



A N N U A L R E P O R T
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**MENON
BEARINGS
LIMITED**



Board of Directors

Mr. Ram Menon

Chairman

Mr. Vijay Menon

Director

(upto 08.08.2002)

Mr. Sachin Menon

Director

Mr. R. D. Dixit

Vice Chairman &
Managing Director

Mr. Nitin Menon

Joint Managing Director

Mr. T. K. Guha

Executive Director

Company Secretary

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, MIDC, Gokul Shirgaon, Kolhapur-416 234.



MENON BEARINGS LIMITED

Directors' Report

Your Directors feel great pleasure in presenting their **TWELVETH ANNUAL REPORT** of your company with the Audited Statement of Accounts for the year ended 31st March, 2003.

Economic Scene :

During the year 2002-2003 Indian economy witnessed a decline in GDP in agriculture to 3.1% due to crop failures. Industrial production witnessed a growth rate of 6.1%. The export showed an increase of 20.4%. Due to the provision made in the union budget for development of infrastructure activities on priority basis, like building of highways, which has resulted in demand for heavy vehicles. This has given boost to automobile and autocomponent industries. Due to availability of easy finance, good roads and declining trend in petroleum prices, use of passenger cars is also expected to increase. Automobile and autocomponent industries are expected to have a sun shine.

Operations :

It is gratifying to note that your company has registered a turnover of Rs. 18.49 crores during the year under report as against the turnover of Rs. 14.22 cores during the previous year. This achievement can be attributed to the continuous efforts made by developing OE and Export market and realigning the marketing strategies in replacement market.

Financial Results :

Your Directors inform that your company has earned a net profit of Rs. 258.67 lacs after tax during the year under report which is the 10th year of operation. The financial results and the appropriation of profit is summarised as under.

	(Rs. in lacs)	
	Year ended 31-03-2003	Year ended 31-03-2002
1. Profit before taxation	345.59	277.45
2. Provision for taxation	86.92	68.26
3. Profit after taxation	258.67	209.19
4. Balance of profit as per last balance sheet	552.66	474.82
5. Transferred to Deferred Tax Liability	--	87.33
6. Excess provision	--	3.34
7. Balance available for appropriation	811.33	600.02
8. Proposed Dividend	70.05	37.36
9. Tax on dividend	8.76	--
10. General Reserve	20.00	10.00
11. Balance of profit carried forwarded to balance Sheet	712.52	552.66

Dividend

Considering the profit position and the necessity to plough back the funds for investment in plant and machinery for automation / expansion, your directors recommend a dividend at 15% without deducting income tax as per amended provisions in this behalf.

Fixed Deposits

The Company has not accepted any fixed deposits within the meaning of Section 58A & 58AA of the companies Act, 1956 and rules framed thereunder, and hence no deposit was outstanding as on 31-03-2003.

Directors

Mr. Vijay Menon has voluntarily resigned from the board with effect from 08-08-2002. The Board records its appreciation of the valuable guidance and wise counsel given by Mr. Vijay Menon. In Accordance

with the requirement of the companies Act, 1956 and articles of association of the company, Mr. Sachin menon retires by rotation and is eligible for reappointment.

Industrial relations

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

Auditors

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

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

Pursuant to above provisions Board of Directors of the Company confirm :

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 31-03-2003 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 frauds 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 of the listing agreement with stock exchanges, your company is required to implement the same from the financial year 2002-2203. A report on Corporate Governance is given separately.

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 contribution made by the employees at all levels during the year under report.

For and on behalf of the Board of Directors

Place : Kolhapur.
Date : 27th May 2003.

RAM MENON
Chairman

MENON BEARINGS LIMITED


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

Capacitors are installed at heavy induction motors to reduce the current and thereby increase the power factor near to unity. This has helped to conserve energy and reduce maximum demand.

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 high speed bush manufacturing technique has been developed.
2. New manufacturing technique for profiled thrust washers has been evolved. |
| 2. Benefits derived as a result of above R&D | 1. High productivity and consistency in quality has been achieved.
2. Cost reduction and more durability of the product has been achieved. |
| 3. Future plan of action | Company has planned to focus R&D efforts for cost reduction and development of new bearing material |
| 4. Expenditure on R&D | Capital WIP Rs. 24.30 lacs
Recurring Rs. Nil |

2. Benefits derived as a result of the above efforts e. g. product improvement, cost reduction, product development
3. In case of imported technology (imported during the last 5 years recorded from the beginning of the financial year).

aluminium tin bi metal strips for manufacture of bearings.

- a) A more reliable product
b) Lower manufacturing cost and lower inventory.
c) Faster product development.

