

MENON *Group*

MD	✓		BKC	✓
CS	✓		DPY	✓
RO	✓		DIV	✓
TRA	NA		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		✓

Annual Report

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M E N O N
B E A R I N G S
L I M I T E D





MENON BEARINGS LIMITED

BOARD OF DIRECTORS

Mr. Ram Menon

Chairman

Mr. Arun Kirloskar

Director

Mr. Vijay Menon

Director

Mr. Sachin Menon

Director

Mr. R. D. Dixit

Managing Director

Mr. Nitin Menon

Executive Director

Mr. K. Parameswaran

Director

Mr. Mani Mathew

Director

Mr. N. R. Gupte

(Upto 6th June, 1997)
Nominee Director (IDBI)

Kum. Vishakha Bhagwat

(From 6th June, 1997)
Nominee Director (IDBI)

COMPANY SECRETARY

Mr. V. G. Kulkarni

AUDITORS

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

Chartered Accountants

BANKERS

Bank of Baroda

The United Western Bank Ltd.

Registered Office

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



MENON BEARINGS LIMITED

NOTICE

Notice is hereby given that the 6th Annual General Meeting of the Company will be held at the Registered Office of the Company at G-1, M.I.D.C., Gokul-Shirgaon, Kolhapur-416 234 on **Friday the 19th September, 1997 at 11.00 A.M.** to transact the following business :-

Ordinary business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1997 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors.
2. To declare a dividend.
3. To appoint a Director in place of Mr. Vijay Menon who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Mr. Sachin Menon who retires by rotation and being eligible offers himself for reappointment.
5. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of next Annual General Meeting and to fix their remuneration.

Special Business.

6. To pass with or without modifications the following resolution as an ordinary resolution

"Resolved that pursuant to Section 269, 309, 198, 311 and other applicable provisions if any of the Companies Act 1956, the Company hereby accords its approval to the reappointment of Mr. R.D. Dixit as Managing Director of the Company for a period of five years with effect from 1st October, 1997 on the terms and conditions (including the terms regarding the payment of remuneration to be paid in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft agreement placed before the meeting and initialled by the Chairman for the purpose of identification which terms and conditions are hereby specifically sanctioned. Further resolved that the Board of Directors of the Company be and is hereby authorised to effect such modifications in the draft agreement with Mr. R. D. Dixit, provided such modifications are not less beneficial to the company than the terms and conditions sanctioned as aforesaid."

7. To pass with or without modification the following resolution as an ordinary resolution :

"Resolved that pursuant to Section 269, 309, 198 and 311 and 314 and other applicable provisions of the Companies Act 1956, the remuneration payable to Mr. Nitin Menon, Executive Director of the Company be and is hereby revised as under with effect from 1st April, 1997.

1. Salary	Rs. 14,000 p.m.
2. House Rent Allowance	Rs. 1,400 p.m.
3. Special Allowance	Rs. 2,800 p.m.
4. Gas & Electricity	Rs. 500 p.m.
5. Servant Allowance	Rs. 300 p.m.

All other terms remain same as per resolution passed in the Annual General Meeting held on 22-9-1995."

By Order of the Board of Directors

Place : Kolhapur
Date : 27-06-1997.

Ram Menon
Chairman

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy and a proxy need not be a member of the company. The proxy form, in order to be effective, must be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The register of the members and the share transfer register books of the company will remain closed from 10-09-1997 to 19-09-1997 (both days inclusive)
3. The dividend when sanctioned will be made payable on or after 19th September 1997 to those shareholders whose names will appear as members in the books of the Company on 19th September, 1997.
4. The members are requested to :-
 - a. intimate change, if any, in their registered addresses at an early date.
 - b. quote ledger folio numbers in all their correspondence.
 - c. intimate about consolidation of folios, if shareholdings are under multiple folios.
 - d. direct all their correspondence to the company's registered office.
 - e. bring their copies of the Annual Report and the attendance slip with them while attending the annual general meeting.

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

Resolution No. 6.

In the Annual General Meeting of the Company held on 30-09-1992, Mr. R. D. Dixit, was appointed as Managing Director of the Company for a period of 5 years from 1-10-1992. The term of said appointment expires on 30-09-1997. Subject to provisions of the Companies Act, 1956 and pursuant to the Article 153 of the Articles of Association of the Company, the Board of Directors of the Company at its meeting held 27-06-1997 has reappointed Mr. R. D. Dixit as Managing Director of the Company for the period of 5 years from 1st October, 1997 on the terms and conditions as detailed hereunder -
Mr. R. D. Dixit has been looking after the production activities at M/s. Menon Pistons Limited for more than 30 years in the capacity of the Executive Director. He is a qualified Engineer having vast experience in all aspects of production and corporate Management. He is associated with M/s. Menon Bearing Ltd., since its inception and has played an important role in the implementation of the project. The company has completed four operational years under his stewardship.

