



SHIVALIK BIMETAL CONTROLS LIMITED



BOARD OF DIRECTORS

S.S. Sandhu
Chairman

N.S. Ghumman
Managing Director

D.J.S. Sandhu, Dy. Managing 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
CFO-Corporate

Pooja Hiranandani
Company Secretary

Auditors :

Malik S & Co.
Chartered Accountants
New Delhi

Bankers :

Indian 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-110019



SHIVALIK BIMETAL CONTROLS LIMITED



CONTENTS

Page No.

♦ Notice to the members	1
♦ Annexure to Notice	3
♦ Directors' Report	5
♦ Annexure to Directors' Report	10
♦ Management Discussion & Analysis	12
♦ Report on Corporate Governance	14
♦ Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificate	23
♦ Auditors' Certificate on Corporate Governance	24
♦ Auditors' Report on Financial Statements	25
♦ Balance Sheet	28
♦ Profit & Loss Account	29
♦ Cash Flow Statement	30
♦ Schedules forming part of Balance Sheet & Profit & Loss Account	31
♦ Significant Accounting Policies & Notes to Accounts	36
♦ Statement Under Section 212	48
♦ Auditors' Report on Consolidated Financial Statements	49
♦ Consolidated Balance Sheet	50
♦ Consolidated Profit & Loss Account	51
♦ Consolidated Cash Flow Statement	52
♦ Schedules forming part of Consolidated Balance Sheet and Profit & Loss Account	53
♦ Significant Accounting Policies and Notes to Consolidated Accounts	57
♦ Accounts of Subsidiary Company	63



NOTICE TO THE MEMBERS



NOTICE is hereby given that the 26th Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Friday, the 24th day of September, 2010 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, 2010, 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 2009-10.**
3. **To appoint a Director in place of Shri Anil K. Sud, who retires by rotation and being eligible offers himself for re-appointment.**
4. **To appoint a Director in place of Shri 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 Special Resolution:**

“RESOLVED THAT, in accordance with the provisions of the section 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) and subject to approval of the Central Government, as may be required and subject to such conditions or modifications as may be prescribed or imposed by the Central Government, while granting such approval and which may be agreed to and accepted by the Board of Directors of the Company and Shri N. S. Ghumman, Managing Director of the Company, consent of the Company be and is hereby accorded for the increase in the remuneration of Shri N. S. Ghumman, Managing Director of the Company, from the present level of Rs. 3,00,000/- per month to Rs. 3,60,000/- per month w.e.f. 1st April, 2010 for a period of one year upto and including 31st March, 2011, and on account of assignment of Key Man Insurance Policies with surrender values not exceeding Rs. 194.00 Lacs in aggregate, on the following terms and conditions:-

A. SALARY:

The Managing Director's annual salary will be Rs. 43.20 Lacs (excluding perquisites), with authority to the Board of Directors of the Company to give annual increments not exceeding 20 % of the immediately previously drawn salary and payable in twelve (12) equal monthly installments, for a period of 3 years. All Payments received by the Managing Director pursuant to his appointment as Managing Director would be subject to applicable statutory deductions including tax deduction at source as applicable under the provisions of the Income Tax Act and the Rules made thereunder.

B. HOUSING:

House Rent Allowance may be provided by the Company subject to ceiling of 60% of basic salary.

OR

The Company may provide Rent Free Accommodation together with, in part or in full, Furniture and Fittings that's needed to set up home such as electrical appliances, air conditioners etc. during the tenure of Managing Director.

C. PERQUISITES:

- a. Medical Reimbursement: - Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.