Rolling Mill for manufacture of aluminium tin bimetal strip and 400 ton Press have been imported during 2002-2003.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO

- 1) Activities relating to export initiative for development of new export markets for products, 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. 116.11 lacs
Others Rs. 7.66 lacs
Earned : Deemed
Export Worth 304.85 lacs

For and on behalf of the Board of Directors

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts in brief, made towards Absorption, Adaptation New plant has been imported and installed for manufacture of

Place : Kolhapur.
Date : 27th May 2003.

RAM MENON
Chairman



MENON BEARINGS LIMITED

Report on Corporate Governance for the financial year 2002-2003

The company has implemented the code of Corporate Governance during the financial year in terms of Clause 49 of the listing agreement entered into by the Company with Stock Exchanges. In fact the company has been practicing good corporate governance right from inception.

1. Company's philosophy on code of Corporate Governance :

The Company believes in fair business practices and corporate practices while dealing with the shareholders, employees, customers, suppliers and bankers.

The company is committed to highest standard of Corporate Governance with higher levels of transparency and disclosures.

The existing Corporate Governance practices and policies of the company are in line with the requirements of clause 49 of listing agreement.

2. Board of Directors

A) Composition

The Board of Directors of the Company consists of 5 Directors, two of whom are independent and non executive Directors. Board is headed by Non-Executive Director.

3. Attendance of each Director at the Board Meeting and last AGM

During the financial year 2002-2003, the Board of Directors met four times. The maximum time gap between any two meeting was not more than four months.

The details of the Board and Share Transfer cum-Investors Grievance Committee meetings held during the financial year 2002-2003 are given below.

Meetings of	Date of the Meeting	Total members	No. of members who Attended meeting
Board of Directors	28-05-2002	6	4
	26-07-2002	6	5
	29-10-2002	5	4
	28-01-2003	5	5
Share Transfer Committee	05-04-2002	2	2
	20-04-2002	2	2
	06-05-2002	2	2
	20-05-2002	2	2
	05-06-2002	2	2
	20-06-2002	2	2
	05-07-2002	2	2
	20-07-2002	2	2
	05-08-2002	2	2
	20-08-2002	2	2
	05-09-2002	2	2
	20-09-2002	2	2
	05-10-2002	2	2
	21-10-2002	2	2
	07-11-2002	2	2
	20-11-2002	2	2
	05-12-2002	2	2
	20-12-2002	2	2
	06-01-2003	2	2
	20-01-2003	2	2
	05-02-2003	2	2
	20-02-2003	2	2
	05-03-2003	2	2
	20-03-2003	2	2

4. Attendance of each of the Directors at the Board and General Meetings

Sr. No.	Name of Director	No. of Board Meetings attended	No. of share Transfer & Share holders' grievance committee meetings attended	Annual General Meeting
1.	Mr. Ram Menon	4	--	Yes
2.	Mr. Sachin Menon	2	--	Yes
3.	Mr. R. D. Dixit	4	24	Yes
4.	Mr. Nitin Menon	4	--	Yes
5.	Mr. T. K. Guha	4	24	Yes

5. Audit Committee

The Company is trying to identify the persons for inducting into the Board of Directors of the Company to comply with the clause 49 of listing agreement in respect of constitution of audit committee.

6. Remuneration to Directors

The Company has not constituted separate remuneration committee. The remuneration to wholtime directors as well as to non executive directors is decided by the shareholders in their general meetings.

7. Share Transfer and Investors' Grievance Committee

The committee has met 24 times during the financial year 2002-2003. All the share transfers have been effected within the prescribed period and there are no pending complaints as on 31-03-2003.

8. General Shareholder Information

a) General Body Meetings.

The Last 3 AGMs were held on 26-5-2000, 24-08-2001, 23-08-2002 at the registered office of the Company at G1, MIDC, Gokul Shirgaon, Kolhapur-416234.

b) Means of Communication.

Quarterly results are normally published in Indian Express or Times of India (English) and Lokasatta or Maharashtra Times (Marathi).

c) The Financial calendar for the year 2003-2004 is as under

I	Results for the first quarter ending 30-06-2003	By end of July, 2003.
II	Results for the second quarter ending 30-09-2003	By end of October, 2003
III	Results for the third quarter ending 31-12-2003.	By end of January, 2004
IV	Results (Audited) for the fourth quarter ending 31-03-2004.	By end of June, 2004
V	Annual General Meeting for the year ending March 2003	By August 2003

d) Dates of Book Closure

The Company's Transfer Books will remain closed from 19th August, 2003 to 29th August, 2003 (both days inclusive) for purpose of Annual General Meeting and for dividend entitlement for the financial year ended 31st march 2003.

e) Stock Exchange Listing

The company's shares are presently listed on the Stock Exchanges at Pune, Mumbai and Ahmedabad. The company has paid annual listing fee to each of these stock exchanges.

