

CHAPTER II
PROFILE OF MENON BEARINGS LTD.
GOKUL SHIRGAON, KOLHAPUR.

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Menon and Menon group of industries was established in year 1956 by Mr. Chandran Menon a young tool engineer. Mr. Chandran started off with a small machine shop for general purpose of jobbing. He did very well and then ploughed back profit to make more investments, soon he started manufacturing high quality components such as pistons, crank shafts and liners for diesel engine.

Menon group is one of the largest equipment suppliers of some of the most critical engine component faced to high combustion and high friction, to leading companies in the Indian Automobile Industry.

Menon group has more than 1200 employees with business activities in 24 countries around the globe. The global outlook is also reflected in its collaboration from Nippon Piston Rings to Izumi Industries of Japan and King Limited Israel. The world leaders in auto components have reposed their faith on the Technical capabilities of the group.

Subsidiaries and Associates of the Menon Group.

- 1] Menon and Menon Limited
- 2] Menon Piston Limited (MPL)
- 3] Menon Bearings Limited (MBL)
- 4) Menon Metallics Pvt. Limited
- 5] Menon Piston Rings Pvt. Limited
- 6] Menon Exports
- 7] Menon Alkol Pvt. Limited
- 8] Menon Automobiles
- 9] Main Agriculture and Research Company Pvt. Ltd.

2.1 MENON BEARINGS LIMITED : HISTORY AND PRESENT POSITION

Menon Bearing Limited a company promoted by Meonon Group. It manufactures bearings and important parts in truck, cars, tractors industrial and stationary engines along with agricultural machinery and special requirements. Menon Bearing Ltd is an ISO 9002 company and is committed to the quality of its products.

Menon Bearings Limited (MBL) was incorporated as public limited Company on July 04 1991. The company produces thin walled Engines bearing Bushing and Thrust washers for high and heavy automobile engines as well as for compress and refrigerators air conditioners etc. The certificate for commencement was obtained on September 23 1999. It has implemented the project near Kolhapur.

Menon Bearing Limited endeavours to make contribution to the national priority by way of earning valuable Foreign Exchange. In a short span M.B.L products have been well received in the markets of U.K. Europe, Israel, Egypt, Signapore and many other countries.

Today Menon Bearings Limited has a sizable export to U.S.A., U.K., Isreal, Turkey and France etc. The original equipment of M.B.L'S proucts are used by Commins India Ltd, Kirloskar, TATA Maruti Udayog, Eicher John Deer, Mahindra and Mahindra etc. The overseas customers are Mack Truck, Mc Bee, King Limited, Lister Peter (U.K.) U.S. Techno Engineering and may more.

Monthly plant capacity of Menon Bearings Limited is Bearings regular 4.5 lakhs, Bushes 8 lakhs and Thrust washers 3 lakhs. It has a highly sophisticated plant at Kolhapur for Original Equipment Market, (O.E.H.) Replacement Market (R.M.) as well as export market the present level of export of Menon Bearings Ltd. is around at 35% of capacity.

2.2 BOARD OF DIRECTORS

Menon Bearing's Board includes professionals who have excelled in their respective areas of specialization and comprises of professionals drawn from technical, management and finance field, The Board of Directors of Company consists of 6 directors, 3 of them are Executive directors Among the remaining, two are Non Executive directors and one is an independent director. There is no institutional nominee on the Board.

Chart 2:1 Board of Directors of Menon Bearings Limited

No.	Name of Director	Status
1.	Mr. Ram Menon	Non - Executive Director
2.	Mr. Sachin Menon	Non - Executive Director
3.	Mr. R.D Dixit	Vice - Chairman and M.D.
4.	Mr. Nitin Menon	Joint Managing Director
5.	Mr. T.K. Guha	Executive Director.
6.	Mr. Kumar Nair	Non Executive and Independent Director

2.3 MAIN OBJECTIVES OF MENON BEARINGS LIMITED

The main objectives of the company to be pursued by the company on its incorporation are.