- b. Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- c. Club Fee: - Fee of Clubs subject to a maximum of two clubs provided that no life membership or admission fees will be allowed.
- d. Personal Accident Insurance: - Premium as per Rules of the Company.
- e. Company's contribution towards pension / superannuation as per Rules of the Company for the time being in force but such contribution together with Provident Fund shall not exceed 25% of the salary or such other increased amount provided that the same is not taxable under the Income Tax Act.
- f. Company's Contribution towards Provident Fund as per Rules of the Company for the time being in force but not to exceed 12% of the salary.
- g. Gratuity not exceeding half month's salary for each completed year of service, subject to a ceiling as per provisions of payment of Gratuity Act, 1972.
- h. Free use of telephone at residence but long distance personal calls shall be billed by the company.
- i. Free use of company's car with Driver for the business of the Company.
- j. Earned / Privilege Leave : One month's leave with full pay and allowances, for every 11 months of service subject to the condition that leave accumulated but not availed of during his tenure may be allowed to be encashed as per rules of the company.
- k. Key man Insurance Policies at the surrender value as on date of assignment.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to take all actions and do all such deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and settle any question, difficulty or doubt that may arise in this regard."

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

"RESOLVED THAT, in accordance with the provisions of the section 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) and subject to approval of the Central Government, as may be required and subject to such conditions or modifications as may be prescribed or imposed by the Central Government, while granting such approval and which may be agreed to and accepted by the Board of Directors of the Company and Shri S. S. Sandhu, Chairman and Whole Time Director of the Company, consent of the Company be and is hereby accorded for the increase in the remuneration of Shri S. S. Sandhu, Chairman and Whole Time Director of the Company, from the present level of Rs. 3,00,000/- per month to Rs. 3,60,000/- per month w.e.f. 1st April, 2010 for a period of one year upto and including 31st March, 2011, and on account of assignment of Key Man Insurance Policies with surrender values not exceeding Rs. 178.00 Lacs in aggregate, on the following terms and conditions:-

A. SALARY:

The Whole Time Director's annual salary will be Rs. 43.20 Lacs (excluding perquisites), with authority to the Board of Directors of the Company to give annual increments not exceeding 20 % of the immediately previously drawn salary and payable in twelve (12) equal monthly installments, for a period of 3 years. All Payments received by the Whole Time Director pursuant to his appointment as Whole Time Director would be subject to applicable statutory deductions including tax deduction at source as applicable under the provisions of the Income Tax Act and the Rules made thereunder.

B. HOUSING:

House Rent Allowance may be provided by the Company subject to ceiling of 60% of basic salary.

OR

The Company may provide Rent Free Accommodation together with, in part or in full, Furniture and Fittings that's needed to set up home such as electrical appliances, air conditioners etc. during the tenure of Whole Time Director.

C. PERQUISITES:

- a. Medical Reimbursement: - Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- b. Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- c. Club Fee: - Fee of Clubs subject to a maximum of two clubs provided that no life membership or admission fees will be allowed.
- d. Personal Accident Insurance: - Premium as per Rules of the Company.
- e. Company's contribution towards pension / superannuation as per Rules of the Company for the time being in force but such contribution together with Provident Fund shall not exceed 25% of the salary or such other increased amount provided that the same is not taxable under the Income Tax Act.
- f. Company's Contribution towards Provident Fund as per Rules of the Company for the time being in force but not to exceed 12% of the salary.
- g. Gratuity not exceeding half month's salary for each completed year of service, subject to a ceiling as per provisions of payment of Gratuity Act, 1972.
- h. Free use of telephone at residence but long distance personal calls shall be billed by the company.
- i. Free use of company's car with Driver for the business of the Company.
- j. Earned / Privilege Leave : One month's leave with full pay and allowances, for every 11 months of service subject to the condition that leave accumulated but not availed of during his tenure may be allowed to be encashed as per rules of the company.
- k. Key man Insurance Policies at the surrender value as on date of assignment.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to take all actions and do all such deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and settle any question, difficulty or doubt that may arise in this regard."

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

"RESOLVED THAT, in accordance with the provisions of the section 198, 309 and 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof for the time being enforce) and subject to approval of the Central Government, as may be required and subject to such conditions or modifications as may be prescribed or imposed by the Central Government, while granting such approval and which may be agreed to and accepted by the Board of Directors of the Company and Shri D. J. S. Sandhu, Deputy Managing Director of the Company, consent of the Company be and is hereby accorded for the increase in the remuneration of Shri D. J. S. Sandhu, Deputy Managing Director of the Company, from the present level of Rs. 2,50,000/- per month to Rs. 3,00,000/- per month w.e.f. 1st April, 2010 for a period of one year upto and including 31st March, 2011, and on account of assignment of Key Man Insurance Policies with surrender values not exceeding Rs. 148.50 Lacs in aggregate, on the following terms and conditions:-

