



# Bimetal Bearings Limited

BIMETAL BEARINGS LTD

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bearing

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2003

# **BIMETAL BEARINGS LIMITED**

## **DIRECTORS**

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

Mr. N. VENKATARAMANI

Mr. A. B. AVERY

Mr. S. GOPINATH RAO

Mr. K.V. SHETTY

## **PRESIDENT - OPERATIONS**

Mr. N.P. MANI

## **VICE PRESIDENT - FINANCE**

Mr. N. VENKATARAMAN

## **COMPANY SECRETARY**

Mr. K. VIDHYA SHANKAR

## **AUDITORS**

Messrs. PRICE WATERHOUSE, CHENNAI

## **BANKERS**

CENTRAL BANK OF INDIA

## **LEGAL ADVISERS**

Messrs. KING & PARTRIDGE, CHENNAI

Messrs. RAMANI & SHANKAR, COIMBATORE

## **DEPOSITORY REGISTRAR AND SHARE TRANSFER AGENT**

Messrs. GNSA INVESTOR SERVICES (P) LIMITED

NEW NO. 18/1 (OLD NO. 17/1), BALIAH AVENUE

LUZ, MYLAPORE, CHENNAI - 600 004

## **REGISTERED OFFICE**

STRIP MILL PLANT

"HUZUR GARDENS", SEMBIAM,

CHENNAI 600 011

Phone : (044) 25375581

## **FACTORIES**

"HUZUR GARDENS", SEMBIAM, CHENNAI 600 011.

371, MARUDHAMALAI ROAD, COIMBATORE 641 041.

HOSUR - KRISHNAGIRI ROAD, HOSUR 635 125.

5/186, OLD MAHABALIPURAM ROAD, CHENNAI 600 096.

## BIMETAL BEARINGS LIMITED

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

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### NOTICE TO THE SHAREHOLDERS OF THE FORTY-SECOND ANNUAL GENERAL MEETING

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NOTICE is hereby given that the Forty-Second Annual General Meeting of the Shareholders of the Company will be held at New Woodlands Hotel, 72/75, Dr. Radhakrishnan Salai, Chennai – 600 004 on Monday, the 28th day of July 2003 at 10.00 a.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive and adopt the Annual Balance Sheet as at 31st March 2003 and the Audited Profit and Loss Account for the year ended 31st March 2003 and the Auditors' and Directors' Report thereon.
2. To declare a Dividend.
3. 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, - 600 011  
June 11, 2003

K.VIDHYA SHANKAR  
Company Secretary

#### NOTES:

1. A MEMBER WHO IS 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., 18/1 (Old No. 17/1), Baliah Avenue, Luz, Mylapore, Chennai-600 004 (Telephone Nos. 24661675, 24661976)**, 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 / DP ID Number in all their correspondence.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 16.07.2003 to 28.07.2003 (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 16.07.2003
4. The Company has, pursuant to Section 205 of the Companies Act, 1956, transferred the amounts of Unclaimed Dividends declared upto the Financial Year 1994-95 to the General Revenue Account of the Central Government and the same can be claimed by the concerned shareholders from the Registrar of Companies (Tamil Nadu), "Shastri Bhavan", Haddows Road, Chennai – 600 006. Consequent upon the amendment of Section 205A of the Companies Act, 1956, and introduction of Section 205(C) by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of 7 years shall be transferred to Investor Education and Protection Fund. Members who have not encashed the Dividend Warrants for the year ended 31.03.1996 and / or any subsequent Dividend payments are requested to make their claim to the Company.
5. With a view to providing protection against fraudulent encashment of Dividend Warrants, the members were requested in the past to provide full particulars of their Bank Account. Those members who have not provided such information to our Registrars and Share Transfer Agents are again requested to provide the details quoting their Folio Number / DP ID Number in the format enclosed. The shareholders will appreciate that the company will not be responsible for any loss arising out of such fraudulent encashment of dividend warrants. Further such of those shareholders who wish to receive their Dividend Amount through the ECS (Electronic Clearing System) route at the specified centers are requested to furnish the relevant details in the form provided.

