

21st Annual Report 2004-2005



**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

Registrar & Transfer Agent

M/s MAS Services Pvt. Ltd.
AB-4, Safdarjung Enclave
New Delhi - 110029
Tell. No.- 26104142, 26104326
Fax - (91) (11) 26181081
Email- mas@vsnl.com.

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.

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NOTICE TO THE MEMBERS

Notice is hereby given that the 21st Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Friday, 30th day of September 2005, 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 2005 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 final Dividend for the year 2004-2005
3. To appoint a Director in place of Mr. S.C. Verma, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Nirmaljeet Singh Gill, 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 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, 2005 from Rs. 1,50,000/- to Rs. 2,00,000/- per month. Other terms & conditions, perquisites remains the same."
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 Mr. N.S. Ghumman, Managing Director, be and is hereby revised/increased w.e.f. 1st April 2005 from Rs. 1,50,000/- to Rs. 2,00,000/- per month. Other terms & conditions, perquisites remain the same."
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 2005 from Rs. 1,30,000/- to Rs. 1,75,000/- per month. Other terms & conditions, perquisites remain the same."
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 21st July, 2004, 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 including by way of issue of debt instrument/ NCDs 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. 5000 Lacs (Rupees Five Thousand lacs only).



" RESOLVED FURTHER that pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby given to the Board of Directors of the Company (the "Board," which expression includes any Committee of the Board formed for this purpose) to create such charges , mortgages, hypothecations and encumbrances (which may be in addition to the existing charges, mortgages, hypothecations and encumbrances created by the company) on such movable and immovable properties , both present and future and in such manner as the Board may deem fit, provided that the aggregate amount of such loans (in respect of which such charge, mortgage, hypothecation or encumbrances is created), together with interest thereon, additional interest compound interest, liquidated damages, commitment charges and all other monies payable by the Company in respect of the said loans, shall not at any time exceed the limit of Rs.5000 lacs (Rupees Five Thousand lacs only)."

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

" RESOLVED that pursuant to Section 314 and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to appoint Brig.J M. Singh (Retd.), a relative of Mr. N.S. Ghuman, Managing Director of the company, to hold an office or place of profit as Executive Director of the Company w.e.f 1st day of October 2005 on a remuneration of Rs.40,000/- per month plus other perquisites and benefits as per Rules of the Company."

Regd. Office:
16-18, New Electronics Complex,
Chambahat,
Distt. Solan (H.P)
August 22, 2005

For and on behalf of the Board of Directors

N.S.GHUMAN
MANAGING DIRECTOR

NOTES:

1. 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.
2. Explanatory Statement relating to Special Business is annexed to this Notice as required U/s 173 of the Companies Act, 1956.
3. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to Directors seeking re-appointment at forthcoming Annual General Meeting is given in the Annexure I
4. The Register of Members and Share Transfer Books of the Company will remain closed from 28th September 2005 to 30th September 2005 (both days inclusive).
5. Shareholders are advised to send all the requests regarding electronic/physical share transfer and correspondence in relation to share matters to the Company's Registrar and Share Transfer Agent (RTA) at the following address: -

M/s. MAS Services Pvt. Ltd.
AB-4, Safdarjung Enclave
New Delhi-110029

Members are also requested to intimate any change of their address to the Company Head Office/Regd. Office/RTA by quoting their Folio No.

6. 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 w.e.f. 1.8.2003 for a period of five years. The Members in the Annual General Meeting held on 21st July, 2004 resolved to increase/revise the remuneration payable to Mr. S.S. Sandhu, Whole-time Director to Rs. 1,50,000/- per month w.e.f. 1st April, 2004.

In view of the company's good performance during the year and in recognition of his dedicated hard work and contribution, it was considered to revise the remuneration payable to Mr. S.S. Sandhu, Whole-time Director. Your Directors in the Board meeting held on 23rd March 2005 decided to revise/increase the remuneration payable to Mr. S.S. Sandhu from Rs. 1, 50,000/- to Rs. 2, 00,000/- per month w.e.f. 1st April, 2005, subject to the approval of the Shareholders in the General Meeting.

The Board recommends this resolution for the approval of the Shareholders.

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 21st July, 2004 resolved to increase/revise the remuneration payable to Mr. N.S. Ghumman, Managing Director to Rs.1, 50,000/- per month w.e.f. 1st April, 2004.

In view of the company's good performance during the year and recognition of his dedicated hard work and contribution, it was considered to revise the remuneration payable to Mr. N.S. Ghumman, Managing Director. Your Directors in the Board meeting held on 23rd March 2005 decided to revise/increase the remuneration payable to Mr. N.S. Ghumman, Managing Director, from Rs. 1, 50,000/- to Rs. 2, 00,000/- per month w.e.f. 1st April, 2005, subject to the approval of the Shareholders in the General Meeting.

The Board recommends this resolution for the approval of the Shareholders.

