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Chairmans' Message

Dear Fellow Shareholders,

It gives me great pleasure to present the Annual Report of the company for the financial year 2007-08 and share with you its growth story.

Performance during the year

This fiscal year has been satisfactory in terms of growth and profitability. Last year your company has finalized negotiations with couple of major multinational OEM and I am happy to inform you that during the year 2007-2008 company has started regular supply of products to them. In the year 2007-2008 your company's turnover grew by 15%.

Investing for profitable growth.

Your company believes in human resource accounting and its efficient management and on going basis company renews and adds Human Resource Management and Development Systems.

Technology

The company has set up Engineering Design modules as a new technology hub at its plant.

Looking Ahead

Company is on going positioned to exploit the opportunities that will emerge from auto mobile-auto component sectors.

To conclude, I wish to place on record my appreciation for the outstanding commitment and smart work of all our employees, advisors and consultants I also appreciates the on going support from Registrar of Companies, Pune, Ministry of Corporate Affairs, SEBI, Central Government, Reserve Bank and all other regulatory authorities, without them success was thorny.

With Best Wishes,



Ram Menon

Chairman, Menon Bearings Limited

Kolhapur, July 12, 2008

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
B. S. AJITKUMAR	Director

(With effect from 29-05-2008)

REGISTERED OFFICE :

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

CFO : Suhas Kulkarni

Company Secretary : Avinash Abhyankar

AUDITORS :

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

BANKERS :

AXIS BANK LIMITED
Kolhapur
STATE BANK OF INDIA,
Gokul Shirgaon,
Kolhapur

REGISTRAR AND SHARE

TRANSFER AGENTS:

M/s. INTIME SPECTRUM REGISTRY 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 : isrl@intimespectrum.com

Notice

Of 17th Annual General Meeting.



MENON BEARINGS LIMITED

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

NOTICE

Notice is hereby given that the Seventeenth Annual General Meeting of the Company will be held on Friday, 26th September 2008 at 10.30 a.m. at the Registered Office of the Company at G-1 MIDC Gokul Shirgaon, Kolhapur – 416 234 to transact the following business:

Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2008 and the Profit and Loss Account 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 2008.
3. To appoint a director in place of Shri Ram 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 fix their remuneration.

Special Business

5. To pass with or without modifications, the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** Shri B. S. Ajit Kumar, who was appointed as an Additional Director of the Company w.e.f. 29th May 2008 and holds office upto the conclusion of this Annual General Meeting under Section 260 of the Companies Act, 1956 read with Article 130 of the Articles of Association of the Company, but being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder signifying his intention to propose Shri B. S. Ajit Kumar as a candidate for the office of director, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation.”

6. To pass with or without modifications, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (“the Act”) and subject to the approval of Central Government and all other permissions, sanctions and approvals as may be necessary, if any, the re-appointment of Shri Nitin Menon as Joint Managing Director of the Company for a period of 3 years w.e.f. 1st July 2008 on the following terms and conditions be and is hereby approved:

(a) **Date of re-appointment:** 1st July 2008

(b) **Tenure :** 3 years

(c) **Remuneration:** Remuneration payable to Shri Nitin Menon shall be as follows (per month):

Sr. No.	Particulars	Amount in Rs.
1	Salary	2,90,000
2	House Rent Allowance	29,000
3	PPA	55,000
4	Production	75,000
5	Education Allowance	16,000
6	Soft Furnishing Allowance	17,500
7	Servant Allowance	17,500
	TOTAL	5,00,000

(d) Others:

1. Provident Fund : Company's contribution to Provident Fund will not exceed 12% of the salary per annum.
2. Gratuity : Gratuity will be paid as per normal Company's rules.
3. Car : Company's Car will be provided to Shri Nitin Menon.
4. Conveyance : Actual
5. Medical expenses : Actual
These facilities will not be considered as perquisites.
6. Shri Nitin Menon will be entitled to leave as per the rules of the Company as are applicable to other staff members of his category.
7. Whenever Shri Nitin Menon is required to travel outstation within India or abroad on Company's duty, he shall be paid in the following manner:
 - a. Executive Air Fare / First Class AC Rail Fare.
 - b. Actual to cover stay in hotels and cost of local conveyance.
8. Leave encashment will be provided as per the normal rules of the Company and encashment of such leave at the end of the tenure of service shall not be included in the computation of ceiling of remuneration or perquisites as aforesaid.
9. Leave Travel concession to the Joint Managing Director and his wife, dependent children, once in a year, subject to ceiling of one months salary.
10. He shall be entitled to sitting fees.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Shri Nitin Menon, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things, as it may be required from time to time in this regard."

7. To pass with or without modifications, the following resolution as a **Special Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to the approval of Central Government and all other permissions, sanctions and approvals as may be necessary, if any, the re-appointment of Shri Ramesh D. Dixit as Vice Chairman & Managing Director of the Company for a period of 3 years w.e.f. 1st July 2008 on the following terms and conditions be and is hereby approved:

(a) Date of re-appointment: 1st July 2008

(b) Tenure : 3 years

(c) Remuneration: Remuneration payable to Shri Ramesh D. Dixit shall be as follows (per month):

Sr. No.	Particulars	Amount in Rs.
1	Salary	2,75,000
2	House Rent Allowance	27,500
3	PPA	56,500
4	Production	25,000
5	Education Allowance	20,000
6	Soft Furnishing Allowance	23,000
7	Servant Allowance	23,000
	TOTAL	4,50,000

(d) Others:

1. Provident Fund : Company's contribution to Provident Fund will not exceed 12% of the salary per annum.
2. Gratuity : Gratuity will be paid as per normal Company's rules.
3. Car : Company's Car will be provided to Shri Ramesh D. Dixit.
4. Conveyance : Actual
5. Medical expenses : Actual
These facilities will not be considered as perquisites.
6. Shri Ramesh D. Dixit will be entitled to leave as per the rules of the Company as are applicable to other staff members of his category.
7. Whenever Shri Ramesh D. Dixit is required to travel outstation within India or abroad on Company's duty, he shall be paid in the following manner:
 - a. Executive Air Fare / First Class AC Rail Fare.
 - b. Actual to cover stay in hotels and cost of local conveyance.
8. Leave encashment will be provided as per the normal rules of the Company and encashment of such leave at the end of the tenure of service shall not be included in the computation of ceiling of remuneration or perquisites as aforesaid.
9. Leave Travel concession to the Vice Chairman & Managing Director and his wife, dependent children, once in a year, subject to ceiling of one months salary.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Shri Ramesh D. Dixit, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things, as it may be required from time to time in this regard."

8 To pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 and Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and subject to the approval of Central Government and all other permissions, sanctions and approvals as may be necessary, if any, the re-appointment of Shri T. K. Guha as Executive Director of the Company for a period of 3 years w.e.f. 1st July 2008 on the following terms and conditions be and is hereby approved:

(a) **Date of re-appointment:** 1st July 2008

(b) **Tenure :** 3 years

(c) **Remuneration:** Remuneration payable to Shri T. K. Guha shall be as follows (per month):

Sr. No.	Particulars	Amount in Rs.
1	Salary	2,35,000
2	House Rent Allowance	23,500
3	PPA	47,400
4	Production	32,100
5	Education Allowance	16,000
6	Soft Furnishing Allowance	20,000
7	Servant Allowance	20,000
8	Conveyance	6,000
	TOTAL	4,00,000

(d) Others:

1. Provident Fund : Company's contribution to Provident Fund will not exceed 12% of the salary per annum.
2. Gratuity : Gratuity will be paid as per normal Company's rules.
3. Car : Company's Car will be provided to Shri T. K. Guha.
4. Conveyance : Actual
5. Medical expenses : Actual
These facilities will not be considered as perquisites.
6. Shri T. K. Guha will be entitled to leave as per the rules of the Company as are applicable to other staff members of his category.
7. Whenever Shri T. K. Guha is required to travel outstation within India or abroad on Company's duty, he shall be paid in the following manner:
 - a. Executive Air Fare / First Class AC Rail Fare.
 - b. Actual to cover stay in hotels and cost of local conveyance.
8. Leave encashment will be provided as per the normal rules of the Company and encashment of such leave at the end of the tenure of service shall not be included in the computation of ceiling of remuneration or perquisites as aforesaid.
9. Leave Travel concession to the Executive Director and his wife, dependent children, once in a year, subject to ceiling of one months salary.
10. He shall be entitled to sitting fees.

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the currency of tenure of service of Shri T. K. Guha, the payment of salary, perquisites and other allowances as approved by this resolution shall be payable as minimum remuneration.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things, as it may be required from time to time in this regard."

9. To pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 269 and 309(5B) read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the approval of Central Government, and all other permissions, sanctions and approvals as may be necessary, if any, the consent of the Company be and is hereby accorded for waiver from recovery of a sum of Rs. 4,05,731/- being excess amount of remuneration already paid to Shri Nitin Menon, Joint Managing Director of the Company for the financial year 2005-06 in excess of the limits prescribed in Section 309(3) of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things, as it may be required from time to time in this regard."

10. To pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 269 and 309(5B) read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the approval of Central Government, and all other permissions, sanctions and approvals as may be necessary, if any, the consent of the Company be and is hereby accorded for waiver from recovery of a sum of Rs. 7,55,712/- being excess amount of remuneration already paid to Shri Nitin Menon, Joint Managing Director of the Company for the financial year 2006-07 in excess of the limits prescribed in Section 309(3) of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things, as it may be required from time to time in this regard."

11. To pass with or without modifications, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 269 and 309(5B) read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the approval of Central Government, and all other permissions, sanctions and approvals as may be necessary, if any, the consent of the Company be and is hereby accorded for waiver from recovery

of a sum of Rs. 23,317/- being excess amount of remuneration already paid to Shri T. K. Guha, Executive Director of the Company for the financial year 2006–07 in excess of the limits prescribed in Section 309(3) of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things, as it may be required from time to time in this regard.”

12. To pass with or without modifications, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 269 and 309(5B) read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') and subject to the approval of Central Government, and all other permissions, sanctions and approvals as may be necessary, if any, the consent of the Company be and is hereby accorded for waiver from recovery of a sum of Rs. 3,77,298/- being excess amount of remuneration already paid to Shri Nitin Menon, Joint Managing Director of the Company for the financial year 2007–08 in excess of the limits prescribed in Section 309(3) of the Act.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things, as it may be required from time to time in this regard.”

13. To pass with or without modifications, the following resolution as a **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 149(2A) and all other applicable provisions, if any, of the Companies Act, 1956 ('the Act') approval of the shareholders the Company be and is hereby accorded for the commencement of new business by the Company as provided in Clause 95 under Part III (C) 'Other Objects' of the Memorandum of Association of the Company:

Clause 95: To Carry on the business as agriculturists, horticulturist or otherwise.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to take all actions and do all such deeds, matters and things, as it may be required from time to time in this regard.”

For **Menon Bearings Limited**

Place : Kolhapur
Date : July 12, 2008

Avinash Abhyankar
Company Secretary

Notes:

1 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIMSELF. 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 The register of the members and the share transfer register books of the company will remain closed from Friday, 19th September 2008 to Friday, 26th September 2008 (both days inclusive).
- 3 The dividend as recommended by the Board of Directors, if approved by the shareholders at the Annual General Meeting shall be paid to those members whose names appear on the Register of members of the Company as on 26th September 2008. In respect of shares held in electronic form, the dividend will be payable on the basis of beneficial ownership as at the close of the business hours on 26th September 2008 as per the details furnished by National Securities Depository Limited (NSDL) / Central Depository Services (India) Limited (CDSL) for the purpose as on that date.
- 4 Members holding shares in physical form are requested to immediately intimate change of address, if any, to the Company / Registrar and Share Transfer Agents quoting reference of the Registered Folio Number. Members holding shares in the electronic form are advised to inform any change in their address to their respective Depository Participants. The address as furnished to the Company by the respective Depositories viz., NSDL and CDSL will be printed on the dividend warrants.
- 5 As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting. We hope you will help us in our endeavour to control cost.
- 6 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 R & T Agents, M/s. Intime Spectrum Registry Limited, for consolidation of all such shareholding into one folio to facilitate better services.
- 7 The unclaimed dividend upto the financial years 1999-2000 has been transferred to the Investor Education and Protection Fund (IEPF) as required under section 205-C of the Companies Act, 1956. The balance amount lying in unpaid Dividend Account for the financial year 2000-2001 is due for transfer to the Investors Education and Protection Fund administered by the Central Government during the month of September 2008. The shareholders whose dividend is unclaimed for the aforesaid financial year are requested to claim it immediately from the Company. Further shareholders are requested to note that no claim shall lie against the said Fund or the Company in respect of any amounts which were 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.
- 8 The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the Payment Instruments for distribution of dividend.
- 9 All the documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Monday between 11.00 am to 1.00 pm upto the date of Annual General Meeting.

Brief particulars of the directors being re-appointed (pursuant to clause 49 of the listing agreement):

- I. **Shri Ram Menon**, age 77, is a Non-Executive Chairman and Promoter of the company. He was also chairman of Indian Diesel Engine Manufacturers Association, Maharashtra Committee, Confederation of Indian Industry Chairman, Maharashtra Council, Ex -Southern Zone Chairman, Confederation of Engineering Industry (now CII). He was also member of Confederation of Indian Industry, Engineering Export Promotional Council.

He is also director in Menon Pistons Limited, Menon Alkop Pvt. Ltd., M. B. Autocomponents Pvt. Ltd., Karveer Investments Pvt. Ltd., Mani Agriculture and Research Co. Pvt. Ltd., Menon Piston Rings Pvt. Ltd., Menon & Menon Ltd. and Menon Metals & Alloys Pvt. Ltd.

Shri Ram Menon holds 12,500 shares in the Company.

- ii. **Shri Ramesh D. Dixit**, age 64, is Vice Chairman and Managing Director of the company. He is a Bachelor of Engineering (Mech). He was a Council member of Autonomous body of Government Polytechnic, Kolhapur. He is associated with Menon Group since more than 38 years and presently on the board of various companies within Menon Group.

He is also director in Menon Pistons Limited, Menon Alkop Pvt. Ltd. and Menon Piston Rings Pvt. Ltd.

Shri Ramesh Dixit holds 2,700 shares in the Company.

- iii. **Shri Nitin Menon**, age 41, is a Joint Managing Director of the company. He is a Bachelor of Commerce. He has rich and varied in the field of Automobile Sector, apart from present business activity, he is also in field of Agriculture and allied services thereof. He is on the board of various companies of Menon Group.

He is also director in Menon Pistons Ltd., Menon Alkop Pvt. Ltd., M. B. Autocomponents Pvt. Ltd., Mani Agriculture and Research Co. Pvt. Ltd., Karveer Investment Pvt. Ltd. and Menon Piston Rings Pvt. Ltd.

Shri Nitin Menon holds 13,82,965 shares in the Company.

- iv. **Shri T. K. Guha**, age 61, is Executive Director of the company. He is a Chartered Engineer having rich and varied experience in the field of Automobile Sector Company.

He is also director in Menon Alkop Private Limited.

Shri T. K. Guha does not holds any shares in the Company.

