



BIMETAL BEARINGS

LIMITED

REPORT

AND

ACCOUNTS





BIMETAL BEARINGS LIMITED

DIRECTORS

Mr. A. KRISHNAMOORTHY, (*Chairman & Managing Director*)

Mr. A. K. SIVARAMAKRISHNAN,

Mr. N. VENKATARAMANI,

Mr. A. B. AVERY,

Mr. K.A. ARJUNAN,

Mr.S. GOPINATH RAO.

MD	✓		BKC	✓
CS	✓		DPY	N/A
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

SECRETARY

Mr. M.V. SWAMINATHAN.

AUDITORS

Messrs. PRICE WATERHOUSE, CHENNAI

BANKERS

CENTRAL BANK OF INDIA

LEGAL ADVISERS

Messrs. KING & PARTRIDGE, CHENNAI

Messrs. K. V. NARAYANASWAMI, COIMBATORE

K.N.V. RAMANI & SHANKAR, COIMBATORE

REGISTRARS AND TRANSFER AGENTS

Messrs. GNSA INVESTOR SERVICES (P) Ltd.,

66, 4th AVENUE, ASHOK NAGAR, CHENNAI 600 083.

REGISTERED OFFICE

STRIP MILL PLANT

"HUZUR GARDENS", SEMBIAM, CHENNAI 600 011

ADMINISTRATIVE OFFICE

18, RACE COURSE ROAD, COIMBATORE 641 018

FACTORIES

"HUZUR GARDENS", SEMBIAM, CHENNAI 600 011.

371, MARUDHAMALAI ROAD, COIMBATORE 641 041.

HOSUR – KRISHNAGIRI ROAD, HOSUR 635 125.

5/227, OLD MAHABALIPURAM ROAD, CHENNAI 600 096.

BIMETAL BEARINGS LIMITED

Registered Office : "Huzur Gardens", Sembiam, Chennai 600 011.

**NOTICE TO THE SHAREHOLDERS OF THE THIRTY-SEVENTH
ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Thirty-Seventh Annual General Meeting of the Shareholders of the Company will be held at Woodlands Hotel, 72/75, Dr. Radhakrishnan Salai, Chennai 600 004 on Thursday, the 23rd July 1998 at 3.30 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the Annual Balance Sheet as at 31st March 1998 and the Audited Profit and Loss Account for the year ended 31st March 1998 and the Auditors' and Directors' Report thereon.
2. To declare a dividend.
3. (a) To appoint a Director in the place of Mr. N. Venkataramani who retires by rotation and being eligible offers himself for re-election.
(b) To appoint a Director in the place of Mr. S. Gopinath Rao who retires by rotation and being eligible offers himself for re-election.
(c) To appoint a Director in the place of Mr. A.B. Avery who retires by rotation and being eligible offers himself for re-election.
4. To appoint Auditors and fix their remuneration.

By Order of the Board

Chennai

M.V. SWAMINATHAN

22nd June, 1998.

Secretary

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. Proxies in order to be effective shall be duly stamped, completed, signed and deposited, not less than 48 hours before the commencement of the meeting at **GNSA INVESTOR SERVICES (P) LTD., 66, 4th Avenue, Ashok Nagar, Chennai 600 083**, Company's Registrars and Share Transfer Agents. Members/Proxies are requested to bring the attendance slip duly filled in and also their copy of the Annual Report to the Meeting. Members are requested to quote their Registered Folio Number in all correspondence.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16th July 1998 to 23rd July 1998, both days inclusive.
3. Any dividend that may be declared at this meeting will be paid within the stipulated period to the Members (or their mandates) whose names appear in the Register of Members of the Company as on 23rd July 1998.
4. The Company has pursuant to Section 205-A(5) of the Companies Act, 1956 transferred the amounts of Unclaimed Dividends declared upto the Financial Year 1993-94 to the General Revenue Account of the Central Government, and the same can be claimed by the concerned shareholders from the Registrar of Companies (Tamilnadu), Shastri Bhavan, Haddows Road, Chennai 600 006. Members who have not encashed the Dividend Warrants for the year 1994-95 are requested to surrender the unencashed warrants to the Company and obtain payments. If the warrants are lost, members may write to the Company immediately, since the unclaimed dividend will be credited to the Central Government on or before 17-08-1998.
5. With a view to providing protection against fraudulent encashment of dividend warrants, the members were requested in the past to provide their bank account numbers, names and addresses of the bank branches to enable the Company to incorporate the said details in the dividend warrants. Those members who have not yet provided such information to our Registrars and Share Transfer Agent are again requested to provide the details quoting their folio numbers to enable the Company to incorporate the same in the dividend warrants that may be issued in future. The shareholders will appreciate that the Company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrant.

BIMETAL BEARINGS LIMITED

REPORT OF DIRECTORS

Your Directors have pleasure in presenting their Thirty-Seventh Annual Report for the year ended 31st March 1998 together with the Accounts and Auditors' Report thereon.

