



# Bimetal Bearings Limited



REPORT AND ACCOUNTS 2005 - 2006

# **BIMETAL BEARINGS LIMITED**

## **DIRECTORS**

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

Mr. N. VENKATARAMANI

Mr. A. B. AVERY

Mr. K.V. SHETTY

Dr. R. MAHADEVAN

Mr. P. M. VENKATASUBRAMANIAN

## **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

PHONE : (044) 2466 2448

## **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.

### NOTICE TO THE SHAREHOLDERS OF THE FORTY FIFTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Forty Fifth 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 Friday, the 21st day of July 2006 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 2006 and the Audited Profit and Loss Account for the year ended 31st March 2006 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 consider and if thought fit to pass with or without modification, the following resolution as an Ordinary Resolution:  
**"RESOLVED** that the retiring Auditors, M/s. Price Waterhouse, Chartered Accountants, Chennai be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and that the Board of Directors be and is hereby authorised to fix the remuneration payable to them".

#### Special Business :

5. To consider and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution :  
**"RESOLVED THAT** Mr. P.M. Venkatasubramanian, who was appointed an Additional Director at the Meeting of Board of Directors held on 29-12-2005 and who holds office upto the date of this Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying her intention to propose Mr. P.M. Venkatasubramanian as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation".
6. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :  
**"RESOLVED THAT** pursuant to Sections 198, 269, 309, 311 and 316 and other applicable provisions of the Companies Act, 1956 if any and read with Schedule XIII to the said Act, the approval of the Company be and is hereby accorded to the reappointment of Mr. A. Krishnamoorthy as Chairman & Managing Director of the company for a period of five years from 01.04.2005 and payment of remuneration, commission and perquisites as set out in the agreement approved at the meeting of the Board of Directors of the Company held on 31.03.2005".  
**"FURTHER RESOLVED THAT** in the event of inadequacy of profit during the tenure of re-appointment, the remuneration payable shall be in terms of Section II, Part II of Schedule XIII to the Companies Act 1956".

By order of the Board

**K. Vidhya Shankar**  
Company Secretary

Chennai 600 011  
June 14, 2006

**NOTES :**

1. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the Special Business is annexed hereto.
2. A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF 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 M/s.GNSA INVESTOR SERVICES (P) LIMITED, 18/1, (Old No. 17/1), Baliah Avenue, Luz, Mylapore, Chennai 600 004. (Telephone No. 2466 2448), 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 / DPID Number in all their correspondence.
3. The Register of members and Share Transfer Books of the Company under the physical mode will remain closed from 12-07-2006 to 21-07-2006 (Both days inclusive).
4. In the case of dematerialised shares, the Dividend that may be declared at this meeting will be paid within the stipulated period to the members whose names appear in the Beneficiary Position list to be submitted by NSDL and CDSL as on 12-07-2006. In the case of all other holders, the dividend amount will be paid to those names which appear in the Register of Members as on 21-07-2006.
5. The Company has, pursuant to Section 205 of the Companies Act, 1956, transferred the amounts of unclaimed dividends declared upto the Financial Year 1997-98 to the General Revenue Account of the Central Government / Investor Education and Protection Fund. Members who have not encashed the Dividend Warrants for the year ended 31-03-1999 and / or any subsequent dividend payments are requested to make their claim to the company.
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 / DPID 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.

**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 :****a) Item No. 5 :**

Mr. P.M. Venkatasubramanian (holding nil shares in the company) was appointed as Additional Director of the Company with effect from 29-12-2005 pursuant to Section 260 of the Companies Act, 1956 and Article 30(e) of the Articles of Association of the Company. Mr. P.M. Venkatasubramanian will hold the office of the Additional Director only upto the date of the ensuing Annual General Meeting.

The Company has received the requisite notice and deposit under Section 257 of the Companies Act, 1956 from a member signifying her intention to propose at the forthcoming Annual General Meeting the name of Mr. P.M. Venkatasubramanian for appointment as Director of the Company, liable to retire by rotation. The details of Mr. P.M. Venkatasubramanian seeking re-appointment are furnished in the Notice.

The directors recommend the resolution for consideration and approval. None of the directors except Mr. P.M. Venkatasubramanian is concerned or interested in the resolution.

