

28th Annual Report 2011-12



**SHIVALIK BIMETAL
CONTROLS LIMITED**





BOARD OF DIRECTORS

Board of Directors : Mr. S.S. Sandhu, Chairman
Mr. N.S. Ghumman, Managing Director
Mr. D.J.S. Sandhu, Dy. Managing Director
Mr. S.C. Verma, Director
Mr. A.K. Sud, Director
Mr. Rohit Kapoor, Director
Mr. G.S. Gill, Director
Mr. N.J.S. Gill, Director
Mr. G.C. Prabhu, Director

CFO-Corporate : Mr. K.S. Negi
Company Secretary : Mr. Ram Pravesh

Registered 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

Statutory Auditors : Malik S & Co.,
Chartered Accountants,
New Delhi

Bankers : Indian Bank

Registrar & Share Transfer Agent : M/s MAS Services Ltd.
T – 34, IInd Floor,
Okhla Industrial Area, Phase – II,
New Delhi-110020,
Tel No.: (91) (11) 26387281, 266387282
Fax: (91) (11) 26387384
Email: info@masserv.com



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Important Communication to Members

The Ministry of Corporate Affairs has taken a 'Green Initiative in the Corporate Governance' by allowing paperless Compliances by the Companies and has issued circular stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to provide / update their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members holding shares in physical form are requested to fill the Registration Form (refer page 56 of the Annual Report) and register the same with the Company by sending the same at the Registered Office or Head Office of the Company. Members can also intimate / update their e-mail address to the Company by sending an e-mail at investor@shivalikbimetals.com.



NOTICE TO THE MEMBERS

NOTICE is hereby given that the 28th Annual General Meeting of the Members of Shivalik Bimetal Controls Limited will be held on Wednesday, the 26th day of September, 2012 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, 2012, Statement of Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Gurmeet Singh Gill, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. S. C. Verma, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

Place : Solan (H.P.)
Date : August 09, 2012

By order of the Board
For SHIVALIK BIMETAL CONTROLS LIMITED

Registered Office:
16-18, New Electronics Complex,
Chambaghat,
Distt. Solan

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. 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.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from 20.09.2012 to 26.09.2012 (both days inclusive) for the purpose of Annual General Meeting.
5. 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.

6. 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.
7. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Annual General Meeting.
8. 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.
9. The Ministry of Corporate Affairs has taken a 'Green Initiative in the Corporate Governance' by allowing paperless Compliances by the Companies and has issued circular stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members are requested to provide / update their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants or send an e-mail at info@masserv.com or investor@shivalikbimetals.com to get the Annual Report and other documents on such e-mail address. Members holding shares in physical form are also requested to intimate their e-mail address to MAS Services Limited either by e-mail at info@masserv.com or investor@shivalikbimetals.com or by sending a communication at the Registered Office or Head Office of the Company or at the address mentioned below:

**M/s MAS Services Ltd.
T – 34, IInd Floor,
Okhla Industrial Area, Phase – II,
New Delhi-110020**



**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. 2 & 3 OF NOTICE)**

Name of Director	Brief resume and nature of expertise in functional areas	List of Directorships / Committees memberships as on 31st March, 2012 in other Companies
Mr. Gurmeet Singh Gill	Mr. Gurmeet Singh Gill is qualified MBA having business experience in various Commercial Areas. He is on the Board of the Company since the year 1998.	1
Mr. S. C. Verma	Mr. S. C. Verma is a Fellow Member of ICAI. He possesses good Professional knowledge and rich experience in the field of Finance, Taxation and Corporate Laws. He is on the Board of the Company since 2000.	Nil



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 28th Annual Report and the Audited Accounts of the Company for the financial year ended 31st March, 2012.

