

22nd Annual Report 2005-2006



**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 22nd Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Tuesday, the 5th of September 2006 at the Registered Office of the Company, Plot No. 16-18, New Electronics Complex, Chambaghat, Distt. Solan (H.P.), at 10.00 am to transact the following business:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2006, and the Profit & Loss Account to the year ended on that date together with Reports of the Directors and the Auditors thereon.**
2. **To declare final Dividend for the year 2005-06.**
3. **To appoint a Director in place of Brig. H. S. Sidhu (Retd.), who retires by rotation and being eligible offers himself for re-appointment.**
4. **To appoint a Director in place of Mr. Gurmeet 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 a Special Resolution:**

"RESOLVED that, pursuant to the provisions of sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and / or any statutory modification or re-enactment thereof from time to time and in force, the consent of the company be and is hereby accorded to the re-appointment and for the same remuneration of Rs. 2,00,000/- per month, perquisites and other terms and conditions as applicable up to the year ended 31st march 2006 to Shri N. S. Ghumman, Managing Director of the Company, for a period of 5 years with effect from 1st April, 2006".

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 sections 198, 269, 309 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, and / or any statutory modification or re-enactment thereof from time to time and in force, the consent of the company be and is hereby accorded to the re-appointment and for the same remuneration of Rs 1,75,000/- per month, perquisites and other terms and conditions as applicable up to the year ended 31st march 2006 to Shri D. J. S. Sandhu, Deputy Managing Director of the Company, for a period of 5 years with effect from 1st April, 2006.

Regd. Office:
16-18, New Electronics Complex,
Chambahat,
Distt. Solan (H.P)
June 29, 2006

By order of the Board
For SHIVALIK BIMETAL CONTROLS LIMITED

-Sd-

N.S.GHUMMAN
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 proxy need not be a member of the company. A proxy shall not have any right to speak at the meeting and shall not vote except on a poll.
2. A proxy to be effective must be deposited at the registered office of the company not less than 48 hours before the commencement of the Annual General Meeting.
3. Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of the special business is annexed hereto.
4. Disclosures pursuant to Clause 49 of the Listing Agreement with respect to Directors seeking re-appointment at forthcoming Annual General Meeting are given in Annexure I.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 01.09.2006 to 05.09.2006 (both days inclusive).
6. 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 / Registered Office / RTA by quoting their folio number. Members must quote their Folio No. in all correspondence.

7. Shareholders desirous of obtaining any information relating to accounts and operation of the company may address their queries / questions to the Company's Head Office, so as to reach at least five days before the date of the meeting so that the information may be made available at the meeting to the best extent possible.
8. All documents referred to in the accompanying notice and the explanatory statement are available at the Registered Office of the Company.



Annexure to Notice

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE
COMPANIES ACT, 1956**

Item No. 6

Mr. N. S. Ghumman was appointed as Managing Director of the Company w.e.f. 1st April, 2001 for a period of five years. The Board of Directors in their meeting held on 04th February 2006 decided to reappoint the Managing Director for another term of 5 years effective from 1st April, 2006, keeping in view his contribution for the growth of the business of the Company in future on the same remuneration & terms and conditions as were applicable to Mr. N.S.Ghumman as Managing Director of the Company, up to the year ended March 2006.

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

Item No.7

Mr. D. J. S. Sandhu was appointed as Deputy Managing Director of the Company w.e.f. 1st April, 2001 for a period of five years. The Board of Directors in their meeting held on 04th February 2006 decided to reappoint the Deputy Managing Director for another term of 5 years effective from 1st April, 2006, keeping in view his contribution for the growth of the business of the Company in future on the same remuneration & terms and conditions as were applicable to Mr. D.J.S. Sandhu as Deputy Managing Director of the Company, up to the year ended March 2006.

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.

**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, 6 AND 7 OF NOTICE)**

Name Of Director	Brief resume and nature of expertise in functional area	List of Other Directorships/ Committee memberships as on 31st March 2006 in Other Companies
Brig. H. S. Sidhu (Retd.)	Rtd. From Army after serving over 30 years awarded Vishist Sewa Medal and have the vast experience of various fields	NIL
Mr. Gurmeet Singh Gill	He is 56 years of age and qualified MBA having business experience in various fields	1
Mr. N. S. Ghumman	Promoter and Managing Director of the company since inception	3
Mr. D. J. S. Sandhu	Dy. Mg. Director of the company having business experience and especially in the marketing field	3



DIRECTORS' REPORT

Dear Members,

Your Directors have the pleasure of presenting the 22nd Annual Report and the Audited Accounts of your Company for the year ended 31st March, 2006.