FINANCIAL RESULTS :

	Year Ended 31-3-1998 Rs. Lacs	Year ended 31-3-1997 Rs. Lacs
Net Sales	<u>4,606.28</u>	<u>5,953.24</u>
Profit before Interest, Depreciation, and Taxation	<u>1,335.15</u>	<u>1,931.75</u>
Less :		
Interest	163.25	183.08
Depreciation	<u>320.03</u>	<u>285.62</u>
Profit before Tax	<u>851.87</u>	<u>1,463.05</u>
Less :		
Taxation	<u>241.00</u>	<u>517.00</u>
Profit after Tax	<u>610.87</u>	<u>946.05</u>
Add :		
Balance brought forward from previous year	87.54	89.87
Investment Allowance Reserve written back	—	62.00
Profit available for appropriation	<u>698.41</u>	<u>1,097.92</u>
Less : Transfer to		
Proposed Dividend (35%)	133.87	191.25
Dividend Tax	13.39	19.13
General Reserve	<u>425.00</u>	<u>800.00</u>
Balance carried forward	<u>126.15</u>	<u>87.54</u>

OPERATIONS :

As briefly mentioned in the Chairman's Speech at the last Annual General Meeting held on July 25th 1997, the accentuated trend of demand contraction in the Automobile Industry, particularly in the Medium, Heavy and Light Commercial Vehicle segments continued unabated throughout the year under review. The Company, being a major OE supplier in the commercial vehicle segment, has had to face the brunt of this prolonged crisis. As widely reported in the Press, the Truck Industry is also facing enormous difficulties due to unremunerative freight rates and increased costs of operation and there is a perceptible decline in the engine overhaul programme in all the key centres throughout the country. The After-market demand has also thus shown a decline. The Company continues to maintain its major shareholding in the Passenger Car segment, but the contribution of this segment to the overall sales and profitability of the Company is less compared to the Commercial Vehicle segment. The Tractor segment has maintained an acceptable growth rate and the Company has been able to derive the benefit of this growth.

The crisis in the Commercial Vehicle segment will, as per market reports, persist for some more period and consequently, the Company has embarked on extension of its product range to Models which had not been tapped before, in all the major market segments. The development work undertaken by the Company in the last twelve months should to an extent bridge the gap. The Company is well poised to commence bulk supplies to Hyundai and

Tata for the small cars expected to hit the Indian roads during the current year. To meet the intensity of competition in a declining market, the Company has initiated a series of measures to improve its cost efficiency and step up its reaction time to cope up with the inevitable market fluctuations. Concurrently, the Company has also initiated market strategies to enhance the brand pull from engine overhaul workshops as also increased levels of participation from the distribution system.

Despite the uncertainties in the market, the Company is intensifying its efforts to arrest the decline as witnessed during 97-98 by increasing its market share both in the OE and Replacement segments.

DIVIDEND

Your Directors' recommend a Dividend of 35% for the year ended 31-3-1998.

CENTRAL EXCISE CASE :

The Customs, Excise and Gold Control Appellate Tribunal, Chennai had allowed the appeal of the Company against the Order of the collector of Central Excise, Chennai, levying Central Excise Duty and Penalty of Rs. 1,32,14,154.84.

The reference application filed by the Department with the Tribunal was also dismissed. The Department filed the petition in the Madras High Court against the Order of the Appellate Tribunal. The matter was heard and dismissed.

URBAN LAND CEILING ACT :

The Company is planning to develop the remaining portion of the property especially at Coimbatore during the extended period of time sought for from the State Authorities.

DISCLOSURE OF PARTICULARS :

The information required under Section 217 (i) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988 is given in the Annexure forming part of this Report.

PARTICULARS OF EMPLOYEES :

A statement giving particulars of employees under Section 217 (2A) of the Companies Act, 1956 is also given in the Annexure.

PUBLIC DEPOSITS :

Of the unclaimed Deposits of Rs. 7.40 lakhs as on 31st March 1998, Rs. 45,000/- has been either renewed or repaid and for the balance amount instructions are yet to be received from the Depositors.

DIRECTORS :

In accordance with the Articles of Association of the Company, Mr. N. Venkataramani, Mr. S. Gopinath Rao and Mr. A.B. Avery, Directors retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS :

Messrs. Price Waterhouse, Chennai, the retiring Auditors are eligible for re-appointment.

ACKNOWLEDGEMENT :

Your Directors wish to place on record the good performance of employees at all levels as also the excellent support given by the Company's Bankers, Financial Institutions and Depositors.

For and on behalf of the Board

Chennai - 600 011
22nd June, 1998.

A. KRISHNAMOORTHY
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31.3.1998

2. Statement containing particulars pursuant to the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988.

The Company continues its efforts to improve energy conservation based on recommendations arising out of the Energy Audit.

Total energy consumption and energy consumption per unit of production as prescribed in Form A is given below:

A. POWER AND FUEL CONSUMPTION :

1. Electricity

Current Year ended
31.3.1998

Previous Year ended
31.3.1997

(a) Purchased :

Unit	KWH	71,44,924	1,01,29,240
Total Amount	Rs.	2,79,64,981	3,20,95,608
Rate/Unit	Rs.	3.914	3.169

(b) Own Generation :

Through Diesel Generators :

Unit	KWH	21,65,837	9,81,566
Unit Per Ltr. of Diesel Oil	KWH	3.102	2.742
Cost/Unit	Rs.	3.577	4.276

The particulars relating to coal, furnace oil are not applicable to the Company.

