

# 23rd Annual Report 2006-2007



**SHIVALIK BIMETAL  
CONTROLS LIMITED**





# SHIVALIK BIMETAL CONTROLS LIMITED



## BOARD OF DIRECTORS

**S.S. Sandhu**  
Chairman

**N.S. Ghuman**  
Managing Director

**D.J.S. Sandhu, Dy. Managing Director**

Brig. H.S. Sidhu (Retd.)	Director
S.C. Verma	Director
A.K. Sud	Director
Rohit Kapur	Director
G.S. Gill	Director
N.J.S. Gill	Director

K.S. Negi

**General Manager (Finance & Admn.)**

### Auditors :

Malik Kapur & Co.  
Chartered Accountants  
New Delhi

### Bankers :

Indian Bank  
Nehru Place  
New Delhi-110 019

### Registrar & Transfer Agent

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

### Regd. Office :

16-18, New Electronics Complex  
Chambaghat, Distt. Solan-173213  
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 23rd Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Monday, the 20th day of August 2007 at 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 consider and adopt the Audited Balance Sheet as at 31st March, 2007, Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.**
2. **To declare final Dividend on equity shares for the year 2006-07.**
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 and 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:**

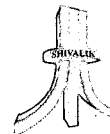
"RESOLVED THAT, in accordance with the provisions of sections 198, 309 and 310 read with schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the increase in the remuneration from Rs. 2,00,000/- to Rs. 2,50,000/- per month of Sh. N. S. Ghumman, Managing Director of the Company, for a period of 1 (one) year w.e.f. 1st April 2007 on the terms and conditions as recommended by the Remuneration Committee and duly approved and adopted by the Board of Directors of the Company, subject to the limits as specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may be hereafter be made by the Central Government in that behalf from time to time."

"RESOLVED FURTHER THAT the action of the Company for having made the payment of increased remuneration of Rs. 2,50,000/- per month w.e.f. 1st April 2007 to Mr. N. S. Ghumman, Managing Director, be and is hereby taken on record and ratified."

7. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT, in accordance with the provisions of sections 198, 309 and 310 read with schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the increase in the remuneration from Rs. 2,00,000/- to Rs. 2,50,000/- per month of Sh. S. S. Sandhu, Whole-time Director of the Company, for a period of 1 (one) year w.e.f. 1st April 2007 on the terms and conditions as recommended by the Remuneration Committee and duly approved and adopted by the Board of Directors of the Company, subject to the limits as specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may be hereafter be made by the Central Government in that behalf from time to time."

"RESOLVED FURTHER THAT the action of the Company for having made the payment of increased remuneration of Rs. 2,50,000/- per month w.e.f. 1st April 2007 to Mr. S. S. Sandhu, Chairman and Whole-time Director, be and is hereby taken on record and ratified."



**8. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT, in accordance with the provisions of sections 198, 309 and 310 read with schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force), consent of the Company be and is hereby accorded to the increase in the remuneration from Rs. 1,75,000/- to Rs. 2,00,000/- per month of Sh. D. J. S. Sandhu, Dy. Managing Director of the Company, for a period of 1 (one) year w.e.f. 1st April 2007 on the terms and conditions recommended by the Remuneration Committee and duly approved and adopted by the Board of Directors of the Company, subject to the limits as specified in Schedule XIII to the Companies Act, 1956 including any statutory modification or re-enactment thereof for the time being in force or as may be hereafter be made by the Central Government in that behalf from time to time."

"RESOLVED FURTHER THAT the action of the Company for having made the payment of increased remuneration of Rs. 2,00,000/- per month w.e.f. 1st April 2007 to Mr. D. J. S. Sandhu, Dy. Managing Director, be and is hereby taken on record and ratified."

**9. To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:**

"RESOLVED THAT pursuant to section 314 (1)(b) and other applicable provisions if any of the Companies Act 1956, consent of the Company be and is hereby accorded to appoint Mr. Angad Sandhu as Mechanical Engineer with effect from 1st day of February, 2007 on a remuneration of Rs. 25,000/- per month plus other perquisites and benefits as per Rules of the Company."