- v. **Shri B. S. Ajit Kumar**, age 59, is Independent Director of the Company. He is B.E. (Mech.) and M. Tech from IIT, Kharagpur and has vast experience in the filed on manufacturing of automobile components. He has worked with TELCO, BEML, ESCORTS, etc.

He is also director in Menon Pistons Limited.

Shri B. S. Ajit Kumar does not holds any shares in the Company.

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956.

Item No. 5

Shri B. S. Ajit Kumar was appointed as an Additional Director of the Company w.e.f. 29th May 2008 and holds office upto the conclusion of this Annual General Meeting. He being eligible, offers himself for appointment and the Company has received a notice in writing alongwith requisite deposit money under Section 257 of the Act from a shareholder signifying his intention to propose Shri B. S. Ajit Kumar as a candidate for the office of director.

The Board of Directors recommends his appointment as Director of the Company.

None of directors, except Shri B. S. Ajit Kumar is concerned or interested in this resolution.

Item No. 6

The Board of Directors of the Company at their meeting held on 12th July 2008, has re-appointed Shri Nitin Menon as Joint Managing Director of the Company for a period of 3 years w.e.f. 1st July 2008 on fresh terms and conditions, subject to the approval of members of the Company in their general meeting and Central Government.

The details as required under proviso (iv) to Clause B of Part II of Schedule XIII to the Companies Act, 1956, are given below:

I			General Information
(1)	Nature of Industry	The Company is engaged in manufacturing of auto compenents.	
(2)	Date or expected date of commencement of commercial production	The Company is an existing company and is in operation since 1993.	
(3)	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus.	N.A.	
(4)	Financial performance based on given indicators.	EPS : Rs. 6.10 Return on networth :16 %	
(5)	Export performance and net foreign exchange collaborations.	Deemed export worth Rs.1146.84 lacs	
(6)	Foreign investments or collaborators, if any	Nil	
II			Information about the appointee
(1)	Background details	Shri Nitin Menon was appointed as director of the Company on 1st April 1995. Thereafter he was appointed as Joint Managing Director of the Company w.e.f. 20th October 2000. Shri Nitin Menon is promoter of the Company and is associated with the Company since inception and has experience of more than 17 years in the industry.	

II Information about the appointee		
(2)	Past performance	Under the guidance of Shri Nitin Menon, the Company has witnessed continued growth both in terms of sales and profits. He is also engaged in day-to-day affairs of the Company alongwith Shri Ramesh D. Dixit, Managing Director and Shri T. K. Guha, Executive Director of the Company..
(3)	Recognition or awards	Shri Nitin Menon is a commerce graduate.
(4)	Job profile and his suitability	Shri Nitin Menon is engaged in day-today activities of the Company and is responsible for overall management.
(5)	Remuneration proposed	Rs. 5,00,000/- per month
(6)	Comparative remuneration profile with respect to industry	The remuneration payable to Shri Nitin Menon is at par with the industry standards, in which it operates.
(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Shri Nitin Menon is promoter director of the Company.
III Other information		
(1)	Reasons of loss or inadequate profits	There are several macro economic factors already started influencing the Indian economy and more so the automobile sector. Competitive pressures from domestic as well as foreign manufacturers are rapidly increased during last couple of years. Even present market conditions shows that the earnings are under pressure due to the sluggish demand and high cost pressure.
(2)	Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms	The Company has initiated price revision process and believes that price revision process will nullify the effect on profitability. Company has already initiated the hedging for foreign currency in order to veil against further down trend of US dollar, however it is infant stage. We believe company will be to gear up to develop new techniques and new products with different raw material mix and will maintain better profit margin in subsequent periods.

The above may also be treated as an abstract of terms of appointment pursuant to the provisions of Section 302 of the Companies Act, 1956.

As per the requirements of Schedule XIII to the Companies Act, 1956, the Special Resolution at item no. 6 is set out for your approval.

None of the directors, except Shri Ram Menon, Shri Sachin Menon and Shri Nitin Menon is concerned or interested in this resolution.

Item No. 7

The Board of Directors of the Company at their meeting held on 12th July 2008, has re-appointed Shri Ramesh D. Dixit as Vice Chairman & Managing Director of the Company for a period of 3 years w.e.f. 1st July 2008 on fresh terms and conditions, subject to the approval of members of the Company in their general meeting and Central Government.

The details as required under proviso (iv) to Clause B of Part II of Schedule XIII to the Companies Act, 1956, are given below:

I		General Information	
	(1)	Nature of Industry	The Company is engaged in manufacturing of auto compenents.
	(2)	Date or expected date of commencement of commercial production	The Company is an existing company and is in operation since 1993.
	(3)	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus.	N.A.
	(4)	Financial performance based on given indicators.	EPS : Rs. 6.10 Return on networth :16 %
	(5)	Export performance and net foreign exchange collaborations.	Deemed export worth Rs.1146.84 lacs
	(6)	Foreign investments or collaborators, if any	Nil
II		Information about the appointee	
	(1)	Background details	Shri Ramesh D. Dixit is associated with the Menon group from 38 years. He has worked in different capacities such as Development Engineer, Works Manager, Director Technical, and for last 10 years as Managing Director in Menon Bearings Limited and president and director in all other group companies.
	(2)	Past performance	Under the guidance of Shri Ramesh D. Dixit, the Company has witnessed continued growth both in terms of sales and profits. He is also engaged in day-to-day affairs of the Company alongwith Shri Nitin Menon, Jt. Managing Director and Shri T. K. Guha, Executive Director of the Company.
	(3)	Recognition or awards	Shri Ramesh D. Dixit has completed his diploma in Mechanical Engineering from Government Polytechnic, Kolhapur in 1st Class, and B.E. (Mech) from College of Engineering, Karad in 1st Class and "Production Planning and Control" course from HMT, Bangalore.
	(4)	Job profile and his suitability	Shri Ramesh D. Dixit is engaged in day-to-day activities of the Company and is responsible for overall management.

II		Information about the appointee	
	(5)	Remuneration proposed	Rs. 4,50,000/- per month
	(6)	Comparative remuneration profile with respect to industry	The remuneration payable to Shri Ramesh D. Dixit is at par with the industry standards, in which it operates.
	(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Shri Ramesh D. Dixit is promoter director of the Company.
III		Other information	
	(1)	Reasons of loss or inadequate profits	There are several macro economic factors already started influencing the Indian economy and more so the automobile sector. Competitive pressures from domestic as well as foreign manufacturers are rapidly increased during last couple of years. Even present market conditions shows that the earnings are under pressure due to the sluggish demand and high cost pressure.
	(2)	Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms	The Company has initiated price revision process and believes that price revision process will nullify the effect on profitability. Company has already initiated the hedging for foreign currency in order to veil against further down trend of US dollar, however it is infant stage. We believe company will be to gear up to develop new techniques and new products with different raw material mix and will maintain better profit margin in subsequent periods.

The above may also be treated as an abstract of terms of appointment pursuant to the provisions of Section 302 of the Companies Act, 1956.

As per the requirements of Schedule XIII to the Companies Act, 1956, the Special Resolution at item no. 7 is set out for your approval.

None of the directors, except Shri Ramesh D. Dixit is concerned or interested in this resolution.

Item No. 8

The Board of Directors of the Company at their meeting held on 12th July 2008, has re-appointed Shri T. K. Guha as Executive Director of the Company for a period of 3 years w.e.f. 1st July 2008 on fresh terms and conditions, subject to the approval of members of the Company in their general meeting and Central Government.

The details as required under proviso (iv) to Clause B of Part II of Schedule XIII to the Companies Act, 1956, are given below:

I			General Information	
	(1)	Nature of Industry	The Company is engaged in manufacturing of auto compenents.	
	(2)	Date or expected date of commencement of commercial production	The Company is an existing company and is in operation since 1993.	
	(3)	In case of new companies, expected date of commencement of activities as per project approved by the financial institutions appearing in the prospectus.	N.A.	
	(4)	Financial performance based on given indicators.	EPS : Rs. 6.10 Return on networth : 16 %	
	(5)	Export performance and net foreign exchange collaborations.	Deemed export worth Rs.1146.84 lacs	
	(6)	Foreign investments or collaborators, if any	Nil	
II			Information about the appointee	
	(1)	Background details	After completion of his education, Shri T. K. Guha worked with two Companies viz. Tylor India Ltd and Anand Bearings Limited, Parwanu (H. P.). He was Production Incharge in Anand Bearings Limited. After that he joined Menon Bearings Limited. Under his supervision only Company's plant was established in 1993. Presently he is working at Menon Bearings Limited in the capacity of Executive Director and Joint Managing Director of Menon Alkop Private Limited.	
	(2)	Past performance	Under the guidance of Shri T. K. Guha, the Company has established extensive set-up of SPM (Special Purpose Machines), successful erection of Aluminum Tin Strip Manufacturing Plant and Establishment of replacement Market net-work.	
	(3)	Recognition or awards	Shri T. K. Guha is a Chartered Engineer.	
	(4)	Job profile and his suitability	Shri T. K. Guha is engaged in day-today activities of the Company and is responsible for overall management.	
	(5)	Remuneration proposed	Rs. 4,00,000/- per month	
	(6)	Comparative remuneration profile with respect to industry	The remuneration payable to Shri T. K. Guha is at par with the industry standards, in which it operates.	
	(7)	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	N.A.	

III	Other information		
	(1)	Reasons of loss or inadequate profits	There are several macro economic factors already started influencing the Indian economy and more so the automobile sector. Competitive pressures from domestic as well as foreign manufacturers are rapidly increased during last couple of years. Even present market conditions shows that the earnings are under pressure due to the sluggish demand and high cost pressure.
	(2)	Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms	The Company has initiated price revision process and believes that price revision process will nullify the effect on profitability. Company has already initiated the hedging for foreign currency in order to veil against further down trend of US dollar, however it is infant stage. We believe company will be to gear up to develop new techniques and new products with different raw material mix and will maintain better profit margin in subsequent periods.

The above may also be treated as an abstract of terms of appointment pursuant to the provisions of Section 302 of the Companies Act, 1956.

As per the requirements of Schedule XIII to the Companies Act, 1956, the Special Resolution at item no. 8 is set out for your approval.

None of the directors, except Shri T. K. Guha is concerned or interested in this resolution.

Item No. 9

Shri Nitin Menon was re-appointed as Joint Managing Director w.e.f. 1st October 2005 for five years. During the year 2005 – 06, the Company has paid remuneration of Rs. 23,27,776/- to Shri Nitin Menon, Joint Managing Director of the Company. Shri Nitin Menon was given the remuneration within the prescribed limits prescribed under Part II(B) of Schedule XIII to the Act, but the other conditions provided under proviso to Part II(B) of Schedule XIII to the Act were not complied. Therefore, a sum of Rs. 4,05,731/- being amount paid in excess of 5% of net profits (as computed under Section 198 and 349) become to be excess of the prescribed limits under Section 309(3) of the Act payable as remuneration.

As per the provisions of Section 309(5B) of the Companies Act, 1956, subject to the approval of Central Government, the Company can waive from recovery of excess payment made. The Board of Directors of the Company recommends to pass the resolution as set out at item no. 9 of this notice.

None of the directors, except Shri Ram Menon, Shri Sachin Menon and Shri Nitin Menon is concerned or interested in this resolution.

Item No. 10

Shri Nitin Menon was re-appointed as Joint Managing Director w.e.f. 1st October 2005 for five years. During the year 2006 – 07, the Company has paid remuneration of Rs. 30,71,334/- to Shri Nitin Menon, Joint Managing Director of the Company. Shri Nitin Menon was given the remuneration within the prescribed limits prescribed under Part II(B) of Schedule XIII to the Act, but the other conditions provided under proviso to Part II(B) of Schedule XIII to the Act were not complied. Therefore, a sum of Rs. 7,55,712/- being amount paid in excess of 5% of net profits (as computed under Section 198 and 349) become to be excess of the prescribed limits under Section 309(3) of the Act payable as remuneration.

As per the provisions of Section 309(5B) of the Companies Act, 1956, subject to the approval of Central Government, the Company can waive from recovery of excess payment made. The Board of Directors of the Company recommends to pass the resolution as set out at item no. 10 of this notice.

None of the directors, except Shri Ram Menon, Shri Sachin Menon and Shri Nitin Menon is concerned or interested in this resolution.

Item No. 11

Shri T. K. Guha was re-appointed as Executive Director w.e.f. 29th January 2007 for five years. During the year 2006–07, the Company has paid remuneration of Rs. 23,38,939/- to Shri T. K. Guha, Executive Director of the Company. Shri T. K. Guha was given the remuneration within the prescribed limits prescribed under Part II(B) of Schedule XIII to the Act, but the other conditions provided under proviso to Part II(B) of Schedule XIII to the Act were not complied. Therefore, a sum of Rs. 23,317/- being amount paid in excess of 5% of net profits (as computed under Section 198 and 349) become to be excess of the prescribed limits under Section 309(3) of the Act payable as remuneration.

As per the provisions of Section 309(5B) of the Companies Act, 1956, subject to the approval of Central Government, the Company can waive from recovery of excess payment made. The Board of Directors of the Company recommends to pass the resolution as set out at item no. 11 of this notice.

None of the directors, except Shri T. K. Guha is concerned or interested in this resolution.

Item No. 12

Shri Nitin Menon was re-appointed as Joint Managing Director w.e.f. 1st October 2005 for five years. During the year 2007–08, the Company has paid remuneration of Rs. 30,67,880/- to Shri Nitin Menon, Joint Managing Director of the Company. Shri Nitin Menon was given the remuneration within the prescribed limits prescribed under Part II(B) of Schedule XIII to the Act, but the other conditions provided under proviso to Part II(B) of Schedule XIII to the Act were not complied. Therefore, a sum of Rs. 3,77,298/- being amount paid in excess of 5% of net profits (as computed under Section 198 and 349) become to be excess of the prescribed limits under Section 309(3) of the Act payable as remuneration.

As per the provisions of Section 309(5B) of the Companies Act, 1956, subject to the approval of Central Government, the Company can waive from recovery of excess payment made. The Board of Directors of the Company recommends to pass the resolution as set out at item no. 12 of this notice.

None of the directors, except Shri Ram Menon, Shri Sachin Menon and Shri Nitin Menon is concerned or interested in this resolution.

Item No. 13

At present Company is engaged in the business of manufacturing of bearings, bushes and thrust washers.

In order to diversify its business activities and after considering the feasibility and future development, the Company is proposing to start a new business of agriculturists and horticulturists.

As per the provisions of Section 149(2A) of the Companies Act, 1956, the Company cannot start new business, until it is approved by the members of the Company by a Special Resolution in their general meeting. Hence, the resolution at item no. 13 of this notice is set out for your approval.

None of the directors are concerned or interested in the aforementioned resolution.

For **Menon Bearings Limited**

Place : Kolhapur
Date : July 12, 2008

Avinash Abhyankar
Company Secretary

Directors' Report

Your Directors feel great pleasure in presenting the 17th Annual Report of your company with the Audited Statement of Accounts for the year ended 31st March, 2008.

