

MENON *Group*

ANNUAL REPORT

1997-1998



MENON PISTONS LIMITED



MENON PISTONS LIMITED

182, SHIROLI, KOLHAPUR-416 122.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIRST ANNUAL GENERAL MEETING OF MENON PISTONS LIMITED, WILL BE HELD ON SATURDAY THE 26TH SEPTEMBER, 1998 AT 4.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 182, SHIROLI, KOLHAPUR-416 122 TO TRANSACT THE FOLLOWING BUSINESS.

A) ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 1998 and the Profit & Loss Account for the year ended on that date together with the Reports 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. R. D. Dixit, who retires by rotation, and being eligible, offers himself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

B) SPECIAL BUSINESS :

6. To pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and 314 read with the Schedule XIII of the Companies Act 1956, approval of the members be and is hereby accorded for increase in remuneration payable to Mr. Ram Menon, Executive Chairman (Whole Time) from Rs. 15,000/- p.m. to Rs. 20,000 p.m. w.e.f. 1st April, 1998 with such increments and corresponding increase in salary related perquisites restricted to an amount equal to annual salary and as may be determined by the Board of Directors of the Company and that all other terms and conditions of his present employment remain unchanged."

7. To pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and 314 read with the Schedule XIII of the Companies Act 1956, approval of the members be and is hereby accorded for increase in remuneration payable to Mr. Sachin Menon, Managing Director from Rs. 16,500/- p.m. to Rs. 18,500/- p.m. w.e.f. 1st April, 1998 with such increments and corresponding increase in salary related perquisites restricted to an amount equal to annual salary and as may be determined by the Board of Directors of the Company and that all other terms and conditions of his present employment remain unchanged."

8. To pass with or without modification the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Section 198, 309 and 314 and other applicable provisions of The Companies Act, 1956, read with the Schedule XIII of the Companies Act, 1956, approval of the members be and is hereby accorded for reappointment of Mr. Mani Mathew as Executive Director of the Company for a further period of five years w.e.f. 01.09.1997 on the enhanced remuneration of Rs. 17,500/- p.m. w.e.f. 1st April, 1998 with such increments and corresponding increase in salary related perquisites restricted to an amount equal to annual salary and as may be determined by the Board of Directors of the Company and that all other terms and conditions of his present employment remain unchanged."

Date : 20.06.1998.

By Order of the Board
SACHIN MENON
Managing Director

Place : 182, Shirol, Kolhapur-416 122.

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, 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 Members and the Share Transfer Register books of the company will remain closed from 16-09-1998 to 26-09-1998 (both days inclusive).
- 3) The dividend for the financial year 1997-98 will be paid after its declaration at this meeting within the prescribed time limit under the Companies Act, 1956, to those members whose names appear on the Register of Members of the Company as on 26.09.1998.
- 4) An Explanatory Statement pursuant to section 173 of the Companies Act, 1956, in respect of the special business is annexed hereto.
- 5) The members are requested to
 - a. intimate changes, if any, in their registered addresses at an early date;
 - b. quote ledger folio numbers in all their correspondence;
 - c. intimate about consolidation of folios, if share holdings are under multiple folios;
 - d. direct all their correspondence to the company's Registered Office; and
 - e. bring their copies of Annual Report along with them at the Meeting.

Annexure to the Notice**EXPLANATORY STATEMENT**

(Pursuant to section 173 of the Companies Act, 1956)

B) SPECIAL BUSINESS :**Item No. 6**

The Board of Directors at their Meeting held on 20th June, 1998 decided to revise the remuneration payable to Mr. Ram Menon, Executive Chairman as proposed in the resolution at Item 6 with effect from 1st April, 1998. The said revision is in accordance with the Schedule XIII of the Companies Act, 1956. Except the revision in salary range and salary related perquisites, all other terms and conditions as approved by the shareholders at the Annual General Meeting held on 28th September, 1996 remain unchanged. The Directors recommend the resolution to the Shareholders for approval.

This may be treated as abstract under section 302 of the Companies Act, 1956.

None of the Director except Mr. Ram Menon, Mr. Sachin Menon, Mr. Vijay Menon and Mr. Nitin Menon (being related to Mr. Ram Menon) are concerned or interested in the resolution.

