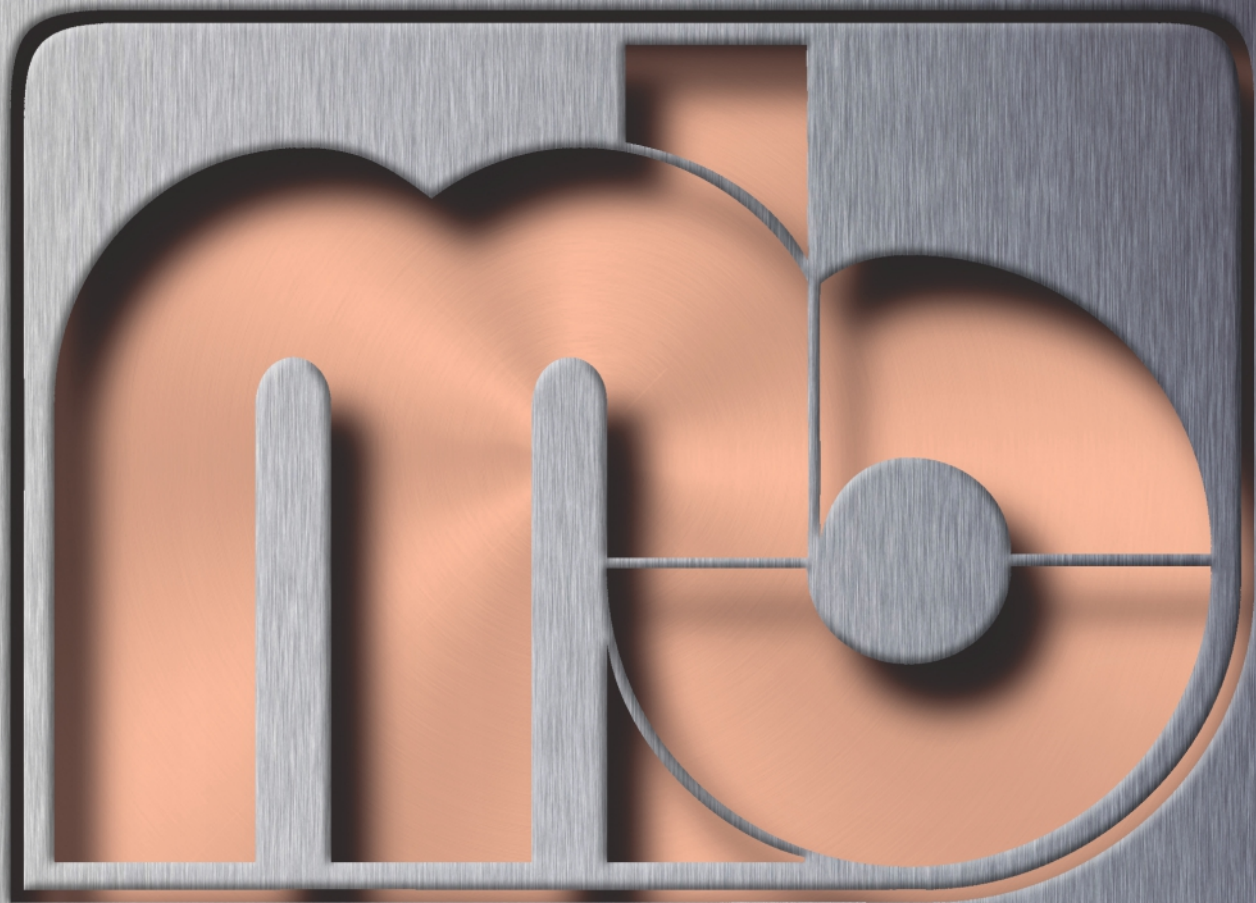


Annual Report 2012



MENON BEARINGS LTD.

