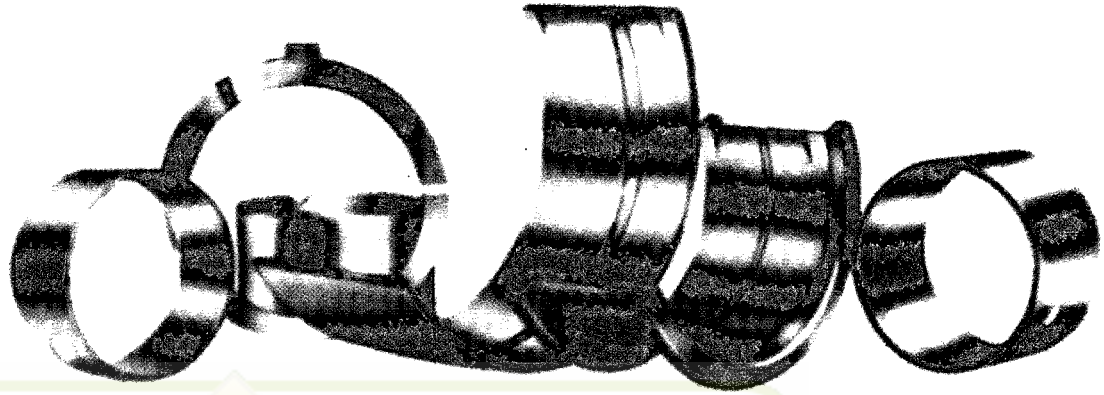




Bimetal Bearings Limited



Report and Accounts 2006 -2007

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

WHOLE-TIME DIRECTOR

Mr. N.P. MANI

VICE PRESIDENT – FINANCE

Mr. N. VENKATARAMAN

DEPUTY GENERAL MANAGER (COSTING) & 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
"G.R. MANSION", NO. 11, SRINIVASA ROAD,
PONDY BAZAAR, T.NAGAR, CHENNAI – 600 017

REGISTERED OFFICE

"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 SIXTH
ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Forty Sixth Annual General Meeting of the shareholders of the company will be held at New Woodlands Hotel, 72/75, Dr.Radhakrishnan Salai, Chennai 600004 on Friday, the 20th day of July 2007 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 2007 and the Audited Profit and Loss Account for the year ended 31st March 2007 and the Auditors' and Directors' Report thereon.
2. To declare a final dividend.
3. To appoint a Director in the place of Mr.N.Venkataramani who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Mr.K.V.Shetty who retires by rotation and being eligible offers himself for re-election.
5. 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:

6. To consider and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution :
7. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :

"RESOLVED THAT Mr.N.P.Mani, who was appointed as an Additional Director with effect from 01.11.2006 at the Meeting of the Board of Directors held on 26-10-2006 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 his intention to propose Mr.N.P.Mani as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company".

"RESOLVED THAT pursuant to Sections 198, 269, 309, 311, 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 appointment of Mr.N.P.Mani as a Whole-time Director of the company for a period of three years from 01-11-2006 and the payment of his remuneration, allowances, performance bonus and perquisites as set out in the agreements approved at the meeting of the Board of Directors of the Company held on 26-10-2006 and 13.06.2007 or such other remuneration as the Board of Directors may revise from time to time duly recommended in that respect by the Remuneration Committee".

"FURTHER RESOLVED THAT in the event of inadequacy of profit during the tenure of his appointment, the remuneration payable shall be in terms of Section II, Part II of Schedule XIII to the Companies Act, 1956".

8. To consider and if thought fit, to pass the following resolution, with or without modification, as a Special Resolution :
- "RESOLVED THAT in conformity with the Article 50(a) of the Articles of Association of the Company and pursuant to the provisions of Section 309(4) of the Companies Act, 1956, consent be and is hereby accorded for payment of commission to eligible non-executive Directors of the Company other than Managing or Whole-time Directors at 1% of the net profits of the Company computed in accordance with Section 198 of the Companies Act, 1956 for each financial year for a period of Five years commencing from 01-04-2007 to 31-03-2012 to be apportioned between such Directors in such a manner as may be decided by the Board of Directors from time to time".

