

MENON

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A N N U A L R E P O R T



MENON
BEARINGS
LIMITED

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BOARD OF DIRECTORS

Mr. Ram Menon

Chairman

Mr. Vijay Menon

Director

Mr. Sachin Menon

Director

Mr. R. D. Dixit

Managing Director

Mr. Nitin Menon

Joint Managing Director

Mr. K. Parameswaran

Director

(Upto 24-08-2001)

Mr. Mani Mathew

Director

(Upto 29-01-2002)

Mr. T. K. Guha

Executive Director

(From 29-01-2002)

COMPANY SECRETARY

Mr. V. G. Kulkarni

AUDITORS

M/s. P. M. Vardhe & Co.

Chartered Accountants, Kolhapur.

BANKERS

Bank of Baroda

The United Western Bank Ltd.

Registered Office

G-1, M.I.D.C., Gokul Shirgaon, Kolhapur - 416 234.



MENON BEARINGS LIMITED

Directors' Report

Your Directors have great pleasure in presenting their **Eleventh Annual Report** of your Company with the Audited Statement of Accounts for the year ended 31st March, 2002.

Economic Scene

The year 2001-2002 was a year of crises in the international politics as well as in world economy. The September 11, attack by the terrorists on the World Trade Centre at New York was a great blow to the US economy in particular and global economy in general. Against this back drop, the Indian economy was marked by lower industrial growth at 3.3%. However, the agricultural production showed a growth rate of 5.7 per cent. The competitive atmosphere prevailed in the international market.

Operations

In spite of competitive atmosphere, your company has registered a sale of Rs. 14.22 Crores during the year under report as against the turnover of Rs. 13.82 Crores during previous year.

Financial Results

Your Directors inform that your company has earned a net profit of Rs. 209.19 lacs after tax during the year under report which is the Ninth year of operation. The financial results and the appropriation of profit is summarised as under -

	(Rs. in Lacs)	
	Year ended 31-03-2002	Year ended 31-03-2001
1. Profit before taxation	277.45	261.81
2. Provision for taxation	68.26	80.00
3. Profit after taxation	209.19	181.81
4. Balance of profit as per last balance sheet	474.82	353.97
5. Transferred to Deferred Tax Liability	87.33	0
6. Excess provision	3.34	0.52
7. Balance available for appropriation	600.02	536.29
8. Proposed dividend	37.36	46.70
9. Tax on Dividend	0	4.76
10. General Reserve	10.00	10.00
11. Balance of profit carried Forward to Balance sheet	552.66	474.82

Dividend

Considering the profit position and the necessity to plough back funds for investment in plant and machinery for automation/expansion, your directors are pleased to recommend payment of dividend at 8%, subject to TDS as applicable.

Fixed Deposits

The company has not accepted any fixed deposits within the meaning of section 58(A) of the Companies Act, 1956 and rules framed thereunder, and hence no deposit was outstanding as on 31-03-2002.

Directors

Mr. K. Parmeswaran and Mr. Mani Mathew have voluntarily shown their unwillingness to continue on the Board during the year under report. The Board records its appreciation of the valuable guidance and wise counsel given by these outgoing Directors. In accordance with the requirement of the Companies Act 1956 and company's articles of association Mr. Ram Menon retires by rotation and is eligible for re-appointment.

In the board meeting held on 29/1/2002, the board has

inducted Mr. T. K. Guha, Vice President on the board and he has been designated as "Executive Director". In this regard, a proposal has been placed before shareholders for their approval.

Industrial relation

Industrial relations continued to be cordial during the year under report.

Auditors

M/s. P. M. Vardhe and Company, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for reappointment for which they have not conveyed their unwillingness.

Particulars of Employees

Statutory statement of particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 is Nil, since no employee is drawing salary of Rs. 24,00,000 per annum or Rs. 2,00,000 per month.

Directors, Responsibility Statement under Section 217(2AA) of the Companies Act, 1956.