A. SALARY:

The Deputy Managing Director's annual salary will be Rs. 36.00 Lacs (excluding perquisites), with authority to the Board of Directors of the Company to give annual increments not exceeding 20 % of the immediately previously drawn salary and payable in twelve (12) equal monthly installments, for a period of 3 years. All Payments received by the Deputy

Managing Director pursuant to his appointment as Deputy Managing Director would be subject to applicable statutory deductions including tax deduction at source as applicable under the provisions of the Income Tax Act and the Rules made thereunder.

B. HOUSING:

House Rent Allowance may be provided by the Company subject to ceiling of 60% of basic salary.

OR

The Company may provide Rent Free Accommodation together with, in part or in full, Furniture and Fittings that's needed to set up home such as electrical appliances, air conditioners etc. during the tenure of Deputy Managing Director.

C. PERQUISITES:

- a. Medical Reimbursement: - Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three years.
- b. Leave Travel Concession for self and family once in a year in accordance with the Rules of the Company.
- c. Club Fee: - Fee of Clubs subject to a maximum of two clubs provided that no life membership or admission fees will be allowed.
- d. Personal Accident Insurance: - Premium as per Rules of the Company.
- e. Company's contribution towards pension / superannuation as per Rules of the Company for the time being in force but such contribution together with Provident Fund shall not exceed 25% of the salary or such other increased amount provided that the same is not taxable under the Income Tax Act.
- f. Company's Contribution towards Provident Fund as per Rules of the Company for the time being in force but not to exceed 12% of the salary.
- g. Gratuity not exceeding half month's salary for each completed year of service, subject to a ceiling as per provisions of payment of Gratuity Act, 1972.
- h. Free use of telephone at residence but long distance personal calls shall be billed by the company.
- i. Free use of company's car with Driver for the business of the Company.
- j. Earned / Privilege Leave : One month's leave with full pay and allowances, for every 11 months of service subject to the condition that leave accumulated but not availed of during his tenure may be allowed to be encashed as per rules of the company.
- k. Key man Insurance Policies at the surrender value as on date of assignment.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to take all actions and do all such deeds, matters and things, as they may in their absolute discretion deem necessary, proper or desirable and settle any question, difficulty or doubt that may arise in this regard."

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 (1B) and other applicable provisions, if any, of the Companies Act, 1956 read with Directors' Relative (Office or Place of Profit) Rules, 2003, or any amendment or substitution thereof and subject to the approval of the Central Government, consent of the Company be and is hereby accorded for increase in the remuneration of Shri Angad Sandhu, a relative of Shri S. S. Sandhu, Chairman & Whole Time Director of the Company, for holding and continue to hold office or place of profit in the Company as Business Development Manager, from Rs. 4,80,000/- per annum to Rs. 6,00,000/- per annum, w.e.f. 1st January, 2011 or from such date as the Central Government may approve, on the following terms and conditions:

- (i) Salary : Rs. 6,00,000/- per annum, with a provisions for increase in salary of not more than 20 % per annum over the previous year.

- (ii) Such other allowances, perquisites, benefits and amenities as applicable to the Company's Executives in the similar grade.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to make and submit applications to the Central Government or any other statutory authority as may be required, settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds and things and sign and execute all documents or writings as may be necessary, proper and expedient for the purpose of giving effect to this resolution including such modifications, where necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval."

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 (1B) and other applicable provisions, if any, of the Companies Act, 1956 read with Directors' Relative (Office or Place of Profit) Rules, 2003, or any amendment or substitution thereof and subject to the approval of the Central Government, consent of the Company be and is hereby accorded for increase in the remuneration of Shri Kanav Anand, a relative of Shri D. J. S. Sandhu, Deputy Managing Director of the Company, for holding and continue to hold office or place of profit in the Company as Assistant General Manager (Marketing), from Rs. 5,16,000/- per annum to Rs. 6,36,000 /- per annum, w.e.f. 1st January, 2011 or from such date as the Central Government may approve, on the following terms and conditions:

- (i) Salary : Rs. 6,36,000/- per annum, with a provisions for increase in salary of not more than 20 % per annum over the previous year.
- (ii) Such other allowances, perquisites, benefits and amenities as applicable to the Company's Executives in the similar grade.