## BIMETAL BEARINGS LIMITED

### REPORT OF DIRECTORS

Your Directors have pleasure in presenting the Forty Second Annual Report covering the operations for the year ended 31st March 2003 together with the accounts and Auditors' Report thereon.

#### FINANCIAL RESULTS:

	YEAR ENDED 31.03.2003 Rs. Lacs.	YEAR ENDED 31.03.2002 Rs. Lacs.
<b>Net Sales (Net of Excise Duty)</b>	<b>5,626.47</b>	5,119.97
<b>Profit before Interest, Depreciation and Taxation</b>	<b>1,433.91</b>	1,067.00
<b>Less: Interest</b>	<b>19.50</b>	19.91
Depreciation	<b>335.19</b>	338.04
<b>Profit before Tax</b>	<b>1,079.22</b>	709.05
<b>Less :Taxation (including Deferred Tax Asset / Liability)</b>	<b>348.51</b>	227.00
<b>Profit after Tax</b>	<b>730.71</b>	482.05
<b>Add : Balance brought forward from previous year</b>	<b>116.40</b>	127.79
<b>Profit available for appropriation</b>	<b>847.11</b>	609.84
<b>Less :Transfer to</b>		
Proposed Dividend (50%)	<b>191.25</b>	143.44
Dividend Tax	<b>24.50</b>	—
General Reserve	<b>504.00</b>	350.00
<b>Balance Carried Over to next financial year</b>	<b>127.36</b>	116.40

#### OPERATIONS:

During the year under review a reversal of declining trend in the auto industry was witnessed, with production of passenger vehicle, medium and heavy commercial vehicle, and light commercial vehicle segments registering a growth of 7.6%, 24%, and 26% respectively when compared to the corresponding period last year. However, the Tractor segment continued its declining trend with production being less by 24.5%.

In the Aftermarket the demand compression was noticed in terms of engine overhaul particularly in Commercial vehicle and Tractor Segments due to adverse economic factors affecting the road transport and agricultural industries.

This apart, the constant pressure on realisable prices in all segments of the domestic market was perceptibly visible due to intense competition.

In the market context as above, the Company has been able to achieve a growth of about 5% in the domestic sales.

The Company's long term strategy as evolved over the last three years on the export front has lead to desirable results and in the year under review the export sales on F.O.B. basis registered an increase of 36.7% to Rs.11.56 crores.

The overall turnover of the Company recorded an increase of 10% compared to the corresponding period last year.

Production at all the Plants has been satisfactorily maintained leading to better absorption of overheads. The expenses as a percentage on sales have also been well controlled. In addition control on inventory and receivables has resulted in better utilisation of the working capital funds.

Treasury operation has supplemented the operational profit.

The cumulative impact of the factors as enumerated above has seen a growth of 52.2% in profit before tax and 51.6% in profit after tax.

**DIVIDEND:**

Your Directors recommend a Dividend of 50% free of taxation (Previous year: 37.5%) on the Paid-Up Capital for the year ended 31.03.2003.

**JOINT VENTURE COMPANY:**

The Joint Venture Company – BBL Daido Private Limited – promoted by the company for the manufacture of Polymer Bearing products in association with Daido Metal Co Ltd., Japan, commenced its operations towards the end of the year. Major users for this Company's products have been identified. Your company holds presently 20% of the Joint Venture Company's Paid-up Capital.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Statement under Section 217(2AA) of the Companies Act, 1956:

- (a) The applicable accounting standards had been followed with no material departure.
- (b) The Accounting policies that have been selected, have been applied consistently and the judgements and estimates based on them are prudent and reasonable to give a true and fair view of the state of the affairs of the company as on 31-03-2003 and of the profit for the year ended on that date.
- (c) Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- (d) The Accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE:**

The matters relating to Corporate Governance as per the Listing Agreement are given in the Annexure forming part of this Report.

**DISCLOSURE OF PARTICULARS:**

The information required under Section 217(1)(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.

**DIRECTORS:**

Mr.A.B.Avery, your overseas Director and former Chairman of Automotive Components Ltd., Australia who has been associated with the activities of your Company since its inception, is retiring at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

**AUDITORS:**

M/s.Price Waterhouse, Chennai, the retiring Auditors, are eligible for re-appointment. The Audit Committee has recommended to the Board for their 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 and Depositors.

