

MENON BEARINGS LIMITED

ANNUAL REPORT 1999-2000



★★★★ MENON **Group**



MENON BEARINGS LIMITED

NOTICE

Notice is hereby given that the 9th 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 26th May, 2000 at 11.30 A.M.** to transact the following business :-

Ordinary business

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date and the report of the Directors and Auditors thereon.
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 the following resolution with or without modification as an ordinary resolution :
Resolved that pursuant to Section 269, 309, 198, 311 and other applicable provisions if any of the Companies Act, 1956, approval be and is hereby accorded to the appointment of Mr. Nitin R. Menon as **Joint Managing Director** of the Company for a period of Five Years with effect from 20-01-2000 on the terms and conditions 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 sanctioned."

Material terms of which are as under :

1. Salary : Rs. 21,000 p.m.
2. Bonus on the scale as may be applicable to other senior executives of the company.

Perquisites :-

1. House rent allowance at the rate of 10% of salary.
2. Reimbursement of medical expenses incurred for self and family subject to the ceiling of one month's salary in a year or three months' salary over a period of three years.
3. Leave Travel concession to the Joint Managing Director and his wife, dependent children and dependent parents once in a year subject to the ceiling of one month's salary.
4. Personal accident insurance premium of which shall not exceed Rs. 4000/- per annum.

Retirement benefits :

1. Provident Fund :
Company's contribution towards provident fund subject to a ceiling of 12% of salary.
2. Superannuation fund :
Company's contribution towards superannuation fund subject to ceiling of 15% of salary without condition regarding minimum service.
3. 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/-.

Other perquisites :

1. Use of Company's car, expenses for the maintenance, running and upkeep of the motor car, for business purpose to be borne and paid by the Company.
2. Telephone at residence.
3. Leave facilities as applicable to other executives of the company.
4. Gas & Electricity Rs. 500/- p.m.

Minimum Emoluments :

Above remuneration is subject to minimum emoluments clause as per Schedule XIII of the Companies Act, 1956.

Joint Managing Director shall be entitled to sitting fees.

Further Resolved that the Board of Directors be and is hereby authorised to revise the remuneration and perquisites payable to Mr. Nitin Menon, from time to time within the ceiling given in Schedule XIII of the Companies Act, 1956 as amended from time to time.

By Order of the Board of Directors

Place : Kolhapur

Date : 19-04-2000.

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 18-05-2000 to 26-05-2000 (both days inclusive)
3. Consequent upon the amendment to Section 205A of the Companies Act, 1956 and insertion of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unpaid or unclaimed for a period of seven years shall hereafter have to be transferred to the Investor Education and Protection Fund.
Shareholders are requested to kindly note the same.

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

Resolution No. 6

Mr. Nitin R. Menon has been functioning as Executive Director of the Company since 01-04-1995 as such he has adequate exposure in the top management. Considering the need for strengthening the top management the Board of Directors of the Company has felt it necessary to give him additional responsibilities as Joint Managing Director. Accordingly the Board in its meeting held on 20-01-2000 has appointed Mr. Nitin R. Menon as Joint Managing Director, with effect from 20-01-2000, subject to the approval by the General Meeting. Mr. Nitin R. Menon is interested in the resolution to the extent of remuneration payable to him. Mr. Ram Menon, Mr. Vijay Menon and Mr. Sachin Menon, being relatives of Mr. Nitin Menon are also interested in the resolution.



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

Joint Managing Director

Mr. K. Parameswaran

Director

Mr. Mani Mathew

Director

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

Directors' Report

Your Directors have pleasure in presenting their **Nineth Annual Report** of your company together with the Audited statement of Accounts for the year ended 31st March, 2000.

Economic Scene

During the year under report, the recessionary trend is abated. However the year has been a year of many challenges for the nation. The 50 days long armed conflict at Kargil, cyclone in Orissa and added to this the political instability before the general elections and scanty rainfall in many parts of the country were some of the important challenges. The country has met these challenges firmly and in the budget for 2000-2001 substantial increase in defence expenditure has been proposed. With this, Automobile Industry will be benefitted by supplying additional vehicles and spares.

Operations

In the automobile industry, number of players have increased which has created a competitive atmosphere, resulting in severe competition amongst auto component suppliers. In spite of this situation, your company has registered a turn over of Rs. 1513.69 lacs during the year under report, showing a growth of almost 41% over the turnover of the previous year. Considering the necessity of continuous growth, the company has followed the policy of consolidation and growth.