Item No. 7

The Board of Directors at their Meeting held on 20th June, 1998 decided to revise the remuneration payable to Mr. Sachin Menon, Managing Director as proposed in the resolution at Item 7 with effect from 1st April, 1998. The said revision is in accordance with the Schedule XIII of the Companies Act, 1956. Except the revision in salary range and salary related perquisites, all other terms and conditions as approved by the shareholders at the Extra Ordinary General Meeting held on 15th February, 1995 remain unchanged. The Directors recommend the resolution to the Shareholders for approval.

This may be treated as abstract under section 302 of the Companies Act, 1956.

None of the Director except Mr. Sachin Menon, Mr. Ram Menon, Mr. Vijay Menon and Mr. Nitin Menon (being related to Mr. Sachin Menon) are concerned or interested in the resolution.

Item No. 8

Mr. Mani Mathew was appointed as Executive Director of the Company w.e.f. 01.09.1992 for a period of five years. The Board of Directors at its meeting held on 27.09.97 has extended his terms of the office for the further period of five years on the same terms and conditions, except revision in the remuneration to be fixed by the Board of Directors.

The Board of Directors at their Meeting held on 20th June, 1998 decided to revise the remuneration payable to Mr. Mani Mathew, Executive Director, as proposed in the resolution at Item 8 with effect from 1st April, 1998. The said revision is in accordance with the Schedule XIII of the Companies Act, 1956. Except the revision in salary range and salary related perquisites, and all other terms and conditions of his present appointment as an Executive Director remains unchanged. The Directors recommend the resolution to the Shareholders approval.

This may be treated as abstract under section 302 of the Companies Act, 1956.

None of the Director except Mr. Mani Mathew are concerned or interested in the resolution.

Date : 20.06.1998.

Place : 182, Shirol, Kolhapur-416 122.

By Order of the Board
SACHIN MENON
Managing Director

MENON PISTONS LIMITED

182, SHIROLI, KOLHAPUR-416 122.

FORM OF PROXY

I/WE.....

.....of

in the district ofbeing a Member/Members of

Menon Pistons Limited, hereby appoint Mr./Mrs.

.....of

in the district of as my/our Proxy to vote for me/us on my/our

behalf at the TWENTY-FIRST ANNUAL GENERAL MEETING of the Company, to be held on Saturday 26th September,

1998 and at any adjournment thereof.

Signed thisday of.....1998.

Signature.....

Affix 30 Paise
Revenue Stamp

NOTE :

1. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting.
2. The Proxy Form should be signed across the revenue stamp as per signature registered with Company.
3. A Proxy need not be a member.

Our report is intended to be a
summary of the information.

For more information, please
contact us at:

Report Junction, Inc.
10000 1st Avenue, Suite 100
San Diego, CA 92121

Phone: (619) 594-1111
Fax: (619) 594-1112
Email: info@reportjunction.com

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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

MD	✓				BKC	✓
CS	NA				DPY	NA
RO	✓				DIV	✓
TRA	✓				AC	✓
AGM	✓	✓			SHI	✓
YE	✓	✓	✓			

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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.



MENON PISTONS LIMITED

REPORT OF THE DIRECTORS

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 1998.

SHARE HOLDERS

Your directors are pleased to present their 21st Annual Report together with the audited statements of accounts for the financial year ended 31st March, 1998.

THE ECONOMY

The Indian Economy, as is well known, is passing through the worst ever recessionary phase during the past few years. What started as a mild slow down during the last quarter of the financial year 1996-97, has turned out to be a major recessionary phase encompassing all the sectors of the economy.

In the automobile industry, the sales of medium and heavy commercial vehicles have dropped by 38%. Even the Tractor Segment which was, until recently, going fairly well has also got affected.

WORKING RESULTS

[Rs. In Lacs.]