FINANCIAL HIGHLIGHTS :

(Rs. In lacs)

Sr. No.	Particulars	Current Year Ended on 31.03.2008	Previous Year Ended on 31.03.2007
1	Profit before tax	458.06	385.82
2	Provision for tax	173.23	136.17
3	Profit after tax	284.83	249.65
4	Balance of profit as per last Balance Sheet	949.28	861.45
5	Previous year adjustment for tax	Nil	Nil
6	Previous year expenses	7.62	1.23
7	Balance available for appropriation	1226.50	1109.87
8	Proposed dividend	116.75	116.75
9	Rate of proposed dividend	25 %	25 %
10	Tax on dividend	19.84	19.84
11	General Reserve	29.00	24.00
12	Balance of profit carried to Balance Sheet	1060.91	949.28

RESULTS OF OPERATIONS:

During the year under review, the Company has registered a sale of Rs. 3469.67 lacs and net profit of Rs. 284.83 lacs. The current fiscal was hampered by increase in the cost of raw material and cost of finance. To cure the position, your company has already initiated the process of revising prices and had been in discussions with its customers. So far almost all the customers has given price rise.

DIVIDEND:

The Directors are pleased to recommend a dividend of Rs. 2.50 per Equity Share (Previous year Rs. 2.50 per share) for the financial year ended 31st March 2008. Outgo on account of payment of the dividend will be Rs. 136.59 Lacs including Dividend Tax payable by the Company.

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:

Shri Ram Menon, Director of the Company retires by rotation and being eligible offer himself for reappointment at the ensuing Annual General Meeting. The Board recommends his re-appointment.

Shri B. S. Ajit Kumar was appointed as an Additional Director of the Company on 29th May 2008 and holds office until the conclusion of ensuing Annual General Meeting. He being eligible, has offered himself for appointment as Director of the Company and in respect of whom the Company has received a notice in writing under Section 257 of the Act from a shareholder signifying his intention to propose Mr. B. S. Ajit Kumar as a candidate for the office of director. The Board recommends his appointment as Director of the Company at ensuing Annual General Meeting.

The Board of Directors in their meeting held on 12th July 2008, has re-appointed Shri Ramesh D. Dixit as Vice Chairman & Managing Director, Shri Nitin Menon as Joint Managing Director and Shri T. K. Guha as Executive Director w.e.f. 1st July 2008 for a period of 3 years on fresh terms and conditions. The Board recommends to approve their re-appointment.

AUDITORS :

The Company's Auditors M/s. P. M. Vardhe & Co., Chartered Accountants, Kolhapur retire at the conclusion of the ensuing Annual General Meeting of the Company and are eligible for re-appointment. The Directors recommend their 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 to this report.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to 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, 2008 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.

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

The information regarding conservation of energy, technology absorption, adoption and innovation and foreign currency transactions as required under The Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are given in the attached statement.

MANAGEMENT DISCUSSION AND ANALYSIS :

As per the requirements of Clause 49 of the Listing Agreement with stock exchange, Management Discussion and Analysis is enclosed herewith and forms part of this report.

CORPORATE GOVERNANCE

Your Company is committed to practice the principles of good Corporate Governance. Necessary measures are taken to comply with the requirements of revised clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited. Certificate from the Company's auditors dated 29th May 2008 regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement entered into with Bombay Stock Exchange Ltd is annexed herewith.

SUBSIDIARY COMPANY :

Menon Alkop Pvt. Ltd. is wholly owned subsidiary of the Company. The Central Government vide its order no. 47/18/2008-CL-III dated 30th January 2008 has granted exemption from attaching annual accounts of the said subsidiary with the Company's annual accounts. However, the annual accounts of the said subsidiary company and the related detailed information will be available for inspection to the Company's and subsidiary's shareholders at the registered office of the Company and of subsidiary company.

ACKNOWLEDGMENT :

Your Directors wish to place on record their gratitude for the continued cooperation 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 review.

Place : Kolhapur
Date : July 12, 2008

For & on behalf of the Board of Directors

RAM MENON
Chairman

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

I. CONSERVATION OF ENERGY

- a) PLC based systems are installed to reduce the Compressed Air Consumption. Power factor is maintained near unity to control the maximum demand.
- b) Continuous improvement projects are implemented at various machines to reduce cycle time.
- c) 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 Research & Development is carried out by the company	1) High speed bush manufacturing systems are developed to meet the requirement of high volume at low price products 2) High speed bearing manufacturing line is under development to match the price and volumes of small car segment
2)	Benefits derived as a result of above	1) Increased Productivity 2) Reduced Lead time & less scrap generation 3) Low Inventory
3)	Future plan of action	To counter the rising raw material prices company will strengthen a) Productivity Improvement Programs b) Optimum Plant Utilization c) Inventory Control Program
4)	Expenditure on R & D	Capital WIP : Rs. 108.19 lacs Recurring : Rs. Nil

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1)	Efforts in brief, made towards Absorption, Adoption	Environmental Friendly bearings Material developed
2)	Benefits derived as a result of above effort e.g. product improvement, cost reduction, product development.	a) Improved Quality b) Non Hazardous to health products
3)	In case of imported technology (imported during last 5 years recorded from the beginning of the financial year)	

FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to export initiative for development of new export markets for products, services & 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. 108.20 lacs Deemed Export Worth : Rs. 1146.84 lacs

For and on behalf of the Board of Directors

Place: Kolhapur
Date: July 12, 2008

RAM MENON
Chairman

Annexure to the Directors' Report

Statement showing particulars of employees drawing more than Rs. 24 lacs per annum or Rs.2 lacs per month

Sr. No.	Name of employee	Designation	Nature of employment whether contractual or otherwise	Other terms and conditions	Nature of Duties	Qualification & Experience	Date of commencement of employment	Age	Last employment held	% of equity shares held by the employee	Remuneration (Rupees)
1	Shri R. D. Dixit	Vice Chairman & Managing Director	Contractual	As applicable to other senior executives of the company	Managing Director	Mechanical Engineer. He has 38 years experience.	01 - 04 - 1992	64 Years	Menon Pistons Limited	0.06 %	24,54,192
2	Shri Nitin Menon	Joint Managing Director	Contractual	As applicable to other senior executives of the company	Joint Managing Director	B.com. Has 15 years of entrepreneurial experience	01 - 10 - 1992	41 Years	N.A.	29.61 %	30,67,880

Management Discussion and Analysis

Operation of your company comprises Auto Component viz Bearings, Bushes and Thrust Washers.

I. INDUSTRY REVIEW

Starting the year 2007 on a positive note, industry went on to further raise the bar by posting above - forecast results, continuing to reach greater heights in terms of revenue growth. The Automobile market, especially commercial vehicle and car markets showed a good progress during the year under review. The Production of the OEMs has been increased robustly.

In a developing economy like India, with greater focus on mechanisation of the manufacturing process, demand for Automobile sector was outperformed during last few months. Growth especially in the Capital Goods and Manufacturing sectors presents a strong opportunity for the Automobile industry.

Even though raw material prices are boosted, your company has already initiated the process of price revision from all the customers and almost all customers are positive.

II. FUTURISTIC OUTLOOK

The Auto Component segment has a direct co-relation with the Auto sector growth which includes Manufacturer of Car and Commercial Vehicles, which is expected to grow at 10-12% per annum over the next 4-5 years.

Growth leads always into growing competition and increase in prices your company's raw material consumption may raise. However Company's price revision process will nullify the effect on profitability.

In the year under review your company has received many enquiries across the globes which were taken care of very successfully. This may lead to substantial increase on the export front and consequently in sales.

III. CONCERN & THREAT

During the year several macro economic factors started influencing the Indian economy and more so the automobile sector. The US Dollar had an unprecedented and rapid depreciation vis- à- vis the Indian Rupee, concerns on the slowdown in the US economy which would be the threat for export.

However your company has already initiated the hedging for foreign currency in order to veil against further down trend of US dollar.

The signs of competitive pressure from domestic as well as foreign manufacturers are noticed. Company is trying to cope with it by developing new cost defective products by developing advanced manufacturing techniques.

IV. FUTURE CHALLENGE

The future challenge for the company will be to gear up to develop new techniques and new products with different raw material mix. To meet the demands of high performance quicker manufacturing methods had to be adopted.

In the near term, the Auto industry is expected to face tough times due to overall slowdown and sluggish growth in the economy. Currently, industry valuation is subdued as Earnings are under pressure due to the sluggish demand and high cost pressure. We believe valuations are likely to remain subdued in the near term.

V. CAUTIONARY STATEMENT

Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied therein. Important factors that could make a difference include raw material availability and prices thereof, cyclical demand and pricing in the Company's principal markets, changes in Government regulations and tax regime, economic developments within India and the countries in which the Company conducts business and other incidental factors.

Report on Corporate Governance

1. Company's philosophy on Corporate Governance.

Corporate Governance is a part of Menon Bearings Limited (the Company) and it is bounded for a rich legacy of fair, ethical and transparent governance practices. The Board, being elected by the shareholders, is their representative and a bridge between them and the executive management.

2. Board of Directors

i. Composition : The Board of Directors provides strategic direction and thrust to the operations of the Company. Presently, the Board has a Non-Executive Chairman and six other Directors. Out of these, two are independent directors. Out of them, Shri B. S. Ajit Kumar was appointed as independent director w.e.f. 29th May 2008. The Company do not comply with the listing agreement norms for independent directors.

ii. Board Procedure : The agenda is prepared in consultation with the Chairman of the Board of Directors and the Chairmen of other Committees. The agenda for the meetings of the Board and its committees, together with the appropriate supporting documents, are circulated well in advance of the meeting. Matter discussed at Board meeting generally relate to Company's workings as its production, sales, inventory, collections etc., quarterly results of the Company, review of the reports of the Audit Committee and compliance with their recommendation, suggestion, new investment proposals, non compliance of any regulatory, statutory or listing requirements etc.

iii. Attendance at meetings : During the year 2007-08, the Board of Directors met four times on 20.05.2007, 28.07.2007, 27.10.2007 and 29.01.2008. Attendance of directors at the Board Meetings, last Annual General Meeting and number of other directorships and Chairmanships/Memberships in committees of each director in various companies are as follows:

Sr. No.	Name of Director	Category	Attendance at meetings		As on March 31, 2008		
			Board	General	¹ No. of Directorships	² Committees	
						Membership	Chairmanship
1.	Shri Ram Menon	Non Executive Chairman – Promoter	2	Yes	2	-	-
2.	Shri Sachin Menon	Non Executive Director	-	Yes	2	-	1
3.	Shri R. D. Dixit	Vice Chairman and Managing Director	4	Yes	1	1	1
4.	Shri Nitin Menon	Joint Managing Director	4	Yes	1	-	-
5.	Shri T. K. Guha	Executive Director	4	Yes	-	-	-
6.	Shri Kumar Nair	Independent Director	3	-	2	3	-

¹ The directorship held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Companies.

² Membership/Chairmanships of only the Audit Committee and Share Transfer and Investor Grievance committee of all public Limited Companies have been considered.

3. Board Committees:

i. Audit Committee

The Audit Committee is comprised of Shri Kumar Nair, Independent Director. Shri Ramesh D. Dixit, Vice Chairman & Managing Director and Shri Nitin Menon, Joint Managing Director. Shri Kumar Nair is Chairman of the Committee. Shri Avinash Abhyankar, Company Secretary of the Company acts as Secretary to the Committee.

During the financial year 2007-08, the Audit Committee met 4 times on 20.05.2007, 28.07.2007, 27.10.2007 and 29.01.2008. The members attended Audit Committee meetings as follows :

Name of the Member	No. of Meetings Held
Shri Kumar Nair - Chairman	3
Shri R. D. Dixit - Member	4
Shri Nitin Menon - Member	4

The terms of reference of this Committee are wide. The members have access to all the required information from the Company. The brief description of terms of reference is as follows:

- Integrity of the companies financial statements
- Companies Compliance with legal and regulatory requirements
- The Statutory Auditor's Qualification and independence
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Reviewing with management the annual financial statements and
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Reviewing the Company's financial and risk management policies
- Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

ii. Remuneration Committee

Presently, the Company has not formed any remuneration committee. The remuneration payable to directors is decided by the Board of Directors. The Company pays sitting fees and professional fees to independent directors towards attending board meetings and professional services rendered to the Company respectively. Details of remuneration paid during the year 2007-08 to the directors of the Company are as follows:

(Amount in Rs.)

Name of the Director	Salary	Contribution to Provident Fund	Other Perquisites	Remuneration	Sitting Fees	Others	Total	Stock Option Granted
Shri Ram Menon	Nil	Nil	Nil	Nil	2,000	Nil	2,000	Nil
Shri Nitin Menon	1,422,000	170,640	1,472,240	Nil	3,000	Nil	3,067,880	Nil
Shri Sachin Menon	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shri R. D. Dixit	1,326,000	159,120	969,072	Nil	-	Nil	2,454,192	Nil
Shri T. K. Guha	1,080,000	129,600	1,032,700	Nil	3,000	Nil	2,245,300	Nil
Shri Kumar Nair	Nil	Nil	Nil	Nil	3,000	87,000	90,000	Nil
Total	3,828,000	459,360	3,474,012	Nil	11,000	87,000	7,859,372	Nil

ii. Share Transfer and Investors' Grievance Committee

The Share Transfer and Investors' Grievance Committee (STIGC) of the Board is empowered to oversee the redressal of investors' complaints pertaining to :

1. Share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfer /transmission / demat / remat (with and without legal representation) of shares and other miscellaneous complaints.
2. On recommendations of STIGC, the Company has taken various investor friendly initiatives like sending reminders to investors who have not claimed their dues, sending nominations forms, complaints and suggestions received from investors are considered and addressed appropriately.

STIGC comprise of:

Name of the Member	No. of Meetings Held
Shri R. D. Dixit - Chairman	3
Shri Kumar Nair - Member	4
Shri Nitin Menon - Member	4

The Committee meets as and when required. Shri Avinash Abhyankar, Company Secretary, acts as a secretary to the committee. Shri Avinash Abhyankar, Company Secretary is Compliance Officer of the Company. During the financial year 2007-08, 20 investor complaints were received and all of them were redressed in time.

4. General Body meetings:

- i. Location and time of last three meetings

Year	Location	Date	Time
2006-07	Registered Office: G-1, MIDC, Gokul Shirgaon Kolhapur. 416 234	August 31, 2007	10.30 a.m.
2005-06		August 25, 2006	10.30 a.m.
2004-05		August 06, 2005	10.30 a.m.

