

BIMETAL BEARINGS LIMITED



Report and Accounts 2008-2009

BIMETAL BEARINGS LIMITED

DIRECTORS

Mr. A. KRISHNAMOORTHY (*Chairman & Managing Director*)
Mr. N. VENKATARAMANI
Mr. A. B. AVERY
Dr. R. MAHADEVAN
Mr. P. M. VENKATASUBRAMANIAN
Mr. KRISHNA SRINIVASAN
Mr. S. KRISHNAN

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 EIGHTH ANNUAL GENERAL MEETING

Notice is hereby given that the Forty Eighth Annual General Meeting of the shareholders of the company will be held at New Woodlands Hotel, 72/75, Dr. Radhakrishnan Salai, Chennai 600004 on Monday, the 20th day of July 2009 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 2009 and the Audited Profit and Loss Account for the year ended 31st March 2009 and the Auditors' and Directors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in the place of Mr.A.B.Avery who retires by rotation and being eligible offers himself for re-election.
4. To appoint a Director in the place of Mr.N.Venkataramani 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:
"RESOLVED THAT Mr.Krishna Srinivasan who was appointed as an Additional Director at the meeting of the Board of Directors held on 30-03-2009 and who holds office up to 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.Krishna Srinivasan as a candidate for the office of Director of the Company, be and is hereby appointed as the Director of the Company, liable to retire by rotation."
7. To consider and if thought fit, to pass the following resolution, with or without modification, as an Ordinary Resolution:
"RESOLVED THAT Mr.S.Krishnan who was appointed as an Additional Director at the meeting of the Board of Directors held on 30-03-2009 and who holds office up to 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.S.Krishnan as a candidate for the office of Director of the Company, be and is hereby appointed as the Director of the Company, liable to retire by rotation."

By order of the Board

Chennai 600011
18th June 2009

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. 42962200 & 42962209], 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 15-07-2009 to 20-07-2009 - 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 15-07-2009. In the case of other holders, the dividend amount will be paid to those names which appear in the Register of Members as on 20-07-2009.

4. The Company has, pursuant to Section 205 of the Companies Act, 1956, transferred the amounts of unclaimed dividends declared up to the Financial Year 2000 – 2001 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 31-03-2002 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 centers 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.Krishna Srinivasan (holding nil shares in the company) was appointed as an Additional Director of the company at the meeting of the Board held on 30-03-2009 pursuant to Section 260 of the Companies Act, 1956 and article 30(e) of the Articles of Association of the Company. Mr.Krishna Srinivasan will hold the office of the Additional Director only up to 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.Krishna Srinivasan for appointment as Director of the Company, liable to retire by rotation. The details of Mr.Krishna Srinivasan seeking re-appointment pursuant to clause 49 of the listing agreement are furnished in the notice.

The resolution is placed before the members for their consideration and approval. None of the directors except Mr. Krishna Srinivasan is concerned or interested in the resolution.

Item No. 7

Mr.S.Krishnan (holding nil shares in the company) was appointed as an Additional Director of the company at the meeting of the Board held on 30-03-2009 pursuant to Section 260 of the Companies Act, 1956 and article 30(e) of the Articles of Association of the Company. Mr.S.Krishnan will hold the office of the Additional Director only up to 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.S.Krishnan for appointment as Director of the Company, liable to retire by rotation. The details of Mr.S.Krishnan seeking re-appointment pursuant to clause 49 of the listing agreement are furnished in the notice.

The resolution is placed before the members for their consideration and approval. None of the directors except Mr. S. Krishnan is concerned or interested in the resolution.

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

Name	Mr.N.Venkataramani	Mr.A.B.Avery
Date of Birth	09-12-1939	10-03-1928
Date of appointment	08-02-1985	01-08-1975
Qualifications	Honours Degree in mathematics from Delhi university. Specialised in Mechanical Engineering and obtained B.Sc.(Hons) and M.Sc Degrees 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.)	Certified Public Accountant.
Expertise in specific functional areas	Overall Business Management	Former Chairman of Automotive Components Limited and has vast experience in the automobile and ancillary industries.
Directorships in other companies	M/s.George Oakes Limited M/s.IP Pins & Liners Limited M/s.IP Rings Limited M/s.India Pistons Limited M/s.Amalgamations Valeo Clutch (P) Limited. M/s. MAHLE IPL Limited M/s.Amalgamations Repco Limited. M/s.Stanes Amalgamated Estates Ltd. M/s.Stanadyne Amalgamations (P) Limited. M/s.NTTF Industries Limited	Nil
Chairman / Member of Committees of the Board of Companies of which he is a director	Member, Audit Committee India Pistons Limited MAHLE IPL Limited, Member, Remuneration Committee Amalgamations Repco Limited	Nil
No. of shares held in the company	Nil	Nil