Pursuant to above provisions, Board of Directors of the Company confirms

1. That, while preparing the annual accounts, the applicable accounting standards have been followed and proper explanation relating to material departures have been given wherever necessary.
2. That, they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31-03-2002 and of the profit of the Company for that period.
3. That, the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. That, the directors had prepared the annual accounts on a going concern basis.

The information required under the companies (Disclosure of the Particulars in the report of the Board of Directors) Rules, 1988 is enclosed.

Corporate Governance

As per schedule of implementation of newly inserted Clause 49 in the listing agreement with stock exchanges, your company is required to implement the same from the financial year 2002-2003.

QS 9000
The Company continued to conform to the quality system requirements of QS 9000.

Acknowledgement

The Directors wish to place on record their gratitude for the continued co-operation and patronage extended by the esteemed customers, both in OEM and after market segments. The Directors would also like to place on record their sincere appreciation for the continued co-operation, guidance, support and assistance during the year under report by our bankers, all the customers, suppliers of the company and Government agencies. The Board of Directors wishes to express its appreciation for the valuable efforts and contribution made by the employees at all levels during the year under report.

For and on behalf of the Board of Directors

Kolhapur
Date : 28-05-2002

Ram Menon
Chairman



MENON BEARINGS LIMITED

Information required under The Companies (disclosure of Particulars in the Report of the Board of the Directors) Rules, 1988.

I. CONSERVATION OF ENERGY

We have installed 200 CFM Compressor to save the power in B and C Shifts as air consumption is less during that period, thereby valuable energy is saved.

II. TECHNOLOGY ABSORPTION

FORM B

Form of disclosure of particulars in respect of absorption of technology, research and development.

- | | |
|--------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Specific areas in which R & D carried out by the Company. | 1. A continuous effort made to evolve new production methods aimed at improving productivity & cost effectiveness.
2. Optimization of process parameters is done to improve functional performance of the product. |
| 2. Benefits derived as a result of above R & D | 1. New customers added.
2. Durability of the product is enhanced. |
| 3. Future plan of action | Prediction of bearing performance and validation of results through tests is planned to be done. |
| 4. Expenditure on R & D | Capital Rs. Nil
Recurring Rs. Nil |

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- | | |
|------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 1. Efforts in brief, made towards Absorption, Adaptation | Bench marking is done with the competitors' products and efforts made to surpass the bench marks. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development. | a) Better acceptability in OEM segment.
b) Quality improved.
c) Cost reduction effected. |
| 3. In case of imported technology (imported during the last 5 years recorded from the beginning of the financial year. | During 1996-97, auto wall broaching machine has been imported from M/s. King Ltd., Israel. |

III. FOREIGN EXCHANGE EARNINGS AND OUTGO.

- | | |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| 1. Activities relating to export initiative for development of new export markets for products and services and exports. | We are exporting our products to U.K., Egypt, Spain, Israel, U. S. A. Additional applications are under development for export. |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|

Total Foreign exchange used and earned	Used : Imports Rs. 14,18,906 Other Rs. 4,55,341 Earned : Deemed Export Worth Rs. 2,06,87,092
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For and on behalf of the Board of Directors

Kolhapur
Date : 28-05-2002

Ram Menon
Chairman



MENON BEARINGS LIMITED

M/s. P.M.VARDHE & CO.
CHARTERED ACCOUNTANTS
 630, "E", Shahupuri, 1st Lane,
 Kolhapur-416 001.