- ii. In last three Annual General Meetings, following Special Resolutions were passed:

Year	Description of resolution
2006-07	No Special Resolution has been passed by the company
2005-06	For alternation in Articles of Association of the Company in relation for increase in sitting fees from Rs. 2,000/- to Rs. 1,00,000/-.
2004-05	No Special Resolution was passed

Company has not passed any special resolution through postal ballot during the financial year ended March 31, 2008 and no resolution is proposed to be passed through postal ballot at the ensuing Annual General Meeting

5. Disclosures:

- i. Related Party Transactions :
None of the related party transactions was in conflict with the interests of the Company. Details on material significant related party transactions are given in the appended financial statement under notes to the accounts.
- ii. Compliance by the Company :
The Company has complied with the requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital market during the last three years. No other penalties or strictures have been imposed on the Company by the Stock Exchanges, SEBI or other Statutory Authorities.
- iii. Disclosure of accounting treatment :
In the preparation of financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- iv. Whistle Blower Policy :
The Company has established a mechanism for employees to report concerns about unethical behavior, actual or suspected fraud, or violation of code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee in the exceptional cases. We affirm that during the financial year 2007-08, no employee was denied access to the Audit Committee.
- v. Risk Management :
The company has laid down procedures to inform Board members about the risk assessment and minimisation procedures. The Company has framed the risk assessment and minimisation procedure, which is periodically reviewed by the Board.
- vi. Subsidiary Company :
Menon Alkop Private Limited is a material non-listed Indian subsidiary company; however no Independent Director of the Company is on the Board of such subsidiary company. The Audit Committee reviews the financial statements of the Menon Alkop Private Limited. There were no strategic investments made by the Company's non-listed subsidiary

company during the year under review. The minutes of Menon Alkop Private Limited are placed before the Board of Directors of the Company and the attention of the Directors is drawn to all significant transactions and arrangements entered into by the subsidiary company.

vii. CEO/CFO Certification:

A certificate from Shri Ramesh D. Dixit, Vice Chairman & Managing Director of the Company on the financial statements of the company was placed before the Board.

viii. Review of Directors' Responsibility Statement:

The Board in its report has confirmed that the annual accounts for the year ended 31st March 2008 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

6. Means of communication:

- At present yearly report on accounts is being sent to each shareholder.
- The quarterly, half-yearly and full year results are published in Economic Times (English) / Financial Express (English) and Lokmat (Marathi) / Pudhari (Marathi).
- The Company has not made any presentation to Institutional Investors and Analysts.
- The Management Discussion and Analysis for the year ended 31st March 2008 forms part of the Directors' report.

As per requirement of Clause 51 of the listing agreement, all the data relating to quarterly financial results, shareholding pattern etc. are provided to SEBI website, www.sebidifor.nic.in.

7. General information for Members:

i. Annual General Meeting:

Date, Time & Venue: 26th September 2008, at 10.30 A.M. at G-1, MIDC, Gokul Shirgaon, Kolhapur – 416 234

ii. Financial calendar: (provisional for 2008-09)

Result for the quarter ending June 2008 - Last week of July 2008
 Result for the quarter ending September 2008 - Last week of October 2008
 Result for the quarter ending December 2008 - Last week of January 2009
 Audited Result for the year ending March 31, 2009 - Last week of May 2009.

iii. Date of Book Closure: 19th September 2008 to 26th September 2008 (both days inclusive)

iv. Dividend payment date: on and after 27th September 2008

v. Listing: Bombay Stock Exchange Limited

vi. Stock Code: BSE 523828

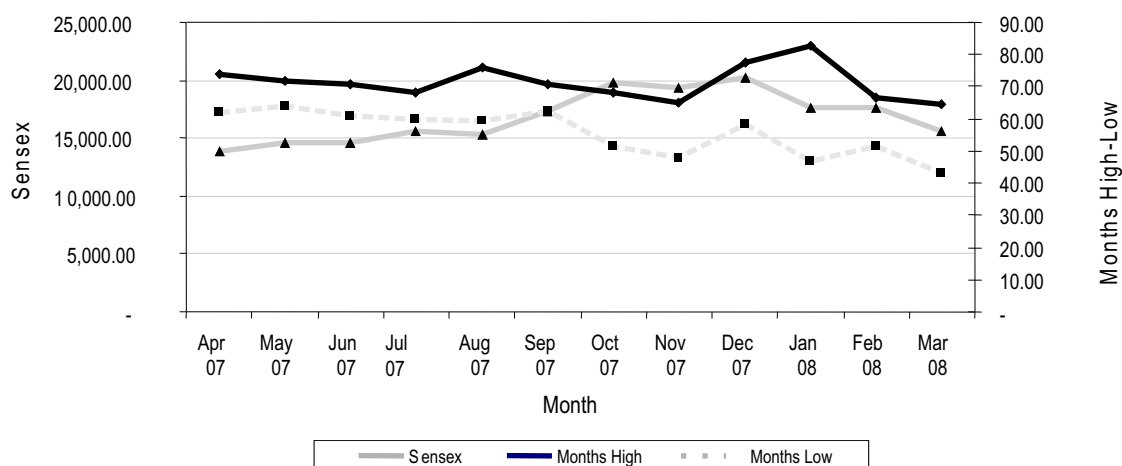
vii. ISIN: INE071D01017

viii. Market price data:

The monthly high and low quotations of Company's shares traded on the Bombay Stock Exchange Ltd., Mumbai and SENSEX during each month in last financial year are as follows:

Year	Share price of the Company at BSE		SENSEX	
	High (Rs.)	Low (Rs.)	High	Low
April 2007	74.00	62.00	14383.72	12425.52
May 2007	71.90	64.00	14576.37	13554.34
June 2007	71.00	61.00	14683.36	13946.99
July 2007	67.95	60.00	15868.85	14638.88
August 2007	76.20	59.25	15542.40	13779.88
September 2007	71.00	62.55	17361.47	15323.05
October 2007	68.40	51.50	20238.16	17144.58
November 2007	64.90	48.10	20204.21	18182.83
December 2007	77.75	58.10	20498.11	18886.40
January 2008	82.85	46.70	21206.77	15332.42
February 2008	66.70	51.25	18895.34	16457.74
March 2008	64.45	43.00	17227.56	14677.24

High-Low Share Prices



viii. Share Transfer System:

All shares sent for transfer in physical form are registered by the Company's Registrar and Share Transfer Agents within a maximum period of 30 days of the lodgement, if documents are found in order. Shares under objection are returned within two weeks. All requests for dematerialisation of shares are promptly processed and confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

ix. Distribution of Shareholding as on 31st March 2008

By Size

Category of Shares	No. of Shareholders	% of Total	Share Amount	% of Total
1 - 5000	5,781	94.05	8967040	19.20
5001 - 10000	227	3.69	1860240	3.98
10001 - 20000	81	1.32	1223380	2.62
20001 - 30000	19	0.31	474050	1.02
30001 - 40000	6	0.10	218490	0.47
40001 - 50000	14	0.23	700000	1.50
50001 - 100000	6	0.10	453570	0.97
more than 100000	13	0.21	32803230	70.24
Total	6,147	100	4,67,00,000	100

By Share Ownership.

No.	Category	Total No. of Shares held	% of Total Shareholdings
1.	Promoters & Promoter Group	32,60,281	69.81
2.	Other Bodies Corporate	46,699	1.00
3.	Clearing Members	6,677	0.14
4.	Indian Public	13,50,045	28.91
5.	Non Resident Indians	6,298	0.13
	TOTAL	46,70,000	100.00

Dematerialization of shares and liquidity:

- As on 31st March 2008 about 40.42% of the Company's Equity shares have been dematerialized. The Equity Shares of the Company are traded on The Bombay Stock Exchange Limited, Mumbai.
- xi. Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity
The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments.
- xii. Registrar and Share Transfer Agents:
M/s. INTIME SPECTRUM REGISTRY 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 : isrl@intimespectrum.com
- xiii. Address for Investor Correspondence:
For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any address, non receipt of dividend or any other query relating to shares, the investor can write to Registrar and Share Transfer Agents or please write to:

Shri Avinash Abhyankar – Company Secretary and Compliance Officer
Menon Bearings Limited
G-1, MIDC, Gokul Shirgaon Kolhapur - 416234
Tel: 0231-2672 279/533/487, Fax: 0231-2672 278
email: menonbrg@sancharnet.in
- xiv. Plant Locations:
G-1, MIDC, Gokul Shirgaon Kolhapur - 416234

8. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Auditor's Certificate on compliance of clause 49 of the Listing Agreement relating to Corporate Governance is annexed herewith.

9. DECLARATION ON COMPLIANCE WITH CODE OF CONDUCT

The Board has formulated a code of conduct for the Board members and senior management of the Company.
A declaration from Joint Managing Director to the effect that all the Directors and senior management personnel have complied with the code of conduct framed by the company is annexed herewith.

DECLARATION UNDER CLAUSE 49 I (D) (II) REGARDING COMPLIANCE WITH CODE OF CONDUCT

I Nitin Menon, Joint Managing Director do hereby declare that the Board Members and Senior Management Personals have affirmed compliance with Code of Conduct of the company.

Place : Kolhapur
Date : July 12, 2008

NITIN MENON
Joint Managing Director

The Auditors' Certificate on Corporate Governance

The Members
Menon Bearings Limited

We have examined the compliance of conditions of Corporate Governance by Menon Bearings Limited (the Company) for the year ended on March 31, 2008, as stipulated in Clause 49 of the Listing Agreements of the Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements, except the norms prescribed for the appointment of Independent Directors.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For and on behalf of
M/S P. M. VARDHE & CO.
Chartered Accountants

Place : Kolhapur
Date : July 12, 2008

P. M. Vardhe
Proprietor
Membership No. 031817

The Auditors' Report

The Members
Menon Bearings Limited

We have audited the attached Balance Sheet of M/s.Menon Bearings Limited, as at 31st March 2008 and also the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. 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 Companies (Auditors' Report) Order, 2003 (as amended) 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, Profit and Loss Account and Cash flow statement dealt with by this report are in agreement with the books of account.
- 4) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement 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 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2008 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 read together with the Significant Accounting Policies and other notes thereon 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 the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2008, and
 - b) In the case of the Profit and Loss Account, of the profit of the Company, for the year ended on that date.
 - c) In case of CashFlow statement of the Cash Flows of the Company, for the year ended on that date.

For M/s. P.M. Vardhe & Co.
Chartered Accountants

P. M. Vardhe
Proprietor
Membership No. 031817

Place : Kolhapur
Date : May 29, 2008

Annexure to the Auditors' Report

annexure referred to in para 1 of auditor's report of even date

- I)
 - a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.
 - c) During the year, the company has not disposed off any major part of the plant and machinery.
- II)
 - a) The physical verification of inventory has been conducted during the year by the management at reasonable intervals.
 - b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- III)
 - a) The Company has not granted nor taken loans from another Company covered in the register of contracts maintained under Section 301 of the Act.
 - b) The question of rate of interest and other terms and conditions does not arise.
 - c) There is no question of receipts of the principal amount and interest and overdue amount.
- IV) There is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls.
- V)
 - a) The particulars of contracts and arrangements referred to in Section 301 of the Act, have been entered in the register required to be maintained under that section, and
 - b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- VI) The Company has not accepted any deposits from the public.
- VII) The company is a listed company and it has an internal audit system commensurate with the size and nature of its business.
- VIII) On broad review of books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintaining cost records under Section 209 (1) (d) of the Companies Act, 1956, we are of the opinion that prima facie the prescribed accounts and records have been maintained. We have not however, made a detailed examination of the same.
- IX)
 - a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investors education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, Service Tax, custom duty, excise-duty, and other statutory dues applicable to it. In our opinion, there are no arrears of outstanding dues as on the last day of the financial year concerned for a period of more than six months.
 - b) In case of Provident Fund/ Sales Tax/ Wealth Tax/ Service Tax/ Customs Duty/ Excise Duty/ Cess, there are no dues which are not deposited on account of any dispute.
- X) The Company has no accumulated losses and has not incurred any cash losses during the financial year

covered by our audit report or in immediately preceding financial year.

- XI) The Company has not defaulted in repayment of dues to banks or financial institution.
- XII) The Company has not granted any loans advances on the basis of security by way of pledge of shares, debentures and other securities.
- XIII) Provisions of any special statute applicable to chit fund in respect of nidhi / mutual benefit fund/ societies are not applicable to the Company.
- XIV) The Company is dealing or trading in shares, securities, debentures and other investments occasionally. Company has maintained proper records of the transactions and timely entries have been made in these records. We also report that the company has held the shares, securities, debentures and other investments in its own name.
- XV) The Company has offered Corporate Guarantee to Axis Bank Limited, Kolhapur for loans of Rs.1477.00 lacs taken by it's subsidiary M/s. Menon Alkop Private Limited and M/s. MB Autocomponents Private Ltd. for loans of Rs. 60 lacs. According to the information and explanation given to us, we are of the opinion that, the terms and conditions thereof are not prima-facie prejudicial to the interests of the Company.
- XVI) The Company has applied the term loans, for the purpose for which they were obtained.
- XVII) According to the information and explanation given to us, we are of the opinion that the Company has not utilized short term funds towards long term investment.
- XVIII) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act, 1956.
- XIX) The Company has not issued any debentures.
- XX) The Company has not made any public issue of shares during the period covered by our audit report.
- XXI) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

For M/s. P.M. Vardhe & Co.
Chartered Accountants

Place : Kolhapur
Date : May 29, 2008

P. M. Vardhe
Proprietor
Membership No. 031817

Balance Sheet

as at 31st March

(Amount in Rs.)

PARTICULARS	SCHEDULES	2008	2007
SOURCES OF FUNDS:			
1.SHAREHOLDERS FUNDS		178,090,953	
Share Capital	A	46,700,000	46,700,000
Reserves & Surplus	B	131,390,953	117,328,221
			164,028,221
2. LOAN FUNDS		197,231,658	
Secured Loans	C	149,090,437	126,013,931
Unsecured Loans	D	48,141,221	50,251,303
3. DEFERRED TAX LIABILITY		3,822,289	4,049,283
TOTAL		379,144,900	344,342,738
APPLICATION OF FUNDS			
4. FIXED ASSETS	E	102,275,468	95,973,323
Gross Block		230,481,331	
Less : Depreciation		128,205,863	
Net Block		102,275,468	
Capital Work in process		10,819,422	854,608
5. INVESTMENTS	F	45,855,394	46,767,790
6. CURRENT ASSETS, LOANS & ADVANCES	G		
Inventory		64,869,806	63,057,447
Sundry Debtors		107,157,288	94,820,461
Cash and Bank Balances		57,240,312	44,703,672
Loans And Advances		175,851,855	133,646,883
TOTAL		405,119,261	336,228,463
Less : CURRENT LIABILITIES & PROVISIONS	H		
Current Liabilities		60,136,616	36,536,888
Provisions		124,788,028	98,944,558
TOTAL		184,924,644	135,481,446
Net Current Assets		220,194,616	200,747,017
7. MISCELLANEOUS EXPENDITURE			
TOTAL		379,144,900	344,342,738
Notes to Accounts	Q		

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
Membership No.031817

RAM MENON
Chairman

R. D. DIXIT
Vice Chairman &
Managing Director

NITIN MENON
Joint Managing Director

Place : Kolhapur
Date : May 29, 2008

AVINASH ABHYANKAR
Company Secretary

Profit & Loss Account

for the year ended on 31st March

(Amount in Rs.)