"RESOLVED FURTHER THAT the action of the Company for having made the payment of remuneration of Rs. 25,000/- per month w.e.f. 1st February 2007 be and is hereby taken on record and ratified."

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

"RESOLVED THAT pursuant to section 314 (1)(b) and other applicable provisions if any of the Companies Act 1956, consent of the Company be and is hereby accorded to appoint Mr. Sumer Ghumman as Executive (Procurement and Logistics) with effect from 1st day of February, 2007 on a remuneration of Rs. 25,000/- per month plus other perquisites and benefits as per Rules of the Company."

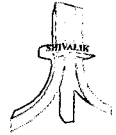
"RESOLVED FURTHER THAT the action of the Company for having made the payment of remuneration of Rs. 25,000/- per month w.e.f. 1st February 2007 be and is hereby taken on record and ratified."

*Regd. Office:*  
16-18, New Electronics Complex,  
Chambahat - 173213  
Distt. Solan (H.P.)  
June 26, 2007

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 16.08.2007 to 20.08.2007 (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 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 statements 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, 7 and 8

Information as required under sub clause (iv) of first proviso of clause (B) under section II of part II of schedule XIII of the Companies Act, 1956 for the increase in remuneration of Managerial Personnel based on effective capital of the Company.

#### General Information

The Company is engaged in manufacturing activities of thermostatic bimetal / trimetal strips and other clad materials. The plant was commissioned in October 1986 and has been in commercial production since then. The Company has made steady growth all around and has established its niche in Domestic as well as International market.

There has been marginal decrease in sales and other income by 0.4% during 2006-07 as compared to 2005-06. The Company achieved sales and other income of Rs. 7046.02 lacs during 2006-07 as compared to Rs. 7074.20 lacs during 2005-06.

The total foreign exchange earned by the Company as on 31st March 2007 comes to Rs. 1773.72 lacs and the total foreign exchange spent by the Company during the same period aggregate to a sum of Rs. 1953.90 lacs.

The Company has entered into a Joint Venture with a US based company to set up facilities for manufacture of Sliver Contacts, in India. The said JV Co. has since commenced commercial production. The Company's investment in the said Joint Venture Company stands at Rs. 95.32 lacs.

#### Other information

The Company's PBT and PAT for year ended 31st March 2007 are Rs. 683.71 lacs & Rs 645.93 lacs as against Rs. 649.46 lacs & Rs. 556.46 lacs for the year ended 31st March 2006, respectively. However, while determining net profits in the manner laid down in section 349, the overall managerial remuneration payable under the provisions of section 198 read with the provisions of section 309 of the Companies Act, 1956 exceeds the limit prescribed therein.

According to sub clause (iv) of clause B under section II of part II of schedule XIII of the Companies Act, 1956, the Company can pay the managerial remuneration upto Rs. 3,00,000/- per month to a managerial person based on its current effective capital which is Rs. 36.45 crores as on 31st March 2007.

The increase in managerial remuneration has been proposed keeping in consideration the prevalent industry practices and hard work, devotion and efforts made by the Managerial Personnel for the sustained growth of the business of the Company.

The Company is making all out efforts to increase the productivity and profitability of the Company.

#### Disclosure

The Company through this notice is informing the shareholders of the Company regarding increase in the remuneration packages of Shri N. S. Ghumman, Managing Director, from Rs. 2.00 lacs to Rs. 2.50 lacs per month, Shri S. S. Sandhu, Chairman and Whole-time Director from Rs. 2.00 lacs to Rs. 2.50 lacs per month, and Shri D. J. S. Sandhu, Dy. Managing Director from Rs. 1.75 lacs to Rs. 2.00 lacs per month w.e.f. 1st April 2007 upto 31st March 2008.