By order of the Board

K. Vidhya Shankar

Deputy General Manager [Costing] & Company Secretary

Chennai-600 011
June 13, 2007

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 Private Limited, "G.R.Mansion", No.11, Srinivasa Road, T.Nagar, Chennai 600 017 [Telephone Nos. 42121428 & 42121429], 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 12-07-2007 to 20-07-2007 - 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 submitted by NSDL and CDSL as on 12-07-2007. 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 20-07-2007.
5. The Company has, pursuant to Section 205 of the Companies Act, 1956, transferred the amounts of unclaimed dividends declared upto the Financial Year 1998 – 1999 & Interim Dividend for the year ended 31-03-2000 to the General Revenue Account of the Central Government / Investor Education and Protection Fund. Members who have not encashed the Dividend Warrants [Final] for the year ended 31-03-2000 and / or any subsequent dividend payments are requested to make their claim to the company.
6. The members are requested to provide, if not already done so, the full bank account details quoting their folio number/DPID number in the format enclosed to our Registrars and Share Transfer Agents. The Company will not be responsible for any loss arising out of fraudulent encashment of Dividend Warrants. 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:**Item No.6:**

Mr.N.P.Mani [holding nil shares in the company] was appointed as an Additional Director of the Company with effect from 01-11-2006 pursuant to Section 260 of the Companies Act, 1956 and Article 30(e) of the Articles of Association of the Company at the meeting of the Board of Directors of the Company held on 26-10-2006. Mr.N.P.Mani 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 his intention to propose at the forthcoming Annual General Meeting the name of Mr.N.P.Mani for appointment as Director of the Company. The details of Mr.N.P.Mani seeking re-appointment as Director are furnished in the Notice.

The Directors recommend the resolution to the members for consideration and approval. None of the directors except Mr.N.P.Mani is concerned or interested in the resolution.

Item No.7:

At the meeting of the Board of Directors of the Company held on 26-10-2006, Mr.N.P.Mani was appointed as Whole-time Director of the Company with effect from 01-11-2006 for a period of three years pursuant to Sections 198, 269, 309 and 311, 316 and other applicable provisions of the Companies Act, 1956. The terms and conditions relating to the appointment of Mr.N.P.Mani as a Whole-time Director are listed below. Mr.N.P.Mani is not liable to retire by rotation. His responsibility includes overall co-ordination and control of the operations of the Company including projects.

The remuneration payable to Mr.N.P.Mani on his appointment as Whole-time Director of the Company has been proposed and recommended by the Remuneration Committee at its meeting held on 26-10-2006. The terms of appointment of Mr.N.P.Mani as whole-time Director of the Company and the related remuneration payable to him needs the approval of the members by means of passing a special resolution at a General Meeting of the Company 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 of the members.

The Board of Directors and the Remuneration Committee at their meetings held on 13-06-2007 revised the emoluments payable to Mr.N.P.Mani effective 01-04-2007 whereby the basic salary and the house rent allowance stands revised to Rs.85,000/- per month and Rs.42,500/- per month respectively, apart from a sum of Rs.25,000/- per month to be paid as special allowance.

The information to be disclosed as per the requirements of Part II of Schedule XIII to the Companies Act, 1956 are provided hereunder. Mr.N.P.Mani being a Whole-time Director of the Company is also the member of the Share Transfer & Shareholders / Investors Grievance Committee in the Company. The details of other directorships/ committee memberships held by Mr.N.P.Mani in other companies as on date are given below:

Directorship[s] : BBL Daido Private Limited

Committee Memberships : Nil

The Remuneration payable to Mr.N.P.Mani for the period from 01.11.2006 to 31.03.2007 and from 01.04.2007 to 31.10.2009 are furnished hereunder :

Salary : Rs.75,000/- per month (Rs. 85,000/- per month from 01.04.2007).
Special Allowance : Rs. 25,000/- per month from 01.04.2007.
Perquisites : Perquisites to be allowed in addition to salary and Performance Bonus as listed below.
Performance Bonus : Not to exceed Rs.5,00,000/- [Rupees Five Lakhs Only] per financial year as may be decided by the Remuneration Committee and the Board of Directors.

Perquisites : Perquisites shall be valued as per Income Tax Rules where prescribed and in the absence of any such Rules, it shall be valued at actual cost.

- (a) House Rent Allowance : Rs.30,000/- per month [Rs. 42,500/- per month from 01.04.2007].
- (b) Reimbursement of expenses incurred on gas, electricity, water, security and furnishings.
- (c) Medical Reimbursement : Expenses incurred by the Whole-time Director and his family.
- (d) Leave Travel Concession : For the Whole-time Director and his family incurred in accordance with any rules specified by the Company.
- (e) Club Fees : Fees for one club which will not include admission and life membership fees.
- (f) Personal Accident Insurance : Premium for cover as per the rules of the Company.
- (g) Leave facility as applicable to other Senior Executives of the Company shall be allowed and encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

The Whole-time Director shall be entitled to all 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. He is not entitled to sitting fees.

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 of Directors of the Company from time to time and 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 appointment, the remuneration payable to the Whole-time Director by way of salary, special allowance 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.

Since the proposed 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 agreements which have been approved by the Board of Directors of the Company at their meetings held on 26-10-2006 and 13.06.2007 detailing therein the terms and conditions detailed above alongwith the responsibilities and duties to be discharged by the Whole-time Director in that capacity has been entered into with the Whole-time

Director. Copies of the relevant agreements will be 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. The directors recommend the resolution for consideration and approval of the members. None of the directors except Mr.N.P.Mani is concerned or interested in the resolution.