PARTICULARS	SCHEDULES	2008	2007
1. INCOME			
Sales	I	346,966,604	302,860,776
Other Income	J	5,382,754	4,867,450
Increase / (Decrease) In Stock	K	4,503,172	8,949,272
TOTAL		356,852,530	316,677,498
2. EXPENDITURE			
Raw Material & Stores Consumed	L	172,818,276	151,762,883
Manufacturing Expenses	M	41,357,307	31,730,871
Provision For & Payment to Staff	N	43,590,484	35,349,659
Administrative Expenses	O	24,681,191	29,634,258
Cost of Finance	P	16,295,803	12,785,405
Depreciation for the period		12,303,140	16,832,002
TOTAL		311,046,202	278,095,078
3. PROFIT BEFORE TAXATION		45,806,328	38,582,420
Provision for Income Tax		17,100,000	17,323,006
Deferred Tax Liability / (Asset)		(226,994)	13,617,469
Provision for Fringe Benefit Tax		450,000	
4. PROFIT AFTER TAXATION		28,483,322	24,964,951
5. BALANCE OF PROFIT AS PER LAST BALANCE SHEET		94,166,213	86,022,436
Less: Previous Year Expenses		762,008	
6. BALANCE PROFIT AVAILABLE FOR APPROPRIATION		122,649,535	110,987,387
7. APPROPRIATIONS		16,558,582	16,059,166
Dividend		11,675,000	
Tax on Dividend		1,983,582	
General Reserves		2,900,000	
8. BALANCE OF PROFIT CARRIED TO BALANCE SHEET		106,090,953	94,928,221
9. Notes to Accounts	Q		
10. Basic and Diluted Earning per Share		6.10	5.35

As per our report of even date attached
For **M/s. P. M. Vardhe & Co.**
Chartered Accountants

P. M. Vardhe
Proprietor
Membership No.031817

Place : Kolhapur
Date : May 29, 2008

For and on Behalf of the Board of Directors

RAM MENON
Chairman

R. D. DIXIT
Vice Chairman &
Managing Director

NITIN MENON
Joint Managing Director

AVINASH ABHYANKAR
Company Secretary

Cash Flow Statement for the year ended on 31st March

(Rupees in Lacs)

Particulars	2008	2007
Cash Flow from operating activity		
Net Profit before tax and extraordinary items	599.85	544.18
Profit before taxation	458.06	
Previous Year Expenses	(7.62)	
Cost of Finance	162.96	
Dividend & tax on dividend	(136.59)	
Add : Adjustments for		
Depreciation	123.03	
Operating Profit before working capital change	599.85	544.18
Adjustments for		
Trade & Other Receivables	(545.42)	
Inventory	(18.12)	
Trade Payable	633.30	
Cash Generated from operations	669.60	88.25
Direct Taxes Paid	173.23	136.17
Cash Flow before Extra Ordinary Items	496.37	(47.92)
Extra Ordinary Items	NIL	NIL
Net Cash from Operating Activities	496.37	(47.92)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	293.77	
Sale of Fixed Assets	(8.06)	
Purchase of Investments	(9.12)	
Net Cash used in Investing Activities	276.58	230.19
Cash Flow from Financing Activities		
Proceeds from Long-Term-Borrowings	(21.10)	
Repayment of Finance	(73.33)	
Net cash used in financing activities	94.43	52.72
Net Increase / (Decrease) in Cash and Cash Equivalents	125.37	(330.83)
Cash and Cash Equivalents as at 31.03.2008	572.40	
Cash and Cash Equivalents as at 01.04.2007	447.04	
Total	496.37	(47.92)

As per our report of even date attached
For **M/s. P. M. Vardhe & Co.**
Chartered Accountants

P. M. Vardhe
Proprietor
Membership No.031817

Place : Kolhapur
Date : May 29, 2008

For and on Behalf of the Board of Directors

RAM MENON
Chairman

R. D. DIXIT
Vice Chairman &
Managing Director

NITIN MENON
Joint Managing Director

AVINASH ABHYANKAR
Company Secretary

Schedules Nos. A to R as at 31st March

(Amount in Rupees)

Particulars	2008	2007
Schedule "A" : Share Capital		
Authorised:		
5,000,000 Equity Shares of Rs.10 each	<u>50,000,000</u>	<u>50,000,000</u>
Issued, Subscribed and Paid up :		
4,670,000 Equity Shares of Rs.10 each fully paid	46,700,000	46,700,000
	<u>46,700,000</u>	<u>46,700,000</u>
Schedule "B" : Reserves and Surplus		
General Reserve	19900000	22,800,000
Add : Current Year	<u>2900000</u>	19,900,000
Sub-Total	<u>22800000</u>	
Capital Reserve	2,500,000	2,500,000
Profit & Loss Account	106,090,953	94,928,221
TOTAL	<u>131,390,953</u>	<u>117,328,221</u>
Schedule "C" : Secured Loans		
a) IDBI Bank Ltd.		
Loan Against FDR	5,085,738	
b) Axis Bank Ltd.		
1) Term Loan		24,861,250
Term Loan (87 Lacs)		
Term Loan (243 Lacs)		
Term Loan (294 Lacs)		
2) Cash Credit		57,055,554
3) Bills Discounting		
i) Bills Discounted		
ii) Cheques Discounted		
(Against hypothecation of Land, building, Plant & Machinery & stock)		
All the above Secured Loans have been jointly & severally guaranteed by		
Shri Ram Menon & Shri Nitin Menon		
4) Loan against FDR	6,745,443	11,364,052
c) State Bank of India		
1) Packing Credit	43,810,382	30,217,216
2) Invoice Financing	50,000,000	
3) Cash Credit	7,575,616	
4) Term Loan	21,800,000	
(Against hypothecation of Land, building, Plant & Machinery & stock).		
All the above Secured Loans have been jointly & severally guaranteed by		
Shri Ram Menon & Shri Nitin Menon		
5) Loan against FDR.	11,684,318	
d) Car Loans		
ICICI Bank Ltd.	158,406	679,492
HDFC Bank Ltd.	1,341,920	1,127,736
State Bank of India	567,288	708,631
Maruti Udyog - Car Loans	<u>321,326</u>	-
TOTAL	<u>149,090,437</u>	<u>126,013,931</u>
Schedule "D" : Unsecured Loan		
Interest free Sales Tax Loan from SICOM	48,141,221	50,251,303
(Under the incentive scheme of Government of Maharashtra)		
TOTAL	<u>48,141,221</u>	<u>50,251,303</u>

SCHEDULE "E"
FIXED ASSETS SCHEDULE FOR THE YEAR 2007-2008

(Amount in Rs.)

Sl. NO.	DESCRIPTION	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		OPENING BALANCE (Rs.)	ADDITIONS (Rs.)	DELETIONS (Rs.)	TOTAL (Rs.)	UPTO (Rs.)	FOR THE YEAR (Rs.)	ADJUST-MENTS (Rs.)	TOTAL (Rs.)	As at 31.03.2008 (Rs.)	As at 31.03.2007 (Rs.)
1	LAND (Lease hold)	1,037,164	—	—	1,037,164	121,160	9,320	—	130,480	906,684	916,004
2	LAND (Free hold)	52,500	—	—	52,500	—	—	—	—	52,500	52,500
3	SITE DEVELOPMENT	3,956,685	195,116	—	4,151,801	—	—	—	—	4,151,801	3,956,685
4	BUILDING	38,868,174	2,293,636	—	41,161,810	8,643,678	1,314,314	—	9,957,992	31,203,818	30,224,496
5	PLANT AND MACHINERY	129,680,270	12,216,327	105,000	141,791,597	84,472,630	7,809,610	—	92,282,240	49,509,357	45,207,640
6	OFFICE EQUIPMENTS	2,119,812	36,315	—	2,156,127	735,880	101,496	—	837,376	1,318,751	1,383,932
7	TOOLS AND IMPLEMENTS	9,083,468	1,720,504	—	10,803,972	7,868,069	962,698	—	8,830,767	1,973,205	1,215,398
8	MATERIAL HANDLING EQUIP.	373,092	171,384	—	544,476	182,456	50,004	—	232,460	312,016	190,636
9	MISCELLANEOUS ASSETS	223,667	—	—	223,667	206,979	16,688	—	223,667	—	16,688
10	TECHNICAL KNOW HOW	5,244,590	—	—	5,244,590	5,244,590	—	—	5,244,590	—	—
11	ELECTRICAL INSTALLATION	4,809,881	147,542	—	4,957,423	3,121,555	505,612	—	3,627,167	1,330,255	1,688,326
12	FURNITURE	3,088,397	585,178	—	3,673,575	1,094,146	204,385	—	1,298,531	2,375,044	1,994,252
13	FIRE FIGHTING EQUIPMENTS	46,760	—	—	46,760	40,997	4,835	—	45,832	928	5,763
14	VEHICLE	7,465,041	1,723,483	786,372	8,402,152	2,129,272	752,755	84,939	2,797,088	5,605,064	5,335,769
15	COMPUTERS	3,198,897	322,235	—	3,521,132	1,695,645	411,847	—	2,107,492	1,413,640	1,503,252
16	ELECTRICAL FORKLIFT	323,154	—	—	323,154	113,300	33,414	—	146,714	176,440	209,854
17	EFFLUENT TREATMENT PLANT	2,389,432	—	—	2,389,432	317,304	126,162	—	443,466	1,945,966	2,072,128
	TOTAL	211,960,984	19,411,719	891,372	230,481,331	115,987,661	12,303,141	84,939	128,205,863	102,275,469	95,973,323
	PREVIOUS YEAR	192,202,745	22,263,990	2,505,751	211,960,984	99,578,612	16,832,002	422,954	115,987,660	95,973,323	92,624,136

Schedules to Balance Sheet as at 31st March	2008	2007
Schedule "F" : Investment (At cost)		
Non Trade (unquoted)		
1) 49000 Equity Shares of MB Autocomponents Pvt. Ltd. of Rs.10/- each	490,000	490,000
2) 43,90,000 Equity Shares of Menon Alkop Pvt. Ltd. of Rs. 10/- each	43,900,000	43,900,000
3) 10,925.977 units of SBI Mutual Fund @ Rs. 36.61 /- each	400,000	400,000
Trade (Quoted)		
1) 500 Equity Shares of Bank of Maharashtra of Rs.23 /- each (Market value as on 31.03.2008 Rs. 49.85 /- per share)	11,500	11,500
2) 444 Equity Shares of Pentasoft Technologies Ltd of Rs.901.67 /- each. (Market value as on 31.03.2007 Rs. 1.30 /- per share)		400,340
3) 1100 Equity Shares of Global Telesystems Ltd. of Rs.898.86 /- each (Market value as on 31.03.2007 Rs. 134.45 /- per share)		988,750
4) 11,100 Shares of Transwarranty Finance Ltd.@ Rs. 52 /- each (Market value as on 31.03.2008 Rs. 21.05 /- per share)	577,200	577,200
5) 5000 Equity Shares of Reliance Petroleum Ltd.@ Rs. 95 /- each (Market value as on 31.03.2008 Rs. 168.90 /- per share)	476,694	
TOTAL	45,855,394	46,767,790
Schedule "G" : Current Assets, Loans and Advances		
Inventories		
a) Raw Material	15,937,237	19,127,263
b) Stores & Spares	3,595,077	3,095,863
c) Finished goods	31,258,066	28,331,828
d) Work in Process	14,079,427	12,502,493
TOTAL	64,869,806	63,057,447
Sundry Debtors (Unsecured, considered good)		
Outstanding for a period exceeding 6 months	25,160,444	24,878,646
Other Debts	81,996,844	69,941,815
TOTAL	107,157,288	94,820,461
Cash & Bank balances		
a) Cash in Hand	1,545,860	205,629
b) Balances with Banks		
i) In Current A/c(s) With scheduled banks	12,537,826	6,131,275
ii) In Fixed Deposits	43,156,626	38,366,768
TOTAL	57,240,312	44,703,672
Loans & Advances		
Other advance	612,245	1,537,900
Staff advance	304,799	574,858
Interest accrued but not received	4,050,931	4,716,060
Other Deposits	1,641,753	1,528,109
Prepaid expenses	625,445	636,323
Telephone deposit	27,050	27,050

(Amount in Rs.)

Schedules to Balance Sheet as at 31st March	2008	2007
Water deposit	128,765	128,765
Advance Income Tax	94,701,727	84,059,326
Fringe Benefit Tax	752,353	352,353
Advance to Suppliers	8,984,479	9,842,194
Excise Duty	1,715,687	1,762,979
Service Tax	1,044,241	745,066
VAT Refund Receivable	--	332,630
Interest free unsecured loan to Menon Alkop Pvt. Ltd.	61,262,379	27,403,278
TOTAL	175,851,855	133,646,890
Total Current Assets	405,119,261	336,228,471
Schedule "H" : Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors	35,782,205	22,098,858
Amount payable to SSI Units	1508335	
Amount payable to other	34273870	
Sales Tax Payable	4,818,250	2,339,817
Liability for expenses and other liabilities	19,536,161	12,098,214
TOTAL	60,136,616	36,536,888
Provisions		
Provision for expenses	1,21,13,863	4,393,229
Unpaid Dividend	22,90,427	2,178,220
Proposed Dividend	1,16,75,000	11,675,000
Tax on Dividend	19,83,582	1,984,166
Company Income Tax	9,41,00,000	77,000,000
Fringe Benefit Tax	12,60,000	810,000
Leave Encashment	13,65,155	903,943
TOTAL	124,788,028	98,944,558
Total Current Liabilities & Provisions	184,924,644	135,481,446
Net Current Assets	220,194,616	200,747,025

(Amount in Rs.)

