

MENON



23rd ANNUAL REPORT 1999-2000

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

Mr. K. Parmeswaran

AUDITORS

M/s. P. M. Vardhe & Co.

Chartered Accountants

BANKERS

Bank of Baroda

The United Western Bank Ltd.

Registered Office

Shiroli, Kolhapur - 416 122.

Maharashtra - India



MENON PISTONS LIMITED

REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2000.

SHARE HOLDERS

Your Directors are pleased to present their 23rd Annual Report together with the audited statements of accounts for the financial year ended 31st March, 2000.

THE ECONOMY

During the year under report the recessionary trend is abated. However, the year has been a year of many challenges for the nation. The fifty days long armed conflict at Kargil, Cyclone in Orissa and added to this the political instability before the general elections and scanty rainfalls in many parts of the country were some of the serious problems faced by the country. The country has met these challenges firmly and in the budget for 2000-2001 substantial increase in defence expenditure has been proposed by the Government. With this, it is expected the automobile industry will be benefited by supplying additional vehicles and spares.

WORKING RESULTS

[Rs. In Lacs.]

| PARTICULARS | CURRENT YEAR | PREVIOUS YEAR |
|--|--------------|---------------|
| Gross turnover | 7033.62 | 5511.16 |
| LESS : Usual working expenses | 6913.95 | 5323.48 |
| | 119.67 | 187.68 |
| Less : Depreciation | 185.87 | 170.01 |
| BALANCE | (66.20) | 17.67 |
| Less : Provision for Income-Tax | 0.00 | 2.00 |
| BALANCE | (66.20) | 15.67 |
| ADD : Balance of Profit as per last year's account | 521.93 | 609.74 |
| | 455.73 | 625.41 |
| Less : Short provision for Taxation | 0.35 | 45.52 |
| | 455.38 | 579.89 |
| Less : Expenses for the previous year | 0.09 | 0.26 |
| Balance available for appropriations | 455.29 | 579.63 |
| Proposed dividend | 0.00 | 51.00 |
| Tax on Dividend | 0.00 | 5.10 |
| Transfer to General Reserve | 0.00 | 1.60 |
| Balance carried to next year | 455.29 | 521.93 |

YEAR IN RETROSPECT

The impact of recession which existed during the last two years is now showing declining trend. But, the automotive industry continues to be under tremendous pressure due to price competition atmosphere. However, the quality of the products of your company and the credibility established by your Company in the market particularly in the OEM and replacement segments has helped the company to overcome the situation to some extent. The Company could achieve a turnover of Rs. 70.33 Crores (inclusive of other income) as compared to a turnover of Rs. 55.11 Crores of the previous year which amounts to an increase of 27.62%. However, because of the substantial increase in the price of aluminium, nickel, oils, electricity charges etc., (which are the major inputs) the cost of production has considerably gone up and the same could not be passed on to the customers immediately. The company is in the process of negotiations with the customers for revision of the prices and some of the customers have agreed for revision in the prices, the benefit of which will be reflected in the current financial year. With this and expecting normalcy in the market situation, your Directors hope better results during the current year.

Though, there is increase in the turnover of the company, the company has incurred a loss of Rs. 66.20 lacs (around 0.94%) due to the increase in the cost of production as mentioned above and strike initiated by a section of workers at Kolhapur Plant for a period of Four months.

DIVIDEND

In view of the losses incurred by the company during the period under report your Directors are unable to recommend any dividend.

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

The Wage Agreement with the workers expired on 01.04.1998 and since then negotiations are going on, but the same is prolonged and hence it was not possible to arrive at agreement. The matter is pending for conciliation. After the strike your company restored normalcy and now the industrial relations also are cordial.

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 section 217(2A) of the Companies Act, 1956 has not been given as there are no employees drawing a salary of Rs. 6,00,000/- p.a. or Rs. 50,000/- p.m.



MENON PISTONS LIMITED

AUDITORS

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

YEAR 2000 (Y2K) COMPLIANCE

The Company has taken effective steps to be Y2K compliance by August 1999. The Company has also gone for Y2K compliance enterprise resource planning, MENCIM which will cover major business applications. The Company is developing contingency plan to ensure minimum disruption of its operation in the event of system breakdown / failure due to Y2K problem and to reduce the risk of outside agency not meeting the required status of Y2K readiness. The Company has not experienced any problem in the changeover to the year 2000.

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,

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RAM MENON
Chairman

Place : Kolhapur.
Date : 31-05-2000.

ANNEXURE TO DIRECTORS' 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 full-fledged 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. |
| 3. In case of imported technology (imported during the last 5 years recommend from the beginning of the financial year.) | Not Applicable |



MENON PISTONS LIMITED

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.

Apart from the traditional export business with USSR we have also developed markets in Asia, USA, European and Middle East countries.

Total Foreign Exchange used & earned.

| | |
|----------------------------|-----------------|
| I) Used : | |
| Imports Capital goods | Rs. 66,677/- |
| Technical Know-how Fees | Rs. NIL |
| Raw materials/Spares | Rs. 90,04,634/- |
| Other Expenditure - | Rs. 10,00,165/- |
| II) Earned : Deemed Export | Rs. 99,05,580/- |

For and on behalf of Board of Directors.

Ram Menon
Chairman

Sachin Menon
Managing Director

R. D. Dixit
Director

Place : Kolhapur.
Date : 31-05-2000.

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P. M. VARDHE & CO.
 CHARTERED ACCOUNTANTS,
 630/E, Shahupuri 1st Lane,
 KOLHAPUR.

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. Menon Pistons Ltd., Shirol, as at 31st March, 2000 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 law have been kept by the company so far as 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 account :
 - 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 to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes I to XI thereon give the information required by the Companies Act, 1956 in the manner so 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, 2000.
and
 - II) in so far as it relates to the Profit and Loss Account of the Loss of the company for the year ended on that date.

For P. M. Vardhe & Co.
Chartered Accountants

Place : Kolhapur.
 Date : 31-05-2000

P.M.VARDHE
PROPRIETOR