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 21st July, 2004 resolved to increase / revise the remuneration payable to Mr. D.J.S. Sandhu, Dy. Managing Director to Rs.1, 30,000/- per month.

In view of the company's good performance during the year and in recognition of his dedicated hard work and contribution, it was considered to revise the remuneration payable to Mr. D.J.S. Sandhu Dy. Managing Director. Your Directors in the Board meeting held on 23rd March 2005 decided to revise/increase the remuneration payable to Mr. D.J.S. Sandhu Dy. Managing Director , from Rs. 1, 30,000/- to Rs. 1, 75,000/- per month w.e.f. 1st April, 2005, subject to the approval of the Shareholders in the General Meeting.

The Board recommends this resolution for the approval of the Shareholders.

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 money 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 21st July, 2004 had accorded consent to the Board of Directors for borrowing to the extent of Rs.4, 000 lacs. Considering 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 from Rs.4,000 Lacs(Rupees Four Thousand lacs) to Rs.5, 000 lacs (Rupees Five Thousand lacs).

All borrowings are to be secured by way of Charge/Mortgage/Hypothecation on the Company's assets in favour of Banks/ Financial Institutions. As the documents to be executed between the Banks/Financial Institutions and the Company, may contain the power to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the company, the consent of the Shareholders is also sought under Section 293(1) (a) of the Companies Act, 1956 for creation of Charge/ Mortgage/Hypothecations for an amount not exceeding the borrowing limit of Rs. 5,000 lacs (Rupees Five Thousand lacs only)

The Board recommends this resolution for the approval of the Shareholders.

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

Item No. 10

Brig. J.M. Singh (Retd.) has extensive experience in various fields and has many distinguished achievements to his credit. Your Directors are confident that his association with the company will be very useful in strengthening the administrative set up, HRD cell and other areas of his specialisation.

The Board recommends this resolution for the approval of the Shareholders.

None of the Directors except Mr. N.S. Ghumman is interested in the proposed resolution as he is relative of Brig. J.M. Singh (Retd.).

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ANNEXURE-I TO THE NOTICE

Disclosure pursuant to Clause 49 of Listing Agreement with regard to the Directors seeking re-appointment at the forthcoming Annual General Meeting (Refer item nos.3& 4 of Notice).

Name Of Director	Brief resume and nature of expertise in functional area	List of Other Directorships/ Committee memberships as on 31st March 2005
Mr. S.C.Verma (Non Executive / Independent Director)	He is 47 years of age and is a Fellow Member of ICAI. He is an expert in corporate matters, matters relating to Income Tax, Sales Tax, Banking & RBI matters. He is on the Board of the Company since the year 2000	NIL
Mr. Nirmaljeet Singh Gill (Non Executive / Independent Director)	He is 56 years of age. He is a businessman and joined the Board in the year 2003 and is a Member of the Association of Accounting Technicians, London. Mr. Gill served as Finance Director with M/s. Amita Affiliates Ltd London for 5 years	NIL



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present their 21st Annual Report and the Audited Accounts for the year ended 31st March 2005

SUMMARISED FINANCIAL RESULTS:

(Rs. in Lacs)

	April 2004 - March 2005	April 2003 - March 2004
Sales & other income	7323.02	5476.65
Gross Profit before Interest,		
Depreciation & Taxation	1086.43	726.37
Less: Interest & Financial Charges	214.15	174.38
Depreciation	128.27	76.26
Profit before taxes	744.01	475.73
Less: Provision for Tax		
Current	38.00	33.24
Deferred	40.00	34.50
Profit after Tax	666.01	407.99
Add / (Less): Prior period adjustments (Net)	(0.13)	0.04
Add: Balance brought forward from Previous Year	510.90	361.17
Total available for Appropriation	1176.78	769.20
Less: Appropriations:		
Interim Dividend	48.01	38.40
Tax on Interim Dividend	6.27	4.92
Proposed Final Dividend	76.81	57.60
Tax on Proposed Final Dividend	10.77	7.38
General Reserve	196.01	150.00
Balance carried forward	838.91	510.90

OPERATIONS & FINANCIAL RESULTS:

The total Sales and Other Income for the year under review increased by 33.71% to Rs.7323.02 lacs (previous year Rs. 5476.65 lacs). The company registered profit before tax (after interest and depreciation) amounting to Rs. 744.01 lacs as against the corresponding figure of Rs. 475.73 lacs for the previous financial year

EXPORTS:

In the last year's Annual Report, your Directors had shared with you a promising outlook on exports front. Your Directors are delighted to inform you that the company has achieved export turnover during the year under review to the tune of Rs.2028.28 lacs as compared to Rs. 946.70 lacs during the previous year, thus registering an increase of 114.25%. The Company is making all out efforts for enhancing its presence for all its products in the international market.