Schedules to Profit & Loss account for the year ended on 31st March	2008	2007
Schedule "I" : Sales		
Sale of Bearings, Bushes and Thrust Washers etc.	346,966,604	302,860,777
Schedule "J" : Other Income		
a) Dividend from Companies	12,100	22,200
b) Excess Provision Written off	117,644	--
c) Income from other sources	165,394	296,571
d) Interest Received	3,510,663	3,014,149
e) Scrap Sales	1,576,953	1,534,530
TOTAL	5,382,754	4,867,450

Schedules to Profit & Loss account for the year ended on 31st March	2008	2007
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Schedule "K" : Increase / (Decrease) in stock of finished goods & Work-in-Process

Opening Stock		
Finished Goods	28,331,828	19,735,217
Work in Process	12,502,493	12,149,832
Total	40,834,321	31,885,049
Closing Stock :		
Finished Goods	31,258,066	28,331,828
Work in Process	14,079,427	12,502,493
Total	45,337,493	40,834,321
Increase / (Decrease) in Stock	4,503,172	8,949,272

Schedule "L" : Raw Material & Stores Consumed

Opening Stock		
Raw Material	19,127,263	8,526,510
Stores & Spares	3,095,863	2,400,022
Total	22,223,126	10,926,532
Add : Purchases		
Raw Material	145,502,239	138,978,621
Stores & Spares	24,625,225	24,080,857
Total	170,127,464	163,059,478
Less : Closing Stock		
Raw Material	15,937,237	19,127,263
Stores & Spares	3,595,077	3,095,863
Total	19,532,314	22,223,126
Raw Material & Stores Consumed	172,818,276	151,762,884

Schedule "M" : Manufacturing Expenses

Outside labour charges	19,084,341	12,907,873
Electricity	18,566,448	15,658,810
Water charges	937,048	674,996
Repairs & Maintenance	2,401,175	2,229,653
Electric Material	368,295	259,540
TOTAL	41,357,307	31,730,872

Schedule "N" : Provision for and Payment to employees

Salary and Wages	40,718,193	32,762,850
Labour Welfare	284,942	350,423
Contribution to Provident Fund	2,248,865	1,871,475
Contribution to Group Gratuity Trust	338,484	364,911
TOTAL	43,590,484	35,349,659

Schedules to Profit & Loss account for the year ended on 31st March**2008****2007****Schedule "O" : Administrative Expenses**

Rent, Rates and Taxes	128,559	299,232
Insurance	747,178	876,012
Freight Outward	1,905,972	1,303,395
Legal & Consultation	1,231,918	1,163,256
Postage, Telephone	1,024,769	773,243
Business Expenses	512,001	499,854
Sales Promotion Expenses	11,135,662	17,577,803
Printing & Stationery	646,595	653,212
Vehicle & Conveyance Expenses	809,119	917,745
Other Expenditure	970,574	2,983,058
Traveling Expenses	1,483,192	603,444
Sitting Fees	13,000	21,000
Advertisement	524,294	185,242
Audit Fees	75,000	65,000
Foreign Tour Expenses	1,760,024	649,963
Establishment Expenses	390,000	380,000
Loss on sale of Fixed Assets	145,937	682,797
Loss on sale of Shares	1,177,396	—
TOTAL	24,681,191	29,634,256

Schedule "P" : Cost of Finance

Interest	14,691,273	11,201,906
Bank Commission & Other Charges	1,604,530	1,583,499
TOTAL	16,295,803	12,785,405

Schedule "Q" : Schedule of Notes annexed to & forming part of the Balance Sheet as at and the Profit & Loss Account for the year ended 31st March, 2008.

I. SIGNIFICANT ACCOUNTING POLICIES:

A) Basis of Accounting:

Accounts of the Company are prepared under the historical cost convention. Company has complied with Accounting Standards as recommended by The Institute of Chartered Accountants of India.

B) Fixed Assets:

Fixed assets are stated at cost (net of Cenvat and MVAT wherever applicable) of appreciation less accumulated depreciation. Cost is inclusive of freight, duties, levies and any directly attributable cost of bringing the assets to their working condition for intended use.

C) Impairment of Fixed Assets:

The company has reviewed the carrying costs of fixed assets and does not expect any loss on account of impairment.

D) Depreciation:

1. Depreciation is charged on all the assets on Straight Line basis (SLM) at the rates and manner prescribed in schedule XIV of the Companies Act, 1956 as amended up to date.
2. The cost of leasehold land is amortized over the period of lease.

E) Investment:

Investments are stated at cost and income thereon is credited to revenue on accrual basis.

F) Inventories:

Inventories are valued at cost or market price whichever is lower. The Company has valued closing stock exclusive of excise duty as per the new guidelines.

G) Foreign Exchange Transactions:

Transactions arising in foreign currency are converted at the rates ruling on the transaction dates. There are no outstanding liabilities payable in foreign currency on the Balance Sheet date.

H) Contingent Liabilities & Provisions:

Contingent liabilities are disclosed after careful evaluation of facts and legal aspects of the matter involved. Provisions are recognized when the company has a legal obligation and on management discretion as a result of past events for which it is probable that cash outflow may be required and reliable estimate can be made of the amount of obligation.

I) Sales:

Sales are recognised on despatches to customers. Sales exclude Excise Duties and VAT.

J) Retirement Benefits:

The Company has created The Employees Group Gratuity Fund, which has taken Gratuity cum Life Insurance Policy from

Life Insurance Corporation of India. Base for gratuity is the premium paid on the above policy. Provision for leave encashment is made on the basis of Actuarial Valuation. Company's contribution to Provident Fund has been charged to Profit and Loss Account.

K) DISCLOSURE OF BORROWING COST CAPITALISED UNDER ACCOUNTING STANDARD 16.

During the year Company has capitalised certain assets. Appropriate borrowing cost directly related to asset has been capitalized under Capital Work in Process as required under A.S. 16.

L) SEGMENT REPORTING UNDER ACCOUNTING STANDARD 17

The Company operates in one business segment namely "Auto Components". Hence reporting under this standard is not applicable to the Company.

M) RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD 18

Following are the related party transactions under above standard.

Sr.No.	Name of Party	Relation	Nature of Transaction	Amount in Rs.
1.	Menon Alkop Private Limited	100% Subsidiary Company	Investment as unsecured loan in subsidiary	2,39,35,896
			Purchase	1,16,37,733
			Sale	81,78,662
2.	MB Autocomponents Private Limited	Associate	Sale	1,45,21,492
3.	MB Exports	Shri Nitin Menon is a partner	Sale	8,60,05,640
4.	Mani Auto Components	Shri Nitin Menon is a partner	Jobwork / tooling	70,49,934
			Purchase - Machinery	18,85,035
			Sale	12,370
5.	Ripin Engineering	Shri T.K. Guha is a relative of partner.	Sale	75,110
			Purchase	29,66,767
6.	Shri Ram Menon	Chairman	Sitting fees	2,000
7.	Shri Nitin Menon	Joint Managing Director	Salary	30,67,880
8.	Shri R. D. Dixit	Vice Chairman & Managing Director	Salary	24,54,192
9.	Shri T. K. Guha	Executive Director	Salary	22,45,300
10.	Shri Kumar Nair	Director	Sitting & Professional Fees	90,000

Apart from above mentioned parties, following parties are also related parties of the Company. However, no significant transactions took place with these parties during the financial year :

- 1) Menon & Menon Limited
- 2) Menon Engineering Services.

- 3) Menon Piston Rings Private Limited
- 4) Menon Pistons Limited

There are no write offs / write backs of any amount for any of the above parties during the year .

N) LEASE ACCOUNTING AS PER ACCOUNTING STANDARD 19

Not applicable to the Company since no new lease transaction(s) took place during the year.

O) EARNINGS PER SHARE AS PER ACCOUNTING STANDARD 20

The basic earnings per share for the year 2007-2008 is Rs.6.10 (Previous year Rs. 5.35). A diluted earnings per share is not applicable as the Company has not issued any Preference Shares / security / warrant / debentures which are convertible into equity shares in future.

P) CONSOLIDATED FINANCIAL STATEMENTS AS PER ACCOUNTING STANDARD 21

As per the Accounting Standard 21 on "Consolidated Financial Statements" and Accounting Standard 23 on "Accounting for Investments in Associates in Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India, the Company has presented consolidated financial statements separately, including subsidiary and associate in this annual report.

Q) ACCOUNTING FOR TAXES ON INCOME AS PER ACCOUNTING STANDARD 22

Deferred taxes on income are computed as per Accounting Standard 22 and same are provided in the audited accounts at appropriate places. The details thereof are as under

(Amount in Rupees)

Particulars	Op. Bal. as on 01-04-07	During the year	As on 31-03-08
Depreciation	(-) 41,88,792	(+) 3,66,503	(-) 38,22,289
Leave Encashment	(+) 1,39,509	(-) 1,39,509	————
Deferred Tax Liability	(-) 40,49,283	(+) 2,26,994	(-) 38,22,289

II. CONTINGENT LIABILITIES

- 1) Central Sales Tax and Bombay Sales Tax assessments are completed upto 31.03.2002. The liability in respect of pending assessments / appeals is unascertainable.
- 2) The Income Tax assessments are completed up to the Assessment Year 2005-2006. (relevant to Accounting year ended 31.03.2005). Liability if any, in respect of the pending assessments or appeals under the Income Tax Act, 1961 is unascertainable.
- 3) Axis Bank Limited has issued a bank guarantee on behalf of the company for Rs.0.50 lacs (Previous Year Rs. 0.05 lacs) and Letters of Credit for Rs. 122.75 lacs (Previous Year Rs.121.07 lacs)
- 4) The Company has given corporate guarantee to M/s. Menon Alkop Pvt. Ltd. (wholly owned subsidiary) to the extent of Rs. 1477.00 lacs (Previous year Rs. 1077.00 lacs) & to M/s. M. B. Autocomponents Pvt Ltd. to the extent of Rs. 60.00 lacs (Previous year Rs. 60.00 lacs).

III. OTHER NOTES

- 1) Previous year figures are regrouped wherever necessary to conform to current year figures.
- 2) Paise are rounded off to the nearest rupee.
- 3) Sundry Debtors

(Amount in Rupees)

	Current Year 31.03.2008	Previous Year 31.03.2007
a) Debtors considered good in respect of which the Company is fully secured.	Nil	Nil
b) Debtors considered good for which the Company holds no security.	10,71,57,288	9,48,20,461
c) Debtors considered bad or doubtful.	Nil	Nil
d) Debts due by Private Company in which Director is Director or member.	34,78,069	1,37,20,243
e) Debts due by firm in which Director is Partner.	1,79,66,054	3,02,03,919

- 4) a) There are S.S.I having outstanding creditors above 30 days exceeding Rs. 1.00 lac, but they are all within contractual credit period.
b) The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the "Micro Small and Medium Enterprises Development Act 2006 "), claiming their status as micro, small or medium enterprises. Consequently, the amount paid or payable to these parties during the year is unascertainable.
- 5) The Company has been accounting liability for Excise Duty on Finished Goods as and when they are cleared. A liability in respect of finished goods in stock at the close of the year estimated at Rs.45,07,413/- and has not been provided in the accounts nor included in the valuation of the inventory. However the said liability, if accounted, would have no impact on the profit for the year

6) AUDITOR'S REMUNERATION:

(Amount in Rupees)

	Current Year 31.03.2008	Previous Year 31.03.2007
As Auditor	75,000	65,000
Other Matters	29,000	28,000
Total	1,04,000	93,000

(Exclusive of Service Tax)

7) MANAGERIAL REMUNERATION:

Details of payment and provisions on account of remuneration to directors included in Profit and Loss Account are as follows :

(Amount in Rupees)

Sr. No.	Particulars	Current Year Ended on 31.3.2008	Previous Year Ended on 31.3.2007
1	Salary	38,28,000	32,34,000
2	Contribution to P.F.	4,59,360	3,88,080
3	Other Perquisites	34,74,012	33,29,154
4	Others	87,000	84,000
5	Sitting Fees	11,000	12,000
Total		78,59,372	70,47,234

8) CONSUMPTION OF RAW MATERIAL, STORES, SPARES & CONSUMABLES

Sr. No.	Particulars	Current Year 31.03.2008		Previous Year 31.03.2007	
		Qty (Kgs.)	Value (Rs.)	Qty (Kgs.)	Value (Rs.)
1	Copper	200,766	64,945,263	165,995	58,564,857
2	Steel Strip	1,089,006	41,729,843	1,021,808	36,349,969
3	Others	—	42,017,158	—	33,454,142
4	Stores, Spares & Consumables	—	24,126,012	—	23,393,915
	TOTAL		172,818,276		151,762,883

9) VALUATION OF IMPORTED & INDIGENOUS RAW MATERIAL, STORES

Sr. No.	Particulars	Current Year 31.03.2008		Previous Year 31.03.2007	
		%	Value (Rs.)	%	Value (Rs.)
1	Imported	3.90	6,733,624	05.01	7,586,942
2	Indigenous	96.10	166,084,652	94.99	144,175,941
	TOTAL	100.00	172,818,276	100.00	151,762,883

10) C.I.F. VALUE OF IMPORTS

Sr. No.	Particulars	Current Year 31.03.2008	Previous Year 31.03.2007
		Value (Rs.)	Value (Rs.)
1	Raw Material & Consumables	7,498,647	7,586,942
2	Plant & Machinery	2,762,033	2,395,187
	TOTAL	10,260,680	9,982,129

11) EXPENDITURE IN FOREIGN CURRENCY

Sr. No.	Particulars	Current Year 31.03.2008	Previous Year 31.03.2007
		Value (Rs.)	Value (Rs.)
1	Raw Material & Consumables	6,643,017	6,327,876
2	Plant & Machinery	2,422,525	1,804,510
3	Foreign tour expenses	1,754,998	615,073
	TOTAL	10,820,540	8,747,459

12) **PARTICULARS IN RESPECT OF EACH CLASS OF GOODS MANUFACTURED BY THE COMPANY**

Sr. No.	Particulars		Bearings / Bushes / Thrust Washers		Bi-Metal Strips (Kgs)		Other	
			Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
a)	Registered Capacity	Nos.	60,000,000	60,000,000	-	-	-	-
b)	Installed Capacity	Nos.	23,000,000	18,000,000	-	-	-	-
c)	Actual Production	Nos.	22,271,880	16,153,533	137,711	109,751	-	-
d)	Opening Stock							
	1 Quantity	Nos.	1,948,132	1,828,557	-	-	-	-
	2 Value	Amt.	28,331,828	19,735,216	-	-	-	-
e)	Closing Stock							
	1 Quantity	Nos.	3,129,282	1,948,132	-	-	-	-
	2 Value	Amt.	31,258,066	28,331,828	-	-	-	-
f)	Turnover							
	1 Quantity	Nos.	21,090,730	16,033,958	1,37,711	109,751	-	-
	2 Value	Amt.	341,308,837	300,089,665	5,657,767	2,771,112	15,76,953	15,34,530

Balance Sheet Abstract & Company's General Business Profile

REGISTRATION DETAILS

Registration No. : 062352
Balance Sheet Date : 31.03.2008
Capital raised during the year : Nil

State Code 11

POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Rs. in 000)

TOTAL LIABILITIES	379,145	TOTAL ASSETS	379,145
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SOURCES OF FUNDS

Paid - up capital	46,700	Reserves & Surplus	131,391
Secured Loans	1,49,091	Unsecured Loans	48,141
Defered Tax Liability	3,822		

APPLICATION OF FUNDS

Net Fixed Assets	113,095	Investment	45,855
Net Current Assets	220,195	Miscl. Expenditure	—

Accumulated Losses Nil

PERFORMANCE OF THE COMPANY

Turnover	356,853	Total Expenditure	311,046
Profit before tax	45,806	Profit after tax	28,483
Earning per share in Rs.	6.10	Dividend	25 %

GENERIC NAME OF THREE PRINCIPLE PRODUCTS OF THE COMPANY

Item Code No. (ITC code No.)	3563
Product Description	Thin Walled Engine Bearings
Item Code No. (ITC code No.)	3563
Product Description	Bushings
Item Code No. (ITC code No.)	3563
Product Description	Thrust Washers

As per our report of even date attached

For and on Behalf of the Board of Directors

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

Chartered Accountants

P. M. Vardhe

Proprietor

Membership No.031817

Place : Kolhapur

Date : May 29, 2008

RAM MENON
Chairman

R. D. DIXIT
Vice Chairman &
Managing Director

NITIN MENON
Joint Managing Director

AVINASH ABHYANKAR
Company Secretary

Consolidated Financial Statements

Auditors' Report on Consolidated Financial Statements

TO THE BOARD OF DIRECTORS

Menon Bearings Limited,

We have examined the attached Consolidated Balance Sheet of Menon Bearings Limited ("The Company") and its subsidiary as at 31st March, 2008 and the Consolidated Profit and Loss Account for the year then ended annexed thereto and the Consolidated Cash Flow Statement for the year ended on that date. 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 generally accepted auditing standards in India. Those Standards require that, we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. 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 management as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

We did not audit the financial statements of subsidiary company, whose financial statements reflect total assets (net) of Rs. 18.49 crores as at 31st March, 2008 and total revenues of Rs. 6.67 crores for the year ended. These financial statements have been audited by other auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditors.