- 1) To carry on the business as manufacture designers, producers, dealers, traders importers exporters, stockiest, buyer and seller of thin walled, bushing thrust washers bearings including ball bearings and roller bearings spare parts, fittings and engineering items of all kind and every descriptions for motor car, motor

- trucks, buses, tractors, van, motor cycles and conveyance of all kind and for all types of engineers, machines, equipments used for domestic industrial or agricultural purpose.
- 2) To buy , sell, manufacture and deal in brushes used for painting and other industrial or domestic purpose.
 - 3) To carry on the trade or business of iron masters, iron founders, iron workers, iron moneys, brass founders, metallurgists machinist steel markers, steel converters steel workers tin plate markers, refiners and rollers, blast furnaces proprietors, cock manufacturers.
 - 4) To carry on the business of architects, designers draftsman surveyors, valuers, consultants, experts in consultancy services, engineers, constructional engineers, aeronautical engineers, marine engineers, electrical engineers and engineering of every type.
 - 5) To carry on the business of manufacturing acquiring, selling, distributing or otherwise dealing in plasticides, PVC rexins articles, rexins solutions synthetic products and substances and their products and compounds of any description and kind.
 - 6) To carry on all or any of the business of prospecting, exploring mining, winning, importing dealing processing, buying, selling and distributing and generally dealing in the earth ores of all kinds, including iron ore, ferro managenese, china clay, quartz, silica, arbisive minerals, aluminum minerals bauxite and others.
 - 7) To carry on the business of water potters and manufactures of Indian rubber, leather, imitation leather, imitation leather, leather cloth, linoleum turpaulins, hospitals sheetings etc.
 - 8) To carry on the business as agents of railway, air and shipping companies and carrier, theaters and opera box office proprietors, enterprisers and general agents and any other business which can be conveniently carried on in connection there with.

2.4 MISSION OF MENON BEARINGS LIMITED

- | | |
|----|---|
| 1] | To provide a world class quality and standard product. |
| 2] | To ensure smooth and efficient running of business. |
| 3] | To diversify the group in various sectors. |
| 4] | To be at the top level in the competition. |
| 5] | To bring the company in good position at global market. |

2.5 DEPARTMENTS OF MENON BEARINGS LIMITED

1. Production Department

The Production Managers and assistant staffs are persons technically qualified especially to inspect and maintain the process of production. The layout of machines is done in such a way that there is no wastage at any space and material. The targets are given to the workers to produce a number at bearings, bushes and Thrust washers without affecting the quality of the product.

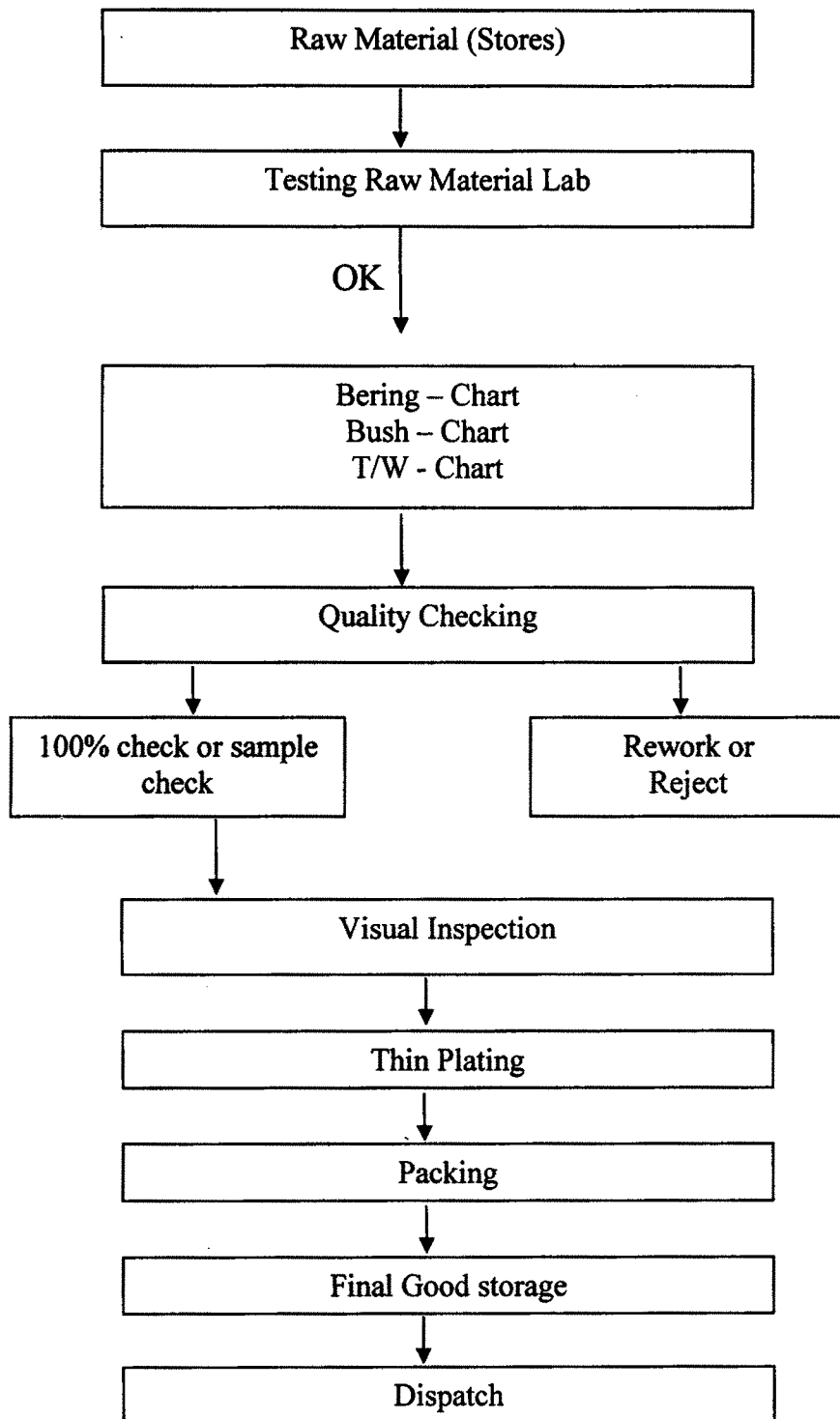
Discipline is maintained in the department. The workers have to compulsorily wear uniform and use safety applications while on duty. The supervisor is there to look after the production, to judge the quality, size shape of the product and to also observe the dispatch of the product regularly.

