

MENON



ANNUAL REPORT

2006-2007



MENON PISTONS LIMITED



MENON PISTONS LIMITED

**Board Of Directors****Mr. Ram Menon**

Chairman

Mr. Sachin Menon

Managing Director

Mr. Vijay Menon**Mr. Nitin Menon****Mr. S. S. Nagpurkar****Mr. R. D. Dixit****Mr. Mani Mathew**

Executive Director

Mr. K. Parmeswaran**AUDITORS****M/s. P. M. Vardhe & Co.**

Chartered Accountants

BANKERS**Bank of Baroda****The United Western Bank Ltd.****Registered Office**

182, Shirol, Kolhapur - 416 122.

MD	/		BKC	/
CS	/		DPY	/
RO	/		DIV	/
TRA	/		AC	/
AGM	/	/	SHI	/
YE	/	/		/



MENON PISTONS LIMITED

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1997.

SHARE HOLDERS

Your directors are pleased to present their 20th Annual Report together with the audited statements of accounts for the financial year ended 31st March, 1997.

THE ECONOMY

The Indian Economy's performance during the financial year 1996-97 has turned out to be satisfactory on several counts. The interest rates have declined, prices have remained largely under control, agricultural production increased by over 4%, foreign exchange reserves have increased, the current account deficit is lower and foreign capital inflows have increased. The credit policy, the union budget and the trade policy have been well received.

On the other hand, the growth in the industrial production has been sluggish, credit growth has been slow, the primary capital markets have remained largely depressed and secondary market were highly volatile. Preliminary estimates indicate that growth in industrial production declined to around 2% during the last quarter of 1996-97. This has led to a significant downward revision in the estimates of growth in industrial output in 1996-97 from 6% to 4.5%.

In the automobile industry, the production of commercial vehicles registered a lower growth of about 15% as against nearly 20% increase in the previous year. The production of medium and heavy commercial vehicles increased by 12% during the year as against 23% growth during the previous year.

WORKING RESULTS

[Rs. In Lacs.]				
PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
PROFIT FOR THE YEAR AFTER CHARGING USUAL WORKING EXPENSES	683-67		575-71	
LESS : DEPERECIATION	144-18		115-71	
	539-49		460-00	
INCOME TAX	210-00		72-00	
	329-49		388-00	
LESS : PROVISION FOR TAXATION ON DIVIDEND DISTRIBUTION	12-75			
BALANCE OF PROFIT	316-74		388-00	
BALANCE OF PROFIT & LOSS A/C. AS PER LAST BALANCE SHEET	472-39		233-44	
LESS : TRANSFER TO CAPITAL	--		22-04	
LESS : SHORT PROVISION	--		0-91	
ADD : EXCESS PROVISION	13-98		--	
LESS : SHORT PROVISION FOR TAXATION	89-19		--	
BALANCE AVAILABLE FOR APPROPRIATION	713-92		598-49	
LESS :				
PROPOSED DIVIDEND	127-50		88-53	
	[25%]		[20%]	
TRANSFER TO GENERAL RESERVE	45-00		35-00	
EXPENSES FOR PREVIOUS YEAR	1-31	173-81	2-57	126-10
BALANCE CARRIED TO BALANCE SHEET	540-11		472-39	



YEAR IN RETROSPECT

Compared to the general slowdown in the industry, and particularly, the automobile industry, your company's pace of growth during the year under review has been satisfactory. The turnover is up by 20% over that of the previous year and the profits before tax is up by 17 % over that of the previous year.

The production of pistons has increased by around 28 % from 10,54,380 nos. in 1995-96 to 13,44,961 nos. during 1996-97. Similarly, the production of rings has increased by around 15 % from 21,74,852 nos. in 1995-96 to 24,91,196 in 1996-97. The production of pins has increased by 8 % for the similar period.

Your company has commissioned a new CNC piston machining line imported from Taiwan. It is set up as a dedicated piston line for automobile pistons for which demand growth is expected to be high in the coming years. At present it is catering to the needs of Maruti Udyog Ltd.

The production of pistons would have been higher, but for the delay in the receipt of imported machinery for new piston project which delayed the commissioning of the plant. The initial teething problems of the plant is being sorted out and it is expected to contribute substantially to the current year's turnover.

Your company signed a technical collaboration agreement with M/s. Izumi Industries Limited, Japan, on 5th March, 1997. Izumi is one of the largest manufacturers of pistons in Japan.

Your company has received the "Self Certification" status from Telco. This is the third company to offer us this status, after Kirloskar Cummins Limited and Maruti Udyog Limited.

DIVIDEND

After considering the surpluses available and after assessing the funds requirement for the on going expansion programmes of the company, your directors propose to recommend the payment of dividend of 25% during the year under review. The dividend payout amount to Rs. 127-50 lacs for the current year compared to Rs. 88-53 lacs during the previous year.