**b) Item No. 6 :**

At the Extra-ordinary General Meeting of the Company held on 27.05.2005, the General Body has approved the re-appointment of Mr. A Krishnamoorthy as Chairman & Managing Director of the Company for a period of five years from 01.04.2005 to 31.03.2010 and payment of remuneration to him as proposed in the text of the Resolution placed before the General Meeting. The Resolution at the Extra-Ordinary General Meeting held on 27th May, 2005 was passed as an Ordinary Resolution. The Remuneration Committee had also approved the remuneration at its meeting held on 23.03.2005

The remuneration payable to Mr.A.Krishnamoorthy as approved at the Extra Ordinary General Meeting of the Company on 27th May 2005 also includes the provision for the payment of the remuneration proposed as minimum remuneration in the event of absence or inadequacy of Profits in any financial year during the tenure of the re-appointment of Mr. A. Krishnamoorthy as Chairman & Managing Director.

However, the payment of the remuneration as already resolved by way of minimum remuneration, requires passing of a Special Resolution by the General Body in terms of requirements of Section II part II of Schedule XIII to the Companies Act, 1956. Hence, the Special Resolution is proposed for consideration.

The information to be disclosed as per the requirements of Part II of Schedule XIII to the Companies Act, 1956 are provided as under :

Mr. A. Krishnamoorthy being the Executive Chairman of the Company does not hold any committee membership in the company. The details of other directorships / committee memberships held by Mr. A. Krishnamoorthy as on date are given below :

Directorships	Committee memberships - Audit Committee
Amalgamations (P) Limited	Simpson & Company Limited
Simpson & Company Limited	India Pistons Limited
Amalgamations Repco Limited	Shardlow India Limited
Stanes Amalgamated Estates Limited	
Stanes MJF Teas Limited	
Shardlow India Limited	
India Pistons Limited	
Associated Printers (Madras) Private Limited	
Associated Publishers (Madras) Private Limited	
T.Stanes & Company Limited	
Amalgamations Valeo Clutch Private Limited	
BBL Daido Private Limited	
Wallace Cartwright & Company Limited	

The Remuneration Committee had recommended and the Board of Directors have fixed the remuneration as under:-

**Salary** : Rs.2,50,000/- per month

**Perquisites** : Perquisites to be allowed in addition to salary and commission as listed below.

**Commission** : Not to exceed 4.5% of the net profits of the Company for any financial year as may be decided by the Remuneration Committee and the Board of Directors subject to the overall ceiling fixed under Section 198 and 309 and other applicable provisions of the Companies Act, 1956.

**Perquisites :**

- (a) House Rent Allowance : Rs.70,000/- per month
- (b) The Expenditure incurred by the Company on gas, electricity, water and furnishings.
- (c) Medical Reimbursement : Expenses incurred by the Chairman & Managing Director and his family
- (d) Leave Travel Concession : For the Chairman & Managing Director and his family incurred in accordance with any rules specified by the Company.
- (e) Club Fees : Fees of Clubs subject to a maximum of two clubs. This will not include Admission and life membership fee.
- (f) Personal Accident Insurance : Premium for the Chairman & Managing Director.

- (g) Contribution to Provident Fund and Superannuation fund, to the extent these either singly or put together are not taxable under the Income Tax Act.
- (h) Gratuity payable should not exceed half month's salary for each completed year of service.
- (i) Encashment of leave at the end of tenure will not be included in the computation of the ceiling on perquisites.
- (j) Leave facility as applicable to other Senior Executives of the Company shall be allowed.

The Chairman & Managing Director shall be entitled to all actual expenses including reimbursement of travelling and entertainment expenses incurred in the course of the Company's business, which shall not be treated as an item of remuneration.

**Apart from the remuneration aforesaid :**

Provision of car for use on company's business, telephone and other communication facilities at residence are allowed and these will not be considered as perquisites.

Any variation of the above perquisites or any other perquisites as may be approved by the Remuneration Committee / Board from time to time.

The remuneration and perquisites mentioned above shall be subject to the overall ceiling under Sections 198 and 309 of the Companies Act, 1956.

**MINIMUM REMUNERATION :**

In the event of absence or inadequacy of profits in any financial year during the tenure of his reappointment, the remuneration to the Chairman & Managing Director by way of salary and perquisites shall not exceed the limits specified in Section II of Part II of Schedule XIII to the Companies Act, 1956 from time to time or such other limits as may be notified by the Government from time to time as Minimum Remuneration and conformably to and within such limit as may be specified by the Remuneration Committee.

Since the re-appointment and the payment of remuneration conform to the requirements of Schedule XIII to the Companies Act, 1956, the approval of the Central Government is not required.

The agreement which has been entered into by the Company with the Chairman & Managing Director incorporating the provisions of the remuneration, commission, perquisites and other applicable terms and conditions of appointment is available for inspection by any member of the Company at the Registered Office of the Company between 10.00 a.m. and 12 00 Noon on any working day till the date of the Annual General Meeting.

