



SHIVALIK BIMETAL CONTROLS LIMITED

25th Annual Report 2008-09



SBCL Plant at Chambaghat, Solan, Himachal Pradesh





ICS (Innovative Clad Solutions Private Limited) Plant at SEZ, Pithampur, District Dhar (M.P.) - SBCL's Joint Venture Company



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 |
| G.C. Prabhu | Director |

K.S. Negi

General Manager (Finance & Admn.)

Pooja Hiranandani

Company Secretary

Auditors :

Malik S & Co.
Chartered Accountants
New Delhi

Bankers :

Indian Bank
Standard Chartered Bank

Registrar & Transfer Agent

M/s MAS Services Ltd.
T - 34, IInd Floor,
Okhla Industrial Area, Phase - II,
New Delhi-110020
Tel. No.- (91) (11) 26387281, 26387282
Fax - (91) (11) 26387284
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 25th Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Wednesday, the 30th day of September, 2009 at 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 consider and adopt the Audited Balance Sheet as at 31st March, 2009, 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 2008-09.
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 Shri Gurmeet Singh Gill, 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 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 the increase in the remuneration from Rs. 32,500/- to Rs. 40,000/- per month of Shri Angad Sandhu, Mechanical Engineer, with effect from 1st day of January, 2009, plus other perquisites and benefits as per the Rules of the Company."

"RESOLVED FURTHER THAT the action of the Company for having made the payment of remuneration comprising salary and perquisites to Shri Angad Sandhu, w.e.f. 1st January, 2009, 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 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 the increase in the remuneration from Rs. 35,500/- to Rs. 43,000/- per month of Shri Kanav Anand, Assistant Manager (Marketing), with effect from 1st day of January, 2009, plus other perquisites and benefits as per the Rules of the Company."

"RESOLVED FURTHER THAT the action of the Company for having made the payment of remuneration comprising salary and perquisites to Shri Kanav Anand, w.e.f. 1st January, 2009, be and is hereby taken on record and ratified."

Place : New Delhi
Date : August 28, 2009

By order of the Board
For SHIVALIK BIMETAL CONTROLS LIMITED

Registered Office:
16-18, New Electronics Complex,
Chambaghat,
Distt. Solan (H. P.)

-Sd-
N.S. GHUMMAN
MANAGING DIRECTOR

**NOTES:**

1. A member entitled to attend and vote at the Annual General Meeting 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. The instrument appointing the 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. An Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, in respect of the special business to be transacted at the meeting 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.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from 26.09.2009 to 30.09.2009 (both days inclusive) for the purpose of Annual General Meeting.
6. Members 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.
T – 34, IInd Floor,
Okhla Industrial Area, Phase – II,
New Delhi-110020**

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. Members 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.
9. Members are requested to bring their Attendance Slip along with their copy of Annual report to the Meeting.



Annexure to Notice

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

Item No. 6

Shri Angad Sandhu, Mechanical Engineer of the Company, has been drawing remuneration of Rs. 32,500/- per month plus other perquisites w.e.f. 1st January, 2008. Now, in recognition of his dedicated hard work and contribution made, the consent of the Shareholders is sought for increase in remuneration payable / paid to Shri Angad Sandhu to the extent of Rs.40,000/- per month w.e.f. 1st January, 2009, in accordance with the prevailing norms of the industry.

Shri 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. Shri 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 Shri 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. Shri Angad Sandhu with his exposure in various aspects of process Engineering and Automation has effectively contributed in improving the efficiency of the Manufacturing Plant in general and also in enhancing the customer relationship. His scope of work covers his full involvement in the mechanical engineering aspects of the Company at plant.

The proposed increase in the remuneration payable to Shri Angad Sandhu is commensurate with his professional qualification; training and 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.

None of the Directors except Shri S. S. Sandhu, Chairman & Whole-time Director who is a relative of Shri Angad Sandhu, is interested in this resolution.

Item No. 7

Shri Kanav Anand, Assistant Manager (Marketing) of the Company, has been drawing remuneration of Rs. 35,500/- per month plus other perquisites w.e.f. 1st January, 2008. Now, in recognition of his dedicated hard work and contribution made, the consent of the Shareholders is sought for increase in remuneration payable / paid to Shri Kanav Anand to the extent of Rs.43,000/- per month w.e.f. 1st January, 2009, in accordance with the prevailing norms of the industry.

Shri Kanav Anand has done B. Sc. (Hons.) in Business and Management Studies from the University of Bradford, UK and is associated with the Company from the year 2003. Since he is relative of Shri D. J. S. Sandhu, Deputy 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. Shri Kanav Anand has developed good understanding in the field of marketing having an experience of more than 5 years in the field.

The remuneration proposed to be paid to Shri Kanav Anand is commensurate with his 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.

None of the Directors except Shri D. J. S. Sandhu, Deputy Managing Director of the Company, who is a relative of Shri Kanav Anand, 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 NO. 3 & 4 OF NOTICE)**

| Name of Director | Brief resume and nature of expertise in functional areas | List of Directorships/ Committees memberships as on 31st March 2009 in Other Companies |
|---------------------------|---|---|
| Brig. H. S. Sidhu (Retd.) | Brig. H. S. Sidhu has retired from Indian Army after serving over 30 years. He was awarded Vishist Sewa Medal. He has vast Administrative and HRD experience to his credit. | Nil |
| Shri Gurmeet Singh Gill | Shri G. S. Gill is qualified MBA having business experience in various Commercial Areas. | 1 |





DIRECTORS' REPORT



Dear Members,

Your Directors are pleased to present the 25th Annual Report and the Audited Accounts of the Company for the year ended 31st March, 2009.

