

MENON *Group*

10TH ANNUAL REPORT 2000-2001



MENON BEARINGS LIMITED



BOARD OF DIRECTORS

Mr. Ram Menon

Chairman

Mr. Arun Kirloskar

Director

(Upto 23-01-2001)

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 **Tenth Annual Report** of your Company together with the Audited Statement of Accounts for the year ended 31st March, 2001.

Economic Scene

The year 2000-2001 has been a year of tragedy caused by Earthquake in Gujarat. Second successive year of irregular monsoon has put the country into difficult economic situation. The increase in petroleum prices has led the economy towards inflation. There has been a general slow down in the industrial and agricultural sectors. Automobile industry including tractor segment have been adversely affected as a result autocomponent manufacturers are working under tremendous pressure.

Operations

There has been keen competition amongst the autocomponent manufacturers. It is a matter of great satisfaction that your company has faced the situation successfully. Your company has registered a turnover of Rs. 1382.32 lacs during the year under report as against the turnover of Rs. 1513.69, during the year 1999-2000.

Financial Results

Your Directors inform that your company has earned a net profit of Rs. 181.81 lacs after tax during the year under report which is the Eighth year of operation. The financial results and the appropriation of profit is summarised as under -

	(Rs. in Lacs)	
	Year ended 31-03-2001	Year ended 31-03-2000
1. Profit before taxation	261.81	313.71
2. Provision for taxation	80.00	90.00
3. Profit after taxation	181.81	223.71
4. Balance of profit as per last balance sheet	353.97	224.00
5. Excess provision for taxation	0.52	--
6. Balance available for appropriation	536.29	447.71
7. Proposed dividend	46.70	70.05
8. Tax on Dividend	4.76	7.70
9. General Reserve	10.00	16.00
10. Balance of profit carried Forward to Balance sheet	474.82	353.96

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 10% 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 31-03-2001.

Directors

Mr. Arun Kirloskar, Director has voluntarily retired from the Board in view of his attaining 65 years of age. The Board records its appreciation of the valuable guidance and wise counsel

given by Mr. Arun Kirloskar during his tenure. In accordance with the requirement of the Companies Act 1956 and company's articles of association Mr. K. Parameswaran and Mr. Mani Mathew, 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. 12,00,000 per annum or Rs. 1,00,000 per month.

Directors, Responsibility Statement under Section 217(2AA) of the Companies Act, 1956.

Pursuant to above provisions Board of Directors of the Company confirms

1. That while preparing the annual accounts, the applicable accounting standards have been followed and proper explanation relating to material departures have been given wherever necessary;
2. That they had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31-03-2001 and of the profit of the Company for that period;
3. That they had prepared the annual accounts on a going concern basis.

The information required under the companies (Disclosure of the particulars in the report of the Board of Directors) Rules, 1956 is enclosed.

QS 9000

The Company has received accreditation from Lloyds Quality Assurance in respect of QS 9000 for a period of 3 years.

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

Kolhapur
Dated : 25-05-2001

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 introduced capacitors in the electrical installations. This has effected into maintaining power factor more than 0.97 thereby conserving electrical energy and resulting into cut in electrical bills.
2. The working time of high power consuming areas is scheduled such that it effects into lower maximum demand in turn lower electricity bill.
3. Above efforts have reduced the yearly electricity bills from Rs. 97.3 lacs to Rs. 89.00 lacs.

II. TECHNOLOGY ABSORPTION

FORM B

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

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| 1. Specific areas in which R & D carried out by the Company. | <ol style="list-style-type: none"> 1. A new rolling process for manufacture of flanged bearings is designed and introduced successfully. 2. An automatic transferline for bearing manufacturing is designed and a part of it has been introduced and commissioned. |
| 2. Benefits derived as a result of above R & D | <ol style="list-style-type: none"> 1. The rejections in flange bearings is reduced to Nil. 2. The indigenous transfer line has reduced the manufacturing cost and enabled the company to offer its products at most competitive prices. |
| 3. Future plan of action | A continuous effort to develop cost effective techniques is being made. |
| 4. Expenditure on R & D | Capital Rs. NIL.
Recurring Rs. NIL. |

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

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|---|---|
| 1. Efforts in brief, made towards Absorption, Adaptation | The latest trends in bearing manufacturing are marked and implemented through development programme. An innovative approach is made while developing new processes. |
| 2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development. | <ol style="list-style-type: none"> a) The product quality has been improved resulting in good response from OEM customers. b) The manufacturing cost been reduced and a part of it has been passed on to the customers. c) The product range has been widened substantially. |

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| 3. In case of imported technology (imported during the last 5 years recorded from the beginning of the financial year.) | During 1996-97, auto wall broaching machine has been imported from M/s. King Ltd., Israel. |
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III. FOREIGN EXCHANGE EARNINGS AND OUTGO.

