



BIMETAL BEARINGS LIMITED

Report and Accounts 2007 - 2008

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 INFOTECH (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 SEVENTH ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Seventh 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 23rd day of July 2008 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 2008 and the Audited Profit and Loss Account for the year ended 31st March 2008 and the Auditors' and Directors' Report thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in the place of Dr.R. Mahadevan who retires by rotation and being eligible offers himself for re-election.
- 4) To appoint a Director in the place of Mr.P.M. Venkatasubramanian 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".

By order of the Board

Chennai 600 011
18th June 2008

K. Vidhya Shankar
Deputy General Manager [Costing] & 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 / 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 Infotech (P) 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.
- 2) The Register of members and Share Transfer Books of the Company under the physical mode will remain closed from 16-07-2008 to 23-07-2008 (both days inclusive).
- 3) In the case of dematerialised shares, the Dividend that may be declared at this meeting will be paid to the members whose names appear in the Beneficiary Position list submitted by NSDL and CDSL as on 16-07-2008. In the case of other holders, the dividend amount will be paid to those names which appear in the Register of Members as on 23-07-2008.
- 4) The Company has, pursuant to Section 205 of the Companies Act, 1956, transferred the amounts of unclaimed dividends declared upto the Financial Year 1999 – 2000 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 31-03-2001 and / or any subsequent dividend payments are requested to make their claim to the company.
- 5) 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 Registrar and Share Transfer Agents. The company will not be responsible for any loss arising out of fraudulent encashment of dividend warrants. Such of those share holders 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.

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

Name	Dr.R.Mahadevan	Mr.P.M.Venkatasubramanian
Date of Birth	05-02-1943	21-02-1939
Date of appointment	16-03-2005	29-12-2005
Qualifications	Mechanical Engineering Degree from the Indian Institute of Technology, Chennai M.Tech Degree from Indian Institute of Technology, Kharagpur Ph.D. from the Indian Institute of Technology, Chennai	Post Graduate in Commerce and Fellow Member of the Insurance Institute of India, Mumbai.
Expertise in specific functional areas	Technocrat	Former Managing Director of General Insurance Corporation of India and has diversified experience in areas of Insurance, Finance and Human Resources.
Directorships in other companies	IP Pins & Liners Limited IP Rings Limited IP Power Cylinder Systems Limited India Pistons Limited BBL Daido Private Limited	Thana Electricity Supply Company Limited (Nominee Director of LIC) IP Rings Limited Radaan Mediaworks (I) Limited Royal Sundaram Alliance Insurance Company Limited
Chairman / Member of Committees of the Board of Companies of which he is a director	IP Rings Limited, – Investor Grievances Committee Chairman – Audit Committee and Share Transfer Committee – Member	IP Rings Limited – Audit Committee and Remuneration Committee – Chairman. Radaan Mediaworks (I) Limited – Member of Audit Committee and Shareholders / Investors' Grievance Committee Royal Sundaram Alliance Insurance Company Limited – Chairman of Audit Committee and investment Committee.
No. of shares held in the company	Nil	Nil

BIMETAL BEARINGS LIMITED

REPORT OF DIRECTORS

Your Directors have pleasure in presenting the Forty Seventh Annual Report covering the operations for the year ended 31st March 2008 together with the accounts and Auditors' Report thereon.

FINANCIAL RESULTS :

	Year Ended 31-03-2008 (Rs. in Lakhs)	Year Ended 31-03-2007 (Rs. in Lakhs)
Net Sales [Net of Excise Duty]	10057.36	8,665.01
Profit before Interest, Depreciation and Taxation	1687.05	1,628.25
Less : Interest	23.44	11.75
Depreciation	415.88	395.52
Profit before Tax	1247.73	1,220.98
Less : Taxation [including Deferred Tax]	344.98	316.00
Fringe Benefit Tax	20.00	15.50
Profit after Tax	882.75	889.48
Add : Balance brought forward from previous year	165.22	162.08
Profit available for appropriation	1047.97	1,051.56
Less : Transfer to		
Interim Dividend	—	153.00
Proposed Dividend	267.75	95.63
Dividend Tax	45.50	37.71
General Reserve	600.00	600.00
Balance Carried to Balance Sheet	134.72	165.22

OPERATIONS:

During the year under review the turnover has crossed one hundred crores registering an increase of Rs.13.92 crores (16.1%) when compared to corresponding period last year. The passenger car segment continued to grow and the demand for our Company's products from this segment was well maintained. However Commercial vehicles and the Tractors recorded a negative growth impacting the product mix and the margin. The successful maintenance and growth of the export segment has resulted in export value of Rs.32.91 crores registering an increase of Rs.13.02 crores (65%).