For and on behalf of the Board

Chennai 600 011  
June 11, 2003

**A.Krishnamoorthy**  
Chairman & Managing Director

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT:

While the structure of the Engine Bearing industry has not undergone any major change, the demands on industry from practically all its market segments have increased significantly in qualitative and logistic terms. The overall competitive dimension in terms of intensity both in the user industry and the component industry has necessitated aggressive initiatives on cost-price pressures and there is a greater awareness for enhancement of the competitive quotient by each of the major players in the Engine Bearing industry. The logistic pressures warrant inventory management of a highly scientific nature and stock deployment at points of consumption to meet the dictates of supply logistics has become inevitable in all the market segments.

The Aftermarket segment, which has historically been the domain of an independent distribution network, has entered a new phase with initiatives from vehicle manufacturers for Aftermarket sales through their Sales and Service network, competing with the independent distribution trade. The component industry has to necessarily cope up with this new dimension in competition in the Aftermarket arising out of this development.

### OPPORTUNITIES AND THREATS:

The strong growth indicators in the passenger car and commercial vehicle segments with improved product offerings and new models, provide an opportunity for the company to leverage its R&D capabilities as also its manufacturing capabilities. The company's initiatives during the recessionary period in areas of streamlining of production process, technology upgradation through its association with Daido Metal and product-market initiatives both in domestic and export markets place the company in a strong position to convert the challenges posed by the industry as market opportunities. In the Export segment in particular, the company has been able to build volumes through its recently evolved customer base and concurrent with this period of consolidation is market enlargement on a targeted basis for sustaining the high rate of growth evident in this segment.

Non-fulfilment of the stringent demands on logistic support in the domestic and export markets has a threat dimension impinging on growth plans of the Company and the company has initiated steps to successfully to meet this threat perception.

### OUTLOOK:

Plans for the year has a strategic approach with emphasis on taking advantage of market growth in major segments of the auto industry through aggressive market share acquisition.

The Export segment will account for a substantial growth during the year and overall, the outlook for the year appears to be good.

### INTERNAL CONTROL SYSTEM:

The company maintains adequate internal control systems and the internal audit is handled by a leading auditing firm, i.e. M/s. Fraser & Ross, Chartered Accountants.

### FINANCIAL PERFORMANCE:

The year under progress, viewed in the context of market growth projections in major segments and enhanced levels of market share planning, would result in increased utilisation of the plant capacities reflecting in improved performance.

### HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

During the year under review, the industrial relations in the company were cordial.

The Company's resource base in terms of personnel at all levels is being harnessed towards higher productivity and active participation in quality upgradation movements. The average no. of employees on the rolls of the Company was 509 during the year.

**BIMETAL BEARINGS LIMITED**  
**Annexure to Directors' Report**  
**Report on Corporate Governance**

**01) Company's Philosophy on code of governance :**

With the aim of strengthening corporate governance the Board of Directors would continue:

- To strive towards enhancement of shareholder value through prudent business management, sound business decisions and high standards of ethics with attendant transparency.
- To achieve excellence in Corporate Governance by complying in all respects with the mandatory guidelines in this regard and also regularly reviewing management systems for further improvement.

**02) Board of Directors :**

(a) The Board of Directors consisted of the following Directors as on March 31, 2003 :

Executive Chairman & Managing Director	:	Mr. A. Krishnamoorthy
Non-Executive Director	:	Mr. N. Venkataramani, Director
Non-Executive Independent Directors	:	Mr. S. Gopinath Rao, Director Mr. A.B. Avery, Director Mr. K.V. Shetty, Director

(b) The Board met four times during the year i.e., on June 10, 2002, July 31, 2002, October 31, 2002 and January 31, 2003.

(c) The attendance by the Directors at Board Meetings and last Annual General Meeting :

Name of the Director	Board Meeting	Annual General Meeting
Mr.A.Krishnamoorthy	4	Attended
Mr.N.Venkataramani	3	Attended
Mr.S.Gopinath Rao	4	Attended
Mr..A.B. Avery	—	Not Attended
Mr.K.V.Shetty	4	Attended

The time gap between two Board Meetings did not exceed 4 months. The last Annual General Meeting was held on July 26, 2002.