Contents

Board of Directors	02
------------------------------	----

Notice of 21 st Annual General Meeting	03
---	----

Financial Statements of Menon Bearings Limited

Directors' Report	07
-----------------------------	----

Secretarial Compliance Certificate	13
--	----

Management Discussion & Analysis	20
--	----

Report on Corporate Governance	24
--	----

Auditors' Report	36
----------------------------	----

Balance Sheet	40
-------------------------	----

Statement of Profit & Loss	41
--------------------------------------	----

Cash Flow Statement	42
-------------------------------	----

Notes to Balance Sheet & Statement of Profit & Loss . . .	43
---	----

Attendance Slip and Proxy Form	57
--	----

NECS Mandate Form	60
-----------------------------	----

Board of Directors

RAM MENON	Chairman
R. D. DIXIT	Vice Chairman & Managing Director
NITIN MENON	Joint Managing Director
SACHIN MENON	Director
DR. Y. S. P. THORAT	Independant Director
KUMAR NAIR	Independant Director
B. S. AJITKUMAR	Independant Director

REGISTERED OFFICE :

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

CFO : Arun Aradhye

AUDITORS :

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

BANKERS :

STATE BANK OF INDIA
Gokul Shirgaon, Kolhapur.

AXIS BANK LIMITED
Kolhapur

REGISTRAR AND SHARE TRANSFER AGENT:

LINK INTIME INDIA PRIVATE LIMITED
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai – 400 078
Phone : (022) 2596 3838. Fax : (022) 2594 6969
Email : inform@linkintime.co.in



Notice

Of 21st Annual General Meeting



MENON BEARINGS LIMITED

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

Notice is hereby given that the Twenty First Annual General Meeting of the Company will be held on Thursday, 16th August, 2012 at **10.30 a.m.** at

The Residency Club, P.O. New Palace, Kolhapur – 416003

to transact the following businesses:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and of the Auditors' thereon.
2. To declare dividend on equity shares for the financial year ended on 31st March, 2012.
3. To appoint a director in place of Mr. Sachin Menon, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. B. S. Ajitkumar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-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.

Special Business

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the payment of Rs. 5,00,000/- (Rupees Five Lacs) made to Mr. Nitin Menon, Joint Managing Director of the Company during the financial year 2011 – 12 as bonus be and is hereby approved."

BY ORDER OF THE BOARD OF DIRECTORS

Place : Kolhapur
Date : 27th May, 2012

R. D. DIXIT
Vice Chairman & Managing Director



Notes:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IN CASE OF POLL ONLY AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE 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. Brief resume of Directors proposed to be re-appointed at the ensuing Annual General Meeting in terms of Clause 49 of the Listing Agreement is annexed to the Notice.
3. (a) Register of Members and the Share Transfer Books of the Company will remain closed from 13th August, 2012 to 16th August, 2012 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if approved by the shareholders at the ensuing Annual General Meeting.

(b) The dividend on Equity Shares, if declared at the Meeting, will be credited / dispatched between 20th August, 2012 and 29th August, 2012 to those members whose names shall appear on the Company's Register of Members on 16th August, 2012; in respect of the shares held in dematerialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
4. Members holding shares in physical form are requested to notify immediately any change in their address or bank mandates to the Company / Registrar and Share Transfer Agents quoting their Folio Number. Members holding shares in the electronic form may update such details with their respective Depository Participants.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report at the time of the Meeting.
6. In case of joint holders attending the meeting, the joint holder with highest, in order of names will be entitled to vote.
7. Members desirous of getting any information about the accounts and operations of the Company are requested to address their queries to the Asst. Company Secretary at the Registered Office of the Company at least seven days in advance of the meeting so that the information required may be made readily available at the meeting.
8. The Securities and Exchange Board of India (SEBI) has made it mandatory for all the companies to use the bank account details furnished by the depositories for depositing dividend through National Electronic Clearing Service (NECS) to investors wherever NECS and bank details are available. ***The Company will be availing the NECS facility for the payment of dividend this year. The bank details are required to be updated for the members who will be availing this facility. In the absence of NECS required details, the Company will print the bank account details, as available, on the Payment Instrument for distribution of dividend, if approved by the members.***
9. Members having multiple folios in identical names or in joint names in the same order are requested to send the share certificate(s) to the Company's Registrar and Share Transfer Agents, Link Intime India Private Limited for consolidation of all such shareholding into one folio to facilitate better services.

