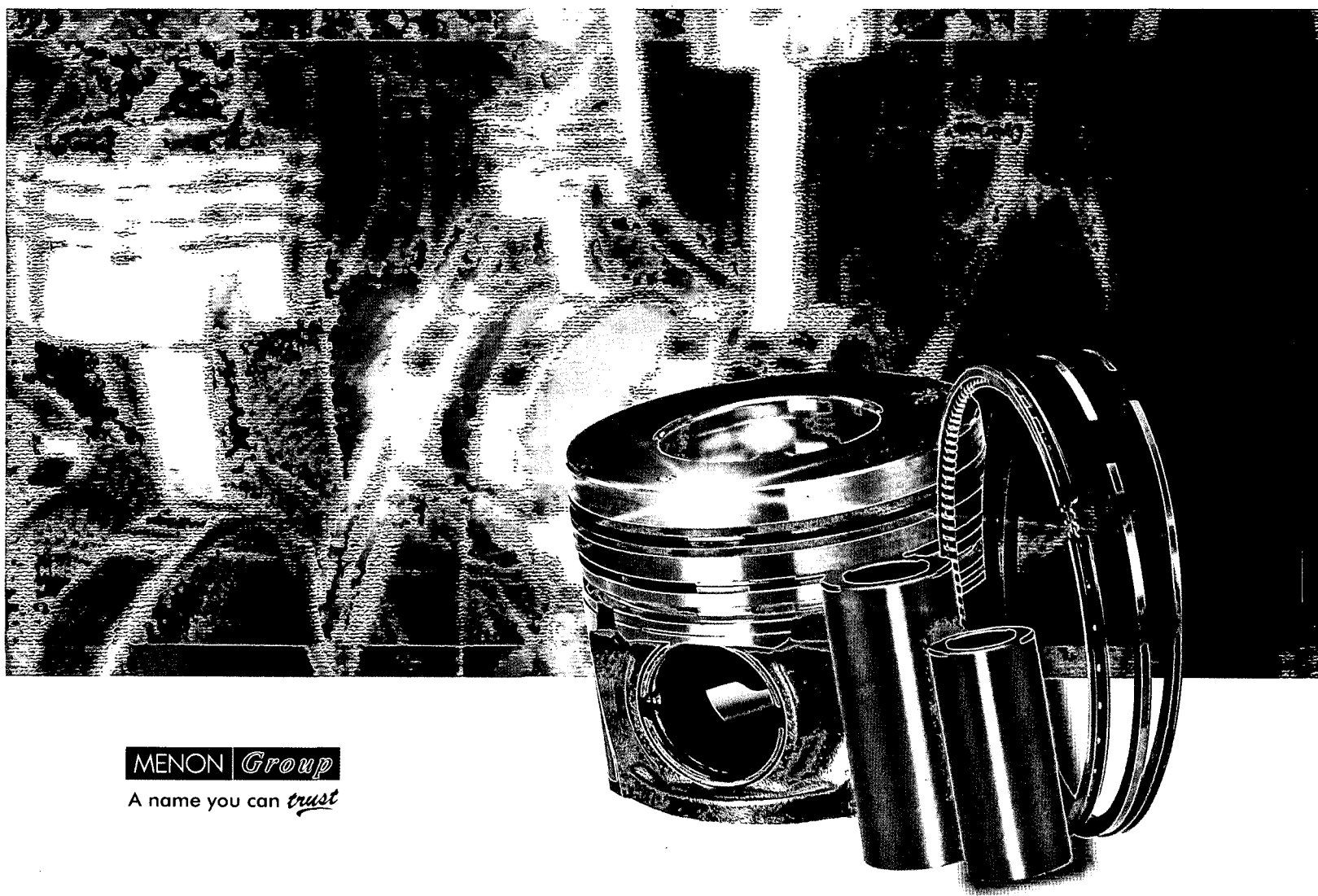


# MENON



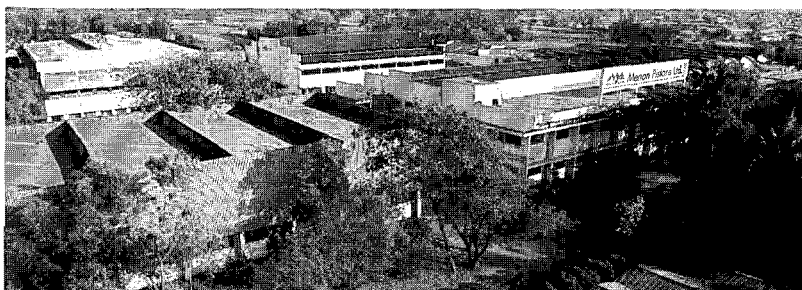
32<sup>nd</sup> Annual Report  
2008-2009



