

10 April 2013

**CMP:** Rs.66.7

**Industry:** Auto Parts & Equipments

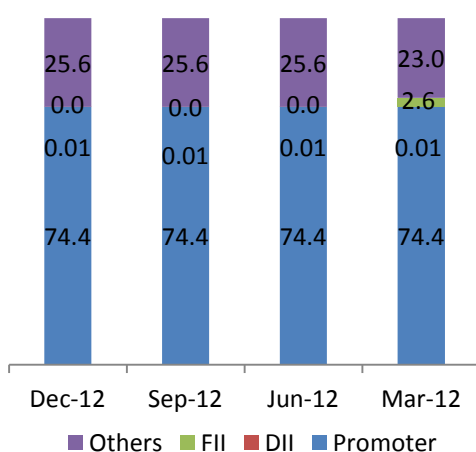
**BSE group:** B/Small Cap

**Promoters:** Menon group companies

**Key Data** (as on 26 Feb' 13)

BSE	531727
ISIN	INE650G01011
Face Value (Rs.)	10.0
Mkt Cap (Rs. mn)	340.2
Current P/E	4.9
Current P/BV	0.7
52 week low-high	64.25-113.40
30 days avg daily trading volume	23852
Equity capital (Rs mn)	51.0
Net worth (Rs mn)	518.2

**Shareholding Pattern (%)**



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Investors to note that the P/E ratio of MPL has fallen from 5.2 times (in March 12) to 4.7 times due to fall in market price from Rs 103 since 31 March 12. The EPS of the company has also fallen to Rs 13.7 from Rs 19.6 for FY12.

**Company business**

Menon Pistons Ltd (MPL) manufactures aluminium alloy pistons, piston pins and piston rings for passenger cars, heavy and light commercial vehicles, heavy duty diesel engines for power generation and earth movers, compressors, etc. MPL is one of the only companies in India to develop Austenitic Ring Carrier (Alfin) Pistons. With the three manufacturing plants located in and around Kolhapur, the company manufactures 2.4 million pistons per annum. MPL has the technical capability to design and manufacture pistons of contemporary designs and also for New Generation Engines. In the past the company has had technical collaborations with Izumi Industries Ltd, Japan (for pistons) and Nippon Piston Ring Co. Ltd, Japan (for piston rings). The company now has technology collaboration with Dong Yang Pistons Co. Ltd., South Korea.

**Financials**

Particulars (Rs in mn)	Oct '12 to Dec '12	Oct '11 to Dec '11	% Change <sup>1</sup>	Jul'12 to Sep '12	% Change <sup>2</sup>
Total income	357.1	371.4	(3.9%)	383.3	(6.8%)
Total expenditure	329.5	318.1	3.6%	334.4	(1.5%)
EBIDTA	27.6	53.3	(48.2%)	48.9	(43.6%)
EBIDTA margin	7.73%	14.35%	(46.1%)	12.76%	(39.4%)
PBT	5.3	35.8	(85.2%)	25.4	(79.1%)
PAT	3.3	24.2	(86.4%)	18.9	(82.5%)
PAT margin	0.92%	6.52%	(85.8%)	4.93%	(81.3%)
Cash accruals	13.5	32.8	(58.8%)	31.0	(56.5%)
EPS	0.7	4.7	(86.1%)	3.7	(82.2%)

<sup>1</sup> compared to corresponding quarter in the previous year

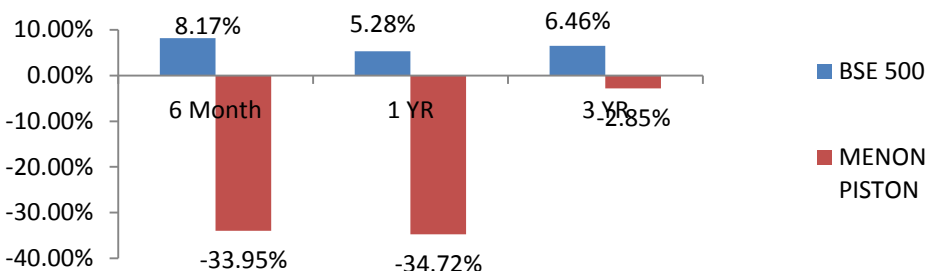
<sup>2</sup> sequential comparisons

Source: Moneycontrol, Company

**Financial Performance**

Profitability for FY13 has been subdued on account of a moderate / low growth in the auto industry due to rising fuel costs, increase in interest rates and firming up of commodity prices. Total income decreased by 4% from Rs 371 mn in QE Dec 11 to Rs 357 mn in QE Dec 12. EBIDTA was down 48% to Rs 28 mn from Rs 53 mn in QE Dec 2011 (despite fall in operating and other expenses) due to significant increase in cost of material and employee expenses. EBIDTA margins also dropped from 14.4% to 7.7% during the current quarter. With the newly set up foundry division, depreciation 19% higher at Rs 10.2 mn and interest costs were up 36% to Rs 12.1 mn. PBT for QE Dec 12 was down 85% to Rs 5.3 mn and PAT was lower by 86% at Rs 3.3 mn as compared to that of QE Dec 11.

**Share Price Performance**



## Financials

<b>P&amp;L (Rs. mn)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
Total Income	1,110.4	1,557.4	1,712.7
PBDIT	139.1	183.1	225.4
Interest	22.6	26.6	32.0
PBDT	116.5	156.5	193.4
Depreciation	22.4	26.4	41.5
Profit Before Tax	94.1	130.1	151.9
Extra-ordinary items	(12.2)	0.1	0.1
PBT (Post Extra-ord Items)	81.9	130.2	152.0
Tax	27.2	42.4	51.7
Net Profit	65.0	87.7	100.2
Equity Dividend	17.9	17.9	17.9
Equity Dividend (%)	35.0	35.0	35.0
<b>Valuation ratios</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
P/E	6.0	7.1	5.2
P/BV	1.0	1.4	1.0

<b>Balance Sheet (Rs. mn)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
Share Capital	51.0	51.0	51.0
Reserves & Surplus	320.8	387.7	467.2
<b>Net worth</b>	<b>371.8</b>	<b>438.7</b>	<b>518.2</b>
Borrowings	130.3	234.0	246.0
Current Liabilities & Provisions	246.5	363.4	382.1
<b>Total liabilities</b>	<b>748.6</b>	<b>1,036.1</b>	<b>1,146.3</b>
Net fixed assets	190.0	268.2	372.5
Capital work in progress	-	22.0	2.6
Investments	1.3	1.3	4.4
Current Assets	408.7	508.9	712.2
Loans and Advances	29.2	44.6	54.6
Fixed Deposits	113.8	185.4	-
Miscellaneous Expenses	5.6	5.6	-
<b>Total assets</b>	<b>748.6</b>	<b>1,036.1</b>	<b>1,146.3</b>

<b>Cash Flow (Rs.mn)</b>	<b>FY10</b>	<b>FY11</b>	<b>FY12</b>
PBT	81.9	130.2	152.0
CF from Operations	164.2	126.7	156.9
CF from Investments	(18.0)	(117.3)	(112.4)
CF from Financing	(84.3)	59.2	(5.5)
Inc/(dec) in Cash	61.9	68.7	39.0
<b>Closing Balance</b>	<b>127.9</b>	<b>196.6</b>	<b>235.6</b>

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