10. The unclaimed dividend upto the financial years 2003-2004 has already been transferred to the Investor Education and Protection Fund (IEPF) as required under Section 205A and 205C of the Companies Act, 1956. ***The balance amount lying in Unpaid Dividend Account for the financial year 2004-2005 is due for transfer to the Investors Education and Protection Fund administered by the Central Government during the month of September, 2012. The shareholders whose dividend remained unclaimed for the aforesaid financial year and following financial years are requested to claim it immediately from the Company.*** Further, the shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts which remained unclaimed for a period of seven years from the date that these became first due for payment and no payment shall be made in respect of any such claim.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore requested to submit their respective PAN details to their respective Depository Participants with whom they have their demat account(s). Members holding shares in physical form can submit their PAN details to the Company's Registrars & Share Transfer Agents.
12. Non Resident Indian members are requested to inform the Company's Registrar & Share Transfer Agents, immediately of any change in their residential status on return to India for permanent settlement, their bank account maintained in India with complete name, branch, account type, account number and address of the bank with pin code, if not furnished earlier.

Brief particulars of the Directors being proposed to be re-appointed at the ensuing Annual General Meeting (pursuant to Clause 49 of the Listing Agreement):

1. Mr. Sachin Menon, aged 49 years is Director and Promoter of the Company. He is a Bachelor of Engineering (Mech.) and has vast experience in the field of manufacturing of automobile components.

Mr. Sachin Menon is also director in Menon Pistons Ltd., Menon Piston Rings Pvt. Ltd. and Menon Metals and Alloys Pvt. Ltd. He is a member of Shareholders' / Investors' Grievance Committee of the Company.

As on 31st March 2012, Mr. Sachin Menon holds 50,000 Equity Shares of the Company.

2. Mr. B. S. Ajitkumar, aged 64 years, is an Independent Director of the Company. He is a Bachelor of Engineering (Mech.) and M. Tech from IIT, Kharagpur and has vast experience in the field of manufacturing of automobile components. He has worked with TELCO, BEML, ESCORT, etc.

Mr. B.S.Ajitkumar is also a director in Menon Pistons Limited. He is member of the Audit Committee and also a member of Remuneration Committee of the Company.

As on 31st March, 2012, Mr. B. S. Ajitkumar does not hold any shares in the Company.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Kolhapur
Date : 27th May, 2012

R. D. DIXIT
Vice Chairman & Managing Director

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956**Item No. 6**

Mr. Nitin Menon, Joint Managing Director of the Company is engaged in day-to-day business activities of the Company. Considering the services rendered by him and financial performance of the Company and upon recommendation of the Remuneration Committee of the Company, the Board of Directors of the Company at its meeting held on 22nd January, 2012 approved the payment of Rs. 5,00,000/- (Rupees Five Lacs) to Mr. Nitin Menon as Bonus for the financial year 2011-12, subject to the approval of the members of the Company.

The Board of Directors recommends the passing of the Special Resolution as set out at Item No. 6 of the notice.

Except Mr. Ram Menon, Mr. Sachin Menon and Mr. Nitin Menon, none of the other Directors are interested in this resolution.

BY ORDER OF THE BOARD OF DIRECTORS

Place : Kolhapur
Date : 27th May, 2012

R. D. DIXIT
Vice Chairman & Managing Director

Directors' Report

Your Directors feel great pleasure in presenting 21st Annual Report of your Company with the Audited Statement of Accounts for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS :

(Rs.in lacs)