MENON *Group*

A name you can *trust*

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## The Board of Directors

**Mr. Ram Menon**

Chairman

**Mr. Sachin Menon**

Managing Director

**Mr. Nitin Menon**

Director

**Mr. Ramesh D. Dixit**

Director

**Mr. Mani Mathew**

Executive Director

**Mr. G.S.Rao**

Executive Director

**Mr. Ajitkumar S.Belur**

Director

**Mr. S. B. P. Kulkarni**

G M - Corporate Finance & Sourcing

**Mr. Nitin Patil**

Company Secretary

Auditors :

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

Chartered Accountants

Bankers

**Industrial Development Bank of  
India Ltd,**

Registered Office :

Shiroli, Kolhapur - 416 122.

Maharashtra - India

Phone : 0230 - 2468041/2468042

Fax : 0230- 2468442

Website : [www.menonpistons.com](http://www.menonpistons.com)

E mail : [oad@menonpistons.com](mailto:oad@menonpistons.com)

## Report of the Directors for the Financial Year ended 31<sup>st</sup> March 2009

**Dear Shareholders,**

Your Directors have pleasure in presenting their 32nd Annual Report on the business and operations of the company together with the audited statements of accounts for the year ended 31st March 2009.

The working results are as under ;

### Financial Results

( Rs. in Lacs )

Particulars	Current Year	Previous Year
<b>Gross Turnover</b>	<b>10826.88</b>	<b>10269.87</b>
Less: Usual working Expenses	9723.93	9246.38
<b>Gross Profit</b>	<b>1102.95</b>	<b>1023.49</b>
Less: Depreciation	228.61	223.95
<b>Profit Before Taxation</b>	<b>874.34</b>	<b>799.54</b>
Less: Provision for Taxation (net)	302.65	285.22
<b>Profit After Tax</b>	<b>571.69</b>	<b>514.32</b>
Add: Balance of profit as per last year's accounts	1112.99	876.21
<b>Balance Available for appropriation</b>	<b>1684.68</b>	<b>1390.53</b>
<b>Less :</b>		
Proposed Dividend	153.00	204.00
Tax on Dividend	26.00	34.67
Excess Provision W/B	0.00	(16.12)
Transfer to General Reserves	60.00	55.00
<b>Balance carried to next year</b>	<b>1445.68</b>	<b>1112.99</b>

## GENERAL REVIEW :

The Global economy is at the crossroads today and the world at large is bracing itself for a challenging phase ahead. There is and rightly so, a mood of caution in India. There is indisputably, a wide-spread downturn and contraction in demand and the biggest challenge for the country today is to sustain and stimulate its growth momentum. Our company is committed to sustainable growth.

During the period of report the company has taken strict measures in respect of quality control, reduction in costs to remain competitive and achieve excellence which has become a compulsion in the automobile industry.

During the year 2008-09, the sales achieved at Rs. 10826.88 lacs as compared to Rs. 10269.87 lacs in the previous financial year. Though the increase is marginal, this is an achievement in itself compared to recession faced by the manufacturing sector all over the world.

Company has achieved new markets and new clients which is a recognition to quality assurances of the products and services of the company in the automobile industry. The company has entered into supply contracts, the benefits of which would be accrued to the company in very near future in the form of increased turnover and profit.

Overall it was a mixed picture for the company but the management was decisive on distributing dividend to the esteemed shareholders in spite of all odds.

## DIVIDEND :

Keeping in mind the expansion plans, Management decides to plough back the money. In view of this, Your Directors recommend a dividend @ Re. 3/- per equity share for the financial year 2008-2009. total outgo on dividend would be Rs. 1,53,00,000 ( Rs. One Crore Fifty Three Lacs only) The company has transferred Rs. 60,00,000 to general reserves while appropriating dividend from the net profit. The tax on dividend will be paid by the company and the dividend in the hands of shareholders is free from Income Tax.