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| 1. Activities relating to export initiative for development of new export markets for products and services and 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. 11,55,717
Other Rs. ---
Earned : Deemed
Export Worth Rs. 1,37,83,058 |

For and on behalf of the Board of Directors

Kolhapur
25-05-2001

Ram Menon
Chairman



MENON BEARINGS LIMITED

AUDITOR'S REPORT

M/s. P.M.VARDHE & CO.
CHARTERED ACCOUNTANTS
 630, "E", Shahupuri, 1st Lane,
 Kolhapur-416 001.

To,

THE MEMBERS OF MENON BEARINGS LIMITED

We have audited the attached Balance Sheet of M/s. Menon Bearings Limited., Gokul Shirgaon, Kolhapur-416 234, as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto.

1. As required by the Manufacturing and Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above we state that,
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purpose of our Audit.
 - b) In our opinion, proper books of accounts as required by the law have been kept by the Company so far as it appears from our examination of such books.
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
 - d) In our opinion the Balance Sheet and the Profit and Loss Account comply with the Accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 as amended.
 - e) In our opinion and as per the information obtained and explanations given to us, there are no observations and comments, which have any adverse effect on the functioning of the Company.
 - f) As per the information obtained and explanations given to us, in our opinion, none of the Director of the Company is disqualified from being appointed as Director under clause (g) of sub-section (1) of section 274.
 - g) In our opinion and to the best of our information and according to explanation given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes I to III thereon give the information required and give a true and fair view.
 - I) In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2001.
AND
 - II) In so far as it relates to the Profit and Loss Account of the Profit of the Company for the year ended on that date.

For M/s. P.M.VARDHE & CO.
CHARTERED ACCOUNTANTS

Place : Kolhapur.
 Date : 25-05-2001.

P.M.VARDHE
 Proprietor

ANNEXURE REFERRED TO IN PARA 1 OF OUR REPORT OF EVEN DATE

1. The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets. There is a regular programme of verification which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3. a) The stock of raw materials, stores, spare parts and finished

goods have been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.

- b) The procedures of physical verification of stock followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The discrepancies noticed on verification between the physical stocks and book records were not material.
- d) On the basis of our examination of stock records, we are of the opinion that the valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles.
4. The company has not taken any loans from Companies, firms, or others listed in the register maintained under section 301 (1C) of the Companies Act, 1956.
5. Loans and advances in the nature of loans have been given to the employees of the Company. They are repaying the principle amount as stipulated. No interest is being charged on loans and advances given to the staff and workers of the Company.
6. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipments and other assets and with regard to the sale of goods.
7. In our opinion and according to the information and explanation given to us, the transactions of purchase of goods and materials and sale of goods, materials and services made in pursuance of contracts or arrangements entered in the register maintained under section 301 and aggregating during the period to Rs.50,000/- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices of such goods, materials or services of the prices at which transactions for similar goods, materials or services have been made with other parties.
8. The Company has regular procedure for determination of unserviceable or damaged stores, raw materials and finished goods. Adequate provision has been made in the accounts for the loss arising on the items so damaged.
9. The Company has not accepted deposits from public.
10. In our opinion, reasonable records have been maintained by the Company for the sale and disposal of scrap. The Company has no by-products.
11. The Company has internal audit system commensurate with the size and nature of its business.
12. The Company has not been required by the Central Government to maintain Cost records under section 209 (1)(d) of the Companies Act, 1956.
13. According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
14. According to the information and explanation given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Custom Duty and Excise Duty were outstanding as on 31st March, 2001 for a period of more than six months from the date they became payable.
15. According to the information given to us, no personal expenses of employees or directors have been charged to the revenue account, other than those payable under contractual obligation or in accordance with generally accepted business practice.
16. The Company is not sick industrial company within the meaning of clause (O) of sub section (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.

For M/s. P. M. VARDHE & CO.
CHARTERED ACCOUNTANTS

Place : Kolhapur.
 Date : 25-05-2001.

P.M.VARDHE
 Proprietor