As required under sub clause (ii) of first proviso of clause (B) under section II of part II of schedule XIII of the Companies Act, 1956, the Company has not made any default in repayment of any of its debts for continuous period of 30 days in the preceding financial year before the date of appointment of said managerial person.

#### Information about Mr. N. S. Ghumman, Managing Director

Mr. N. S. Ghumman was reappointed as Managing Director of the Company w.e.f. 1st April 2006 at a remuneration of Rs. 2,00,000/- per month plus other perquisites. Now the Company intends to increase his remuneration to the extent Rs. 2,50,000/- per month for a period of 1 year i.e. from 1st April 2007 to 31st March 2008 which will be within the limits as referred to above.

The Remuneration Committee in its meeting held on 20th March 2007 has since approved the increase in the remuneration payable to Managing Director from Rs. 2,00,000/- to Rs. 2,50,000/- per month for a period of 1 year w.e.f. 1st April 2007 in





recognition of his dedicated hard work and contribution, subject to approval of the shareholders in the forthcoming General Body Meeting.

Shri N. S. Ghuman is a Graduate Engineer (B. E. - Hons.) and has experience spread over 35 years in various fields. He has been the Managing Director of the Company since its incorporation. He being a technical person is also responsible for production and related technical aspects. Prior to becoming Promoter Director of the Company he was the Chief Engineer in M/s Tradex Gestion SA General of Switzerland.

He is responsible to oversee production aspects of the Company at plant in Solan (Himachal Pradesh). The proposed increase in the remuneration payable to Mr. N. S. Ghuman is commensurate with his high professional qualification, vast experience gained in the industry and is in line with the industry standards, size of the Company, profile of the position prevalent in the Indian region. Mr. N. S. Ghuman is a relative of Mr. S. S. Sandhu, Chairman and Whole-time Director and Mr. D. J. S. Sandhu, Dy. Managing Director of the Company. Mr. Ghuman has pecuniary relationship with the Company directly or indirectly to the extent of his managerial remuneration only.

Therefore the Board of Directors recommends this resolution for the approval of the shareholders.

None of the Directors except Mr. N. S. Ghuman, is concerned or interested in the proposed resolution.

#### Information about Mr. S. S. Sandhu, Chairman and Whole-time Director

Mr. S. S. Sandhu was reappointed as Whole-time Director of the Company w.e.f. 1st August 2003 at a remuneration of Rs. 1,10,000/- per month plus other perquisites which was increased to the extent of Rs. 2,00,000/- per month, subsequently by the members in the General Meeting. Now the Company intends to increase his remuneration to the extent Rs. 2,50,000/- per month for a period of 1 year i.e. from 1st April 2007 to 31st March 2008 which will be within the limits as referred to above.

The Remuneration Committee in its meeting held on 20th March 2007 has since approved the increase in the remuneration payable to Whole-time Director from Rs. 2,00,000/- to Rs. 2,50,000/- per month for a period of 1 year w.e.f. 1st April 2007 keeping in view of the Company's good performance during the year and in recognition of his dedicated hard work and contribution, subject to approval of the shareholders in the forthcoming General Body Meeting.

Shri S. S. Sandhu is an Arts Graduate and he has over 35 years experience in Corporate secretarial, legal, finance and managerial functions. He is, at present, Whole-time Director and Chairman of the Company. He is also looking after all the commercial (domestic and international), financial and administrative functions of the Company.

He is responsible to oversee financial aspects of the Company. The proposed increase in the remuneration payable to Mr. S. S. Sandhu is commensurate with his educational qualification, vast experience gained in the industry and is in line with the industry standards, size of the Company, profile of the position prevalent in the Indian region. Mr. S. S. Sandhu is a relative of Mr. N. S. Ghuman, Managing Director and Mr. D. J. S. Sandhu, Dy. Managing Director of the Company. Mr. Sandhu has pecuniary relationship with the Company directly or indirectly to the extent of his managerial remuneration only.

Therefore the Board of Directors recommends this resolution for the approval of the shareholders.

None of the Directors except Mr. S. S. Sandhu, is concerned or interested in the proposed resolution.