MENON BEARINGS LIMITEDSecutiry Code

Mumbai Stock Exchange : 523828.

Ahmedabad Stock Exchange : 36440.

f) Market price data

The monthly high and low quotations and volume of shares traded at Mumbai Stock Exchange (BSE) during the financial year 2002-2003 are given below.

Month	High Rs.	Low Rs.	Volume of shares Traded (Nos)
April, 2002	18.70	13.70	6830
May, 2002	19.75	16.95	8249
June 2002	19.40	16.30	17100
July, 2002	21.00	15.95	14803
August, 2002	19.50	14.50	8285
September 2002	19.20	17.00	18119
October, 2002	19.20	18.00	24250
November 2002	19.20	16.05	13010
December 2002	21.60	19.25	19480
January 2003	21.35	18.00	11900
February 2003	21.25	20.00	5651
March 2003	23.00	18.00	14625

Registrars and Share Transfer Agents

The company has appointed following registrars for share transfer
 Intime Spectrum Registry Ltd.
 C-13 Pannalal Silk Mills Compound, L. B. S. Marg,
 Bhandup (West) Mumbai-400078
 Phone 25923837, Fax 25672693.
 E Mail : isrl@intimespectrum.com

9. Distribution of shareholding as on 31st March 2003.

No. of Equity Shares	No. of Share-holders	% of total Share-holders	No. of shares held	% of total share-holding
1-500	8732	95.05	1442081	30.88
501-1000	294	3.20	249495	5.34
1001-2000	84	0.91	132600	2.84
2001-3000	19	0.21	46350	0.99
3001-4000	4	0.04	15150	0.32
4001-5000	27	0.29	133300	2.85
5001-10000	11	0.12	82800	1.77
10001 & above	16	0.18	2568224	55.00
Total	9187	100	4670000	100.00

10. Management Discussion and Analysis :

The Company is engaged in manufacture and sale of thin walled engine bearings, bushes, thrust washers for automobile and industrial engines. The company is trying to get more share in the entire market for such types of bearings. The Company's products are well accepted in domestic as well as overseas markets. However the company is required to face competition in all the segments. By continuous improvement in quality and maintaining competitive prices, the management feels sure that the company will maintain and achieve leadership in bearings industry.

Ms/. P. M. Vardhe & Co.
 Chartered Accountants
 630, 'E' Shahupuri,
 1st Lane,
 Kolhapur-416001.

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of Menon Bearings Limited.

We have reviewed the implementation of Corporate Governance by the Company upto 27th May, 2003, being date on which the audited accounts for the year ended on 31st March, 2003 were adopted by the Board of Directors of the Company.

On the basis of the records and documents maintained by the Company and the information and explanation given to us, in our opinion, the Company has complied in all material respects with the requirements of Corporate Governance as stipulated in clause 49 of the Listing Agreements with the Stock Exchanges.

Ms/. P. M. Vardhe & Co.
 Chartered Accountants

Place : Kolhapur.
 Date : 27th May 2003.

P. M. Vardhe & Co.
 Proprietor



MENON BEARINGS LIMITED

Ms/. P. M. Vardhe & Co.

Chartered Accountants

630, 'E' Shahupuri, 1st Lane
Kolhapur-416001.

AUDITOR'S REPORT TO THE MEMBERS OF MENON BEARINGS LIMITED

We have audited the attached Balance Sheet of M/s. Menon Bearings Limited, as at 31st March, 2003 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 account 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 the 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 2003, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2003 from being appointed as a director in terms of clause (g) of sub-section (1) 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 manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2003, and
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
 - c) In case of Cash Flow statement, of the Cash Flows for the year ended on that date

For M/s. P. M. Vardhe & Co.
CHARTERED ACCOUNTANTS

Place : Kolhapur
Date : 27th May, 2003.

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 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 loan from Companies, firms, or others listed in the register maintained under section 301 (1C) of the Companies Act, 1956.
- 5) a) The Company has granted unsecured loan to a Company listed in the Register maintained under section 301 of the companies Act 1956. According to the information and explanations given to us the rate of interest and other terms and conditions of the loan are not prima facie, prejudicial to the interest of the Company.
- b) 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 transaction 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 year 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 of 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 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 explanations 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, 2003 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 that 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) Section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- 17) In respect of the Trading activity of the Company there were no damaged goods in closing stock.

For M/s. P. M. Vardhe & Co.
CHARTERED ACCOUNTANTS

Place : Kolhapur
Date : 27th May, 2003.

P. M. Vardhe
Proprietor