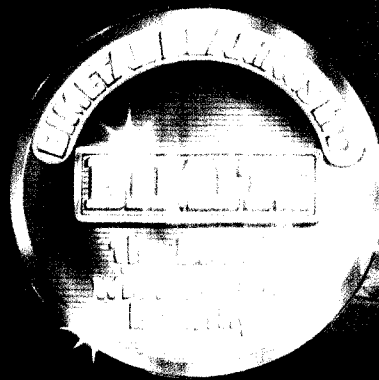




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Bimetal Bearings Limited

REPORT AND ACCOUNTS 2003 - 2004

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

CERTIFIED TRUE COPY

FOR BIMETAL BEARINGS LIMITED,



K. VIDHYA SHANKAR,
Company Secretary.

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.

NOTICE TO THE SHAREHOLDERS OF THE FORTY THIRD ANNUAL GENERAL MEETING

NOTICE is hereby given that the Forty Third Annual General Meeting of the shareholders of the company will be held at New Woodlands Hotel, 72/75, Dr. Radhakrishnan Salai, Chennai 600004 on Wednesday, the 28th day of July 2004 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 2004 and the Audited Profit and Loss Account for the year ended 31st March 2004 and the Auditors' and Directors' Report thereon.
- 2 To declare a dividend
- 3 To appoint a Director in the place of Mr. S. Gopinath Rao 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 14, 2004K. 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 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) LIMITED, 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 16-07-2004 to 28-07-2004 (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 16-07-2004.
4. The Company has, pursuant to Section 205 of the Companies Act, 1956, transferred the amounts of unclaimed dividends declared upto the Financial Year 1995-96 to the General Revenue Account of the Central Government / Investor Education and Protection Fund accordingly. Members who have not encashed the Dividend Warrants for the year ended 31-03-1997 and / or any subsequent dividend payments are requested to make their claim to the company.
5. Mr. S. Gopinath Rao, Director whose re-appointment is proposed at the ensuing Annual General Meeting is aged 71 years. He has been with the Amalgamations Group for well over 50 Years and has deep and extensive knowledge and experience in the Auto Ancillary Industry. He holds a Post-Graduate degree in Economics and had undergone training in Harvard University. He is presently the chairman of the Share Transfer and shareholders / investors grievance committee.

The details of other directorships / committee memberships held by Mr. S. Gopinath Rao are given below :

Directorships	Committee memberships
Speed-A-Way Private Limited	Nil
BBL Daido Private Limited	Nil

Other Directors of the Company recommend his re-appointment.

6. 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 Accounts. 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 centres 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 Third Annual Report covering the operations for the year ended 31st March 2004 together with the accounts and Auditors' Report thereon.

FINANCIAL RESULTS :

	Year Ended 31-03-2004 Rs. in Lacs	Year Ended 31-03-2003 Rs. in Lacs
Net Sales (Net of Excise Duty)	6,860.65	5,626.47
Profit before Interest, Depreciation and Taxation	1,894.64	1,433.91
Less : Interest	15.13	19.50
Depreciation	347.49	335.19
Profit before Tax	1,532.02	1,079.22
Less : Taxation (Net)	434.50	348.51
Profit after Tax	1,097.52	730.71
Add : Balance brought forward from previous year	127.36	116.40
Profit available for appropriation	1,224.88	847.11
Less : Transfer to		
Proposed Dividend (60%)	229.50	191.25
Dividend Tax	29.40	24.50
General Reserve	825.00	504.00
Balance Carried to Balance Sheet	140.98	127.36

OPERATIONS :

A reference was made in the Report of Directors for the year 2002 – 2003 of a reversal in the declining trend in the auto industry after a prolonged period of recession. During the year under review, the auto industry witnessed a robust growth of 32% in passenger vehicle segment, 32.4% in LCVs and 39.7% in medium and heavy commercial vehicles. With the monsoon at near normal level, the tractor industry rallied during the last quarter to register a sales growth of 11% and this surge in the industry output levels made heavy demands on the production levels in all the manufacturing plants.

This is reflected in the increased utilisation of the facilities in Coimbatore Plant.