(d) Directors' membership as on March 31, 2003 in the Board or Committees thereof (excluding foreign companies) :

Name of the Director	Other Board	Other Board Committees
Mr. A. Krishnamoorthy	13	3 (of which 2 as Chairman)
Mr. N. Venkataramani	11	4 (of which 1 as Chairman)
Mr. S. Gopinath Rao	2	None
Mr. A. B. Avery	None	None
Mr. K. V. Shetty	7	4

**03) Audit Committee:**

The Board of Directors constituted on March 30, 2002 an Audit Committee under the chairmanship of Mr. K.V. Shetty (a Chartered Accountant) with Mr. N. Venkataramani and Mr. S. Gopinath Rao as its members. The Committee was constituted as per Paragraph II of Clause 49 of the Listing Agreement and is empowered as per the requirements of Paragraph IIC of Clause 49 of the Listing Agreement. During the previous Financial year the Audit Committee met 3 times, on June 10, 2002, October 31, 2002 and January 31, 2003.



The attendance by the Directors at Audit Committee Meetings:

Name of the Director	No. of Audit Committee Meetings attended
Mr.K.V.Shetty	3
Mr.N.Venkataramani	2
Mr.S.Gopinath Rao	3

Mr.K.Vidhya Shankar, Company Secretary is the Secretary of the Audit Committee.

**04) Remuneration Committee:**

The Company has not constituted a Remuneration Committee as the requirement is not mandatory.

The remuneration for Chairman & Managing Director is paid on the basis of the approval accorded by the shareholders in the Extra-Ordinary General Meeting held on May 8, 2000. Non- Executive Directors are paid sitting fees for meetings attended by them. Details of remuneration paid/payable to all the Directors for the year ended March 31, 2003 are:

Name of the Director	Amount in Rs.
Mr.A.Krishnamoorthy	
Fixed Component	
Salary	9,00,000
Contribution to Provident & other Funds	2,80,500
Other Benefits	6,52,388
Variable Component – Commission	37,84,689
Total	<b>56,17,577</b>
Sitting Fees paid to Directors	
Mr. N. Venkataramani	7,500
Mr. S. Gopinath Rao	10,500
Mr. A.B. Avery	Nil
Mr. K.V.Shetty	10,500

**05) Shareholders Committee:**

The Share Transfer and Shareholders / Investors Grievance Committee is constituted and functioning under the chairmanship of Mr.S.Gopinath Rao. Mr.K.Vidhya Shankar, Company Secretary is the Compliance Officer of the Company in matters relating to shareholders, Stock Exchanges, SEBI and other related regulatory matters. During the year One Hundred and Fifty Nine compliant / request letters were received from shareholders all of which were satisfactorily dealt with. No Compliant was pending as at March 31, 2003. As on that date there were no pending share transfers.

**06) General Body Meetings:**

(a) Details of location and time where last three AGMs were held :

Year	Location	Date and Time
39th AGM – 2000	New Woodlands Hotel, Chennai	July 28, 2000 – 10.00 a.m.
40th AGM – 2001	New Woodlands Hotel, Chennai	July 20, 2001 – 10.00 a.m.
41st AGM – 2002	New Woodlands Hotel, Chennai	July 26, 2002 – 10.00 a.m.

- (b) In the Annual General Meetings held on July 28, 2000 and July 20, 2001, Special resolution was passed for altering the Articles of Association.
- (c) In the Annual General Meeting held on July 26, 2002 Special Resolution was passed for keeping the Register of Members in the office of M/s. GNSA Investor Services (P) Limited, Chennai.
- (d) There has been no use of postal ballots so far.



**07) Disclosures:**

There have been no materially significant related party transactions with the company's promoters, directors, the management, its subsidiaries or relatives which may have potential conflict with the interest of the company at large.

There have been no instances of non-compliance by the Company on any matters related to the capital markets, nor have any penalty / strictures been imposed on the Company by the stock exchanges or SEBI or any other statutory authority on such matters.