SUMMARISED FINANCIAL RESULTS:

	YEAR 2011-12 (₹ in Lacs)	YEAR 2010-11 (₹ in Lacs)
Sales & Other income	8,454.36	9,506.68
Exceptional Income (Net of Expenses)	306.85	0.41
Total Sales & Exceptional Income	8,761.21	9,507.09
Operating Expenditure	7,796.97	8,135.99
PBDIT	964.24	1,371.10
Finance Charges	373.16	310.47
Depreciation	216.21	189.75
PBT	374.87	870.88
Provision for Taxes	111.43	227.70
PAT	263.45	643.18
Balance brought forward from Previous Year	2,436.78	2,027.65
Balance available for Appropriation	2,700.23	2,670.83
Appropriations:		
Interim Dividend	-	76.81
Proposed Final Dividend	-	38.40
Tax on Dividends	-	18.84
General Reserve	100.00	100.00
Balance carried to Balance Sheet	2600.23	2,436.78
Earning per Equity Share (Basic / Diluted) (₹ per Equity Share)	1.37	3.35

PERFORMANCE

There has been a decrease of 11.07 % in sales and other income during the FY 2011-12 as compared to FY 2010-11. Your Company has achieved sales and other income of ₹ 8,454.36 Lacs during the FY 2011-12 as compared to ₹ 9,506.68 Lacs during the FY 2010-11. The Company earned Profit before interest, depreciation and tax (PBDIT) of ₹ 964.24 Lacs during the year under review as compared to ₹ 1,371.10 Lacs during previous financial year. During the current financial year, Profit before tax (PBT) of your company is ₹ 374.87 Lacs as compared to ₹ 870.88 Lacs of the previous financial year.

The year 2011-12 was marked by growing global uncertainties. Global recovery has stalled, growth prospects have dimmed and downside risks have escalated. The growth of the Indian Economy has also slowed down and the GDP growth is 6.9 % in 2011-12 as compared to 8.4 % in 2010-11.

The reason for decrease in PBT, primarily has been the high volatility of the foreign exchange rates, besides inflationary pressures, increase in raw material consumption cost and increased cost of borrowings. Further, the Company has written off ₹ 148.85 Lacs towards the long outstanding dues from an overseas customer since the same is not realizable after putting all the efforts.

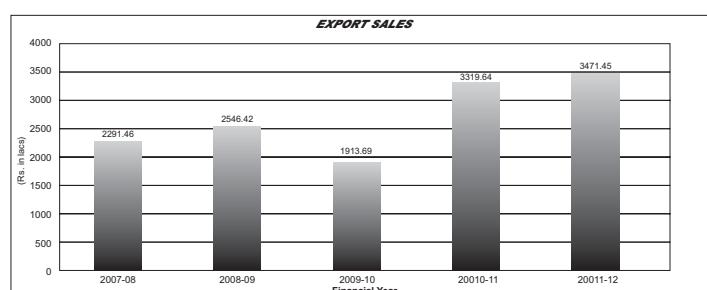
In the state of inflationary economy and to save additional interest costs, your directors have decided to deploy Company's

own funds in expansion programme, wherever possible. Accordingly, the Company has realized a sum of ₹ 515.19 Lacs from encashment of Keyman Insurance Policies, which stands reflected (net of exceptional expenses) under the head 'Exceptional Income' in the Statement Profit & Loss Account of the Company.

It is a matter of record that in view of depressed operating results of the company and on going expansion programme, Your Directors have foregone 70% of their entitlement, amount to ₹ 62.64 Lacs as Director remuneration and opted to avail only 30% of increased remuneration as approved the Central Government for the FY 2011-12.

EXPORTS

Your Directors are happy to report that the Company has achieved Export Turnover during the FY 2011-12 to the tune of ₹ 3471.45 Lacs as compared to ₹ 3,319.64 Lacs during the previous year, thus registering an increase in the exports by 4.57 %. The Company is certainly endeavoring to enhance its presence in the international market, once the Unit-IV is fully operational with its cold bonded technology with wider width material.



EXPANSION

As reported by your directors in the previous annual report, the Company was in the process of setting up a new Industrial Undertaking, 'UNIT-IV' for manufacturing of Cold bonded Clad strips of larger width and parts under the Cold Bonded process at Solan, Himachal Pradesh. The Directors are happy to inform about the commencement of Commercial production of UNIT IV at a rented premises, during the FY ended 31st March, 2012. The profits derived from this Unit shall be eligible for Tax Holiday for 10 years in accordance with relevant laws.

In the due course of time, Unit-IV shall be fully operational at its own factory (construction in respect of which is to begin shortly on the Land purchased by the Company on the Solan-Shimla Highway).

TRANSFER TO RESERVES

The Company proposes to transfer ₹ 100.00 Lacs to the General Reserve out of the amount available for appropriations and an amount of ₹ 2600.23 Lacs is proposed to be retained in the Profit & Loss Account.