Chart 2.2 Monthly Production Capacity of Menon Bearings Limited

- | | |
|----|--|
| 1] | Bearings |
| a) | Regular :- 450000 pcs. (dia 35 mm to 100mm) |
| b) | Large dia :- 75000 pcs (dia 100 mm & above) |
| 2] | Bushes : |
| a) | Regular :- 800000 pcs (dia 16 mm to 110 mm) |
| 3] | Thrust Washers :- |
| a) | Regular :- 300 000 pcs (dia 50 mm to 225 mm) |
| 4) | Strips :- |
| a] | Copper – lead :-50000 mtr |
| b] | Alluminium – tin : 25000 mtr. |
| c] | Babbit : 15000 mtr. |

SOURCE : COMPANY ANNUAL REPORTS

Chart :2.3 Production Procedure



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A) Product Profile :

1) Bearings for connecting Rod :

This bearings is subjected to excessive fatigue loading. The cyclic load of power stroke is borne by this bearing. To have more bearings capacity, this bearing is generally not provided with any hole or groove. This is lubricated by splash lubrication. The typical bearings lining materials are copper-bronze, aluminum tin DIA range: 30 MM to 120 MM.

2) Bearings for Crankshaft

This bearings supports the crankshaft and bears the overall load generated by power stroke of all engine cylinders. These bearings are fed with the lubricating oil under pressure through the groove. While rotating the crank the oil forms the hydrodynamic pressure film on which the crankshaft floats. The typical bearing tinning materials are copper bronze [plated with atine structured LTC] and aluminum tin DIA range: 30 MM to 120 MM.

3) Truncated Bushes for connecting Rod.

These bushes are generally used for connecting rods of heavy duty engines. The typical shape permits the strengthening of load area for pistons connecting rod assembly DIA range: 25 MM to 85 MM.

4) Ball Indented Bush

The ball indented area acts as a small reservoir of lubricant These types of bushes are used for high speed petrol engines.
DIA range: 20 MM to 40 MM.

5) Thrust washers

These washers are used in the engine for taking the axial load coming on the crankshaft through gear train. The thrust face is lining with special bronze lining which provides for load bearing combined with built in lubricity DIA range: 40 MM to 120 MM.

6) Copper Alloy Powder.

Menon Bearings Limited's manufacturing set up includes a high frequency induction furnace to melt the copper based alloy to the required composition High pressure water spray is provided to convert the molten metal into copper alloy powder.