Name	Mr.S.Krishnan	Mr.Krishna Srinivasan
Date of Birth	07-04-1943	12-10-1957
Date of appointment	30-03-2009	30-03-2009
Qualifications	B.Com F.C.A Obtained Commerce Degree from University of Madras and Chartered Accountancy from Institute of Chartered Accountants of India.	B.Com. B.L. Practicing Advocate in High Courts, Tribunals and Supreme Court of India, specializing in areas of Corporate Laws, Joint Ventures, Merger & Acquisition, Intellectual Property, Civil Arbitrations and Banking Laws for well over two and a half decades.
Expertise in specific functional areas	Audit and Business counseling. Senior Partner, M/s.R.G.N.Price & Co., Chartered Accountants.	
Directorships in other companies	Nil	Nil
Chairman / Member of Committees of the Board of Companies of which he is a director	Nil	Nil
No. of shares held in the company	Nil	Nil

BIMETAL BEARINGS LIMITED

REPORT OF DIRECTORS

Your Directors have pleasure in presenting the **Forty Eighth Annual Report** covering the operations for the year ended **31st March 2009** together with the accounts and Auditors' Report thereon.

FINANCIAL RESULTS:

	Year Ended 31-03-2009 (Rs. in Lacs)	Year ended 31-03-2008 Rs. in Lacs)
Net Sales	11907.35	10057.36
Profit before Interest, Depreciation and Taxation	1569.34	1687.05
Less : Interest	44.56	23.44
Depreciation	375.08	415.88
Profit before Tax	1149.70	1247.73
Less : Taxation [including Deferred Tax]	396.42	344.98
Fringe Benefit Tax	18.50	20.00
Profit after Tax	734.78	882.75
Add : Balance brought forward from previous year	134.72	165.22
Profit available for appropriation	869.50	1047.97
Less : Transfer to :		
Proposed Dividend	267.75	267.75
Dividend Tax	45.50	45.50
General Reserve	400.00	600.00
Balance Carried to Balance Sheet	156.25	134.72

OPERATIONS:

The Turnover of Rs. 119 crores, an increase of over 18% is the highest recorded so far and significantly supported by the export of intermediate products. The first half of the financial year witnessed significant growth in all segments with market displaying buoyant conditions and the Company was able to fully utilize the opportunities offered by the market backed up by enhanced capacity utilization.

However, the second half of the year saw a steep fall in the offtake from both Domestic and Export Customers, who were affected by the slow down in the economy. Whilst the passenger car segment for our Company held up fairly well, the commercial and industrial segments were affected heavily.

Action taken by the Company to minimize the impact included more effective exports of finished and intermediate products, as evidenced by the export achievement and cost control measures.

The increases in critical inputs like steel and non-ferrous materials and power costs impacted the margins.

DIVIDEND:

Your Directors recommend a Dividend of Rs. 7/- per share [Previous Year: Rs.7/- per share] on the Paid-Up Capital for the year ended 31-03-2009.

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 31-03-2009 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 18-06-2009.

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. K.V. Shetty who joined the Board on 30.03.2000 submitted his resignation at the Board Meeting held on 30.03.2009. The Board placed on record the valuable contribution made by him during his tenure in the areas of Accounts, Finance, Secretarial and Taxation.

Mr.S.Krishnan and Mr.Krishna Srinivasan were appointed as Additional Directors at the Board Meeting held on 30.03.2009 and they hold office upto the ensuing Annual General Meeting. Notices have been received from a member under Section 257 of the Companies Act, 1956 proposing their names for appointment as Directors liable to retire by rotation at the ensuing Annual General Meeting. Necessary resolutions are proposed under Item Nos. 6 and 7 of the Notice for the consideration of the members.

Mr.A.B.Avery and Mr.N.Venkataramani, Directors are retiring at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS:

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

ACKNOWLEDGEMENT:

Your Directors wish to place on record the good performance of employees at all levels as also the excellent support given by the Company's Bankers and Depositors. 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
18th June 2009

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 requirement from the customers especially in the light of emission norms which will come into effect both in India as well as in the overseas market in the immediate future. The newer material as well as manufacturing facilities are positioned to respond to the opportunities for growth offered by the market for finished products from the Company.

The Company with its investments in material capability will also be lowering its exposure in import of finished strips. The entry of global majors will redefine the terms of business in all segments creating intense competitive pressures but with the consistent and proactive actions, it is expected that it will be possible to maintain excellence in operations in the coming years.

OUTLOOK:

The outlook for the coming year will be conditioned by the recovery and growth of the domestic market conditions as also of exports. The increasing cost of inputs and services will impact the results.