The growth in commercial vehicle and tractor segments resulted in better utilisation of the capacities in both Hosur and Thoraipakkam plants contributing to an increase in sale by 26% and 30% respectively compared to previous year.

In the case of exports, the growth has been significant at 27.4% and overall, the Company's turnover registered a growth of 22%.

The improved Income from the treasury operations, has supplemented the operational profit.

Profit Before Tax and Profit After Tax increased by Rs. 452.80 lakhs (42%) and Rs. 366.81 lakhs (50%) respectively

In the later half of the financial year, the prices of input metals recorded unprecedented increases and the Company has initiated steps for price increase and more particularly efforts to control cost in the Company.

Implementation of the technology from Daido Metal Company Limited, Japan is continuing and the benefit will be progressively felt in the operations of the Company

DIVIDEND :

Your Directors recommend a Dividend of 60% (Previous year: 50%) on the paid-up capital for the year ended 31-03-2004.

JOINT VENTURE COMPANY :

The Joint Venture company namely BBL Daido Private Limited promoted by the company for the manufacture of polymer bearing products in association with Daido Metal Company Limited, Japan has begun its operations and is expected to perform well in the forthcoming years. The 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 31-03-2004 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. S. Gopinath Rao, Director is retiring at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. The Directors recommend his 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. The Company also wishes to acknowledge the technical support extended by Daido Metal Company Limited, Japan.

For and on behalf of the Board

Chennai 600 011
June 14, 2004

A. Krishnamoorthy
Chairman & Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT :

In the Engine Bearing Industry, there has been no significant development in terms of structure other than what has been reported in the previous year.

The component industry in India has come to be recognised as a potential source for low cost sourcing and there has been a spurt in the exports of auto components, which, as per ACMA, has touched the Billion Dollar Mark.

The industry, which has all along been predominantly domestic-oriented, is now moving towards a scenario of global competitiveness, to take advantage of the interest evinced by global majors in viewing Indian auto component industry as a technically mature, low cost alternative source.

The structure therefore is moving towards quality up-gradation, TS 16949 certification, supply chain logistics and new product development capabilities. Leading component manufacturers including your company are taking steps to take advantage of this structural change.

OPPORTUNITIES AND THREATS :

The high growth witnessed during 2003-2004 is being sustained, as evidenced by the growth trends during the first quarter of the current financial year and this, coupled with enlarged market opportunities overseas, offers major opportunities for accelerated growth during the current year.

The recently concluded Free Trade agreement with Thailand may pose a threat in the long run, in that import competition from many established companies operating from Thailand may view India as a potential customer base for enlarging market opportunities and this is a threat which has to be countered by the Indian component suppliers.

The After market segment, in relative terms is shrinking in size due to improved vehicle maintenance practices and prolonged life of the components and consequently, engine overhauls as a factor of vehicle population, will show a decline compared to the past. The replacement market, particularly in engine components, may not be able to continue to support towards the volume and profit mix of the company as in the past.

The OEMs are exercising tight control on procurement price irrespective of the cost-push factors particularly in the basic metals as has been witnessed over the last twelve months and the component industry should address the shortfall in the price realisation from OEMs through continued cost reduction efforts.

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 continue to maintain 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 reputed 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 number of employees on the rolls of the company was 499 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, 2004 :

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

(b) The Board met six times during the year i.e., on May 03, 2003, June 11, 2003, July 31, 2003, October 30, 2003, December 23, 2003 and January 28, 2004.

(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	6	Attended
Mr. N.Venkataramani	6	Attended
Mr. S.Gopinath Rao	6	Attended
Mr. A.B.Avery	—	Not Attended
Mr. K.V.Shetty	5	Attended

The time gap between two Board Meetings did not exceed 4 months. The last Annual General Meeting was held on July 28, 2003.

(d) Directors' membership as on March 31, 2004 in the Board or Committees thereof (excluding foreign companies):

Name of the Director	Other Boards	Other Board Committees
Mr. A.Krishnamoorthy	13	3 (of which 2 as chairman)
Mr. N.Venkataramani	11	2 (Of which 1 as Chairman)
Mr. S.Gopinath Rao	2	None
Mr. A.B.Avery	None	None
Mr. K.V.Shetty	6	5

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 11, 2003, October 30, 2003 and January 28, 2004.