2. Personnel Department

The total manpower of the Company is approximately 200 persons. The company has framed the wage and salary structure in negotiation with the union. The Personnel Manager has handled the company without strike or any disputes and this has made a positive on production and sales. The company works in three shifts as mentioned below :

Chart 2.4 Working shifts : 3 shifts

Shift Timing	Shifts	Manpower
8.00 am to 4.30 pm	First shift (General)	120
4.30 am to 1.00 am	Second Shift	45
1.00 am to 8.00 am	Third Shift	25

3) Finance Department

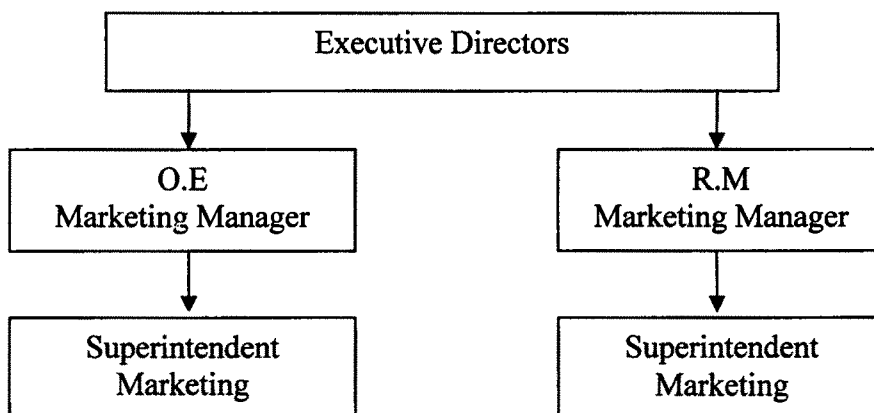
Finance department is important constituent or effective management of the firm. This department deals with the financial transactions and decisions of the organisation.

4) Marketing Department

Menon Bearings Limited has the advantage of enjoying the wide customer base of the promoter company Menon Pistion Ltd. for marketing its products. The Marketing department of Menon Bearings limited is divided into the following segments

- 1) Original Equipment market (OEM)
- 2) Replacement Market (RM)
- 3) Export Market (ME)
- 4) Institutional Customers market.

Chart 2:5 Marketing Department Structure of Menon Bearings Limited



1) Original Equipment Market (OEM)

Menon Bearings Limited has received vendor recognition from Tata Motors, Mahindra & Mahindra, Maruti Udyog etc. and has also made deals with the other large OFM's in recent time. It has already started the new international dealings for its own products. To acquire better place in the market the company has developed the standard quality

of Bearings, Bushes and, Thrust washers and has also provided assurance of the quality for the long term.

2) Replacement Market (R.M.)

The products are marketed through network of dealers and distributors appointed throughout the country. The company is having 4 Zonal operating offices are situated in Delhi, Mumbai, Chennai and Kolkatta. These Zonal head offices provide regular information about sales.

3) Export Market (M.E.)

Menon Bearings Limited has got wide export market which nearly exports the products to 8-9 countries. It has got separate firm named as Menon Export Limited established for exporting the products. MBL assures the high quality of products and aims to deal with more countries to increase the export. Menon export has now developed into single window shop for sourcing of critical and high precision automobile components from India. The main countries where the company exports its range of products are Italy, U.K. , U.S.A., Shri Lanka etc.

4) Institutional Customers Market.

There is an Association of the State Road Transport Undertaking (ASRTU) , which is apex body of STU of all the states in the country. The requirement of the State undertaking centralized through ASRTU. This institution identifies the suppliers of various items required by the SRTU's and fixes the standards as well as negotiates the process. MBL has been approved by the ASRTU.

2.6 MAJOR CUSTOMERS OF MENON BEARINGS LIMITED

a) Primary Original Equipment Manufacturer customers

- 1) Tata Motors.
- 2) Maruti Udyog Ltd.
- 3) Emerson Climate Tech (I) Limited.
- 4) John Deer Ltd Pune.
- 5) Bharat Earth Movers Ltd.
- 6) Mahindra and Mahindra Ltd.
- 7) Cummins India Ltd.
- 8) Tecumesh Products (I) Pvt. Limited.
- 9) Ingersoll-Rand (I) Ltd.
- 10) Bajaj Auto Ltd.

b) Overseas Customers

- 1) Mack Truck, U.S.A.
- 2) Interetate Mc Bee, U.S.A.
- 3) Lister Peter India, U.K.
- 4) Cummins U.S.A.
- 5) Arrow, U.S.A.

2.7 MAJOR COMPETITORS OF MENON BEARINGS LIMITED

The overall market size of the bearings in the country is near about 300 crores units. The share of MBL in this competitive market is 10-15% Following are the major competitors in the market for MBL.

- 1) Bi- Metal Bearing Ltd
- 2) Kirloskar Oil Engines
- 3) Anand Engine Bearings Ltd
- 4) Patel Brass Works.
- 5) M/s. Koti Pune.