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to make and submit applications to the Central Government or any other statutory authority as may be required, settle any question, difficulty or doubt, that may arise in giving effect to this resolution, do all such acts, deeds and things and sign and execute all documents or writings as may be necessary, proper and expedient for the purpose of giving effect to this resolution including such modifications, where necessary, to the above terms of remuneration as the Central Government may suggest or require while granting approval."

11. 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 appointment of Brig. J. M. Singh (Retd.), a relative of Shri N. S. Ghumman, Managing Director of the Company, to hold an office or place of profit as Executive Director (now designated as Chief - HR & Administration w.e.f. 27th July, 2010) of the Company with effect from 1st August, 2009, on a remuneration of Rs. 40,000/- per month plus other perquisites and benefits as per Rules of the Company."

"RESOLVED FURTHER THAT the action of the Company for giving its consent to the appointment of Brig. J. M. Singh (Retd.) as Executive Director and for having made the payment of remuneration of Rs. 40,000/- per month w.e.f. 1st August, 2009 be and is hereby taken on record and ratified."

Place : New Delhi
Date : August 17, 2010

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 20.09.2010 to 24.09.2010 (both days inclusive) for the purpose of Annual General Meeting.
6. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participants with whom the members are maintaining their demat accounts.
7. Members holding shares in physical form are advised to send all the requests regarding 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's Head Office / Registered Office / RTA by quoting their Folio Number. Members must quote their Folio No. in all correspondence.

8. Members desirous of obtaining any information relating to accounts and operations 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.
9. All documents referred to in the accompanying notice and the explanatory statements are available at the Registered Office of the Company.
10. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Annual General Meeting.
11. In case of joint holders attending the Annual General Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

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 (C) 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 an increase of 5.45 % in sales and other income during the FY 2009-10 as compared to FY 2008-09. The Company achieved sales and other income of Rs. 7,908.36 lacs during the FY 2009-10 as compared to Rs. 7,499.47 lacs during the FY 2008-09.

The total foreign exchange earned by the Company as on 31st March 2010 comes to Rs. 1944.76 lacs and the total foreign exchange spent by the Company during the same period aggregate to a sum of Rs. 2,885.06 lacs.

A 100% subsidiary company named Shivalik Bimetal Engineers Pvt. Ltd. (SBEPL) was incorporated on 27th February, 2008 for providing Technical and Engineering Service. During the financial year 2009-10, SBEPL has earned total income of Rs. 0.35 lacs (Net of Service Tax) from providing Technical & Engineering Services.

The Joint Venture Company named Checon Shivalik Contact Solutions Pvt. Ltd. has achieved sales and other income of Rs. 586.40 lacs during the FY 2009-10 as compared to Rs. 918.99 lacs during the FY 2008-09. The Company's investment in the said Joint Venture Company stands at Rs. 118.95 lacs as on 31.03.2010.

The Joint Venture Company named Innovative Clad Solutions Pvt. Ltd. (ICS) in which your Company has 33.33 % share has set up manufacturing unit at Pithampur, District Dhar in Madhya Pradesh, India for manufacturing Industrial Clad Products and has commenced its commercial production w.e.f. 02.02.2010 in the FY 2009-10. During the period of operations from 02.02.2010 to 31.03.2010, ICS has achieved sales and other income of Rs. 13.97 Lacs resulting into loss of Rs. 184.16 Lacs. The Company's investment in the said Joint Venture Company stands at Rs. 827.00 lacs as at 31.03.2010.

Other information

The Company's PBT and PAT for year ended 31st March 2010 are Rs. 691.24 lacs & Rs. 510.90 lacs as against Rs. 409.09 lacs & Rs. 400.70 lacs for the year ended 31st March 2009 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.