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
PROFIT FOR THE YEAR AFTER CHARGING	538.45	683.67
USUAL WORKING EXPENSES		
LESS : DEPERECIATION	156.97	144.18
	-----	-----
	381.48	539.49
INCOME TAX (PROVISION)	150.00	210.00
	-----	-----
	231.48	329.49
LESS : PROVISION FOR TAXATION ON DIVIDEND		
DISTRIBUTION	12.75	12.75
BALANCE OF PROFIT	218.73	316.74
BALANCE OF PROFIT & LOSS A/C. AS PER LAST		
BALANCE SHEET	540.11	472.39
LESS : SHORT PROVISION	2.22	--
ADD : EXCESS PROVISION	19.12	13.98
LESS : SHORT PROVISION FOR TAXATION	13.46	89.19
	-----	-----
BALANCE AVAILABLE FOR APPROPRIATION	762.28	713.92
LESS :		
PROPOSED DIVIDEND	127.50	127.50
	(25%)	[25%]
TRANSFER TO GENERAL RESERVE	23.00	45.00
EXPENSES FOR PREVIOUS YEAR	2.04	1.31
	-----	-----
BALANCE CARRIED TO BALANCE SHEET	609.74	540.11
	-----	-----

YEAR IN RETROSPECT

Inspite of the downtrends and major reshuffles in the Market, your company has been able to record a 14% increase in its turnover. However, though we have been able to increase our sales even during a bad period, the increased sale has come at a cost. The cost is by way of reduced margins, as the Company has not been able to pass on the additional costs arising due to increased cost of inputs such as, Aluminium, Oils, Power etc. Moreover, we are

MENON PISTONS LIMITED

required to absorb additional costs by way of price reductions, increased cost of inventory, locking up of funds in Receivables, etc. We are also required to undertake Sales Promotional measures such as discounts, incentives, etc. in order to push up the sales. All these factors have led to heavy pressures on the bottom lines and the profit before tax is down by around 29% that of the previous year.

DIVIDEND

In spite of heavy pressures on the Liquidity, your directors propose to recommend the payment of dividend of 25% during the year under review. The dividend pay out amounts to Rs. 127.50 lacs for the current year compared to Rs. 127.50 lacs during the previous year.

OUTLOOK FOR THE CURRENT YEAR

As you are well aware, automobile industry is struggling with a flat zero percent growth. This has reversed the demand - supply equation and auto - ancillary industry is worst affected. Demand is expected to be weak in the current financial year. The company is poised to meet the demand of any type of its product from any sector. Every effort is being made to utilise the capacities that has been created. We are endeavoring to overcome the impact of the present recessionary phase in the economy by our continuous efforts on improvement in productivity, cost reduction and development of new markets.

During the year, your company has envisaged an expansion in the capacity of Cummins Piston Line by replacement of some of the machines with imported machines from Taiwan. The total investment in this line is expected to be around Rs. 1.75 Crores. The orders are already placed with the Machinery Suppliers and the New Cummins Line is expected to be operational by 31st July, 1998.

The company is giving finishing touches to its Piston Expansion Project which is being undertaken with the Technical Know-how from Izumi Industries Ltd, Japan. Izumi is one of the largest manufacturers of pistons in Japan. The funds have already been tied up with our Bankers. The total Project outlay is expected to be around Rs. 22 crores.

DIRECTORS

Mr. Vijay Menon and Mr. R. D. Dixit 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.

ENERGY, TECHNOLOGY, FOREIGN EXCHANGE

Particulars with respect to conservation of energy, etc., required as per Section 217 (1)(e) of the Companies Act, 1956 are annexed hereto in Annexure 'A' to the Directors' Report and form part of the Report.

PARTICULARS OF EMPLOYEES

A statement under section 217[2A] of the Companies Act, 1956 has been given in Annexure 'B' annexed hereto forming part of the Report.

AUDITORS

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



MENON PISTONS LIMITED

STATUTORY INFORMATION

The comparative information about the projections given in the offer document and actual achievements for the year 1997-98 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 : 20-06-1998.

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STATEMENT UNDER CLAUSE 43 OF THE LISTING AGREEMENT

Sales, profitability, EPS and Book value, projected vis-a-vis achieved for the year 1997-98.

PARTICULARS	Rs. In Lacs	
	PROJECTED	ACTUALS
Net Sales and Other Income	7409	6100.50
Net Profit	710	218.73
Earning per share [Rs.]	13.92	4.29
Book Value [Rs.]	60.66	43.98