#### Information about Mr. D. J. S. Sandhu, Dy. Managing Director

Mr. D. J. S. Sandhu was reappointed as Dy. Managing Director of the Company w.e.f. 1st April 2006 at a remuneration of Rs. 1,75,000/- per month plus other perquisites. Now the Company intends to increase his remuneration to the extent Rs. 2,00,000/- per month for a period of 1 year i.e. from 1st April 2007 to 31st March 2008 which will be within the limits as referred to above.

The Remuneration Committee in its meeting held on 20th March 2007 has since approved the increase in the remuneration payable to Dy. Managing Director from Rs. 1,75,000/- to Rs. 2,00,000/- per month for a period of 1 year w.e.f. 1st April 2007 keeping in view of the Company's good performance during the year and in recognition of his dedicated hard work and contribution, subject to approval of the shareholders in the forthcoming General Body Meeting.

Shri D. J. S. Sandhu, is a Science Graduate and he joined the Company on 01/09/1992. His career over the years has spanned in various sales and marketing positions. He has a business experience of over 28 years to his credit particularly in the marketing field. Presently he holds the position of Dy. Managing Director in the Company.



He is responsible for the marketing and sales operations of the Company. Now he is required to devote more time and attention, more so with the requirement of the competitive market prevailing conditions in the industry. His scope of work covers complete control over the marketing functions of the Company. In addition he would also be in-charge of operations on the back office support for sales and marketing.

The proposed increase in the remuneration payable to Mr. D. J. S. Sandhu is commensurate with his educational qualification, vast experience gained in the industry and is in line with the industry standards, size of the Company, profile of the position prevalent in the Indian region. Mr. D. J. S. Sandhu is a relative of Mr. S. S. Sandhu, Chairman and Whole-time Director and Mr. N. S. Ghumman, Managing Director of the Company. Mr. D. J. S. Sandhu has pecuniary relationship with the Company directly or indirectly to the extent of his managerial remuneration only.

Therefore the Board of Directors recommends this resolution for the approval of the shareholders.

None of the Directors except Mr. D. J. S. Sandhu, is concerned or interested in the proposed resolution.

#### Item No. 9

Mr. Angad Sandhu is a qualified B. Tech., in the stream of Mechanical Engineering from university of California USA. He has undertaken certain projects at University of California - Materials Department. Mr. Angad Sandhu also attained metal alloy processing knowledge in bonding, rolling, stamping operations by working at the plant at Solan, Himachal Pradesh. Since he is son of Mr. S. S. Sandhu, the Chairman and Whole-time Director of the Company and his remuneration exceeds the limits prescribed under section 314 of the Companies Act, 1956, approval of the shareholders at the forthcoming General Body Meeting is required. The Business of the Company is growing over the years and this growth would need to be supported by efficient control and processes. Mr. Angad Sandhu with his exposure in the international development has developed good understanding of manufacturing processing and also in enhancing the customer relationship. His scope of work would cover his full involvement in the mechanical engineering aspects of the Company at plant.

In the light of aforesaid explanation and justification, it is proposed to seek and ratify the appointment of Mr. Angad Sandhu as Mechanical Engineer for the Company's plant operations from 1st February 2007. The remuneration proposed to be paid to Mr. Angad Sandhu is commensurate with his professional qualification; training experience gained, and is in line with industry standards prevalent in the Indian region. The Board recommends this resolution.

In view of the applicability of the provisions of section 314 of the Companies Act, 1956, the resolution is required to be passed as a Special Resolution.

The resolution is required to be passed as a Special Resolution and none of the Directors except Mr. S. S. Sandhu, Chairman & Whole-time Director who is a relative of Mr. Angad Sandhu, is interested in this resolution.