We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of Accounting Standard (AS) 21. Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of the Company and its subsidiary included in the consolidated financial statements.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company and its subsidiary, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India.

- A) In the case of the Consolidated Balance Sheet of the consolidated state of affairs of the Company and its subsidiary as at 31st March, 2008.
- B) In the case of Consolidated Profit and Loss Account of the consolidated results of operations of the Company and its subsidiary for the year then ended and,
- C) In the case of the case of Consolidated Cash Flow Statement of the consolidated Cash Flows of the Company and its subsidiary for the year then ended.

**For M/s P. M. Vardhe & Co.
Chartered Accountants**

**P. M. Vardhe
Membership No. 031817**

**Place: Kolhapur
Date: May 29, 2008**

Consolidated Balance Sheet

as at 31st March

(Amount in Rs.)

PARTICULARS	SCHEDULES	2008	2007
SOURCES OF FUNDS:			
1.SHAREHOLDER'S FUNDS			
Share Capital	A	46,700,000	46,700,000
Reserves & Surplus	B	103,599,452	97,796,013
Total		150,299,452	144,496,013
2. LOAN FUNDS			
Secured Loan(s)	C	220,732,998	213,451,564
Unsecured Loan(s)	D	48,141,221	50,251,303
Total		268,874,219	263,702,867
3. DEFERRED TAX LIABILITY			
		11,962,574	12,056,068
Total Rs.		431,136,245	420,254,948
APPLICATION OF FUNDS			
4. FIXED ASSETS			
Gross Block	E	367,304,228	
Less : Depreciation		138,925,534	
Net Block		228,378,694	208,094,460
Capital Work in process		13,156,315	11,501,059
5. INVESTMENTS			
	F	2,640,079	3,802,475
6. CURRENT ASSETS, LOANS & ADVANCES			
Inventory	G	73,905,396	67,419,730
Sundry Debtors		126,046,970	107,248,626
Cash and Bank Balances		57,954,484	44,970,340
Loans And Advances		118,771,607	114,657,965
TOTAL		376,678,457	334,296,661
Less : CURRENT LIABILITIES & PROVISIONS H			
Current Liabilities		67,648,256	43,878,507
Provisions		127,817,434	100,366,567
SUB-TOTAL		195,465,690	144,245,074
Net Current Assets		181,212,767	190,051,587
7. MISCELLANEOUS EXPENDITURE TO THE EXTENT NOT WRITTEN OFF			
	I	5,748,390	6,805,367
TOTAL		431,136,245	420,254,948
Notes to Accounts	R		

As per our report of even date attached

For and on Behalf of Menon Bearings Limited

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

Chartered Accountants

P. M. Vardhe

Proprietor

Membership No. 031817

Place : Kolhapur

Date : May 29, 2008

RAM MENON

Chairman

R. D. DIXIT

Vice Chairman &
Managing Director

NITIN MENON

Joint Managing Director

AVINASH ABHYANKAR

Company Secretary

Consolidated Profit & Loss Account

for the year ended
on 31st March
(Amount in Rs.)

PARTICULARS	SCHEDULES	2008	2007
1. INCOME			
Sales	J	387,627,617	325,742,889
Other Income	K	8,518,178	6,266,599
Increase / (Decrease) In Stock	L	7,638,285	10,135,477
Income from Associates		(250,000)	105,237
TOTAL		403,534,080	342,250,202
2. EXPENDITURE			
Raw Material & Stores Consumed	M	184,600,148	160,779,483
Manufacturing Expenses	N	53,175,956	39,039,379
Payments to & Provision For Employees	O	54,892,009	40,876,066
Admin., Selling & Distribution Expenses	P	27,639,029	31,307,538
Cost of Finance	Q	26,854,836	20,185,370
Depreciation		17,516,892	20,889,075
Preoperative Expenses W/O		1,056,977	506,827
TOTAL		365,735,847	313,583,739
3. PROFIT BEFORE TAXATION		37,798,233	28,666,464
Provision for Income Tax		17,100,000	
Deferred Tax Liability		(93,494)	
Fringe Benefit Tax		530,000	
4. PROFIT AFTER TAX		20,261,727	11,929,422
5. BALANCE OF PROFIT AS PER LAST BALANCE SHEET	74,939,250	74,139,545	80,218,293
(-) Share in Loss of Minority for Previous Year		0	918,095
Less: Previous Year Expenses	799,705	0	231,204
6. PROFIT AVAILABLE FOR APPROPRIATION		94,401,272	90,998,416
7. APPROPRIATIONS		16,558,583	16,059,166
Dividend		11,675,000	
Tax on Dividend		1,983,583	
General Reserve		2,900,000	
8. BALANCE OF PROFIT CARRIED TO BALANCE SHEET		77,842,689	74,939,250
9. NOTES TO ACCOUNTS	R		
10. BASIC AND DILUTED EARNING PER SHARE		4.34	2.55

As per our report of even date attached

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

Chartered Accountants

P. M. Vardhe

Proprietor

Membership No. 031817

Place : Kolhapur

Date : May 29, 2008

For and on Behalf of Menon Bearings Limited

RAM MENON

Chairman

R. D. DIXIT

Vice Chairman &
Managing Director

NITIN MENON

Joint Managing Director

AVINASH ABHYANKAR

Company Secretary

Consolidated Cash Flow Statement for the year ended on 31st March

(Rupees in Lacs)

Particulars	2008	2007
Cash Flow from operating activity		
Net Profit before tax and extraordinary items	687.69	558.49
Profit before taxation	377.98	
Previous Year Expenses	(8.00)	
Cost of Finance	268.55	
Dividend and Tax on Dividend	(136.59)	
Add : Adjustments for		
Depreciation	175.17	
Preoperative Expenses Written off	<u>10.57</u>	
Operating Profit before working capital change	687.69	558.49
Adjustments for Trade & other Receivables	(229.12)	
Inventory	(64.86)	
Trade Payable	642.41	
Cash Generated from operations	1,036.12	97.92
Direct Taxes Paid	175.37	369.22
Cash Flow before Extra Ordinary Items	860.75	(271.30)
Extra Ordinary Items		
Net Cash from Operating Activities	860.75	(271.30)
Cash Flow from Investing Activities		
Purchase of Fixed Assets	408.00	
Sale of Fixed Assets	(13.44)	
Total of Adjustments in Depreciation Schedule		
Purchase of Investments	(11.64)	
Net Cash used in Investing Activities	382.92	388.72
Cash Flow from Financing Activities		
Proceeds from Long-Term-Borrowings	(21.10)	
Repayment of Finance	(326.89)	
Net cash used in financing activities	347.99	(331.48)
Net Increase / (Decrease) in Cash and Cash Equivalents	129.84	(328.54)
Cash and Cash Equivalents as at 31.03.2008	579.54	
Cash and Cash Equivalents as at 01.04.2007	<u>449.70</u>	
Total	860.75	(271.30)

As per our report of even date attached

For and on Behalf of the Board of Directors

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

P. M. Vardhe
Proprietor
Membership No. 031817

RAM MENON
Chairman

R.D. DIXIT
Vice Chairman And
Managing Director

NITIN MENON
Joint Managing
Director

Place : Kolhapur
Date : May 29, 2008

Avinash Abhyankar
Company Secretary

Schedules A to Q

as at 31st March

(Amt. in Rs.)

Particulars	2008	2007
Schedule "A" : Share Capital		
Authorised:		
50,00,000 Equity Shares of Rs.10 each	50,000,000	50,000,000
Issued, Subscribed and paid up :		
46,70,000 Equity Shares of Rs.10 each fully paid	46,700,000	46,700,000
	<u>46,700,000</u>	<u>46,700,000</u>
Schedule "B" : Reserves and Surplus		
General Reserve	17,500,000	19,900,000
Add : Current Year	<u>2,400,000</u>	2,900,000
Sub-Total	<u>19,900,000</u>	-
Share in Reserves of Associates	456,763	456,763
Capital Reserve	2,500,000	2,500,000
Profit & Loss Account	<u>77,842,689</u>	<u>74,939,250</u>
TOTAL	<u>103,599,452</u>	<u>97,796,013</u>
Schedule "C" : Secured Loans		
a) IDBI Bank Ltd.		
Loan Against Fixed Deposits	5,085,738	-
b) AXIS Bank Ltd		
1) Term Loan	54,720,321	94,007,177
2) Cash Credit	15,199,931	72,166,057
3) Bill Discounting	1,722,309	2,809,846
(Against hypothecation of Land, building, Plant & Machinery & stock)		
All the above Secured Loans have been jointly & severally guaranteed by Mr. Ram Menon & Mr. Nitin Menon		
4) Loan against FDR.	6,745,443	11,364,052
c) State Bank of India		
1) Cash Credit	7,575,616	30,217,216
2) Packing Credit	43,810,382	
3) Invoice Finance	50,000,000	
4) Term Loan	21,800,000	
(Against hypothecation of Land, building, Plant & Machinery & stock)		
All the above Secured Loans have been jointly & severally guaranteed by Mr. Ram Menon & Mr. Nitin Menon		
Loan against FDR.	11,684,318	
d) Car Loans		
ICICI Bank Ltd.	158,406	679,492
HDFC Bank Ltd.	1,341,920	1,499,093
State Bank of India	567,288	708,631
Maruti Udyog Ltd. (Car Loan)	321,326	
TOTAL	220,732,998	213,451,564
Schedule "D" : Unsecured Loan		
Interest free Sales Tax Loan from SICOM	48,141,221	50,251,303
(Under the incentive scheme of Government of Maharashtra)		
	<u>48,141,221</u>	<u>50,251,303</u>

SCHEDULE "E"
FIXED ASSETS SCHEDULE FOR THE YEAR 2007-2008 (CONSOLIDATED)
(Amount in Rupees)

NO.	DESCRIPTION	GROSS BLOCK			DEPRECIATION				NET BLOCK		
		OPENING BALANCE (Rs.)	ADDITIONS (Rs.)	DELETIONS (Rs.)	TOTAL (Rs.)	UPTO 31.03.2007 (Rs.)	FOR THE YEAR (Rs.)	ADJUST-MENTS (Rs.)	TOTAL (Rs.)	AS AT 31.03.2008 (Rs.)	AS AT 31.03.2007 (Rs.)
1	LAND (Free hold)	52,500	—	—	52,500	—	—	—	—	52,500	52,500
2	LAND (Lease hold)	8,684,062	—	—	8,684,062	282,148	89,814	—	371,962	8,312,100	8,401,914
3	BUILDING	71,341,174	2,650,340	—	73,991,514	9,945,184	2,403,767	—	12,348,951	61,642,563	61,395,990
4	SITE DEVELOPMENT	12,461,344	254,668	—	12,716,013	—	—	—	—	12,716,013	12,461,344
5	PLANT AND MACHINERY	185,093,977	30,516,480	105,000	215,505,457	87,497,648	11,019,946	—	98,517,594	116,987,863	97,596,329
6	TOOLS AND IMPLEMENTS	11,839,383	2,467,114	—	14,306,497	8,036,944	1,113,011	—	9,149,955	5,156,543	3,802,438
7	ELECTRICAL INSTALLATIONS	11,543,406	147,542	—	11,690,948	3,639,638	825,454	—	4,465,092	7,225,856	7,903,768
8	OFFICE EQUIPMENTS	2,381,396	36,315	—	2,417,711	748,903	113,921	—	862,624	1,554,887	1,632,493
9	MATERIAL HANDLING EQUIP.	1,546,662	297,165	—	1,843,827	269,786	108,878	—	378,664	1,465,163	1,276,876
10	MISCELLANEOUS ASSETS	693,376	—	—	693,376	233,402	38,999	—	272,401	420,975	459,975
11	TECHNICAL KNOW-HOW	5,244,590	—	—	5,244,590	5,244,590	—	—	5,244,590	—	—
12	FURNITURE & FIXTURES	3,414,975	661,760	—	4,076,734	1,121,434	226,557	—	1,347,991	2,728,743	2,293,541
13	FIRE FIGHTING EQUIPMENTS	101,222	—	—	101,222	44,880	7,422	—	52,302	48,920	56,342
14	COMPUTERS	4,431,819	390,598	—	4,822,417	1,909,507	613,015	—	2,522,522	2,299,895	2,522,312
15	EFFLUENT TREATMENT PLANT	2,389,432	—	—	2,389,432	317,304	126,162	—	443,466	1,945,966	2,072,128
16	ELECTRICAL FORKLIFT	323,154	—	—	323,154	113,300	33,414	—	146,714	176,440	209,854
17	POLLUTION CONTROL EQUIP.	42,623	—	—	42,623	1,392	2,025	—	3,417	39,206	41,231
18	VEHICLES	8,091,667	1,723,483	1,412,998	8,402,152	2,176,243	794,507	173,662	2,797,088	5,605,064	5,915,424
	TOTAL	329,676,763	39,145,465	1,517,998	367,304,229	121,582,303	17,516,893	173,662	138,925,534	228,378,696	208,094,460
	PREVIOUS YEAR	268,082,258	64,615,335	3,020,830	329,676,763	101,121,041	20,889,075	427,814	121,582,303	208,094,460	166,961,220

(Amount in Rupees)

Schedules to Balance Sheet as at 31st March	2008	2007
Schedule "F" : Investment (At cost)		
Non Trade (unquoted)		
1) 49000 Equity Shares of MB Autocomponents Pvt. Ltd. of Rs.10/- each	490,000	490,000
2) 10,925.977 units of SBI Mutual Fund @ Rs. 36.61 each	400,000	400,000
3) Accumulated Income from Associates	6,84,685	934,685
Trade (Quoted)		
1) 5000 Equity Shares of Reliance Petroleum Limited @ Rs. 95/- (Market value as on 31.03.2008 Rs. 168.90/- per share)	476,694	-
2) 500 Equity Shares of Bank of Maharashtra of Rs. 23/- each (Market value as on 31.03.2008 Rs. 49.85 per share)	11,500	11,500
3) 444 Equity Shares of Pentasoft Technologies Ltd. of Rs.901.67/- each (Market value as on 31.03.2007 Rs. 1.30/- per share)	-	400,340
4) 1100 Equity Shares of Global Telesystems Ltd. of Rs.898.86 each (Market value as on 31.03.2007 Rs. 134.45/- per share)		988,750
5) 11,100 Shares of Transwarranty Finance Ltd.@ Rs. 52 each (Market value as on 31.03.2007 Rs 21.05/- per share)	577,200	577,200
SUB-TOTAL	2,640,079	3,802,475
Schedule "G" : Current Assets, Loans and Advances		
Inventories		
a) Raw Material	18,655,347	20,494,536
b) Stores & Spares	4,072,629	3,386,059
c) Finished goods	31,258,066	28,331,828
d) Work in Process	19,919,354	15,207,307
TOTAL	73,905,396	67,419,730
Sundry Debtors		
(Unsecured, considered good)		
Outstanding for a period exceeding 6 months	25,160,444	24,878,646
Other Debts	100,886,526	82,369,980
TOTAL	126,046,970	107,248,626
Cash & Bank balances		
a) Cash in Hand	1,585,213	226,327
b) Balances with Banks		
i) In Current A/c(s) With scheduled banks	12,878,545	6,372,245
ii) In Fixed Deposits	43,490,726	38,371,768
TOTAL	57,954,484	44,970,340
Loans & Advances		
Other advance	626,245	1,551,651
Staff advance	304,799	574,858
Interest accrued but not received	4,100,554	4,762,356
Other Deposits	2,391,153	2,252,509
Prepaid expenses	758,910	956,998
Telephone deposit	29,550	29,550