Members are requested to note the above variation of remuneration effective from 01.04.2007 to 31.10.2009 as the statement to be furnished under Section 302 of the Companies Act, 1956.

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)

Year Ended	31.03.2007	31.03.2006
Net Sales	8665.01	8486.09
Other Income	768.05	733.54
Total	9433.06	9219.63
Profit Before Tax	1220.98	1150.19
Profit After Tax	889.48	820.69
Rate of Dividend declared	65%**	62.5%
Earnings Per Share	23.25	21.46
Reserves	10269.03	9665.89
Net Worth	10651.53	10048.39
Debt Equity Ratio	0.01 : 1	0.02 : 1

The Company has declared Dividend since inception without break. [** Interim 40% + Final 25% #]
subject to approval of the members at the ensuing Annual General Meeting.

- (5) Export Performance:
 - (a) Year Ended : 31.03.2007
 - (b) Exports on FOB Basis : Rs.1989.39 Lacs.
 - (c) Foreign Exchange outgo referable to:
 - (i) Dividend : Nil
 - (ii) Royalty : Nil
 - (iii) New Technology : Rs.3.61 Lacs.
- (6) Foreign investments : Nil
- (7) Technical Collaborators : Daido Metal Co. Ltd., Japan

II. Information about the Appointee:

1. Background Details : Mr.N.P.Mani, a marine engineer has held various diversified assignments in the group companies, Simpson & Company Limited and Shardlow India Limited prior to his appointment in the Company effective from 01-04-1987. Mr.N.P.Mani carries with him rich experience of 47 years, a substantial portion of which was associated with the manufacture of auto ancillary products. He has been successful in interacting with both customers and vendors. He played a major part in implementation of several projects and contributed to the absorption of technology imported from collaborators whereby company today is having state of the art technology for material and machines.
2. Past Remuneration : Mr.N.P.Mani was appointed as Whole-time Director of the Company only during the year 2006-2007. He did not receive any amount as managerial remuneration in the past. The company has not introduced any stock option scheme.
3. Recognition or Awards : Nil.
4. Job Profile and his suitability : (a) His responsibility will include overall co-ordination and control of the operations of the Company including projects.
(b) He has been associated with the Company since 01-04-1987 and he is conversant with 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 and the Board of Directors at their meetings held on 26.10.2006 and 13.06.2007.
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 Whole-time Director.
7. Pecuniary Relationship : Nil.

III. Other Information:

1. Reason for Loss or inadequacy : The resolution is primarily to address in case there is inadequacy of profits due to input cost increases which could not be adequately compensated.
2. Steps taken or proposed to be taken for improvement : As mentioned, it is an enabling resolution. The Company would take all steps to protect the profit margins which would include increased capacity utilisation, negotiating with the customers for price revision etc. when need arises to maximise profits and reduce the losses.
3. Expected increase in productivity and profit in measurable terms : Barring unforeseen circumstances, a growth of around 7.5% in profit before tax is anticipated.

IV. Disclosure:

1. Remuneration Package : As given in the Explanatory Statement.
2. Details to be furnished in Corporate Governance : Furnished in the Corporate Governance section.

Item No.8:

In view of the greater involvement and the valuable contribution rendered by the Non-Executive Directors of the Company, it is thought appropriate to remunerate them.

As per the provisions of Section 309 of the Companies Act, 1956, 1% of the net profits of the Company computed as per the provisions of Section 198 of the Companies Act, 1956 could be paid to them. Accordingly a special resolution is placed before the members for their consideration and approval. Mr.N.Venkatasubramanian, Mr.K.V.Shetty, Dr.R.Mahadevan, Mr.P.M.Venkatasubramanian and Mr.A.B.Avery, Non-Executive Directors are interested in the Resolution to the extent of the commission that would become payable to them.