The appointment as well as for the remuneration payable to Mr. R. D. Dixit as Managing Director of the Company requires the approval of the members of the company in accordance with Section 269 and 309 of the Companies Act, 1956.

Subject to the superintendence, control and direction of the Board of Directors, Mr. R. D. Dixit shall be responsible for the general conduct and management of the business and affairs of the company.



MENON BEARINGS LIMITED

The remuneration and other terms and conditions have been embodied in a draft agreement between the company and Mr. R.D.Dixit. The said remuneration and other terms and conditions are within the limits laid down in Schedule XIII of the Companies Act, 1956. Hence it does not require sanction of Central Government. Pursuant to Section 302 of the Companies Act, 1956 the following is an abstract of the material terms thereof :

1. (a) Salary

- i) Rs. 17,000/- per month (Rs. Seventeen thousand only.)
- ii) Bonus on the same scale as may be applicable to other senior Executives of the Company.

(b) Perquisites

- i) House Rent Allowance at the rate of 10% of salary.
- ii) Provision of gas, electricity and water, furnishings valued as per the Income Tax Rules 1962, subject to ceiling of 10% of salary.
- iii) Reimbursement of medical expenses incurred for Managing Director, his wife, dependent children and dependent parents subject to a ceiling of one month's salary over a period of three years.
- iv) Leave Travel Concession to the Managing Director and his wife, dependent children and dependent parents once in a year subject to the ceiling of the one month's salary.
- v) Personal accident insurance premium of which will not exceed Rs. 1000 per annum.
- vi) Children's education allowance at Rs. 100 p.m. and Children's Hostel Allowance Rs. 300 p.m.

The perquisites shall be restricted to an amount equal to annual salary or Rs. 2,04,000 p.a. whichever is less.

2. Retiring Benefits

i) Provident Fund :

Company's contribution towards Provident Fund, subject to ceiling of 12% of salary.

ii) Superannuation Fund :

Company's contribution towards superannuation fund, subject to a ceiling of 15% of salary without condition regarding minimum service. The company's contribution in respect of above retiring benefits shall not exceed 25% of the monthly salary as laid down under the Income Tax Act, 1961.

iii) Gratuity

A sum not exceeding half month's salary for each completed year of service on the basis of last salary drawn subject to a ceiling of Rs.1,00,000/-

3. Other Perquisites

- i) All expenses for the maintenance, running and upkeep of the motor car for business purpose to be borne and paid by the company.
- ii) Telephone at residence : All charges including rental and all charges of telephone being paid by the company in full.

However, the personal long distance calls shall be billed to the Managing Director.

iii) Leave facilities as applicable to other executives of the company.

iv) Such other benefits or amenities as may be applicable to other senior executives of the company.

4. Minimum Emoluments :

In case of absence or inadequacy of profits in any financial year during the aforesaid period, the Managing Director shall be entitled to the salary payable in Part (1) as reduced by 10% and the perquisites as detailed above. The Managing Director shall not be entitled to sitting fees for attending the meeting of the Board or the Committee of the Board and reimbursement of all expenses incurred by him for and on behalf of the Company.

Resolution No. 7

The remuneration payable to Mr. Nitin Menon, Executive Director was approved by the shareholders in the Annual General Meeting held on 22-09-1995. At the meeting of the Board of Directors held on 27-06-1997, it has been decided to revise the remuneration payable to Mr. Nitin Menon, Executive Director as proposed in the resolution with effect from 1st April, 1997. The above proposal will not require the approval of the Central Govt., as the same is within the limits laid down in para II of Schedule XIII of the Companies Act, 1956. The Board of Directors recommend this resolution to the shareholders for their approval.

The resolution of Annual General Meeting dated 22-09-1995 appointing Mr. Nitin Menon, as Executive Director is open for inspection by the members.

Mr. Nitin Menon, Mr. Sachin Menon, Mr. Vijay Menon and Mr. Ram Menon are interested in the resolution. No other Director is concerned with, or interested in this resolution.

The above statement may be regarded as an abstract of the terms and memorandum of interest under section 302 of the Companies Act, 1956.



MENON BEARINGS LIMITED

Director's Report

Your Directors are pleased to present their SIXTH Annual Report of your company together with the Audited statement of Accounts for the financial year ended 31st March, 1997.

Economic Scene

Due to the economic policy of the Union Government under the liberalised economic environment the industrial growth maintained its steady pace during the year under report. However the automobile industry experienced a recessionary trend during the second half of 1996-97. In the first 2 $\frac{1}{2}$ months of the current year also the position has not improved. However we hope that the industry will soon regain its position.