**08) Means of Communication:**

- (a) The company had mailed the half-yearly results to all the shareholders for the half-year ended September 30, 2002. This practice will continue for the current year also.
- (b) Quarterly results are normally published in "The Economic Times" (English) and "Dinamalar" (Tamil)
- (c) The Management Discussion Analysis Report is a part of the Annual Report

**09) General Shareholder Information**

(a) Financial Calendar:

Annual General Meeting	Date : July 28, 2003 Time : 10.00 a.m. Venue : Hotel New Woodlands 72/75, Dr.Radhakrishnan Salai Mylapore, Chennai 600 004
Unaudited results for the Quarter ending June 30, 2003	Last week of July 2003
Unaudited results for the Quarter / Half – Year ending September 30, 2003	Last week of October 2003
Unaudited results for the Quarter ending December 31, 2003	Last week of January 2004
Audited Results for the year ending March 31, 2004.	By end of June 2004

(b) Others:

Date of Book Closure	July 16, 2003 to July 28, 2003
Dividend Payment date	From August 10, 2003
Listing on Stock Exchanges	Mumbai and Chennai
Stock code	MSE – BIMET BEAR BSE – 505681

(c) Market Price Data of the Company's Shares in BSE and Chennai:

Month	The Stock Exchange, Mumbai		The Madras Stock Exchange Ltd.,	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2002	100.60	80.00	No Trading	No Trading
May 2002	108.00	98.10	No Trading	No Trading
June 2002	106.00	99.25	No Trading	No Trading
July 2002	139.80	102.00	No Trading	No Trading
August 2002	112.00	100.05	No Trading	No Trading
September 2002	108.95	95.00	No Trading	No Trading
October 2002	120.00	103.00	105.00	105.00
November 2002	110.00	100.00	105.00	105.00
December 2002	112.00	103.00	No Trading	No Trading
January 2003	110.00	103.25	No Trading	No Trading
February 2003	107.00	103.75	106.00	106.00
March 2003	110.00	103.00	No Trading	No Trading

## (d) Performance in comparison to broad-based indices :

Month	BSE Indices		Bimetal Share Price	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April 2002	3512.55	3301.21	100.60	80.00
May 2002	3462.01	3114.05	108.00	98.10
June 2002	3362.42	3161.09	106.00	99.25
July 2002	3358.58	2987.65	139.80	102.00
August 2002	3181.23	2950.09	112.00	100.05
September 2002	3187.26	2991.36	108.95	95.00
October 2002	3009.76	2834.41	120.00	103.00
November 2002	3228.82	2948.04	110.00	100.00
December 2002	3398.00	3207.36	112.00	103.00
January 2003	3390.12	3219.88	110.00	103.25
February 2003	3322.17	3223.41	107.00	103.75
March 2003	3277.27	3048.72	110.00	103.00

## (e) Registrars and Share Transfer Agents :

As per the guidelines issued by SEBI, the company has appointed M/s. GNSA Investor Services (P) Limited, Chennai as the common Registrar for handling the share transfer work (for shares held in physical form and Demat form). Their contact address is given below:

GNSA Investor Services (P) Ltd.,  
18/1, (Old No. 17/1) Baliah Avenue  
Luz, Mylapore, Chennai 600 004  
Phone: (044) 24661976, 24661675  
Fax No. : 24662448  
E-Mail: sharma@satyam.net.in

## (f) Share Transfer System :

Share Transfer Committee has directors and officers and representatives of the Share Transfer Agent. In order to ensure speedy attention, a Sub-Committee has been formed to attend to transfers and investors related subject. The Committee meets every 15 days. Shares of the Company are also processed in the demat form.

## (g) Distribution of Shareholding (As at March 31, 2003)

Category	As on 31-03-2003		As on 31-03-2002	
	Shares Held	% on Capital	Shares Held	% on Capital
Bodies Corporate in the same management	25,75,113	67.32	25,54,763	66.79
Directors and their relatives	14,896	0.39	14,896	0.40
Public Financial Institutions	3,34,951	8.76	3,47,856	9.09
Non-Residents	1,93,394	5.05	1,93,174	5.05
Bodies Corporate	21,320	0.56	20,289	0.53
Other resident Public shareholders	6,85,326	17.92	6,94,022	18.14
TOTAL	38,25,000	100.00	38,25,000	100.00