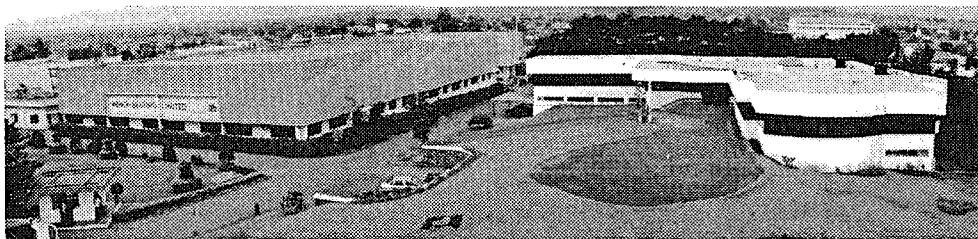


MENON BEARINGS LTD.

Report

Annual Report 2007

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Chairmans Message

Dear Fellow Shareholders

I am happy to inform you that, during 2006-2007, your company has successfully entered the car segment & more specifically the small car segment. Your company successfully submitted prototype samples & finalized negotiations with two major multinational OEMs, & regular supplies to these customers could commence in 2007-2008. Your company has also opened an office in the US to cater to the growing supplies of our products in the replacement markets there.

In 2006-2007 your company's turnover grew by 23 % & exports grew by 14 %. Furthermore, during the year 2006-2007, your companies Aluminium division has achieved operational profitability levels & during 2007-2008 the aluminium division is poised to achieve breakeven.

As a result of the new export business & organic growth in business from existing customers, in the coming year too, I am confident, our company will continue to grow.

Thank you for your support in making all this possible.

Regards,



Ram Menon

Chairman, Menon Bearings Ltd.

The Board Of Directors

RAM MENON	Chairman
SACHIN MENON	Director
R. D DIXIT	Vice Chairman & Managing Director
NITIN MENON	Joint Managing Director
T. K. GUHA	Executive Director
KUMAR NAIR	Director
SUHAS KULKARNI	AGM - Finance & Accounts

AUDITORS M/s. P. M. VARDHE & CO.
Chartered Accountants, Kolhapur

BANKERS UTI Bank Ltd. Kolhapur
State Bank of India, Gokul Shirgaon, Kolhapur

REGISTERED OFFICE
G-1, MIDC, Gokul Shirgaon, Kolhapur 416 234

Notice

Of 16th Annual General Meeting.



MENON BEARINGS LIMITED

Regd Office: G-1, MIDC, Gokul Shirgaon, Kolhapur 416234

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of the Company will be held on Friday, the 31st of August, 2007 at 10.30 a.m. at the Registered Office of the Company at G-1, MIDC Gokul-Shirgaon, Kolhapur to transact the following business:

Ordinary business

- 1) To receive, consider and adopt the audited Balance Sheet as at 31st March 2007 and the Profit and Loss Account for the year ended 31st March 2007 and the report of the Directors and of the Auditors.
- 2.) To declare a dividend.
- 3.) To appoint a Director in place of Mr. Sachin Menon, who retires by rotation and being eligible offers himself for reappointment.
- 4.) To appoint M/s P. M. Vardhe & Co., Chartered Accountants, as Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting and to fix their remuneration.

Kolhapur
Date: 20-05-2006

For Menon Bearings Ltd.

Ram Menon
Chairman

Notes:

- 1 **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
- 2 The register of the members and the share transfer register books of the company will remain closed from 16-08-2007 to 31-08-2007 (both days inclusive) which shall be record date.
- 3 Consequent upon the amendment to Section 205A of the Companies Act, 1956 and insertion of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years shall hereafter have to be transferred to the Investor Education and Protection Fund. Shareholders are requested to kindly note the same.
- 4 As per requirement of SEBI and Mumbai stock exchange, the Company has dematerialized its shares from April 2001.
- 5 The company has appointed following Registrar and Share Transfer Agents:
Intime Spectrum Registry Ltd.
C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai 400078
Ph. (022) 2596 3838
Shareholders are requested to approach above Registrars for share transfer/transmission/change of address/dematerialization etc.


MENON BEARINGS LIMITED

Regd. Office : MIDC, Gokul - Shirgaon, Kolhapur - 416234

PROXY

I / We _____

Of _____ being a member / members of Menon Bearings Limited hereby appoint

Mr. / Mrs. _____

of _____

or failing him

Mr. / Mrs. _____

of _____

as my/our proxy to attend and vote for me / us on my / our behalf

at the 16th Annual General Meeting of the company to be held

on 31st August 2007 at 10.30 A. M. and any adjournment thereof

Signed _____

This _____

day of _____ 2007.