Schedules to Balance Sheet as at 31st March	2008	2007
Water deposit	194,115	194,115
Advance Income Tax	94,711,857	84,067,643
Fringe Benefit Tax	943,393	463,493
Advance to Suppliers	9,771,995	11,039,506
Excise Duty	2,953,286	6,838,359
Service Tax	1,451,884	814,652
Educational Cess	-	93,047
VAT Refund Receivable	529,374	792,081
Interest free unsecured loan to Menon Alkop Pvt. Ltd.	-	226,644
Tax collected at source	4,492	503
TOTAL	118,771,607	114,657,965
Total Current Assets	376,678,457	334,296,661
Schedule "H" : Current Liabilities and Provisions		
Current Liabilities		
Sundry Creditors	40,065,941	26,939,574
Amount payable to SSI unit	1,508,335	-
Sales Tax Payable	5,507,845	2,772,474
Liability for expenses and other liabilities	20,566,135	14,166,460
TOTAL	67,648,256	43,878,508
Provisions		
Provision for expenses	14,450,382	5,568,922
Unpaid Dividend	2,290,427	2,178,220
Proposed Dividend	11,675,000	11,675,000
Tax on Dividend	1,983,582	1,984,166
Company Income Tax	94,100,000	77,000,000
Fringe Benefit Tax	1,470,000	940,000
Leave Encashment	1,848,043	1,020,259
TOTAL	127,817,434	100,366,567
Total Current Liabilities & Provisions	195,465,690	144,245,075
Schedule "I" : Miscellaneous Expenditure		
1. Preoperative Expenses	6,805,367	7,312,194
Less : Written Off during the year	1,056,977	506,827
TOTAL	5,748,390	6,805,367

Schedules to Profit & Loss account for the year ended on 31st March	2008	2007
Schedule "J" : Sales		
1. Sale of Bearings, Bushes and Thrust Washers	346,966,604	302,860,777
2. Alluminium Die Casting Components	40,565,421	22,882,113
3. Other Products	95,592	-
TOTAL	387,627,617	325,742,890

Schedules to Profit & Loss account for the year ended on 31st March	2008	2007
Schedule "K" : Other Income		
a) Interest	3,561,262	3,060,008
b) Income from other sources	426,183	393,452
c) Scrap Sale	1,813,074	1,695,310
d) Excess Provision Written off	117,644	-
e) Profit on sale of tooling	2,587,915	1,095,629
f) Dividend from Companies	12,100	22,200
TOTAL	8,518,178	6,266,599
Schedule "L" : Increase / (Decrease) in stock of Finished Goods & Work-in-Process		
Opening Stock		
Finished Goods	28,331,828	19,735,217
Work in Process	15,207,307	13,668,441
Total	43,539,135	33,403,658
Closing Stock :		
Finished Goods	31,258,066	28,331,828
Work in Process	19,919,354	15,207,307
Total	51,177,420	43,539,135
Increase / (Decrease) in Stock	7,638,285	10,135,477
Schedule "M" : Raw Material & Stores Consumed		
Opening Stock		
Raw Material	20,494,536	9,990,383
Stores & Spares	3,386,060	2,777,085
Total	23,880,596	12,767,468
Add : Purchases		
Raw Material	173,838,806	155,527,435
Stores & Spares	9,608,722	16,365,177
Total	183,447,528	171,892,612
Less : Closing Stock		
Raw Material	18,655,347	20,494,536
Stores & Spares	4,072,629	3,386,060
Total	22,727,976	23,880,596
Raw Material & Stores Consumed	184,600,148	160,779,484
Schedule "N" : Manufacturing Expenses		
Outside labour charges	20,160,877	14,092,431
Electricity	28,436,492	21,135,422
Water charges	1,243,416	918,157
Repairs & Maintenance	2,889,276	2,559,777
Electric Material	400,469	301,301
Testing Fees	33,398	20,138
Hamali	7,250	-
Machining Charges	4,778	4,994
Designing Charges	-	7,000
Development Charges	-	160
TOTAL	53,175,956	39,039,380

Schedules to Profit & Loss account for the year ended on 31st March**2008****2007****Schedule "O" : Provisions for and Payments to employees**

Salary and Wages	51,243,904	38,282,879
Labour Welfare	470,344	-
Contribution to Provident Fund	2,762,038	2,151,149
Contribution to Group Gratuity Trust	415,723	442,038
TOTAL	54,892,009	40,876,066

Schedule "P" : Administrative, Selling & Distribution Expenses

Rent, Rates and Taxes	327,744	372,932
Insurance	864,618	993,122
Freight Outward	2,395,134	1,521,757
Legal & Consultation	1,608,162	1,358,655
Postage, Telephone	1,218,808	968,358
Business Expenses	665,335	567,584
Sales Promotion Expenses	11,159,515	17,592,103
Printing & Stationary	768,806	744,065
Vehicle & Conveyance Expenses	1,026,249	1,089,458
Other Expenses	1,492,589	3,195,286
Tax collection at Source	-	1,848
Excise duty rejection claim	24,698	92,550
Traveling Expenses	1,657,862	697,282
Sitting Fees	13,000	21,000
Advertisement	630,249	245,381
Audit Fees	135,000	125,000
Foreign Tour Expenses	1,760,024	649,963
Establishment Expenses	390,000	380,000
Loss on sale of Fixed Assets	323,840	691,192
Loss in Share Trading	1,177,396	-
TOTAL	27,639,029	31,307,536

Schedule "Q" : Cost of Finance

Interest	25,027,015	18,399,959
Bank Commission & Other Charges	1,647,821	1,674,415
Processing Charges	180,000	110,996
TOTAL	26,854,836	20,185,370

Significant Accounting Policies

to the Consolidated
Balance Sheet &
Profit & Loss Account

1. Principles of consolidation.

The consolidated financial statements relate to Menon Bearings Limited ("the company"), its subsidiary and associate. The consolidated financial statements have been prepared on the following basis.

- a) The financial statements of the Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, after fully eliminating intra group balances and intra-group transactions in accordance with Accounting Standards (AS) 21 – "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.
- b) The investment in a subsidiary, at the time of acquisition of shares in the subsidiary is recognised in the financial statements as investments.
- c) In case of associates where the Company directly or indirectly holds more than 20% of equity, investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 "Accounting for investments in associates in consolidated financial statements" issued by the Institute of Chartered Accountants of India.
- d) The company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the company and its associates to the extent of its share, through its profit and loss account to the extent such change is attributable to the associate's profit and loss account and through its reserves for the balance, based on available information.
- e) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Investments other than in subsidiary and associates have been accounted as per Accounting Standard (AS) 13 – "Accounting for investments".

3. Other significant accounting policies:

These are set out under "Significant Accounting Policies" as given in the Unconsolidated Financial Statements of Menon Bearings Limited and its subsidiary.

Schedule "R" :

NOTES ON ACCOUNTS TO CONSOLIDATED BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

1. The subsidiary company considered in the consolidated financial statements is Menon Alkop Pvt. Ltd. having proportion of ownership interest 100%.
2. The Associate Company considered in the consolidated financial statement is MB Autocomponents Pvt. Ltd. proportion of ownership interest is 49%.
3. As required by Accounting Standard (AS-23) on Accounting for Investments in Associates in Consolidated Financial Statements issued by the Institute of Chartered Accountants of India, the carrying amount of investments in Associate at the beginning of the year have been restated at the original cost from the date of acquisition of the associates and corresponding adjustment has been made to the retained earnings at the end of the year.

4. MANAGERIAL REMUNERATION:

Details of payment and provisions on account of remuneration to directors included in Profit and Loss Account are as follows :

		Current Year ended on 31-03-2008	Previous Year ended on 31-03-2007
1	Salary	38,28,000	32,34,000
2	Contribution to P.F.	4,59,360	3,88,080
3	Other Perquisites	34,74,012	33,29,154
4	Others	87,000	84,000
5	Sitting Fees	11,000	12,000
	Total	78,59,372	70,47,234

5. DISCLOSURE OF BORROWING COST CAPITALISED UNDER ACCOUNTING STANDARD 16:

Borrowing costs that are attributable to the acquisition and construction of qualifying assets are capitalised as part of such assets till such time the asset is ready for its intended use. A qualifying assets is one that requires substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit & Loss Account as period costs.

6. SEGMENT REPORTING UNDER ACCOUNTING STANDARD 17:

The Company operates in one business segment only namely "Auto components." Hence reporting under this standard is not applicable to the company.

7. RELATED PARTY DISCLOSURES AS PER ACCOUNTING STANDARD 18

Following are the related party transactions under above standard :

No.	Name of Party	Relation	Nature of Transaction	Amount (Rs.)
1.	Mani Auto Components	Shri Nitin Menon is partner	Jobwork Charges	7,305,169
		Purchases	Purchases	1,885,035
		Sale	Sale	12,370
2.	Ripin Engineering	Jobwork Charges	Jobwork Charges	905,351
		Purchases	Purchases	2,966,767
3.	MB Auto Component Private Limited	Sale	Sale	14,759,822
4.	MB Export	Sale	Sale	86,005,640
5.	Shri Ram Menon	Chairman	Sitting fees	2,000
6.	Shri Nitin Menon	Joint Managing Director	Salary	30,67,880
7.	Shri R. D. Dixit	Vice Chairman & Managing Director	Salary	24,54,192
8.	Shri T. K. Guha	Executive Director	Salary	22,45,300
9.	Shri Kumar Nair	Director	Sitting & Professional Fees	90,000

Apart from above mentioned parties following parties are also related parties of the Company. However, no significant transactions took place with these parties in the year 2007-08 :

- 1) Menon & Menon Limited
- 2) Menon Engineering Services.
- 3) Menon Pistons Limited
- 4) Menon Piston Rings Private Limited

There are no write offs / write backs of any amount for any of the above parties during the year 2007-08

8. LEASE ACCOUNTING AS PER ACCOUNTING STANDARD 19:

Not applicable to the company since no new lease transactions took place during the year 2007-08

9. **EARNINGS PER SHARE AS PER ACCOUNTING STANDARD 20:**

The basic earning per share for the year 2007-2008 is Rs. 4.34. Diluted earnings per share is not applicable to the company as the company has not issued any Preference shares / security / warrants / debentures, which are convertible into equity shares in the future.

10. **ACCOUNTING FOR TAXES ON INCOME AS PER ACCOUNTING STANDARD 22**

Deferred taxes on income are computed as per Accounting Standard 22 and same are provided in the audited accounts of the company and its subsidiary at appropriate places.

Particulars	Op. Bal.(1/4/07)	During the year	As on 31/3/08
Depreciation	(-) 1,18,94,025	(-)23,75,939	(-) 1,42,69,964
Leave Encashment	(+) 1,81,455	(-) 1,30,269	(+) 51,186
Preliminary Expenses	(-) 3,43,498	(-) 1,56,609	(-) 5,01,107
Business Loss	NIL	(+) 27,56,311	(+) 27,56,311
Total	(-) 1,20,56,068	(+) 93,494	(-) 1,19,62,574

11. **CONTINGENT LIABILITIES**

- 1) Central Sales Tax and Bombay Sales Tax assessments are completed upto 31.03.2002. The liability in respect of pending assessments / appeals is unascertainable.
- 2) The Income Tax assessments are completed up to the Assessment Year 2005-2006. (relevant to Accounting year ended 31.03.2005). Liability if any, in respect of the pending assessments or appeals under the Income Tax Act, 1961 is unascertainable.
- 3) Axis Bank Limited has issued a bank guarantee on behalf of the company for Rs.0.50 lacs (Previous Year Rs. 0.05 lacs) and Letters of Credit for Rs. 122.75 lacs (Previous Year Rs.121.07 lacs)
- 4) The Company has given corporate guarantee to M/s. Menon Alkop Pvt. Ltd. (wholly owned subsidiary) to the extent of Rs. 1477.00 lacs (Previous year Rs. 1077.00 lacs) & to M/s. M. B. Autocomponents Pvt Ltd. to the extent of Rs. 60.00 lacs (Previous year Rs. 60.00 lacs).

Statement Pursuant to Section 212 (1) (e) of the Companies Act, 1956, relating to Company's interest in Subsidiary Company for the Financial Year 2007-08

Name of Subsidiary Company	Menon Alkop Private Limited
The financial year of the Subsidiary Company ended on	31 st March, 2008
Date from which, it became Subsidiary Company	29/03/2005
Number of shares held by Menon Bearings Limited	43,90,000 Equity shares of Rs.10/- each fully paid-up.
Extent of interest of holding Company at the end of Financial year of Subsidiary Company	100 %
The net aggregate amount of the Subsidiary Company's Profit / (Loss) so far as it concerns the members of the Holding Company.	
a) Not dealt with in the Holding Company's Account. 1) For the Financial year ended 31 st March, 2008 2) For the Previous Financial years of the Subsidiary Company	(Rs. 79,71,597) (Rs. 2,04,66,892)
b) Dealt with in Holding Company's Accounts. 1) For the Financial year ended 31 st March, 2008 2) For the Previous Financial years of the Subsidiary Company	Not applicable

Details of Subsidiary Company

Name of Subsidiary Company	Menon Alkop Private Ltd.
Capital	Rs. 4,39,00,000
Reserves	NIL
Total Assets	Rs. 18,49,45,225
Total Liabilities	Rs. 18,49,45,225
Details of Investments	Rs. 15,64,69,039
Total Income	Rs. 6,67,47,945
Profit / (Loss) Before Taxation	Rs. (77,58,097)
Provision for Taxation	Rs. 2,13,500
Profit / (Loss) After Taxation	Rs. (79,71,597)
Proposed Dividend	NIL



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. / Mis. _____
of _____
or failing him
Mr. / Mis. _____
of _____

as my/our proxy to attend and vote for me / us on my / our behalf
at the 17th Annual General Meeting of the company to be held
on Friday, 26th September 2008 at 10.30 A. M. and any adjournment

thereof
Signed _____
Place : _____
Date : _____ 2008.

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 17th Annual General Meeting of the Company to be held at the Registered Office of the company on Friday the 26th September 2008 at 10.30A.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 at 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.