SUMMARISED FINANCIAL RESULTS

| | Year 2008-09 (Rs. in Lacs) | Year 2007-08 (Rs. in Lacs) |
|--|-------------------------------|-------------------------------|
| Sales & Other income | 7,661.45 | 8,211.41 |
| Operating Expenditure | 6,776.09 | 7,046.28 |
| PBDIT | 885.36 | 1,165.13 |
| Interest | 319.06 | 294.71 |
| Depreciation | 157.21 | 159.96 |
| PBT | 409.09 | 710.46 |
| Provision for Taxes | 8.39 | 24.72 |
| PAT | 400.70 | 685.74 |
| Balance brought forward from Previous Year | 1,818.05 | 1,562.03 |
| Balance available for Appropriation | 2,218.75 | 2,247.77 |
| Appropriations: | | |
| 1st Interim Dividend | 38.40 | 57.61 |
| 2nd Interim Dividend | - | 48.00 |
| Proposed Final Dividend | 48.00 | 48.00 |
| Tax on Dividends | 14.69 | 26.11 |
| General Reserve | 250.00 | 250.00 |
| Balance carried to Balance Sheet | 1,867.66 | 1,818.05 |

PERFORMANCE

Due to Global Recession, there has been a marginal decrease of 6.70 % in sales and other income during the FY 2008-09 as compared to FY 2007-08. Your Company has achieved sales and other income of Rs. 7,661.45 Lacs during the FY 2008-09 as compared to Rs. 8,211.41 Lacs during the FY 2007-08. The Company earned Profit before interest, depreciation and tax (PBDIT) of Rs. 885.36 Lacs during the year under review as compared to Rs. 1,165.13 Lacs during previous financial year. During the current financial year, Profit before tax (PBT) of your company is Rs. 409.09 Lacs as compared to Rs. 710.46 Lacs of the previous financial year.

Your Directors with their continuous efforts have been able to standoff the onslaught of recession to a great extent.

DIVIDEND

Your directors are pleased to recommend for approval of the members a Final dividend of Re. 0.25 per share on 1,92,01,400 equity shares of Rs. 2/- each of the company for the financial year 2008-09. The Final Dividend, if declared as above, would involve an outflow of Rs. 48.00 Lacs towards Dividend and Rs. 8.16 Lacs towards dividend tax, resulting in a total outflow of Rs. 56.16 Lacs.

TRANSFER TO RESERVES

The Company proposes to transfer Rs. 250.00 Lacs to the General Reserve out of the amount available for appropriations and an amount of Rs. 1,867.66 Lacs is proposed to be retained in the Profit & Loss Account.



EXPANSION / DIVERSIFICATION

Your Company has been pursuing various expansion / diversification plans in the past. The brief details about the various expansion / diversification plans undertaken by your company are as under:

JOINT VENTURE WITH CHECON CORPORATION, USA

As reported by your directors in the last reports, the Joint Venture Company named Checon Shivalik Contact Solutions Pvt. Ltd. (CSCS) in which your company has 50% share has achieved Sales and other income of Rs. 1,053.45 Lacs during the financial year 2008-09 as compared to Rs. 769.20 Lacs during the financial year 2007-08. The Company has procured and successfully Installed Brazing Line and Roll Forming Machine which facilitates the manufacture of the basic raw material required for the Co.'s products.

The Investment of your Company in Checon Shivalik Contact Solutions Pvt. Ltd. as on 31.03.09 stands at Rs. 118.95 Lacs. CSCS is exploring the possibility of further expansion.

JOINT VENTURE WITH ARCELORMITTAL STAINLESS & NICKEL ALLOYS, FRANCE (ARCELORMITTAL) AND DNICK HOLDING PLC. UK (DNICK)

The Joint Venture Company named Innovative Clad Solutions Pvt. Ltd., (ICS) in which your Company has 33.33 % share was incorporated in the year ended March, 2008 for the setting up of a facility at SEZ, Pithampur, Indore (India) for the manufacturing of Clad metals. Construction work of factory building is at final stage of completion and 90 % of the equipment, plant & machinery has arrived at the site. The Trial Runs are expected to commence in September, 2009 and after successful completion of Trial Runs period, the Commercial Production is expected to commence by 1st week of October, 2009.

The Cost of Project stands at Rs. 4,512.00 Lacs and as part of Equity participation, the JV Partners have brought in the aggregate sum of Rs. 2,256.00 Lacs (i.e. Rs. 752.00 Lacs by each JV Partner). Accordingly, the Investment of your Company in Innovative Clad Solutions Pvt. Ltd. as on 31.03.09 stands at Rs. 752.00 Lacs.

ICS has introduced itself to major potential Customers across the globe and samples have been provided to some of them with assistance of JV Partners.

SUBSIDIARY COMPANY

Shivalik Bimetal Engineers Pvt. Ltd. (SBEPL), the Wholly Owned Subsidiary of your Company earned a profit of Rs. 0.40 Lacs during the year under review. The Balance Sheet of SBEPL, as at 31st March, 2009, its Profit & Loss Account for the year ended on that day and the Reports of Directors and Auditors thereon and a statement in terms of Section 212 of the Companies Act, 1956 are attached to the Annual Accounts and form part of the Annual Report.

DEPOSITS

During the year under review, your Company did not accept any public 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 devotion of duty and sincere efforts and 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 Shri Gurmeet Singh Gill are to retire by rotation and being eligible offer themselves for re-appointment.