Information relating to the Industry has already been furnished in the Corporate Governance Section of the Annual Report of the Company.

Mr. A. Krishnamoorthy, Chairman & Managing Director is interested in the resolution to the extent of his re-appointment and remuneration payable to him. Mr. N. Venkataramani, Director being a relative of Mr. A. Krishnamoorthy is also deemed to be interested in the resolution. No other Director is concerned or interested in the above resolution.

Information required under Section II Part B of Schedule XIII to the Companies Act, 1956 are furnished below :

**I. General Information :**

1. Nature of Industry : Auto Ancillary
2. Date or expected date of commencement of Commercial Production : Company was established in the year 1961 and had already commenced Commercial Production.
3. In case of new Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus : Not applicable

## 4. Financial performance based on given indicators : (Rs. in Lakhs)

Particulars	Year Ended	
	31.03.2006	31.03.2005
Net Sales	8,486.09	7,998.88
Other Income	733.54	569.76
Total	9,219.63	8,568.64
Profit Before Tax	1,150.19	1,577.17
Profit After Tax	820.69	1,096.17
Rate of Dividend declared	62.5%	62.5%
Earnings per Share (Rs.)	21.46	28.66
Reserves	9,665.89	9,117.79
Net Worth	10,048.39	9,500.29
Debt Equity Ratio	0.02 : 1	0.02 : 1

Company has declared Dividend since inception without break.

## 5. Export Performance :

- (a) Year Ended : 31.03.2006  
 (b) Exports on FOB Basis : Rs.2613.73 lakhs  
 (c) Foreign Exchange outgo referable to:  
 (i) Dividend : Nil  
 (ii) Royalty : Nil  
 (iii) New Technology / Consultancy : Rs.26.18 lakhs

## 6. Foreign investments : Nil

## 7. Technical Collaborators : Daido Metal Co. Ltd., Japan

## II. Information about the Appointee :

1. Background Details : Mr. A. Krishnamoorthy is associated with the Company since 26.06.1970 as Director. He became Managing Director on 01.09.1975 and Chairman & Managing Director on 13.07.1992. He had extensive training in various facets of Company administration. He is intimately connected with Auto Ancillary Industries (Refer Directorships) and has gained considerable knowledge of the products, market segments, Customers and suppliers.

He has successfully implemented the expansion and modernisation programme of the Company. Thanks to his leadership and forethought, the Company has the requisite state of art technology for material, process and machine. He is the Vice Chairman of Amalgamations Private Limited.

2. Past Remuneration : Remuneration paid for the year ended 31.03.2005 :

Fixed Components :	Rs.	Rs.
Salary	9,00,000	
Contribution to PF and other Funds	2,80,500	
Other benefits	<u>6,72,353</u>	
		18,52,853
<b>Variable Component :</b>		
Commission		<u>64,79,871</u>
<b>Total</b>		<u>83,32,724</u>

(The Company has not introduced stock option scheme)

3. Recognition or Awards : He has been conferred the Honorary Degree of Doctor of Literature by the Manonmaniam Sundaranar University for his contribution to the growth of Auto Ancillary Industry and upliftment of Rural Education.
4. Job Profile and his suitability : (a) Overall in-charge of the Company on all aspects.  
(b) He has been associated with the Company since 26.06.1970 and has learnt all the intricacies of manufacture and sale of products of the Company.
5. Remuneration Proposed : As mentioned in the notice. The same remuneration was earlier approved by the Remuneration Committee, Board of Directors and also by the Members at the Extra-ordinary General Meeting held on 27.05.2005.
6. Comparative remuneration profile with respect to industry size of the Company, profile of the position and person (in case of expatriates the relevant details would be with reference to the country of his origin) : The remuneration proposed is comparable in the industry and commensurate with the responsibility envisaged under the post of Chairman & Managing Director.
7. Pecuniary Relationship : Nil

**III. Other Information :**

- (1) Reason for Loss or Inadequacy of Profits : Steep increase in price of input materials, Conversion Cost and the provision for Gratuity for the year.
- (2) Steps taken or proposed to be taken for improvement : Further utilisation of production facilities, control of conversion cost apart from negotiating with the customers for price revision.
- (3) Expected increase in Productivity and Profit in measurable terms : A Growth of 15% is expected

**IV. Disclosure :**

- (1) Remuneration Package : As given in the Explanatory Statement.
- (2) Details to be furnished in Corporate Governance : Given under Remuneration payable to Chairman & Managing Director