## Board of Directors:

Mr. G. S. Rao and Mr. Mani Mathew, Directors, would retire by rotation at the ensuing Annual General Meeting of the Company; and being eligible, would offer themselves for reappointment.

In accordance with clause 49 of the listing agreement, particulars relating to the Directors seeking re-election/reappointment at the ensuing Annual General Meeting are furnished in the Corporate Governance Report.

## INDUSTRIAL RELATIONS :

Industrial relations during the year continued to be peaceful and there were no man days lost due to any kind of unrest.

## FIXED DEPOSITS :

The Company has not accepted any deposits within the meaning of section 58A of the Companies Act 1956 and the Rules framed there under.

## DIRECTORS RESPONSIBILITY STATEMENT :

In accordance with the requirements of section 217 (2AA) of the Companies Act, 1956, the Directors declare that:

1. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper

explanation relating to material departure;

2. the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2009 and of the profit of the Company for the year ended on that date;
3. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the Directors had prepared the annual accounts on a 'going concern' basis.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO :**

The particulars as prescribed under sub-section (1) (e) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the report of the Board of directors) Rules, 1988, are set out in as Annexure A to this report.

## **ECO FRIENDLY COMPLIANCE :**

The company complies with all requirements regarding management of pollutants of manufacturing units. The plants do not cause any type of water, air or noise pollution. The company has obtained clearances from the State pollution control board for both the plants.

## **PARTICULARS OF EMPLOYEES :**

The relations with the employees continue to remain cordial. The Directors express their appreciation for the support given and the contribution made by the employees at all levels.

There is one employee whose particulars are required to be given under section 217 (2A)(a) of the Companies Act 1956 read with the (Particulars of Employees) Rules 1975 and is given by way of annexure 'B'.

## **AUDITORS :**

The Auditors of the Company, P.M. Vardhe & Co., Chartered Accountants, Kolhapur would retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

## **AUDITORS REPORT :**

The Board has duly reviewed the Statutory Auditors' Report. In the report the auditors have raised a qualification in regard to disputed sales tax dues amounting to Rs. 5 lacs. The Board is of sincere view that the company is sure of getting the judgment in its favour and thus has not paid the disputed dues to the sales Tax Department, neither has made any provisions in its books.

## **ACKNOWLEDGMENTS :**

The Directors commend the continued commitment and dedication of employees at all levels. The Directors place on record their appreciation and express their gratitude for the continued support extended to the Company by the Shareholders, Financial Institutions & Banks, Suppliers and the Customers. We thank the Government of India, State Government, Reserve Bank of India, Bombay Stock Exchange, NSDL, CDSL and other Government Agencies for their support and look forward to their continued support in the future.

**For and on behalf of the Board of Directors**

**Place: Kolhapur**  
**Date : 24-05-2009**

**Ram Menon**  
**Chairman**



**MENON PISTONS LIMITED**

**32nd Annual Report**

**Directors Report**

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## ANNEXURE 'A' 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:

As a continuous improvement process, the several energy saving measures which have been initiated by appropriate modifications and adopting systems and by availing relevant high rebate benefits and by monitoring the energy saving measures periodically and implementing the Energy Management Techniques it has been possible this year also to achieve an average saving of Rs 13 lakhs per year.

