

A P P E N D I X 'II'

Menon and Menon Private Limited  
Regd. Office : Vikramnagar, KOLHAPUR- 416 005  
Maharashtra - India : GRAM "MENO"  
Phones: 24366 & 24367, TELEX

FORM-J

Section 24 (2) and Rule 23  
NOTICE OF LOCK-OUT

Name of the Employer : M/s. Menon & Menon (P) Ltd.  
Full address of the : Component Division  
undertaking : Composed of Foundry and  
: Machine shop at Vikramnagar,  
: Kolhapur-416005

Dated the 27th day of April 1986.

In accordance with the provisions of Sub-section (2)  
of Section 24 of the Maharashtra Recognition of Trade  
Unions and prevention of Unfair Labour Practices  
Act, 1971, we, Menon and Menon Private Limited,  
Vikramnagar, Kolhapur hereby give notice to all  
concerned that it is our intention to effect a  
Lock-out in our undertaking known as :-

the Components Division at Vikramnagar, Kolhapur-416005  
with effect from 13th day of May, 1986, for the reasons  
explained in the annexure attached hereto.

The Lock-out shall be applicable to all the workmen of the undertaking but the essential employees whose list is attached hereto shall not be covered by the Lock-out.

MENON AND MENON PVT.LTD.

Sd/-

VIJAY MENON  
Vice President (Operations)

Encl: Annexure  
and List.

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1) On account of stringent financial conditions during the last one and a half years the Company has been in arrears in the payment towards the electricity bills payable to the Maharashtra State Electricity Board. The arrears in this behalf have mounted to around Rs. 37 lakhs. The Board offered the facility to the Company for paying the arrears in a few instalments if it could not pay the same in one lumpsum. In spite of its best efforts, the Company could not avail itself of this facility. The Board issued warnings to the Company that unless the arrears were fully paid, they will be compelled to discontinue the power supply. The Company officials met the Hon'ble Minister for Energy and explained to him in detail the circumstances leading to the impossible situation in which the Company finds itself and requested him to allow the Company the facility of paying the arrears in instalments once again. While the Minister recommended to the Board our case, the Chairman of the Board did not accept the recommendation and informed us that unless we immediately pay minimum fifty percent of overdues, the power connection will be removed.

2) As the discontinuance of power supply became imminent, the Management made efforts to secure loans from its valued customers. Mr. Chandran Menon, Managing Director, personally approached M/s. Mahindra & Mahindra Limited and Mr. Vijay Menon, Vice President (Operations)

approached M/s. Escorts Limited, Faridabad and M/s.HMT Limited, Pinjore for this purpose. Unfortunately, these customers expressed their inability to help the Management to come out of the situation.

3) As the company was unable to pay the dues of the M.S.E.B. as per the instalments granted earlier and the Company could not pay fifty percent of the arrears of the electricity bills as suggested by the Chairman, the power supply to the Components Division was disconnected.

4) The profits of the Components Division incurred heavy losses. The cost of production in the last many years is going up day by day. However, due to severe cut throat competition in the Foundry Industry, the Management has not been able to get a corresponding price rise for its products. In the circumstances, it was impossible for the Management to achieve break even results in the Component Division.

5) At present the Financial position of the Company is as under :

We have accumulated statutory and other outstanding liabilities of more than Rs. 83.54 lakhs towards Sales tax, Provident Fund, E.S.I., Income Tax, M.S.E.B. etc. Sales tax authorities permitted us to pay the arrears by instalments, but due to paucity of finance we could not pay the instalments. On the other hand outstanding liability on this account is continuously growing due to non-payment of current dues. Provident Fund authorities

have already initiated prosecution and recovery proceedings against the company.

6) In the circumstances mentioned above we have accumulated interest overdues to the extent of Rs. 7.26 lakhs on working capital account and Rs. 24.81 lakhs on term loan interest account. Over due instalments are to the extent of Rs. 41.52 lakhs. The above total to Rs. 73.69 lakhs. As a result of this the Bankers and the financial institutions are not prepared to extend further co-operation in giving any further financial assistance.