2.8 QUALITY SYSTEM AT MENON BEARINGS LIMITED

Quality to every customer means conformance to requirements by way of product cost, delivery and service. Menon Bearings Limited. is committed to meet or exceed these requirements by giving the customers consistence satisfaction.

Quality of Menon Bearings Limited is an on going process. It is an attitude inculcated via continuous and comprehensive training. MBL has a full - fledged Quality Assurance Dept. with dedicated staff of trained personnel for implementing and maintaining quality assurance system and practices.

Menon Bearings Limited has a well equipped and well lay out metrological and chemical lab in place to assure product quality at all stages of manufacturing up to customers end as per customers' requirement, statistical quality control techniques are applied for key processes and product characteristics for on going improvement in reducing in variation.

Menon Bearings Limited has received ship to use certification from leading OEM's such as cummins, Tata etc. Menon Bearings Limited have achieved QS-9000 certification from LROA in Nov 2000.

2.9 INFRASTRUCTURE FACILITIES :

Menon Bearings Limited has all the facilities to manufacture engine bearings bushes and thrust washers right marking sintering Aluminum tin strip market LTC plating etc. Till the final product comes out Menon Bearings Limited manufacturing facilities are organized as cellular structure with fully trained and dedicated team to manage the total operators of each sell.

A) Land and Building

The MIDC has been allocated 21513 sq. meter land to the company on a 99 years lease at Gokul Shirgaon MIDC area. Of this built up area is 6400 sq. mtrs.

B) Technology and Machinery

The collaboration with M/s King Ltd. Israel, which is a leading bearing manufacturer catering a large number of customers in American, European, and African market has benefited MBL in terms of technology transfer including latest know how training personnel, new generation machines, buy back arrangement etc.

2.10 FUTURE PLANS OF MENON BEARINGS LIMITED

- 1) To provide more focus on the Export Market, Replacement Market.
- 2) To produce more and more qualities of bearing bushes and thrust washers with the help of Resource and Development Department.
- 3) To use highly advanced technology to reduce the direct costs like power fuel and labour cost.
- 4) To develop a fast manufacturing process
- 5) To develop external high speed bush line.
- 6) To manufacture the product with aluminum material by which the weight of the vehicle is reduced and there is increase in the average of the vehicle.

2.11 MAJOR ACHIEVEMENTS OF MENON BEARINGS LIMITED

1) ISO 9002

The Company has been awarded ISO 9002 certificate from Bureau virtues quality International (BVQI) London.

2) QS 9000

The Company has been awarded QS 9000 by LRDA.

3) TS – 16949

MBL has been accredited for TS 16949 since 25th Dec., 2006.

4) Best among the best :

By Cummins India Ltd. for the year 2004.

5) Ship to use status from Cummins India Ltd.

6) Best Performance Award :

From Kirloskar Compland for the year 2004.

7) Self Certified Source

From Tata Motors , Pune.