### II) Technology Absorption :

#### Form of disclosure of particulars with respect to absorption of Technology, research and technology.

- |   |  |
|---|--|
| (i) Specific areas in which R&D was carried out by the Company. | a) Development work was initiated for the development of High strength Aluminum alloy material which would become mandatory in the coming years to enable the Piston assys to withstand higher cylinder peak pressure for complying with the ensuing emission norms for Euro IV and beyond. The aluminum alloy material with increase in tensile strength between 20 & 40% in two different varieties have been developed with the technical assistance of our Collaborator which would keep us in good stead to enable us to be preparedness for the supply of Piston assys to comply with emissions norms up to Euro V.<br>b) The efforts to upgrade the Design activities have been fruitful since the TUV auditors have upgraded the Company for certification of TS 16949:2002 with Product Design. It has been possible to demonstrate the Design capabilities of the Company to some of our prestigious customers who approached us for the new developments which would involve design instead of "made to print". |
| (ii) Benefits derived from as a result of the above R & D:      | The ability to demonstrate the Design capability as well as the ability to develop high strength material for Pistons for the new generation engines enabled us to keep abreast with the latest in technology in the eyes of discerning OE Customers and to be on par with the Competition in the industry and has attracted the attention of some prestigious customers to look up to us for development of Piston assys for their New Generation engines.  |
| (iii) Future plan of Action:                                    | a.) The relationship between the Company and the Collaborator has been strengthened by the confidence gained by the Company in demonstrating to the Collaborator with regard to the capacity and capability of our Engineers in the Design, manufacturing and the Quality of the Piston assys for the modern engines meeting the Technical Quality requirements of the Customers. This has enabled our Collaborator to decide to extend the Technical License Agreement which was initially valid for 4 years (April 2006 to April 2010) to further 4 years up to April 2014<br><br>b) This would enable the company to enjoy the unstinted support of the Collaborator in the Technical and manufacturing activities in the coming years which is expected to give us good returns both in business and exchange of   |

information relevant for up gradation and be aware of the latest in Technology.

c) To further strengthen the technical capability and to utilize the opportunity of the extended duration of the Collaboration, two of our Engineers (one each from the Design Engineering & Process Engineering departments) are being deputed to for Extensive training at our Collaborators plant to enable them to absorb, assimilate the techniques, technology being adopted for the Piston assy who in turn would ensure proper implementation of the same in the Plant at all levels.

d) As a part of the modernization and up gradation of the Facilities, and to provide enhanced capacity and for increased productivity to meet the future demands the Foundry facilities are planned to totally revamped in a location which is planned to be built with facilities and machinery procured from our Collaborator and installed as per the most modern Lay out planned with the technical assistance of DYP with improved handling and transportation facility for the material movement and machinery with appropriate facilities to eliminate the human element for maintaining the consistency in the quality of the Pistons. The work towards fulfilling these objectives has already been initiated and the new Foundry facility is expected to be fully operational by the second quarter of the next financial year 2010-2011.

e) After the receipt of the approval for the Cooled gallery pistons developed last year, these pistons have been productionised. In view of our ability to demonstrate the manufacture of Cooled Gallery pistons, few more enquiries have been received which are now planned for development of these in this financial year.

f) With growing demand for the necessity of equipping the engines with ability to with stand higher temperatures and pressures, the need for adopting cooled gallery pistons become mandatory in order to meet the ensuing emission norms. More and more applications of Cooled Gallery Pistons are expected to be taken up for development in the coming months.

g) After the numbers of applications featuring cooled gallery pistons grow, the necessity of equipping ourselves with the relevant updated checking facility to ensure the quality and reliability of the Pistons becomes all the more essential. Towards this, plans are already on the anvil for the procurement of these essential checking facilities in the current financial year. These are planned to be in place and fully operational by the beginning of next financial year since the lead time for the delivery of these equipment is fairly long.

(iv) Expenditure on R & D.

Capital Rs.40 lakhs and Recurring Rs.14 Lakhs





## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

### 1. Efforts in brief made towards absorption, adaptation and innovation.

The manufacturing practices are gradually being modified and updated to bring them in line and on par with those adopted by our Collaborators, as a part of the Continuous improvements being carried due to the continuous interaction with the experts at DYP and the visit of DYP experts to our plant and visit of our engineers to DYP.

Additional inputs have been given to the Design and Process engineers in the extensive use of solid modeling and Pro-E Techniques for the manufacture of Piston assy for the new generation engines.

Certain Quality improvement techniques with increased productivity and balancing of the manufacturing line to utilize the available machinery and manpower have been introduced across the manufacturing activities by adopting innovative manufacturing methods and by designing special purpose tooling and equipment and by choosing appropriate cutting feeds and speeds in line with and on par with those adopted by our Collaborator. These have been made possible by closer interaction with and visits of our Engineers and Senior Management to the Collaborator's plant in south Korea.