The steps taken by the Company in progressively enhancing the manufacturing and material capabilities are beginning to yield results towards further business developments.

The significant increases in the cost of critical inputs like copper, lead, tin, indigenous and imported strips and the limited scope for recovery in the present market conditions are being constantly addressed. Continuous efforts are pursued towards cost control with better utilisation of manufacturing resources.

DIVIDEND:

Your Directors recommend a Dividend of 70% [Previous Year: 65%] on the Paid-Up Capital for the year ended 31-03-2008.

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 31-03-2008 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.Venkataraman, Vice President (Finance) was placed before the Board of Directors at their meeting held on 18-06-2008.

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:

Dr.R.Mahadevan and Mr.P.M.Venkatasubramanian, 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 Company Limited, Japan.

Chennai 600 011
18th June 2008

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

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT:

The Bearing Industry in India is well established and is in a position to meet the requirements of the market to a significant extent. The increase in demand arising out of more production of vehicles and tractors meeting the emission norms required is a development that needs to be responded to. India is emerging as a global hub for the manufacture of cars with good manufacturing facilities.

OPPORTUNITIES AND THREATS:

The Company is well positioned to meet the increasing requirements from the customers to suit the new generation of vehicles with the progressive enhancement of the manufacturing and material capabilities. The opportunity to further enhance the export of both intermediate and end products is being pursued.

The substantial increase in the prices of critical inputs including virgin metals for the manufacture of the Company's products, exchange fluctuation and high inflation and interest rates with limited scope for recovery has to be reckoned with, which would erode into the profitability of the operations.

OUTLOOK

The outlook for the current year is expected to be satisfactory subject to the impact of the increases in critical inputs affecting operating margin.

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, resulting in increased utilisation of the plant capacities is expected to result in improved performance subject to factors covered above.

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 fully engaged towards higher productivity and active participation in quality upgradation movements. The average number of employees of the Company was 459 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 consisted of the following Directors as on March 31, 2008:

Executive Chairman & Managing Director	:	Mr.A.Krishnamoorthy
Executive Whole-time Director	:	Mr.N.P.Mani
Non-Executive Director	:	Mr.N.Venkataramani [related to Mr.A.Krishnamoorthy]
Non-Executive Independent Directors	:	Mr.A.B.Avery Mr.K.V.Shetty Dr.R.Mahadevan Mr.P.M.Venkatasubramanian

b) The Board met four times during the year i.e., on June 13, 2007, July 31, 2007, October 31, 2007 and January 31, 2008

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.P.Mani	3	Attended
Mr.N.Venkataramani	4	Did not attend
Mr.A.B.Avery	Nil	Did not attend
Mr.K.V.Shetty	3	Attended
Dr.R.Mahadevan	4	Attended
Mr.P.M.Venkatasubramanian	3	Attended

The time gap between two Board Meetings did not exceed 4 months. The last Annual General Meeting was held on July 20, 2007.

d) Directors' membership as on March 31, 2008 in the Board or Committees thereof [excluding foreign companies]:

Name of the Director	Other Boards	Other Board Committees
Mr.A.Krishnamoorthy	12	3 (of which 2 as Chairman)
Mr.N.P.Mani	1	NIL
Mr.N.Venkataramani	11	3 (of which 1 as Chairman)
Mr.A.B.Avery	None	None
Mr.K.V.Shetty	7	7 (of which 3 as Chairman)
Dr.R.Mahadevan	5	3 (of which 1 as Chairman)
Mr.P.M.Venkatasubramanian	4	6 (of which 4 as Chairman)

03) Audit Committee:

The Board of Directors constituted on 30-03-2002 an Audit Committee as envisaged under Para II of Clause 49 of the Listing Agreement. The Committee is empowered as per the requirements contained in Para IIC of Clause 49 of the Listing Agreement. Presently the Audit Committee consists of Mr.P.M.Venkatasubramanian (Chairman of the Committee), Mr.N.Venkataramani, Mr.K.V.Shetty and Dr.R.Mahadevan. During the year ended March 31, 2008, the Audit Committee met 5 times i.e., on May 31, 2007, June 13, 2007, July 31, 2007, October 31, 2007 and January 31, 2008.

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	5
Dr.R.Mahadevan	5
Mr.P.M.Venkatasubramanian	4

Mr.K.Vidhya Shankar, Deputy General Manager [Costing] & Company Secretary is the Secretary of the Audit Committee.