Sr. No.	Particulars	Current Year Ended on 31.03.2012	Previous Year Ended on 31.03.2011
1	Total Revenue (Net)	8,795.26	8,027.65
2	Profit before Depreciation & Amortization Expenses, Finance Cost and Tax	1,719.06	1,594.77
3	Less : Depreciation and Amortization Expenses	413.31	374.62
	Finance Cost	236.39	228.92
4	Profit before Tax	1,069.36	991.23
5	Less: Provision for Tax	328.99	353.26
6	Profit after Tax	740.37	637.97
7	Balance of Profit as per last Balance Sheet	1,799.02	1,480.59
8	Previous Year Adjustments	5.38	-
9	Previous Year Expenses	-	0.30
10	Balance Available for Appropriation	2,544.77	2,118.26
11	Proposed Rate of Dividend	55%	45%
12	Proposed Dividend	256.85	210.15
13	Tax on Dividend	41.67	34.09
14	Transfer to General Reserve	75.00	75.00
15	Balance of Profit carried to Balance Sheet	2,171.25	1,799.02

RESULTS OF OPERATIONS:

During the year under review, the Company has registered a sale of Rs.8709.10 lacs (previous year Rs. 7965.11 lacs) and Net Profit after Tax of Rs. 740.37 lacs (previous year Rs. 637.97 lacs).

DIVIDEND:

The Company's overall performance during the year under review was satisfactory. Your Directors have pleasure in recommending a dividend of Rs. 2.75/- (55%) per share on the Company's Share Capital [previous year Rs. 2.25/- (45%) per share]. This will absorb total Cash Outflow of Rs. 298.52 lacs (previous year Rs. 244.24 lacs) including Corporate Dividend Distribution Tax of Rs. 41.67 lacs (previous year Rs. 34.09 lacs).

PUBLIC DEPOSITS:

During the year under review, 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 and Mr. B. S. Ajitkumar, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

Brief resume of the Directors proposed to be re-appointed as stipulated under Clause 49 of the Listing Agreement with BSE Limited are given in the Notice convening 21st Annual General Meeting.

AUDITORS:

M/s. P. M. Vardhe & Co., Chartered Accountants, Kolhapur, the Statutory Auditors of your Company hold such office upto the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from them to the effect that they are willing to continue as Statutory Auditors and if re-appointed, their re-appointment would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Your Directors recommend the re-appointment of M/s. P. M. Vardhe & Co., Chartered Accountants, Kolhapur, as Statutory Auditors of the Company to hold office from the conclusion of the ensuing Annual General Meeting upto the conclusion of next Annual General Meeting of the Company and to audit financial accounts for the financial year ending on 31st March, 2013.

COST AUDITORS:

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and in terms of Circular No. F. No. 52/26/CAB-2010 dated 30th June, 2011 issued by the Ministry of Corporate Affairs, Cost Audit Branch, the Company, with the prior approval of the Central Government, has appointed Mr. Chandrashekhar S. Adawadkar, Cost Accountant, Pune, as Cost Auditors of the Company for Audit of the cost accounting records for the financial year 2011-12.

PARTICULARS OF EMPLOYEES:

As required under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended the statement showing the names & other particulars of the employees of the Company drawing remuneration not less than Rs.60,00,000/- per annum or Rs.5,00,000/- per month is attached to this report and marked as “**Annexure A**”.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE:

As required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, particulars regarding conservation of energy, technology absorption and foreign exchange earnings and outgo for the year under review are annexed to this report and marked as “**Annexure B**”.

SECRETARIAL COMPLIANCE CERTIFICATE:

As required under the provisions of Section 383A of the Companies Act, 1956, Secretarial Compliance Certificate received from M/s. Manish Ghia & Associates, Practicing Company Secretary, Mumbai is annexed to this report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby confirms 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 judgments 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, 2012 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.

CORPORATE GOVERNANCE REPORT:

Pursuant to Clause 49 of the Listing Agreement entered into with the stock exchange, the following have been made a part of the Annual Report and are attached to this report:

- Management Discussion and Analysis
- Corporate Governance Report
- Auditors' Certificate regarding compliance of conditions of Corporate Governance

ACKNOWLEDGMENT:

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 Replacement 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, 2012

R. D. DIXIT
Vice Chairman & Managing Director

NITIN MENON
Joint Managing Director