### 2. Benefits derived as a result of the above efforts, e.g. Product improvement, cost reduction, product development, Import substitution.

a.) Varieties of New Piston assys have been developed for OEMs as well as for certain identified more popular Piston assy for the after market successfully with a lesser lead time for development

b.) With the machining methods/ special purpose tooling designed developed for the machining of certain complicated shapes of the combustion bowl designs incorporated in the pistons of new generation engines it has been possible to reduce the cycle time and thereby improve the productivity almost twofold and in certain cases, reduction in man power due to deletion of additional machining facility resulting in better utilization of the available resources of both men and machinery. This has directly resulted in the reduction in Cost of manufacturing, increase in productivity, and improvement in yield and increase in the revenue.

### 3. Technology Imported (Imported during the last 5 years)

Not applicable

## III) Foreign Exchange Earning and Outgo :

### a) Activities relating to exports, initiative taken for exports, development of new export markets for products and services & Exports.

Nil

### b) Total Foreign Exchange used

a) Machinery, Stores & Spares	: Rs. 185.60 Lakhs.
b) Expenditure on Foreign Travel and Other Expenditure	: Rs. 54.55 Lakhs.
c) Earned Deemed Export :	: Rs. 1471 Lakhs.

## ANNEXURE 'B' TO DIRECTORS REPORT

### Disclosure as per provisions of S. 217 (2A)(a) of the Companies Act, 1956

A statement showing the name of every employee of the company who was in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 24,00,000 per annum

Name	Mr. Sachin Ram Menon
Designation	Managing Director
Total Emoluments received	Rs. 26,38,656/-
Sitting Fees	Rs. 1000/- per meeting of the board.
Nature of Employment - (Contractual or otherwise)	Contractual basis. The contract is for a period of five years and the term of five years ends on 31st January 2010
Other terms and conditions	As per managing director's agreement
Nature of employment	Duties as of a managing director
Qualification and experience	B.E., M.B.A. (U.S.A.)
Date of commencement of employment	15th June 1991
Age	47 years approx
Number and % of equity shares held by employee	284066 equity shares of Rs. 10 each 5.5699%
Last employment before joining this company	Nil
Name of director who is relative.	Shri Ram Menon (chairman) is father of Mr. Sachin Menon and Mr. Nitin Menon (Director) is his brother.

For and on behalf of the Board of Directors

Place: Kolhapur  
Date : 24-05-2009

Ram Menon  
Chairman



## AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. Menon Pistons Ltd., 182, Shirol, Kolhapur as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion

1. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of 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 purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
- c) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) On the basis of written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

I. In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2009.

II. In so far as it relates to the Profit & Loss Account of the profit of the Company for the year ended on that date, and;

III. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Kolhapur  
Date : 24.05.2009

For M/s. P.M. Vardhe & Co.,  
Chartered Accountants

P. M. VARDHE  
Proprietor  
M. No. - 031817

## Annexure referred to in Para 1 of our Report even date

- (I) a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
b. The fixed assets have been physically verified by the management at reasonable intervals during the year and no material discrepancies were noticed on such verification.  
c. During the year, the company has not disposed off any major part of the plant and machinery.
- (ii) a. The physical verification of inventory has been conducted during the year by the management at reasonable intervals.  
b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
c. The company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) a. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act.  
b. As no loans granted, the question of rate of interest and other terms and conditions, prima facie prejudicial to the interest of the company does not arise.  
c. Receipt of principal and interest or overdue amount is not applicable.  
d. The Company had not taken loan from any company covered in the register maintained under section 301 of the Act.  
e. As no loan is borrowed, the question of rate of interest and other terms and conditions, prima facie prejudicial to the interest of the company does not arise.
- (iv) There is an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. There is no continuing failure to correct major weaknesses in internal control system.
- (v) a. The particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section; and  
b. Transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposits from the public.
- (vii) The company is a listed company and it has an internal audit system commensurate with the size and nature of its business.
- (viii) On broad review of books of accounts maintained by the Company pursuant to the rules made by Central Government for maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the same.
- (ix) a) The company, is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax,

custom duty, excise-duty, cess and other statutory dues applicable to it. In our opinion, there are no arrears of Outstanding dues as on the last day of the financial year concerned for a period of more than six months.

b) The disputed statutory dues, which have not been deposited with the appropriate authorities are as under :-

Sr.No.	Authority	Item	Amount (Rs. in Lacs)
1.	Dy. Commissioner of Sales Tax (Appeals), Pune	Sales Tax Penalty	5.00
<b>Total</b>			<b>5.00</b>

(x) The Company has no accumulated losses during the financial year covered by our report or in the immediately preceding financial year.