OUTLOOK FOR THE CURRENT YEAR

The company is optimistic about its current year prospects. The investments that have been made during the last two years in several areas for de-bottlenecking the operations and additions to the capacities are expected to result in a considerable increase in the current year's production. Moreover, efforts are also on to improve productivity of existing facilities and to optimise labour productivity.

The company has firmed up its plans for expanding its capacities for diesel pistons. The technical support is being provided by M/s. Izumi Industries Limited, Japan to instal a 'State of The Art' piston line. The orders for the major equipments have already been placed and the plant is expected to be commissioned by the first quarter of the next financial year 1998-99.

DIRECTORS

Mr. Nitin Menon and Mr. Mani Mathew retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

INDUSTRIAL RELATIONS

During the year, the industrial relations have been cordial and the management wishes to register its appreciation to the employees for their continued contribution towards the growth of the organisation.

FIXED DEPOSITS

The company has not accepted any deposits within the meaning of section 58A of The Companies Act and the Rules framed thereunder.

PARTICULARS OF EMPLOYEES

A statement under Sub-section 217(2A) of the Companies Act, 1956 has been given in a separate enclosure which forms a part of this report.



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AUDITORS

M/s. P.M.Vardhe & Co. Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment.

STATUTORY INFORMATION

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

ACKNOWLEDGEMENT

Your directors wish to place on record their gratitude for the continued co-operation and patronage extended to the company by our esteemed customers both in OEM and the after market. They also appreciate the confidence reposed by the investing public, in the company. Our thanks are also due to our bankers, Bank of Baroda and The United Western Bank Ltd., for their co-operation. Finally, the Board wishes to express its appreciation for the efforts and contribution made by the employees at all levels during the year.

For and on behalf of the Board of Directors,

RAM MENON
Chairman

Place : Kolhapur.
Date : 25-06-1997.



STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT

Sales profitability, EPS and Book value, projected vis-a-vis achieved for the year 1996-97.

Rs. In Lacs

PARTICULARS	PROJECTED	ACTUALS
Net Sales and Other Income	5790	5323
Net Profit	566	316.74
Earning per share [Rs.]	11.10	6.21
Book Value [Rs.]	48.94	42.17



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ANNEXURE TO DIRECTOR'S REPORT

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

I] CONSERVATION OF ENERGY

The Company has taken steps towards energy conservation during the year under report. It is envisaged to conserve energy by timely scheduling and implementation of production programme, avoiding delays, etc.

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 | R & D efforts are directed towards evolving better casting process, improved process for aluminium castings, for high speed machining of aluminium alloys, increased productivity reduction in rejections. |
| 2. Benefits derived as a result of above R & D | We have been able to be much more cost effective & are also able to meet more exacting requirements of customers at home and abroad. |
| 3. Future plan of action | Establishment of a fullfledged R & D facility to test various designs evolved in house. |
| 4. Expenditure on R & D | Capital - Rs. Nil
Recurring - Rs. Nil. |

Technology absorption, adaptation & innovation

- | | |
|---|---|
| 1. Efforts in brief, made towards absorption, adaptation. | a) High speed machining of aluminium alloys.
b) Efforts are underway to develop technology to produce highly wear resistant piston rings.
c) Employees are sent for training in the relevant fields to get accustomed to and absorb new technologies developed in the manufacture of piston assemblies. |
| 2. Benefits derived as a result of the above efforts. e.g. product improvement, cost reduction, product development, import substitution. | a) Additional business through manufacturing, supply of products hereto imported by Original Equipment Manufacturers.
b) Prospects of additional export business to hard currency areas.
c) Upgradation of the technical capabilities of the employees. |



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

Description of machine
Not Applicable

Year

III) FOREIGN EXCHANGE EARNINGS & OUTGO

1. Activities relating to exports, initiative taken for exports, development of new export markets for products and services and exports
Total Foreign Exchange used & earned.

Apart from the traditional export business with USSR we have also developed markets in Asia and Germany.

I) Used : Imports Rs. 79,23,524/-

Other Expenditure - Rs. 11,02,865/-

II) Earned : Deemed Export Rs. NIL.

For and behalf of Board of Directors.

Ram Menon
Chairman

Sachin Menon
Managing Director

Mani Mathew
Executive Director

Kolhapur.
Date : 25-06-1997.

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**INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT 1956
FORMING PART OF DIRECTOR'S REPORT FOR THE YEAR ENDED 31-03-1997.**

Name of the Employee	Designation & Nature of Duties	Qualification & Experience	Date of Commencement of Employment	Remuneration Rs.	Age Years	Particulars of Last Employment			Relation under the Companies Act, 1956 with other Directors
						Name of Company	Period	Designation	
RAM MENON	Chairman	B.Com.	23-12-80	403,523	67	--	--	--	Father of Mr. Sachin Menon and Mr.Nitin Menon
SACHIN MENON	Managing Director	B.E.,M.B.A.	01-08-84	335,729	34	--	--	--	Son of Mr.Ram Menon

Notes : 1] The remuneration of the employee comprises of salary, allowances, Company's contribution to Provident Fund etc.
2] The appointment of the above employee is contractual.

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