 Affix
One Rupee
Revenue
Stamp

Members' Folio Number :

No. of Shares held :

DP ID :

Client ID No. :


MENON BEARINGS LIMITED

Regd. Office : MIDC, Gokul - Shirgaon, Kolhapur - 416234

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

I hereby record my presence at the 16th Annual General Meeting of the Company to be held at the Registered Office of the company on Friday the 31st of August 2007 at 10.30 A. M.

NAME OF THE ATTENDING MEMBER (In Block letters)

NAME OF THE PROXY (To be filled in if the proxy attends instead of the members) (in block letters)

Signature of the Member / proxy

Members' Folio Number :

No. of Shares held :

DP ID :

Client ID No. :

Notes :

- Shareholders / proxy holders are requested to bring the attendance slip with them duly completed when they come to the meeting and hand them over to the gate after affixing signatures on them.
- The proxy form must be deposited at the Registered Office of the company G-1, MIDC, Gokul - Shirgaon, Kolhapur - 416234, not less than 48 hours before the time for holding the meeting.



Report of the Board of Directors

Your Directors feel great pleasure in presenting the 16th Annual Report of your company with the Audited Statement of Accounts for the year ended 31st March, 2007.

OPERATIONS:

(Rs. In lacs)

Sr. No.	Particulars	Year Ended 31.03.07	Year Ended 31.03.06
1	Profit before tax	385.82	319.49
2	Provision for tax	136.17	115.93
3	Profit after tax	249.65	203.56
4	Balance of profit as per last Balance Sheet	861.45	800.20
5	Previous year adjustment for tax	Nil	Nil
6	Previous year expenses	1.23	4.16
7	Balance available for appropriation	1109.39	999.60
8	Proposed dividend (in Rs. Lakhs)	116.75	102.74
9	Proposed Rate of Dividend	25 %	22 %
10	Tax on dividend	19.84	14.41
11	General Reserve	24.00	21.00
12	Balance of profit carried to Balance Sheet	949.26	861.45

RESULTS OF OPERATIONS:

During the year under review company has registered a sale of Rs. 3028.60 Lacs & net profit of Rs. 385.82 Lacs. The current fiscal was hampered by increase in the cost of raw material & cost of finance. To cure the position, your company has already initiated the process of revising prices & had been in discussions with its customers. So far almost all the customers have given price rise.

DIVIDEND:

Considering the profit position, your directors have decided to plough back the profits into the company by way of capital investment & hence recommend a dividend at 25% i.e. Rs.2.50/- per share.

PUBLIC DEPOSITS:

The Company has not accepted any public deposit within the meaning of Section 58A & 58AA of the Companies Act, 1956 and rules framed thereunder.

DIRECTORS:

Mr. Sachin Menon Director, retires by rotation and being eligible offer himself for reappointment at the ensuing Annual General Meeting.

AUDITORS:

M/s P. M. Vardhe & CO., Chartered Accountants, hold office until the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

PARTICULARS OF EMPLOYEES

As required by the provisions of section 217(2A) of the companies act, 1956 read with the Companies (Particulars of Employees) drawing salary of Rs 24,00,000/-per annum or Rs.2,00,000/-per month is enclosed.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- i) while preparing the Annual Accounts, the applicable accounting standards have been followed and proper explanation relating to the material departures have been given wherever necessary.
- ii) The directors have 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 31st March, 2007 and of the profit of the company for that period.
- iii) 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.
- iv) The Directors have 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 Clause 49 of the Listing Agreement with stock exchange a report on corporate governance is given separately.

ISO/TS 16949:2002

The Company has been awarded certificate from TUV SUD Management service GMBH.

ACKNOWLEDGEMENT:

Your 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.

CEO/CFO Certification: The CEO/CFO Certification as required under Listing Agreement with Bombay Stock Exchange is attached.

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

I. CONSERVATION OF ENERGY

- a) Automatic systems are installed to switch off the motors if running without load.
- b) Power factor is maintained near unity to control the maximum demand.
- c) Continuous improvement projects are implemented at various machines to reduce cycle time.
- d) Energy efficient air dryers installed.

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 is carried out by the company	1.) High speed bush manufacturing technique is under development. 2.) New Technology is developed for large diameter thrust washer manufacturing.
2.)	Benefits derived as a result of above	1.) Increased Productivity 2.) Reduced Lead time & less scrap generation
3.)	Future plan of action	To counter the rising raw material prices company will strengthen a.) Productivity Improvement Programmes b.) Optimum Plant Utilization c.) Vendor Development Programmes
4.)	Expenditure on R & D	Capital WIP : Rs. 08.54 lacs Recurring : Rs. Nil

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1.)	Efforts in brief, made towards Absorption, Adoption	Hi-tech plating plant installed
2.)	Benefits derived as a result of above effort e.g. product improvement, cost reduction, product development.	a) High Productivity b) Improved Quality
3.)	In case of imported technology (imported during last 5 years recorded from the beginning of the financial year)	