**Details of directors seeking re-appointment at the Annual General Meeting  
(In pursuance to clause 49 of the Listing Agreement)**

<b>Name</b>	Mr. A. B. Avery	Mr. P. M. Venkatasubramanian
<b>Date of Birth</b>	10-03-1928	21-02-1939
<b>Date of appointment</b>	01-08-1975	29-12-2005
<b>Qualifications</b>	Certified Public Accountant.	Post Graduate in Commerce Fellow Member of the Insurance Institute of India, Mumbai.
<b>Expertise in specific functional areas</b>	Former Chairman of Automotive Components Limited and has vast experience in the automobile and ancillary industries	Former Managing Director of General Insurance Corporation of India and has diversified experience in areas like Insurance, Finance, Human Resources etc.
<b>Directorships in other companies</b>	Nil	Thana Electricity Supply Company Limited (Nominee Director of LIC) IP Rings Limited Radaan Mediaworks (I) Limited Royal Sundaram Alliance Insurance Company Limited GIC Mutual Fund – Trust Chairman
<b>Chairman / Member of Committees of the Board of Companies of which he is a Director</b>	Nil	IP Rings Limited – Chairman, Audit Committee Radaan Mediaworks (I) Limited – Member of Audit and Shareholders/ Investors' Grievance Committee Royal Sundaram Alliance Insurance Company Limited – Chairman of Audit and Investment Committees GIC Mutual Fund – Member, Audit Committee.
<b>No. of Shares held in the Company</b>	Nil	Nil

## BIMETAL BEARINGS LIMITED

### REPORT OF DIRECTORS

Your Directors have pleasure in presenting the Forty Fifth Annual Report covering the operations for the year ended 31st March 2006 together with the accounts and Auditors' Report thereon.

#### FINANCIAL RESULTS :

	<b>Year Ended 31-03-2006 (Rs. in Lakhs)</b>	<b>Year Ended 31-03-2005 (Rs. in Lakhs)</b>
<b>Net Sales (Net of Excise Duty)</b>	<b>8,486.09</b>	<b>7,998.88</b>
<b>Profit before Interest, Depreciation and Taxation</b>	<b>1,558.85</b>	<b>1,953.06</b>
<b>Less : Interest</b>	<b>15.29</b>	<b>13.04</b>
Depreciation	<b>393.37</b>	<b>362.84</b>
<b>Profit before Tax</b>	<b>1,150.19</b>	<b>1,577.18</b>
<b>Less : Taxation (including Deferred Tax)</b>	<b>310.00</b>	<b>481.00</b>
Fringe Benefit Tax	<b>19.50</b>	<b>—</b>
<b>Profit after Tax</b>	<b>820.69</b>	<b>1,096.18</b>
<b>Add : Balance brought forward from previous year</b>	<b>113.98</b>	<b>140.98</b>
<b>Profit available for appropriation</b>	<b>934.67</b>	<b>1,237.16</b>
<b>Less : Transfer to</b>		
Proposed Dividend	<b>239.06</b>	<b>239.06</b>
Dividend Tax	<b>33.53</b>	<b>34.12</b>
General Reserve	<b>500.00</b>	<b>850.00</b>
<b>Balance Carried to Balance Sheet</b>	<b>162.08</b>	<b>113.98</b>

#### OPERATIONS:

During the year under review the Company has achieved a turnover of Rs.8,486.09 Lakhs recording a growth of 6% over the previous year. The Company responded to the growth witnessed in the Car and Tractor Segments which resulted in increased market share of the OE Segment by 12%. The Export segment of the Market registered a growth of 32% significantly contributing to the overall turnover. However, there has been a substantial reduction in the turnover of the 3P Segment.

The production at all the Plants was maintained at a satisfactory level to cater to the demand.

Despite Increase in turnover, very substantial increase in the cost of input materials particularly Steel, Copper, Aluminium, Tin and energy cost have had major impact in the cost of production and profitability during the year. Continuous efforts to address these increases by improvement in operations are given emphasis. The significant increases in material cost have to be partly recovered by price adjustments particularly in the O.E. Segment.

Overheads are commensurate with the level of activity.

The Company's profit for the year has been well supported by the treasury operations.

The Company is continuously investing in newer material and manufacturing facilities apart from process technology. The project relating to manufacture of new materials for the Company's products to meet customers requirements are under implementation. It is anticipated that the measures undertaken are conducive of improving profitability of operations.

#### DIVIDEND :

Your Directors recommend a Dividend of 62.5% (Previous year: 62.5%) on the Paid-Up Capital for the year ended 31.03.2006.