#### Item No. 10

Mr. Sumer Ghumman is a graduate in Business Management, from IILM, New Delhi and has also done B. Sc. (Hons.) in accounting and finance from the University of Bradford, UK. Since he is son of Mr. N. S. Ghumman, the Managing Director of the Company and his remuneration exceeds the limits prescribed under section 314 of the Companies Act, 1956, approval of the shareholders at the forthcoming General Body Meeting is required. The Business of the Company is growing over the years and this growth would need to be supported by efficient control and processes. Mr. Sumer Ghumman has developed good understanding of finance and accounting including business management.

In the light of aforesaid explanation and justification, it is proposed to seek and ratify the appointment of Mr. Sumer Ghumman as Executive (Procurement and Logistics) in the Company from 1st February 2007. The remuneration proposed to be paid to Mr. Sumer Ghumman is commensurate with his professional qualification; training experience gained, and is in line with industry standards prevalent in the Indian region. The Board recommends this resolution.

In view of the applicability of the provisions of section 314 of the Companies Act, 1956, the resolution is required to be passed as a Special Resolution.

The resolution is required to be passed as a Special Resolution and none of the Directors except Mr. N. S. Ghumman, Managing Director who is a relative of Mr. Sumer Ghumman, is interested in this 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 AND 4 OF NOTICE)**

<b>Name Of Director</b>	<b>Brief resume and nature of expertise in functional area</b>	<b>List of Directorships/ Committees memberships as on 31<sup>st</sup> March 2007 in Other Companies</b>
1. Mr. Anil K. Sud	He is a Commerce Graduate and has vast business experience in various fields.	<b>1</b>
2. Mr. Rohit Kapur	He is a qualified B. Com. (Hons.) and has rich experience in processing industry and other related fields.	<b>NIL</b>

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## DIRECTORS' REPORT



Dear Members,

Your Directors are pleased to present the 23rd Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2007.

### SUMMARISED FINANCIAL RESULTS

	Year 2006-07 (Rs. in Lacs)	Year 2005-06 (Rs. in Lacs)
Sales & Other income	7,046.02	7,074.20
Operating Expenses	5,910.21	6,022.75
<b>PBDIT</b>	<b>1135.81</b>	1,051.45
Interest	299.93	262.57
Depreciation	152.17	139.42
<b>PBT</b>	<b>683.71</b>	649.46
<b>Taxation</b>		
-- Current	75.00	52.00
-- MAT Credit Entitlement	(75.00)	-Nil-
-- Deferred	19.00	24.00
-- Fringe Benefit Tax	20.00	17.00
-- Tax adjustment of previous year( net)	(1.22)	-Nil-
<b>PAT</b>	<b>645.93</b>	556.46
Balance in Profit & Loss Account brought forward from Previous Year	1185.89	838.91
Add: MAT Credit Entitlement for F.Y. 2005-06	52.00	-Nil-
Less: Adjustment made in accordance with the transitional provisions of AS-15 on Employees Benefit	(4.73)	-Nil-
Balance available for Appropriation	1879.09	1395.37
<b>Appropriations:</b>		
1st Interim Dividend	48.00	48.00
2nd Interim Dividend	48.00	-Nil-
Tax on Interim Dividends	14.90	6.74
Proposed Final Dividend	48.00	48.00
Tax on Proposed Final Dividend	8.16	6.74
General Reserve	150.00	100.00
Balance carried to Balance Sheet	1562.03	1,185.89

### PERFORMANCE

There has been a marginal decrease in Sales and Other income by 0.4% during 2006-07 as compared to 2005-06. Your Company achieved Sales and other income of Rs. 7046.02 lacs during 2006-07 as compared to Rs. 7074.20 lacs of 2005-06. The Company earned Profit before interest, depreciation and tax of Rs. 1135.81 lacs during the year under review as compared to Rs. 1051.45 lacs during previous financial year. Further, PBT is Rs. 683.71 lacs, during current financial year as compared to Rs. 649.46 lacs for the previous financial year.

### EXPORTS

Despite decrease in Export sales by 28.62% during 2006-07 as compared to that of 2005-06 the company has been able to achieve almost the same total turnover as that of previous year. The decline in exports is essentially on account of reduced exports related to CRT business.