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 anticipated improvement in market share resulting in increased utilization of the plant capacities is expected to result 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 fully engaged towards higher productivity and active participation in quality upgradation movements. The average number of employees of the company was 449 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 31-03-2009:

Chairman & Managing Director	:	Mr.A.Krishnamoorthy	
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	
		Dr.R.Mahadevan	
		Mr.P.M. Venkatasubramanian	
		Mr.Krishna Srinivasan #	
		Mr.S.Krishnan #	# Appointed on 30-03-2009.

(b) The Board met six times during the year i.e., on May 30, 2008, June 18, 2008, July 31, 2008, October 29, 2008, January 29, 2009 and March 30, 2009.

(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.P.Mani	6	Attended
Mr.N.Venkataramani	5	Attended
Mr.A.B.Avery	Nil	Attended
Mr.K.V.Shetty *	6	Attended
Dr.R.Mahadevan	5	Attended
Mr.P.M.Venkatasubramanian	6	Attended
Mr.Krishna Srinivasan #	1	—
Mr.S.Krishnan #	1	—

Became directors effective 30-03-2009 * Ceased to be a Director effective 30-03-2009.

The time gap between two Board Meetings did not exceed 4 months. The last Annual General Meeting was held on 23-07-2008.

(d) Directors' membership as on 31-03-2009 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
Mr.A.B.Avery	Nil	Nil
Dr.R.Mahadevan	6	3 (of which 1 as chairman)
Mr.P.M.Venkatasubramanian	3	6 (of which 4 as chairman)
Mr.Krishna Srinivasan	Nil	Nil
Mr.S.Krishnan	Nil	Nil

03) Audit Committee:

The Board of Directors at their meeting held on 30-03-2009 reconstituted the committee with Mr.P.M.Venkatasubramanian, an Independent Director as Chairman of the Committee alongwith Mr.N.Venkataramani, Mr.Krishna Srinivasan, an Independent Director and Mr.S.Krishnan, an Independent Director as members. During the year ended March 31, 2009 the Audit Committee met 5 times i.e. on May 30, 2008, June 18, 2008, July 31, 2008, October 29, 2008 and January 29, 2009. Mr.K.Vidhya Shankar, Deputy General Manager (Costing) & Company Secretary is the Secretary of the Audit Committee. The attendance by the Directors at Audit Committee Meetings is given below :

Name of the Director	No. of Audit Committee Meetings attended
Mr. K.V. Shetty *	5
Mr. N.Venkataramani	4
Dr. R.Mahadevan *	4
Mr. P.M.Venkatasubramanian	5
Mr. Krishna Srinivasan #	None
Mr. S.Krishnan #	None

Became a member effective 30-03-2009 * Ceased to be a member of the Committee effective 30-03-2009.

04) Remuneration Committee:

The Board of Directors at their meeting held on 30-03-2009 reconstituted the committee with Mr.P.M.Venkatasubramanian, an Independent Director as Chairman of the Committee alongwith Mr.Krishna Srinivasan, Mr.S.Krishnan and Mr.A.B.Avery, Independent Directors as members. During the financial year ended March 31, 2009, the Remuneration Committee met on June 18, 2008 which was attended by Mr.K.V.Shetty*, Mr.P.M.Venkatasubramanian and Dr.R.Mahadevan*.

* Ceased to be a member of the Committee effective 30-03-2009.

Name of the Director	No. of shares held	Amount (Rs.)
Mr. A.Krishnamoorthy, Chairman & Managing Director	50	
Fixed Component		
Salary		30,00,000
Contribution to Superannuation Fund / Other Benefits		20,23,934
Variable Component – Commission		54,85,000
Sub – Total	(a)	1,05,08,934
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	50	
Fixed Component		
Salary		10,20,000
Other Benefits		9,21,934
Variable Component – Performance Bonus		5,00,000
Sub – Total	(b)	24,41,934
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 (Rs.)	Commission
Mr. N.Venkataramani	45,000	150 4,85,000
Mr. A.B.Avery	—	Nil —
Mr. K.V.Shetty *	60,000	Nil 2,85,000
Dr. R.Mahadevan	50,000	Nil 2,25,919
Mr. P.M.Venkatasubramanian	60,000	Nil 2,90,000
Mr. Krishna Srinivasan #	5,000	Nil 5,000
Mr. S.Krishnan #	5,000	Nil 5,000
Sub-Total	2,25,000	(c) 12,95,919
Grand Total (a+b+c)		1,42,46,787

The Company has not introduced stock option scheme.

Became directors effective 30-03-2009 * Ceased to be a Director of the Company effective 30-03-2009.