on 31st March, 2003 was held on 24th September, 2003 after giving due notice to the members of the company and the resolution passed thereat were duly recorded in Minute Book maintained for the purpose.
7. No extra ordinary general meeting was held during the financial year.
8. The Company has not advanced any loans to its directors and persons or firms or companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the company has not obtained any approvals from the Board of Directors, Members or Central Government.
12. The duly constituted Committee of directors has approved the issue of duplicate share certificates.
13. i) The Company has delivered all the certificates on lodgement thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act. However, there was no allotment of shares during the financial year.
 ii) The Company has deposited the amount of dividend including interim dividend in a separate Bank Account on 29.9.2003 and on 3.2.2004 which is within five days from the date of declaration of such dividend and interim dividend respectively.