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

Name	Mr.N.P.Mani	Mr.N.Venkataramani	Mr.K.V.Shetty
Date of Birth	22-08-1937	09-12-1939	04-02-1934
Date of appointment	01-11-2006	08-02-1985	30-03-2000
Qualifications	DMET (Ministry of Transport)	Hons. Degree in Mathematics from Delhi University Specialised in Mechanical Engineering and obtained B.Sc. Hons. & M.Sc. Degree from the University of London. Diploma in Production Technology from the Imperial College, London. A fellow member of the Institute of Mechanical Engineers [U.K.].	Fellow member of the Institute of Chartered Accountants of India Certified Internal Auditor from the Institute of Internal Auditors Inc., U.S.A.,
Expertise in specific functional areas	Over-all co-ordination and control of the operations of the company including projects.	Over-all business management.	Financial management
Directorships in other companies	BBL Daido Private Limited	George Oakes Limited IP Pins & Liners Limited IP Rings Limited India Pistons Limited Amalgamations Valeo Clutch Private Limited IP Power Cylinder Systems Limited Amalgamations Repco Limited Stanes Amalgamated Estates Limited Stanadyne Amalgamations Private Limited NTTF Industries Limited	Simpson & General Finance Company Ltd., IP Rings Limited IP Power Cylinder Systems Limited IP Pins & Liners Limited India Pistons Limited Amalgamations Repco Ltd.,
Chairman / Member of Committees of the Board of Companies of which he is a director	Nil	India Pistons Limited – Member, Audit Committee IP Power Cylinder Systems Limited – Member, Audit Committee	IP Rings Limited – Member, Investor Grievances Committee, Investment Committee and Share Transfer Committee India Pistons Limited – Member, Audit Committee & Chairman, Remuneration Committee IP Power Cylinder Systems Limited – Chairman, Audit Committee
No. of shares held in the company	Nil	150	Nil

BIMETAL BEARINGS LIMITED

REPORT OF DIRECTORS

Your Directors have pleasure in presenting the Forty Sixth Annual Report covering the operations for the year ended 31st March 2007 together with the accounts and Auditors' Report thereon.

FINANCIAL RESULTS :

	Year Ended 31-03-2007 (Rs. in Lakhs)	Year Ended 31-03-2006 (Rs. in Lakhs)
Net Sales [Net of Excise Duty]	8,665.01	8,486.09
Profit before Interest, Depreciation and Taxation	1,628.25	1,558.85
Less : Interest	11.75	15.29
Depreciation	395.52	393.37
Profit before Tax	1,220.98	1,150.19
Less : Taxation [including Deferred Tax]	316.00	310.00
Fringe Benefit Tax	15.50	19.50
Profit after Tax	889.48	820.69
Add : Balance brought forward from previous year	162.08	113.98
Profit available for appropriation	1,051.56	934.67
Less : Transfer to		
Interim Dividend (40%)	153.00	—
Proposed Dividend	95.63	239.06
Dividend Tax	37.71	33.53
General Reserve	600.00	500.00
Balance Carried to Balance Sheet	165.22	162.08

OPERATIONS:

The year under review witnessed buoyancy generally in all segments in the Automotive Industry. The passenger cars, commercial vehicles and tractors had recorded good growth enabling the Company to register an increase by 17% with the Original Equipment Manufacturers. However, the after market continued to be sluggish in the context of the improved performance of newer generation of Engines, a feature that is anticipated to continue in the years ahead. The Export of the Company's products, whilst lower than last year, is expected to improve, with more focus on semi finished products, in the current year.

The significant increases in the cost of input materials of Copper, Lead, Tin and Aluminium and the difficulties in recovering them from the end prices had eroded significantly into our overall profitability. Appropriate effort and actions to contain other related operational costs are continuing and benefits are expected to be felt in the current year.

The new lead-free material facility is planned to be commissioned during the current year and this will well address the needs of the Original Equipment Manufacturers in the years ahead.

The profit before Tax and after Tax increased by Rs.70.79 lacs and Rs.68.79 lacs respectively compared to last year.

DIVIDEND:

Your Directors recommend a Final Dividend of 25% on the Paid-Up Capital for the year ended 31-03-2007. This together with the Interim Dividend of 40% paid in March 2007 will make a total dividend of 65% against 62.5% paid in the previous year.

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 31-03-2007 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.

CODE OF CONDUCT:

The Company has adopted a code of conduct for the Board of Directors and senior management of the Company and all of them have affirmed compliance of the same.

CEO / CFO CERTIFICATION:

As contemplated under Clause 49 of the Listing Agreement, the certificate from the Chief Executive Officer, Mr.A.Krishnamoorthy, Chairman & Managing Director and Chief Financial Officer, Mr.N.Venkatarman, Vice President [Finance] was placed before the Board of Directors at their meeting held on 13-06-2007.

DISCLOSURE OF PARTICULARS:

The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies [Disclosure of Particulars in the Report of Directors], Rules 1988 is given in the Annexure forming part of this Report.

DIRECTORS:

Mr.N.P.Mani was inducted as Additional Director on 01.11.2006 and he seeks re-election at the ensuing Annual General Meeting. Mr.N.P.Mani was also appointed as Whole-Time Director with effect from 01.11.2006 for a period of three years. Necessary resolutions under Special Business with regard to the above matters are placed before the members for their consideration and approval.

Mr.N.Venkataramani and Mr.K.V.Shetty, Directors are retiring at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Directors recommend their 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 Co. Ltd., Japan.

Chennai 600 011
June 13, 2007

For and on behalf of the Board
A. Krishnamoorthy
Chairman & Managing Director