To,

AUDITOR'S REPORT TO THE MEMBERS OF MENON BEARINGS LIMITED

We have audited the attached Balance Sheet of M/s. Menon Bearings Limited, Gokul Shirgaon, Kolhapur-416 234, as at 31st March, 2002 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that :

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
2. In our opinion, proper books of accounts as required by the law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with books of account.
4. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
5. On the basis of written representations received from the directors, as on 31st March, 2002, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2002 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2002, and
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date
- and the nature of its assets. No material discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. a) The stock of raw materials, stores, spare parts and finished goods have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
 b) The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
 c) The discrepancies noticed on verification between the physical stocks and book records were not material.
 d) On the basis of our examination of stock records, we are of the opinion that, the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles.
4. The company has not taken any loans from Companies, firms, or others listed in the register maintained under section 301 (1C) of the Companies Act, 1956.
5. Loans and advances in the nature of loans have been given to the employees of the Company. They are repaying the principle amount as stipulated. No interest is being charged on loans and advances given to the staff and workers of the Company.
6. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and with regard to the sale of goods.
7. In our opinion and according to the information and explanation given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the period to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices of such goods, materials or services of the prices at which transactions for similar goods, materials or services have been made with other parties.
8. The Company has regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so damaged.
9. The Company has not accepted deposits from public.
10. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. The Company has no by-products.
11. The Company has internal audit system commensurate with the size and nature of its business.
12. The Company has maintained Cost records as required under section 209 (1)(d) of the Companies Act, 1956.
13. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
14. According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as on 31st March, 2002 for a period of more than six months from the date they became payable.
15. According to the information given to us, no personal expenses of employees or directors have been charged to the revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practice.
16. The Company is not sick industrial company within the meaning of clause (O) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act 1985.

For M/s. P. M. VARDHE & CO.
 CHARTERED ACCOUNTANTS

Place : Kolhapur.
 Date : 28th May, 2002.

P.M.VARDHE
 Proprietor

ANNEXURE REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets. There is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company

For M/s. P. M. VARDHE & CO.
 CHARTERED ACCOUNTANTS

Place : Kolhapur.
 Date : 28-05-2002

P.M.VARDHE
 Proprietor



MENON BEARINGS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2002.

PARTICULARS	SCHEDULES		31/03/2002	31/03/2001
SOURCES OF FUNDS :				
1. SHAREHOLDERS' FUNDS				
a. Share Capital	A	46,700,000		46,700,000
b. Reserves & Surplus	B	62,516,093		53,732,385
			109,216,093	100,432,385
2. LOAN FUNDS				
Secured Loans	C	22,900,378		26,198,956
Unsecured Loans	D	38,050,898	60,951,276	38,050,898
TOTAL Rs.			170,167,369	164,682,239
APPLICATION OF FUNDS				
3. FIXED ASSETS				
Gross Block	E	106,847,471		100,504,337
Less : Depreciation		49,985,948		41,009,893
Net Block			56,861,523	59,494,444
Capital Work In Process			6,218,779	4,085,364
4. INVESTMENTS				
	F		1,935,036	2,035,036
5. CURRENT ASSETS, LOANS & ADVANCES				
Inventory	G	33,744,090		36,027,766
Sundry Debtors		47,057,618		41,687,183
Cash And Bank Balances		41,923,402		29,061,593
Loans And Advances		44,444,860		33,133,316
TOTAL		167,169,970		139,909,838
Less : Current Liabilities & Provisions	H			
a) Current Liabilities		19,171,715		11,931,381
b) Provisions		35,364,329		29,712,208
TOTAL		54,536,044		41,643,589
Net Current Assets			112,633,926	98,266,249
Deferred Tax Liability			(7,959,354)	-
6. MISCELLANEOUS EXPENDITURE				
	I		477,459	801,146
TOTAL			170,167,369	164,682,238
Notes forming part of Accounts	R			

As per our report of even date attached
For M/s. P.M.VARDHE & CO.
Chartered Accountants

For and on behalf of the Board of Directors

P.M.Vardhe
Proprietor

Place : Kolhapur
Date : 28.05.2002.

RAM MENON
CHAIRMAN

NITIN MENON
Jt. MANAGING DIRECTOR

R.D.DIXIT
MANAGING DIRECTOR