Chart 2.6 : Organisation Structure of Menon Bearings Limited

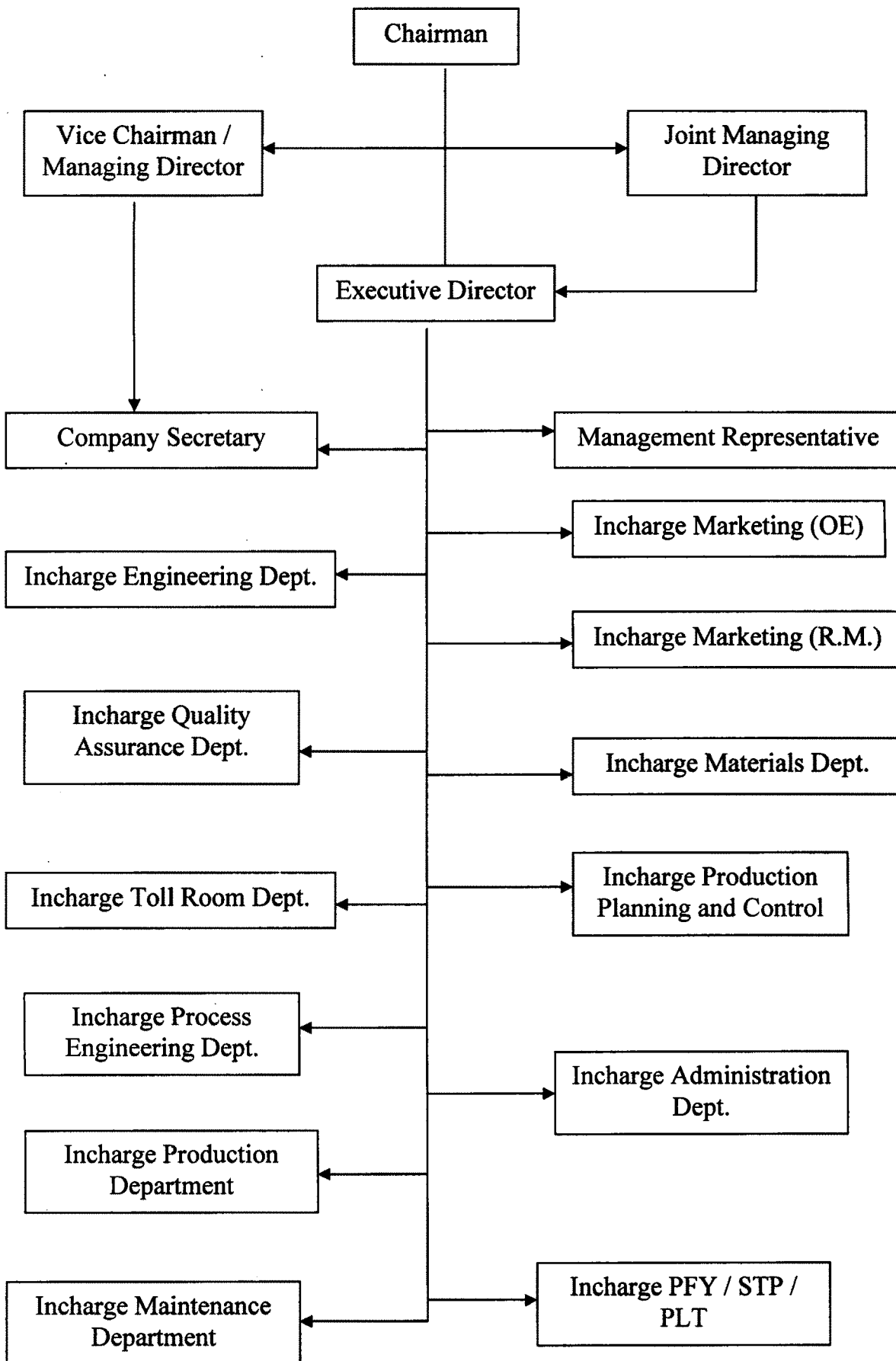


TABLE NO. 2.1 MENON BEARINGS AT A GLANCE**(Rs. in lakhs)**

YEAR	SALES (Rs. in lakhs)	EXPORT (Rs. in lakhs)	PROFIT BEFORE TAX (Rs. in lakhs)	PROFIT AFTER TAX (Rs. in lakhs)	EARNING PER SHARE (In Rs.)
2001-2002	1359.92	206.87	277.45	209.18	4.48
2002-2003	1744.79	304.85	345.59	268.66	5.54
2003-2004	1913.37	329.90	375.14	236.61	5.07
2004-2005	2665.88	721.34	484.16	382.72	6.48
2005-2006	2498.60	686.65	319.49	203.56	4.36

SOURCE – ANNUAL REPORTS OF THE COMPANY

Table 2.1 shows the overall progress of Menon Bearings Limited .

1. Sales of Menon Bearings Limited increased from Rs.1359.92 lakhs to Rs.2665.88 lakhs up to 2004-05 and decreased in 2005-06 by Rs.167.28 lakhs. From 2001-02 to 2005-06 there is increase in sales by Rs.1138.68 lakhs, means there an increase in sales by 84%.
2. Export of Menon Bearings Limited also increased from the Rs.206.87 to Rs.721.34 lakhs from 2001-02 to 2004-05 and decreased in year 2005-06 by Rs.34.69 lakhs. Export of Menon Bearings Limited increased by 3 times upto 2005-06.
3. Profit before tax of Menon Bearings Limited also shows an increasing trend upto 2004-05. It decreased in 2005-06. The profit before tax increased from Rs.277.45 lakhs to Rs.484.1 lakhs and decreased by Rs.164.67 in year 2005-06 and reached Rs.319.49 lakhs.

4. Profit after tax of Menon Bearings Limited increased in 2002-03 from Rs.209.18 lakhs to Rs.382.72 lakhs in 2004-05. In 2005-06 it decreased to Rs.203.56 lakhs.
5. Earning per share Menon Bearings Limited was Rs.4.48 in year 2001-02. It was increased up to Rs.6.48 in 2004-05, In year 2005-06 earning per share was decreased to Rs.4.36.