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	3
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, 2004 are:

Name of the Director	Amount in Rs.
Mr.A.Krishnamoorthy	
Fixed Component	
Salary	9,00,000.00
Contribution to Provident & other Funds	2,80,500.00
Other Benefits	6,67,572.00
Variable Component – Commission	60,03,745.00
Total	78,51,817.00
Sitting Fees paid to Directors	
Mr.N.Venkataramani	21,500.00
Mr.S.Gopinath Rao	21,500.00
Mr.A.B.Avery	Nil
Mr.K.V.Shetty	20,000.00

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 Seventy Nine complaints / request letters were received from shareholders all of which were satisfactorily dealt with. No Complaint was pending as at March 31, 2004. 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
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.
42nd AGM - 2003	New Woodlands Hotel, Chennai	July 28, 2003 – 10.00 a.m.

- (b) In the Annual General Meeting held on July 20, 2001, Special resolutions were 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) No Special resolution was passed in the Annual General Meeting held on July 28, 2003.
- (e) 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 has 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:

- The company had mailed the half-yearly results to all the shareholders for the half-year ended September 30, 2003. This practice will continue for the current year also.
- Quarterly results are normally published in "The Economic Times" (English) and "Dinamalar" (Tamil)
- The Management Discussion Analysis Report is a part of the Annual Report

09) GENERAL SHAREHOLDER INFORMATION

- Financial Calendar:

Annual General Meeting	Date : July 28, 2004 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, 2004	Last week of July 2004
Unaudited results for the Quarter / Half – Year ending September 30, 2004	Last week of October 2004
Unaudited results for the Quarter ending December 31, 2004	Last week of January 2005
Audited Results for the year ending March 31, 2005.	By end of June 2005

- Others:

Date of Book Closure	July 16, 2004 to July 28, 2004
Dividend Payment date.	From August 11, 2004
Listing on Stock Exchanges	Mumbai and Chennai
Stock code	MSE – BIMET BEAR / BSE – 505681

- 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 2003	106.00	101.00	No Trading	No Trading
May 2003	125.00	102.90	No Trading	No Trading
June 2003	132.05	119.00	No Trading	No Trading
July 2003	147.00	125.00	No Trading	No Trading
August 2003	160.50	131.00	No Trading	No Trading
September 2003	148.95	140.00	148.00	148.00
October 2003	165.45	140.35	No Trading	No Trading
November 2003	167.90	152.00	No Trading	No Trading
December 2003	237.10	188.80	No Trading	No Trading
January 2004	242.20	190.25	No Trading	No Trading
February 2004	199.40	180.00	No Trading	No Trading
March 2004	194.95	180.00	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 2003	3215.24	2924.03	106.00	101.00
May 2003	3180.75	2942.78	125.00	102.90
June 2003	3607.13	3181.97	132.05	119.00
July 2003	3792.61	3554.13	147.00	125.00
August 2003	4244.73	3741.66	160.50	131.00
September 2003	4453.24	4134.15	148.95	140.00
October 2003	4930.53	4455.08	165.45	140.35
November 2003	5097.84	4771.23	167.90	152.00
December 2003	5838.96	5131.54	237.10	188.80
January 2004	6194.11	5593.74	242.20	190.25
February 2004	6035.80	5567.12	199.40	180.00
March 2004	5935.19	5365.40	194.95	180.00

(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.: (044) 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, 2004)

Category	As on 31-03-2004		As on 31-03-2003	
	Shares Held	% on Capital	Shares Held	% on Capital
Bodies Corporate in the same management	26,28,116	68.71	25,75,113	67.32
Directors and their relatives	250	0.01	250	0.01
Public Financial Institutions	2,23,944	5.85	3,34,951	8.76
Non-Residents	1,96,780	5.15	1,93,394	5.05
Other Bodies Corporate	28,085	0.73	21,320	0.56
Other resident Public shareholders	7,47,825	19.55	6,99,972	18.30
TOTAL	38,25,000	100.00	38,25,000	100.00