DIVIDEND:

An Interim Dividend was paid @ 25% (Rs. 2.50 per share) on 19, 20,140 Equity Shares of Rs. 10/- each for the year ended 31.03.2005

At the time of recommending issue of Bonus Shares in the Board meeting during the month of January 2005, your Directors had indicated their intention to declare final dividend @ 20 % on the expanded paid-up share capital of the Company after issue and allotment of Bonus Shares. Your Directors are delighted to recommend the same i.e. the Directors recommend payment of Final Dividend @ 20% (Rs.0.40 per equity share of Rs. 2/- each) on enhanced capital of Rs. 3,84,02,800/- comprising 1,92,01,400 Equity Shares of Rs 2/- each.



EXPANSION / DIVERSIFICATION:

The company has undertaken substantial expansion of its existing Unit-I during the year by adding Plant & Machinery aggregating in value to Rs.3,53,16,871/-. This has entitled the Company to avail benefits and exemptions as are available under the New Industrial Policy notified by the Government.

Regarding future expansion plans, your Directors are pleased to inform you that Company is very seriously pursuing new products for different applications for which negotiations / discussions with prospective associates / customers are at an advanced stage.

SUB-DIVISION OF SHARES:

To improve liquidity, impart more attraction to all categories of investors and build confidence of investors, the company has sub-divided 19,20,140 Equity Shares of face value of Rs. 10/- into 96,00,700 Equity Shares of Rs. 2/- each, fully paid-up.

ISSUE OF BONUS SHARES:

To reward the shareholders and to honour their confidence and enabling higher yield to the shareholders, the Company issued 96,00,700 Equity Shares of Rs. 2/- each, as fully paid Bonus Shares, by issuing one Equity Share for every one existing Equity Share held by the Shareholders.

ORGANISATION AND COLLEAGUE RELATIONS:

Your Company continues to lay emphasis on organisation and colleague development and colleague relations were, as usual, healthy and satisfactory during the period. Your Directors record their appreciation of the contributions made by colleagues at all levels to the operations of your Company during the year.

DIRECTORS:

Mr. S.C. Verma and Mr. Nirmaljeet Singh Gill retire by rotation under Articles 142 of the Articles of Association of the company and being eligible offer themselves for re-appointment.

CORPORATE GOVERNANCE:

Provisions of Clause 49 of the listing agreement are applicable to the Company effective from 23rd March 2005. Pursuant to Clause 49 of the Listing Agreement, a Management Discussion and Analysis Report and a Report on Corporate Governance are given in Annexure 'A' and 'B' respectively, to this Report and a Certificate from the Auditors of the Company regarding the compliance of conditions of Corporate Governance is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement U/s 217(2AA) of the Companies Act, 1956(the Act) with respect to Directors' Responsibility statement, your Directors confirm the following:

- i) In preparation of the Annual Accounts, the applicable accounting standards have been followed;
- ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are 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) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) Your Directors have prepared the accounts for the financial year ended 31st March 2005 on a 'going concern' basis;
- v) As per Section 383-A of the Act, 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 within 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 2005-2006 has also been remitted to the 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 un-encashed 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.10, 800/- (Rupees Ten thousand eight hundred only) towards Unclaimed / Unpaid Dividend for the year 1996-97 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.

PARTICULARS OF EMPLOYEES:

Since none of the employees are in receipt of Salary in excess of the prescribed limit U/s. 217(2A) of the Companies Act, 1956, the information related thereto is not relevant.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:

The information relating to energy, technology absorption, foreign exchange earnings and outgo required to be disclosed under The Companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 is given in the annexure forming part of the report.

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 Directors look forward to the future with confidence.

For and on behalf of the Board

Place: New Delhi
Date: August 22, 2005

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 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988

A. Conservation of Energy:

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

B. Technology Absorption

Efforts made on technology absorption as per Form B enclosed

C. Foreign Exchange Earning and Outgo:

Total Foreign Currency Earned Rs. 20,44,07,277/-

Total Foreign Currency Spent Rs. 27,51,45,003/-

RECOGNISED 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 up to 31.03.2006.

FORM - B

Research and Development (R&D)

- i) Specific area in which R&D carried out by the Company:
 - Upgradation of its EB welding machine
 - Development of new precision Tools
 - Installation of Edge rounding Machine which forms the constraint edges /sides in semi circular shape.
 - Development of Bimetallic Strips for the electrical shunts
- ii) Benefits derived as a result of the above R&D:

With the continuous R& D activities at the plant, varied samples have been developed which have been sent to various parties and the same have started finding acceptability in International market.
- iii) Future plan of actions:

The company is developing various Bimetal / Trimetal, Clad welded strips, disc and other components for automobile and Electrical / Electronics industry for different applications.
- iv) Expenditure on R&D
 - a. Recurring Rs. 10,27,884/-
 - b. Capital Rs. Nil
 - Total Rs. 10,27,884/-
 - c. Total R&D expenditure as a percentage of total turnover 0.14 %

Technology absorption, adaptation and innovation

- i) 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.
- ii) 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.
- iii) 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.- N/A

Foreign Exchange Earning and Outgo:

Total Foreign Exchange earned Nil

Total Foreign Exchange outgo Nil