JOINT VENTURE & ASSOCIATES

JOINT VENTURE WITH CHECON CORPORATION, USA

As reported by your directors in the last reports, the Joint Venture Company named Checon Shivalik Contact Solutions Private Limited (CSCS) in which your company has 50% share has achieved Sales and other income of ₹ 952.24 Lacs during the financial year 2011-12 as compared to ₹ 1,163.41 Lacs during the financial year 2010-11.

The Company's major customer has stopped the purchase of its material because of change in product range of contacts, which resulted in decrease of sales.

During the year, CSCS has procured and successfully installed Bonding Mill for Silver Inlay manufacturing capabilities and successfully installed other related equipment required for Inlay manufacturing like Annealing Line, Slitting Line, Brushing facilities etc. Apart from this, CSCS has acquired wire drawing machine which has been successfully installed and made operational at plant. This facility has not only given CSCS advantage of holding required raw materials in common size but also to reduce the cost of incoming materials.

The Investment of your Company in CSCS as on 31.03.2012 stands at ₹ 118.95 Lacs (previous year ₹ 118.95 Lacs).



ASSOCIATES

INNOVATIVE CLAD SOLUTIONS PRIVATE LIMITED

As reported by your directors in the last reports, the Joint Venture Company named Innovative Clad Solutions Pvt. Ltd. (ICS) in which your Company had 33.33% share has a manufacturing unit at Pithampur, District Dhar in Madhya Pradesh, India for manufacturing Industrial Clad Products.

The Joint Venture Agreement dated 15th February, 2008 entered between the three JV Parties, namely APERAM, DNICK and SHIVALIK had been terminated in terms of the 'Termination Notice' issued on 4th October, 2011 by APERAM and SHIVALIK, after the hostile acquisition of DNICK by Dr. Platt / Wicked Westfalenstahl GmbH which is a competitor of ICS in the International market.

SHIVALIK had relinquished its right to acquire half of the Shareholding of DNICK in ICS and it was further agreed between APERAM and SHIVALIK that the shares of DNICK in the Share Capital of ICS would be taken over by APERAM.

Consequent to exit of a JV partner from Innovative Clad Solutions Pvt. Ltd. (ICS) (wherein there were three JV partners holding 1/3rd equity each) and modified terms between the remaining two JV partners, the Company's equity holding stands reduced to 26.78% from that of 1/3rd, as such the Company's interest in ICS stands modified to an 'Associate Company' from that of a 'JV Company' as per AS-27 as "Financial Reporting of interest in Joint Ventures" issued by ICAI.

ICS, the Associate Company has achieved Sales and other income of ₹ 474.97 Lacs during the financial year 2011-12 as compared to ₹ 136.01 Lacs during the financial year 2010-11. This being a Greenfield project, the process of stabilization of manufacturing operation took somewhat more time and now ICS is out of this phase and it has ample orders in hand and has a bright future.

The Investment of your Company in ICS as on 31.03.2012 stands at ₹ 1512.00 Lacs (previous year ₹ 1052.00 Lacs).

SHIVALIK BIMETAL ENGINEERS PRIVATE LIMITED

Shivalik Bimetal Engineers Private Limited (SBEPL), the Associate Company earned a profit of ₹ 0.18 Lacs during the year under review.

SBEPL, the Associate Company was initially engaged in the business of providing technical services relating to development of Tools, Dies and Design and other services has set up Dies and Tools manufacturing facilities during the year, in Solan, Himachal Pradesh.

PUBLIC 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

In the year under review, your company continued to lay emphasis on organization and colleague development and maintained healthy, cordial and harmonious industrial relations at all levels. Colleague relations remained healthy and satisfactory during the period. Employees are our vital and most valuable assets. We have created a favorable work environment that encourages innovation and meritocracy. The enthusiasm and unstinting efforts of the employees have enabled your Company to remain at the forefront of the industry. Your Directors record their whole hearted appreciation for this hard work, efficiency, devotion of duty and sincere efforts and contributions made by all at respective levels of operations of your Company during the year.

DIRECTORS

In accordance with the requirements of Companies Act, 1956 and Article 142 of the Articles of Association of the Company, Mr. Gurmeet Singh Gill and Mr. S. C. Verma are to retire by rotation at the ensuing Annual General Meeting and, being eligible, have offered themselves for re-appointment.