Operations

Your Company has kept pace of growth during the year under report and has registered a turnover of Rs. 1109.53 lacs showing a rise of 35% over the sales turnover of previous year as against the target of Rs.1200 lacs. Main reason for the shortfall in sales is on account of recessionary trend, in the automobile as well as in Autocomponent industry, witnessed in the second half of 1996-97.

Financial Result

Your Directors are happy to inform you that your company has earned a net profit of Rs.103.65 lacs after tax during the year under report which is the fourth year of operation. The financial results and the appropriation of profit is summarised as under -

(Rs. in Lacs)

	Year ended 31-03-1997	Year ended 31-03-1996
1. Profit before taxation	119.45	82.26
2. Provision for taxation	15.80	--
3. Profit after taxation	103.65	82.26
4. Balance of profit as per last balance sheet	117.13	45.80
5. Total	220.77	128.06
6. Previous year's expenses	0.42	10.93
7. Balance available for appropriation	220.35	117.13
8. Proposed dividend @ 12%	56.04	--
9. Tax on Dividend	5.60	--
10. General Reserve	3.00	--
11. Balance of profit carried Forward to Balance sheet	155.71	117.13

Dividend

Your Directors have pleasure in recommending a maiden dividend at 12%.

ISO 9002 Certification

As already reported last year your company has been awarded ISO 9002 certificate from Bureau Veritas Quality International, London. This has helped in enhancing the confidence and reliability level of OEM customers as well as overseas buyers.

Fixed Deposits

The company has not accepted any fixed deposits within the meaning of section 58(A) of the Companies Act, 1956 and

rules framed thereunder and hence no deposit was outstanding as on 31-03-1997.

Directors

In accordance with the requirement of the Companies Act, 1956 and company's Articles of Association, Mr. Vijay Menon and Mr. Sachin Menon, Directors of the company are due to retire by rotation and are eligible for reappointment. IDBI has appointed Kurn. Vishakha Bhagwat as its nominee in place of Mr. N. R. Gupte.

Industrial relation

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

Auditors

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

Particulars of Employees

Statutory statement of particulars of employees pursuant to Section 217(2A) of the Companies Act, 1956 is Nil, since no employee is drawing salary of Rs. 3,00,000 p.a.

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

Statutory Information

The comparative information about the projections given in the prospectus and actual achievements for the year 1996-97 is furnished as required under clause 43 of Listing Agreement with Stock Exchanges.

Acknowledgement

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

For and on behalf of the Board of Directors

Dated : 27-06-1997.

Place : Kolhapur

Ram Menon

Chairman

Statement under clause 43 of the listing agreement

Sales and profitability projected vis-a-vis achieved for the year 1996-97.

(Rs. in lacs)

Particulars	Projected	Actuals
1. Total income	733.00	1109.53
2. Profit after tax	133.00	103.65



MENON BEARINGS LIMITED

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

I. CONSERVATION OF ENERGY

1. The company continued to take effective measures towards conservation of energy. The selection of machines is such that electrical equipment used matches the process requirements, thus resulting in conservation of energy.

2. The plant building is designed in such a way that maximum natural light is available as also good ventilation is provided which avoids use of electricity for lighting and fans.

3. The Company has also introduced thyristorised power control system to ensure optimum utilisation of power.

II. TECHNOLOGY ABSORPTION

FORM B

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

- | | |
|--|--|
| 1. Specific areas in which R & D carried out by the Company. | 1. Increasing output through automation |
| | 2. Reducing Raw Material consumption by process improvement. |
| 2. Benefits derived as a result of above R & D | 1. Reduction in operation cost. |
| | 2. Reduction in Raw Material consumption. |
| | 3. Increase in product range |
| 3. Future plan of action | Company plans to establish new automatic production line for Bearing in collaboration with M/s. King Ltd., Israel. |
| 4. Expenditure on R & D | Capital Rs. Nil.
Recurring Rs. Nil. |

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts in brief, made towards Absorption, adaptation.

The advanced manufacturing technology in regard to automation is under implementation with the assistance from M/s. King Ltd., our collaborators. Besides the Company has implemented extensive automation programme in house. Manufacture of latest generation machines will be undertaken in-house.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, product improvement.

a) Quick acceptance for our products by Original Equipment Manufacturers.

b) Prospects of additional export business.

c) Upgradation of the technical capabilities of the employees.

3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year.)

Technical know how for manufacture of engine bearings, bushes and Thrust Washers.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO.

1. Activities relating to export initiative for exports, development of new export markets for products and services and exports.

We are exporting our products to Israel, U.K., Egypt, Spain, Additional applications are under development for export market

Total Foreign exchange used and earned

Used : Imports Rs.35,73,695
Other Expenditure Rs. 16,86,969

Earned :
Export Worth Rs. 65,86,033

For and on behalf of the Board of Directors

RAM MENON
Chairman

Date : 27-06-1997.
Place : KOLHAPUR.