Financial Results

Your Directors inform that your company has earned a net profit of Rs. 223.71 lacs after tax during the year under report which is the seventh year of operation. The financial results and the appropriation of profit is summarised as under -

	Year ended 31-03-2000	(Rs. in Lacs) Year ended 31-03-1999
1. Profit before taxation	313.71	141.60
2. Provision for taxation	90.00	15.00
3. Profit after taxation	223.71	126.60
4. Balance of profit as per last balance sheet	224.00	169.13
5. Short provision of taxation	--	3.09
6. Balance available for appropriation	447.71	292.64
7. Proposed dividend	70.05	56.04
	(15%)	(12%)
8. Tax on Dividend	7.70	5.60
9. General Reserve	16.00	7.00
10. Balance of profit carried Forward to Balance sheet	353.96	224.00

Dividend

Considering the profit position and the necessity to plough back funds for investment in plant and machinery for automation/expansion, your directors are pleased to recommend payment of dividend at 15% without deduction of tax.

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 31-03-2000.

Directors

In accordance with the requirement of the Companies Act, 1956 and company's Articles of Association, Mr. Vijay Menon and Sachin Menon, Directors of the company are due to retire by rotation and are eligible for reappointment.

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. 6,00,000 per annum or Rs. 50,000 per month.

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

Year 2000 (Y2K) Compliance

The company had taken necessary steps to assure/secure Y2K compliance of the equipment and software deployed in the Company's operations. The Company has not experienced any problem in the change over to the year 2000.

Acknowledgement

The Directors wish to place on record their gratitude for the continued co-operation and patronage extended by the esteemed customers both in OEM and after market segments. The Directors would also like to place on record their sincere appreciation for the continued co-operation, guidance, support and assistance during the year under report by our Bankers, all the customers, suppliers of the company and Government agencies. The Board of Directors wishes to express its appreciation for the 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 : 19-04-2000
Place : Kolhapur

Ram Menon
Chairman



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 has successfully combined different manufacturing operations on one machine which has resulted into conservation of electrical energy and high productivity.
2. The in-house automation programme has yielded higher productivity with lesser power consumption.
3. The Company's continuous improvement programme which is on the anvil is aimed at optimising the energy requirement for those operations under consideration.

II. TECHNOLOGY ABSORPTION FORM B

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

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Specific areas in which R & D carried out by the Company. 2. Benefits derived as a result of above R & D 3. Future plan of action 4. Expenditure on R & D | <ol style="list-style-type: none"> 1. Process Failure Mode Effect Analysis has been done to establish factors affecting quality. 2. Efforts are made to bring down the rejections below the bench mark. 1. Satisfactory product performance resulting into self certification status from Major OEM customers. 3. Development of latest manufacturing technology. <p>Installation of complete automatic line for manufacture of bearings.</p> <p>Capital Rs. NIL.
Recurring Rs. NIL.</p> |
|---|--|

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Efforts in brief, made towards Absorption, adaptation 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development. 3. In case of imported technology (imported during the last 5 years record from the beginning of the financial year.) | <p>Latest generation machines are being manufactured inhouse to cope with the requirement of manufacturing process.</p> <p>a) Substantial cost reduction has been effected and part of cost saving is passed on to the customer</p> <p>b) Considering improvement in product quality, productivity problems have been vanished.</p> <p>c) Self certified status from major OEMs viz. Telco, Mahindra, Cummins, Maruti Udyog.</p> <p>Flange bearings SPM press of 450 ton capacity is built in- house with design back-up from M/s King Ltd., Israel.</p> |
|--|--|

III. FOREIGN EXCHANGE EARNINGS AND OUTGO.

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. Activities relating to export initiative for development of new export markets for products and services and exports. <p>Total Foreign exchange used and earned</p> | <p>We are exporting our products to U.K., Egypt, Spain, Israel, U. S. A. Additional applications are under development for export market</p> <p>Used : Imports Rs. 31,51,815
Other Rs. 4,79,905
Earned : Deemed Export Worth Rs. 1,69,82,418</p> |
|--|--|

For and on behalf of the Board of Directors

Dated : 19-04-2000
Place : Kolhapur

Ram Menon
Chairman