7) The Management used to fulfill its requirements of material from various parties. However, due to severe strain on its finance, the Management could not pay to the suppliers in time even though the material supplied on credit was consumed. At present, outstanding liability of sundry creditors is roughly Rs. 90 lakhs. In this situation, all the suppliers are not prepared to supply any material on credit. On the other hand they are pressing very hard for repayment of their outstanding dues.

8) The situation was further aggravated due to severe recession in the Engineering Industry and especially in the Automotive Sector. As a result, the total production from February '86 onwards was about 40 percent of the normal production levels. However, instead of going for any legal remedies, the Management tried to manage ....

the situation with an optimistic view that the position may improve in the immediate future and the workers will extend necessary co-operation to tide over the situation. During this period the Management maintained full labour force and declared a five day week and paid full wages/salaries to the work force. As a result, the financial position of the company deteriorated further.

9) With the disconnection of power supply the manufacturing operations of the Component Division came to a stand still. As a consequence thereof the customers started asking for return of the pattern equipments and toolings belonging to them so that they could get their requirements from other sources. Mr. G.K. Soni, Dy, General Manager, Escorts Limited dashed to Kolhapur to collect their patterns and toolings to develop alternate source of supply.

10) In the deteriorating circumstances we were expecting co-operation from the work-men. Contrary to expectations, the incidence of gross indiscipline and non-co-operation were on the increase, the details of which are as follows:

a) On 15th April, '86, it was noticed during second and third shift that one loose core box for I.T.D. Clutch Housing and Core Box for I.T.D. Lift Body were damaged. On the previous day core box for Voltas Crank case was also

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found broken. On examination, it was observed that all these damages were intentional.

b) On 23rd April, '86 at about 4.00 p.m. the worker leaders, M/s. D.A.Dhumal, V.G.Patil and R.M.Malekar approached the Personnel Manager and threatened that they will not allow the Management to hand over the patterns and other equipment belonging to the customers. In spite of the fact that Mr. K.K.Sreedharan, Vice President explained to the workers leaders that the patterns and other equipment are the property of the customers and if the said equipments are not returned to them immediately their working will be adversely affected.

c) On 24th April, '86, some of the workmen even obstructed the transportation of finished goods.

d) On 25th April '86, the Canteen Contractor stopped supply of tea and snacks as he could not be paid money as promised on the previous day. In these particular circumstances M/s. M.K.Ghule, D.A. Dhumal and the other workers entered the office of the General Manager and created a noisy situation and asked for his resignation.

e) On the same day, the workers' representatives

did not allow the shifting of patterns brought from Amboli for rectification.

f) On 26th April '86, some workers obstructed the removal of the patterns etc. of Escorts Limited

g) During the last so many days it is observed that workers are found moving in the precincts of the factory during working hours, especially during the second shift and are found sleeping during the third shift.

h) Workmen working in the Foundry refuse to do alternate jobs at the instigation of the workers' representatives M/s. Dhumal and Tikode. Workers' representatives took a meeting of the workmen from the Foundry on 24.4.86 and asked them not to do the jobs other than those in their own section.

11) Under the circumstances, the Management is in a situation with nobody to depend upon, financial institutions of bankers unable to help, no supply of material, no power connection, reluctance of customers to assist financially and inflicted by the negative approach of the workmen.

Thus the situation is totally beyond the control of the Management and the Management is left with no other alternative than to immediately suspend its manufacturing operations and give this Lock-out Notice



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which shall be applicable to all the workmen except those whose names are given in the list, attached hereto to enable the Management to carry out its essential functions.

12) The Lock-out Notice has been given by way of caution abundant and without prejudice to the Management's legal rights. The Lock-out shall be effective from 13th May, 1986.

13) The suspension of operations shall be effective from the commencement of 1st shift on 27th April '86 at 8.00 am.

MENON AND MENON PVT. LTD.

Sd/-

VIJAY MENON  
Vice President (Operations)

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