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

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

Disclosure

The Company through this notice is informing the shareholders of the Company regarding assignment of Keyman Insurance Policies (KMIPs) and increase in the remuneration packages of Shri N. S. Ghumman, Managing Director, from Rs. 3.00 lacs to Rs. 3.60 lacs per month, Shri S. S. Sandhu, Chairman and Whole-time Director from Rs. 3.00 lacs to Rs. 3.60 lacs per month and Shri D. J. S. Sandhu, Deputy Managing Director from Rs. 2.50 lacs to Rs. 3.00 lacs per month w.e.f. 1st April 2010 for a

period of 1 year, with authority to the Board of Directors of the Company to give annual increments, for a period of 3 years, not exceeding 20 % of the immediately previously drawn salary and payable in twelve (12) equal monthly installments.

As required under sub clause (ii) of first proviso of clause (C) 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 Shri N. S. Ghumman, Managing Director

Shri N. S. Ghumman, Managing Director of the Company has been drawing a remuneration of Rs. 3,00,000/- per month plus other perquisites w.e.f. 1st April 2008. Now the Company intends to increase his remuneration to the extent Rs. 3,60,000/- per month for a period of 1 years i.e. from 1st April 2010 to 31st March 2011, with annual increments of not exceeding 20 % of the immediately previously drawn salary, payable in twelve (12) equal monthly installments for each of the financial years 2011-12 & 2012-13, as a Managing Director of the Company.

The Board has made a reference to the Remuneration Committee to consider the increase in the remuneration and assignment of 3 Key Man Insurance Policies, taken on the life of the Managing Director of the Company, to Shri N. S. Ghumman, as on assignment of KMIPs, the surrender value of KMIPs will be regarded as managerial remuneration and will be included as emoluments of Shri N. S. Ghumman for the financial year 2010-2011 in which such assignment takes place, which will exceed the aggregate limits of remunerations payable to all the directors of the company as provided in Schedule XIII of the Companies Act, 1956.

The Remuneration Committee in its meeting held on 14th December, 2009 has since approved the increase in the remuneration payable to Managing Director from Rs. 3,00,000/- to Rs. 3,60,000/- per month for a period of 1 years w.e.f. 1st April 2010, with annual increments of not exceeding 20 % of the immediately previously drawn salary, payable in twelve (12) equal monthly installments, for a period of 3 years, in recognition of his dedicated hard work and contribution, subject to approval of the shareholders in the forthcoming General Body Meeting and approval of Central Government.

The Remuneration Committee also approved the assignment of 3 Key Man Insurance Policies, taken on the life of Shri N. S. Ghumman, with surrender value of not exceeding Rs. 194.00 Lacs in the financial year 2010-2011, in which such assignment takes place.

Further, the Company has made application to the Central Government for its approval for revision in remuneration of Shri N. S. Ghumman, Managing Director of the Company, as per the accompanying Notice.

Shri N. S. Ghumman, is a Graduate Engineer BE (Hons.). He is the promoter of the Company and has been the Managing Director of the Company since its inception. He has experience spread over 38 years in the field of Corporate, Financial Management, Administration, International Business and other Commercial Areas. He being a technical person is also responsible for production and technical related aspects. Prior to becoming Promoter-Director of the Company, he was the Chief Engineer in M/s Tradex Gestion SA General of Switzerland. During his tenure the company has diversified in many fields.

He is responsible to oversee production aspects of the Company at plant in Solan (Himachal Pradesh). He is the key instrumental for diversifying the Company in many fields and to reach at this level.

In this connection, it would be worthwhile to mention that during the tenure of his association as the Managing Director, the Company has shown growth all around, and has successfully diversified into new areas and has undertaken substantial expansion of the Company's Existing Industrial units in accordance with Industrial Policy notified by the Government from time to time. The Company has consolidated in its core area of industrial activity. There has been continuous increase in exports by the Company. The Company with sustained efforts of the management, supported by team of dedicated personnel, is successfully managing and implementing the tools of cost controls, cost reduction, productivity planning etc. The Company is entering into various International markets which are offering promising opportunities.

The proposed increase in the remuneration payable to Shri N. S. Ghumman 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. Shri N. S. Ghumman is a relative of Shri S. S. Sandhu, Chairman and Whole-time