SUMMARISED FINANCIAL RESULTS:

(Rs. in Lacs)

	April 2005 - March 2006	April 2004 - March 2005
Sales & other income	7,074.20	7,323.02
Gross Profit before Interest,		
Depreciation & Taxation	1,040.83	1,086.30
Less: Interest & Financial Charges	251.95	214.15
Depreciation	139.42	128.27
Profit before taxes	649.46	743.88
Less: Provision for Tax		
Current	52.00	38.00
Deferred	24.00	40.00
Fringe Benefit Tax	17.00	—
Profit after Tax	556.46	665.88
Add: Balance brought forward from	838.91	510.90
Previous Year		
Total available for Appropriation	1395.37	1,176.78
Less: Appropriations:		
Interim Dividend	48.00	48.01
Tax on Interim Dividend	6.74	6.27
Proposed Final Dividend	48.00	76.81
Tax on Proposed Final Dividend	6.74	10.77
General Reserve	100.00	196.01
Balance carried forward	1,185.89	838.91

OPERATIONS & FINANCIAL RESULTS:

For the year under review there has been a marginal decrease of 3.52 % in sales and other income which is Rs 7074.20 lacs as compared to Rs. 7323.02 lacs of previous year and profit before tax (after interest and depreciation) amounting to Rs. 649.46 lacs as against the corresponding figure of Rs. 743.88 lacs for the previous financial year.

The reason primarily has been global competitiveness in the CRT Market which constitutes a significant share to the company's revenue. In this situation, to support our customers domestically the company had to encounter significant reduction in prices.

EXPORTS:

Your Directors are delighted to inform you that the company has achieved export turnover during the year under review to the tune of Rs. 2442.80 Lacs as compared to Rs. 2028.28 lacs during the previous year, thus registering an increase of 20.44%. The Company is certainly endeavoring to enhance its presence in the international market.

DIVIDEND:

Interim Dividend was paid @ 12.5% (Rs. 0.25 per share) on 1,92,01,400 Equity Shares of Rs. 2/- each for the year ended 31.03.2006. Your Directors are pleased to recommend the same i.e. @ 12.5% (Rs.0.25 per equity share) on 1,92,01,400 Equity Shares of Rs 2/- each as Final Dividend, thus making total dividend @ 25 % for the year.

EXPANSION / DIVERSIFICATION:

Your Company has entered into a joint venture agreement with Checon Corporation of Massachusetts, USA to have manufacturing facilities for Silver Contacts.



The joint venture company has already been incorporated on 50 : 50 basis in December, 2005. The JV Company is pursuing to acquire the assets of running business of EMS at USA with the financial assistance from Indian and Foreign Banks. Your Company has been asked to provide corporate guarantee to the Indian Bank, Nehru Place Branch, New Delhi, for funding the assets to be acquired by the JV Company to the extent of its share.

DEPOSITS:

During the year under review, your Company did not accept any deposits from the public under section 58A of the Companies Act, 1956.

ORGANISATION AND COLLEAGUE RELATIONS:

In the year under review, your company continued to lay emphasis on organization and colleague development and enjoyed cordial relations among all its employees. Colleague relations remained, as usual, healthy and satisfactory during the period. Yours Directors record their whole hearted appreciation for the contributions made by all at respective levels of operations of your Company during the year.

DIRECTORS:

Under Article 142 of the Articles of Association of the Company, Brig. H. S. Sidhu (Retd.) and Mr. Gurmeet Singh Gill are to retire by rotation and being eligible offer themselves for re-appointment.

Further the term of office of Mr. N. S. Ghuman, Managing Director and Mr. D. J. S. Sandhu, Deputy Managing Director, expired on 31st March, 2006. The Board of Directors in its meeting held on 04th February, 2006, have recommended their respective re-appointment for a period of further five years w.e.f. from 1st April 2006 on the same remuneration, perquisites and terms & conditions as were applicable to them for the financial year ended 31st March 2006.

CORPORATE GOVERNANCE:

Originally the provisions relating to Corporate Governance were purported to be effective w.e.f. 1st April, 2005 vide Ref. No. SEBI/CFD/DIL/CO/1/2004/12/10, dated 29th October, 2004. Later the date for implementation was extended upto 31st December, 2005 vide Ref. No. SEBI/CFD/DIL/CO/1/2005/29/3, dated 29th March, 2005. Consequently, the Company has posted a code of conduct for all Board Members and senior management of the Company on the website of the Company. 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 Company Secretaries in whole time practice regarding the compliance of conditions of Corporate Governance is also annexed.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm:

1. that your company had followed the applicable accounting standards;
2. that your company had selected such accounting policies and applied them consistently and made judgment 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 or loss account of the company for that period;
3. that your company had 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 your Company and for preventing and detecting fraud and other regulations; and
4. that the accounts of your company have been prepared on a going-concern basis.

AUDITORS:

M/s Malik Kapur & Co., Chartered Accountants, New Delhi retires 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 effect that their appointment, if made, would be in conformity with the limits specified in that section.