B. CONSUMPTION PER UNIT OF PRODUCTION :

Products (with details) Standards (if any)*	Current Year (1)			Previous Year (2)		
	Thin Walled Bearings, Bushings & Washers	Alloy Powders (for sale)	Bimetallic Strips (for sale)	Thin walled Bearings, Bushings & Washers	Alloy Powders (for sale)	Bimetallic Strips (for sale)
	(1)	(2)	(3)	(1)	(2)	(3)
Unit	KWH/No.	KWH/MT	KWH/1000 FT.	KWH/No.	KWH/MT	KWH/1000 FT.
Electricity	0.653	1,024	1,546	0.607	988	1,337
Furnace Oil	Nil	Nil	Nil	Nil	Nil	Nil
Coal (specify quantity)	Nil	Nil	Nil	Nil	Nil	Nil
Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil

* No standards are available for comparison.

2. TECHNOLOGY ABSORPTION :**A. Research and Development (R & D) :**

1. Specific areas in which R & D is carried out by the Company
 - Development and introduction of bearings for new generation of engines and upgraded versions of engines introduced in Indian and International Markets.
 - Support to OEM's in development and testing of bearings and bearing materials.
 - Import Substitution, Identification of the emerging requirements of the newer OEM's, expansion of the range of materials and the testing of different bearing materials to specific requirements.
 - Certification to ISO 9002 Standard through Lloyds Register Quality Assurance was maintained by the Company.
 - Continuous improvements in Manufacturing, Process and Materials Technology to improve the quality and productivity.
2. Benefits derived as a result of the above R & D :
 - Expansion of the range of products manufactured, reduced imports due to import substitution and improved quality and productivity.
3. Future plan of action :
 - To continuously improve the manufacturing, process and materials technology to maintain a strategic competitive advantage and effectively respond to the demands of the market.
4. Expenditure on R & D :

(a) Capital	Rs.	2,76,075
(b) Recurring	Rs.	16,73,256
(c) Total	Rs.	19,49,331
(d) Total R & D Expenditure as a % of net Turnover		0.42%

B. Technology Absorption, Adaptation and Innovation :

The manufacturing process and material technology for Aluminium Tin has enabled the Company to be self reliant.

Technology imported during the last FIVE years :

- | | | |
|--|---|---|
| (a) Technology imported | : | Manufacture of Aluminium Tin & Aluminium Lead Strips. |
| (b) Year of import | : | 1994 |
| (c) Has the technology been fully absorbed | : | Yes |

3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

1. Activities relating to Exports
2. Initiatives taken to increase exports
3. Development of new export market for products and services and
4. Export Plan

The Company is continuously pursuing new opportunities and strengthen the existing markets.

4. TOTAL FOREIGN EXCHANGE USED AND EARNED :

- (a) Foreign Exchange Used : Refer Note Nos. 11, 12 & 13 of Sch. 19.
- (b) Foreign Exchange Earned : Refer Note No. 14 & 15 of Sch. 19.

5 Statement under Section 217 (2A) (a) (1) and (b) of the Companies (Particulars of Employees) Rules, 1975 as amended :

Name	Designation/Nature of Duties	Remuneration Rs.	Qualification	Experience	Age	Date of Commencement of Employment	Particulars regarding Previous employment
1. Mr. N.P. Mani	President (Operations)	10,48,856	D.M.E.T. (Marine Engg.) MOT	38	61	01.04.87	General Works Manager – Shadlow India Ltd., Chennai
2. Mr. K. Mohanasundaram	General Manager (Marketing)	3,18,460	B.Sc.,	31	59	10.06.67	Apprentice-Addison & Co. Ltd., Chennai
3. Mr. S. Narayanan	Sr. Genl. Manager – (Manufacturing)	3,83,784	B.Sc. B.Tech., (Hons.) M.B.A. (C.W.R.U.)	11	38	01.12.86	—
4. Mr. V. Ramachandran	Sr. Genl. Manager – (Engg. & Projects)	4,12,976	B.E.	29	50	20.11.69	—
5. Mr. N.V. Ravi	Genl. Manager – (Strips & Powder)	3,71,942	B.E., D.I.M.	27	49	30.01.81	General Foreman Indian Aluminium Co., Tuloja
6. Mr. N. Venkataraman	Vice-President (Finance)	6,21,190	B.Sc., A.C.A., A.I.C.W.A.	32	58	28.12.83	Secretary & Chief Accountant – Indchem Electronics, Chennai

NOTES :

- Remuneration includes Salary, Allowances, Contribution to P.F. & Superannuation Funds and value of perquisites evaluated under Income Tax Rules and excludes Gratuity contribution to the fund.
- Designation describes nature of duty.
- All appointments are contractual.
- None of the employee is relative of any Director of the Company.