(xi) The company has not defaulted in repayment of dues to banks or financial institutions.

(xii) The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) Provisions of any special statute applicable to chit fund in respect of nidhi/mutual benefit fund/ societies are not applicable to the Company.

(xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. We further report that the company has held the shares, securities, debentures and other investments in its own name.

(xv) The Company has not given guarantee for loans taken by others from bank.

(xvi) The Company has applied the term loans for the purpose for which they were obtained.

(xvii) The funds raised on short-term basis have not been used for long term investments.

(xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.

(xix) The Company has not issued any debentures.

(xx) The Company has not made any public issue of shares during the period covered by our audit report.

Place : Kolhapur  
Date :24.05.2009

For M/s. P.M. Vardhe & Co.,  
Chartered Accountants

P.M. VARDHE  
Proprietor  
M. No. 031817

## BALANCE SHEET AS AT 31.03.2009

PARTICULARS	SCHEDULES		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
<b>SOURCES OF FUNDS:</b>					
1.Shareholder's Funds					
a. Share Capital	A	51,000,000		51,000,000	
b. Reserves & Surplus	B	287,073,048		247,804,541	
			<b>338,073,048</b>		<b>298,804,541</b>
2. Loan Funds					
a. Secured Loans	C	174,105,046		202,143,732	
b. Unsecured Loans	D	0		0	
			174,105,046		202,143,732
3.Deferred Tax Liability			18,047,066		17,181,323
<b>Total Rs.</b>			<b>530,225,160</b>		<b>518,129,596</b>
<b>APPLICATION OF FUNDS</b>					
3. FIXED ASSETS	E				
Gross Block		513,357,458		478,792,083	
Less : Depreciation		326,340,352		304,008,046	
Net Block			187,017,106		1,747,840,37
Capital work in process			462,759		422,300
4. INVESTMENTS	F		1,294,890		1,294,890
5. CURRENT ASSETS LOANS & ADVANCES	G				
Inventory		121,649,638		114,546,416	
Sundry Debtors		298,774,957		317,336,030	
Cash and Bank Balances		65,983,244		65,544,959	
Loans And Advances		86,040,393		65,260,335	
		572,448,232		562,687,740	
Less : Current Liabilities & Provisions	H				
a. Liabilities		72,908,542		99,323,696	
b. Provisions		163,730,841		127,377,231	
		236,639,383		226,700,927	
Net Current Assets			335,808,849		335,986,813
6. MISCELLANEOUS EXPENDITURE	I		5,641,556		5,641,556
<b>TOTAL</b>			<b>530,225,160</b>		<b>518,129,596</b>
Notes on Accounts	Q				

As per our report of even date attached  
**M/s. P. M. Vardhe & Co.**  
Chartered Accountants

For and on Behalf of the Board of Directors

**Ram Menon**  
Chairman

**Sachin Menon**  
Managing Director

**R.D.Dixit**  
Director

**P. M. Vardhe**, Proprietor  
M.No.031817  
Place : Kolhapur  
Date : 24.05.2009

**S.B.P. Kulkarni**  
GM (Corporate) Finance & Sourcing

**Nitin Patil**  
Company Secretary



**MENON PISTONS LIMITED**

**32nd Annual Report**

**Balance Sheet**

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## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31-03-2009