PARTICULARS OF EMPLOYEES:

Particulars of employees in receipt of salary as per the limits prescribed under section 217 (2A) of the Companies Act, 1956, are given in Annexure.

ENERGY, TECHNOLOGY & FOREIGN EXCHANGE:

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

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 dividend 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 205 C of the Companies act, 1956.

No amount was due as unclaimed / unpaid dividend to be transferred to the 'Investors Education and Protection Fund' during the financial year 2005-06.

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

ACKNOWLEDGEMENTS:

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

The Directors place on record their appreciation, for the support it received from the Ministry of Company Affairs, Directorate of Industries and other Government Authorities from time to time.

The Directors also extend their appreciations for the continuous support received from the shareholders, customers, suppliers and Company's Employees at all levels.

Your Directors look forward with confidence to a prospective future for your company.

For and on behalf of the Board

-Sd-

Place: New Delhi
Date: June 29, 2006

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. 2451.16 lacs
Total Foreign Currency Spent	Rs. 2668.84 lacs

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/2256/2004 dated 05.04.2004 was up to 31.03.2006. The renewal of the same is awaited from the Ministry.

FORM – B

Research and Development (R&D)

- i) Specific area in which R&D carried out by the Company:
 - Shunt for Electronic Energy Meters
 - Round edge Bimetal/Trimetal Strip
 - Development of New Precision Tools
 - Alternative Process for snap disc manufacture
- ii) Benefits derived as a result of the above R&D:

With the continuous R&D activities at the plant, varied application have been developed which have been tested by the customers and are gradually finding acceptability in international market and domestic market as well.
- iii) Future plan of actions

The company will continue to pursue the areas of new application of its products.
- iv) Expenditure on R&D
 - a. Recurring Rs. 10.79 lacs
 - b. Capital Rs. Nil
 - Total Rs. 10.79 lacs
 - c. Total R&D expenditure as a percentage of total turnover 0.15 %

Technology absorption, adaptation and innovation

- i) Efforts in brief, made towards technology absorption, adaptation and innovation:

Company has acquired Trimetal Edge Welding, Snap 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 R&D

Products developed have found acceptance in domestic and 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 - None
 - B. Year of Import - -N.A.-
 - C. Has technology been fully absorbed - -N.A.-
 - D. If not fully absorbed, areas where this has not taken place, reasons thereof and future plans of action.- -N.A.-

Foreign Exchange Earning and Outgo

Total Foreign Exchange earned	Nil
Total Foreign Exchange outgo	Nil



SHIVALIK BIMETAL CONTROLS LIMITED



ANNEXURE- A

Management Discussion and Analysis

Pursuant to Clause 49 of the Listing Agreement, a Management Discussion & Analysis Report covering performance and outlook is given below:

1. Industry Structure and Development:

There has been a major thrust in the infrastructure industry especially in housing sector which bring lot of promises to our products basically the electrical industry and we expect this trend to continue.

2. Opportunities & Threats:

The company's entry into various international markets has offered promising opportunities which are being handled towards building lasting and trusting relationship with very important and large customers.

Reduction in custom duties has provided opportunities in the domestic market to other global players. Your company with its continuous efforts for cost control, cost reduction, productivity planning is very successfully managing the situation.

3. Outlook:

Outlook for all products of the Company appears to be very promising and all out efforts are being made not to loose out any opportunity.

We have our own recognized in-house R & D facility which continuously works for the new developments and we are expanding ourselves with back and forward integration related to our product and area diversifications.

The focus of the management has been to improve the sales, sales realizations and to implement cost cutting measures to the maximum. The steps taken by the company are yielding results.

4. Risks & Concerns:

Increase in exports resulted increase in imports of raw material. The company's exposure to foreign exchange increases which brings the risk of foreign exchange fluctuations. This factor is monitored very closely by the management and so far the company has adequately guarded and covered this factor. Secondly the bulk of raw materials are nickel based. Nickel in the last three years has been traded with volatility, whereas the prices of LME of nickel and copper have seen historic heights. The company's raw material planning has very effectively dealt with this factor.

5. Internal Control System and their Adequacy:

The company is maintaining a proper and adequate system of overall internal controls which ensure that all assets are safeguarded and protected against loss from unauthorized use of disposition. All transactions are authorised, recorded and reported correctly.

The programme of internal audit further supplements the company's internal control system. This is done by independent firms of Chartered Accountants.

The Management and the audit Committee of the Board periodically review reports of internal auditors.

The internal control systems are designed to ensure that all the financial and other records extend complete reliability for preparing financial statements and other data require for complete accountability.

6. Financial Performance with respect to Operational Performance:

Operation performance of the company has registered a significant overall success which has ensured satisfactory financial performance.