04) Remuneration Committee:

The Committee presently consists of the following Independent and Non-Executive Directors namely, Mr.K.V.Shetty (Chairman of the Committee), Mr.A.B.Avery, Dr.R.Mahadevan and Mr.P.M.Venkatasubramanian (inducted as a member with effect from June 05, 2007). During the financial year ended March 31, 2008, the Remuneration Committee met on June 13, 2007 which was attended by Mr.P.M.Venkatasubramanian and Dr.R.Mahadevan.

Name of the Director	No. of shares held	Amount (Rs.)
Mr. A. Krishnamoorthy:	50	
Fixed Component		
Salary		30,00,000
Contribution to gratuity and superannuation Funds /		
Other Benefits		21,08,195
Variable Component – Commission		56,00,000
Sub-Total	(a)	1,07,08,195
The Company has entered into a service agreement with the Chairman & Managing Director for a period of 5 years effective 01-04-2005 terminable by either party by giving three calendar months' notice in writing. No severance fee is payable upon termination.		
Mr. N.P. Mani, Whole-time Director :	Nil	
Fixed Component		
Salary		10,20,000
Other Benefits		9,12,445
Variable Component – Performance Bonus		5,00,000
Sub-Total	(b)	24,32,445
The Company has entered into a service agreement with the Whole-time Director for a period of 3 years effective 01-11-2006 terminable by either party by giving three calendar months' notice in writing. No severance fee is payable upon termination.		
Remuneration to Non-Executive Directors :	Sitting Fees	Commission
Mr.N.Venkataramani	45,000	150
Mr.A.B.Avery	—	—
Mr.K.V.Shetty	30,000	—
Dr.R.Mahadevan	50,000	—
Mr.P.M.Venkatasubramanian	40,000	—
Sub-Total	1,65,000	(c)
Grand Total (a+b+c)		13,14,585
		1,44,55,225

The Company has not introduced stock option scheme.

05) Shareholders Committee:

The Share Transfer and Shareholders / Investors Grievance Committee is functioning under the chairmanship of Mr.N.Venkataramani, Director. Mr.K.V.Shetty, Director and Mr.N.P.Mani, Whole-time Director are also members of this Committee. Mr.K.Vidhya Shankar, DGM [Costing] & 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, Thirty One complaints/request letters were received from shareholders all of which were satisfactorily dealt with. No Complaint was pending as at March 31, 2008. As on that date there were no pending share transfers.

06) General Body Meetings:

- a) Details of location and time where last three Annual General Meetings were held :

Year	Location	Date and Time
44th AGM – 2005	New Woodlands Hotel, Chennai	July 20, 2005 – 10.00 a.m.
45th AGM – 2006	New Woodlands Hotel, Chennai	July 21, 2006 – 10.00 a.m.
46th AGM – 2007	New Woodlands Hotel, Chennai	July 20, 2007 – 10.00 a.m.

- b) No special resolution was passed in the Annual General Meeting held on July 20, 2005. In the Annual General Meeting held on July 21, 2006, special resolution was passed for approving the re-appointment and payment of remuneration to Mr.A.Krishnamoorthy, Chairman & Managing Director. Further in the Annual General meeting held on July 20, 2007, special resolutions were passed for the appointment and payment of remuneration to Mr.N.P.Mani, Whole-time Director and also for the payment of commission to eligible non-executive Directors for a period of 5 years effective April 01, 2007.
- c) No special resolution was passed by postal ballot during the year.

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. The details of related party transactions as stated in note No.21-Notes to Accounts have been reviewed by the Audit Committee. 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. The Company has complied with all mandatory requirements prescribed under revised Clause 49 of the Listing Agreement. The Company has also complied with a few non-mandatory requirements.

08) Means of Communication:

- a) The company had mailed the half-yearly results to all the shareholders for the half-year ended September 30, 2007.
- b) Quarterly results are normally published in "The Economic Times" (English) and "Dinamalar" (Tamil). They are also available in the company's website www.bimite.co.in
- c) The Management Discussion and Analysis Report is a part of the Annual Report

09) GENERAL SHAREHOLDER INFORMATION:

a)	Financial Calendar: Annual General Meeting Unaudited results for the Quarter ending June 30, 2008 Unaudited results for the Quarter / Half Year ending September 30, 2008 Unaudited results for the Quarter ending December 31, 2008 Audited Results for the year ending March 31, 2009.	Financial Year: 1st April to 31st March Date : July 23, 2008 Time : 10.00 a.m. Venue: Hotel New Woodlands 72/75, Dr.Radhakrishnan Salai, Mylapore, Chennai 600 004 Last week of July 2008 Last week of October 2008 Last week of January 2009 By end of June 2009
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