PARTICULARS	SCHEDULES		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
<b>1. INCOME</b>	<b>J</b>				
Sales		1,074,888,858		1,012,068,497	
Other Income		7,799,534		14,918,803	
<b>TOTAL</b>			<b>1,082,688,392</b>		<b>1,026,987,301</b>
<b>2. EXPENDITURE</b>					
Raw Material & Stores Consumed	K	614,059,261		586,265,197	
Manufacturing Expenses	L	111,173,172		95,856,911	
Payments to & Provision For Employees	M	105,420,978		96,968,292	
Administrative & other Expenses	N	139,014,368		111,536,861	
Cost of Finance	O	27,994,090		29,371,710	
Depreciation	E	22,860,574		22,394,832	
		1,020,522,443		942,393,803	
Less ( Increase ) / Decrease in stock of Finished Goods & Work in Process	P	(25,268,538)		4,639,925	
			995,253,905		947,033,728
<b>3. PROFIT BEFORE TAXATION</b>			<b>87,434,487</b>		<b>79,953,573</b>
Provision for Income Tax (Current)		28,500,000		27,500,000	
Provision for Income Tax (Deferred)		865,743		321,813	
Provision for FBT ( Current)		900,000	30,265,743	700,000	28,521,813
<b>4. PROFIT AFTER TAXATION</b>			<b>57,168,744</b>		<b>51,431,760</b>
Balance of Profit as per last Balance Sheet		111,299,257		87,621,488	
Less Short provision for taxation		0		0	
<b>Balance Available For Appropriation</b>			<b>168,468,001</b>		<b>139,053,248</b>
<b>5. APPROPRIATIONS</b>					
Proposed Dividend			15,300,000		20,400,000
Tax on Dividend			2,600,235		3,466,980
Excess provision w/b			0		1,612,991
General Reserve			6,000,000		5,500,000
Balance of profit carried to Balance sheet			<b>144,567,766</b>		<b>111,299,259</b>
<b>6. EARNING PER SHARE</b>					
<b>Basic and Diluted Earning per Share</b>			<b>11.21</b>		<b>10.08</b>

As per our report of even date attached  
**M/s. P. M. Vardhe & Co.**  
Chartered Accountants

For and on Behalf of the Board of Directors

**Ram Menon**  
Chairman

**Sachin Menon**  
Managing Director

**R.D.Dixit**  
Director

**P. M. Vardhe**, Proprietor  
M.No.031817  
Place : Kolhapur  
Date : 24.05.2009

**S.B.P. Kulkarni**  
GM (Corporate) Finance & Sourcing

**Nitin Patil**  
Company Secretary

## CASH FLOW STATEMENT FOR 31st MARCH, 2009

CASH FLOW STATEMENT PARTICULARS	Rs. in Lacs 2008-09		Rs. in Lacs 2007-08	
	Amount	Amount	Amount	Amount
<b>Cash flows from operating activities</b>				
Profit as per Profit & Loss A/c (before tax & dividend)		874.34		799.53
<b>Adjustments for :</b>				
Depreciation	228.61		223.95	
Interest Received	(43.51)		(33.31)	
Dividend Received	0.00		0.00	
Interest Paid	279.94		293.72	
		465.04		484.36
<b>Operating profit before working capital changes</b>		<b>1339.38</b>		<b>1283.89</b>
<b>Adjustments for :</b>				
Inventories	(71.03)		19.59	
Sundry Debtors	185.60		(574.25)	
Loans and Advances	(207.80)		515.32	
Current Liabilities and provisions	99.43		(414.43)	
Direct Tax Paid	(302.66)		(285.22)	
Increase in deferred tax liability	8.65		3.22	
Tax on Dividend	(26.00)		(34.67)	
Excess provision written back	0.00		16.13	
		(313.81)		(754.31)
<b>Net Cash Generated from operations</b>		<b>1025.57</b>		<b>529.58</b>
<b>Cash flow from investing activities</b>				
Purchase of fixed assets	(354.60)		(365.06)	
Sale of fixed Assets	8.94		107.78	
Fixed assets under installation	(0.40)		12.64	
Purchase of Investments	0.00		(10.26)	
Sale of Investments	0.00		25.00	
Investment income :				
Interest received	43.51		33.31	
Dividend received				
Depreciation on assets sold	(5.28)		(22.64)	
		(307.83)		(219.23)
<b>Cash flow from financing activities</b>				
Proceeds from issue of share capital	0.00		0.00	
Proceeds from long term borrowing	164.21		83.33	
Proceeds from short term borrowing	0.00		507.83	
Repayment of long term borrowing	(176.25)		(188.95)	
Repayment of short term borrowing	(268.38)		0.00	
Dividend paid	(153.00)		(204.00)	
Interest Paid	(279.94)		(293.72)	
		(713.36)		(95.51)
<b>Net cash used in financing activities</b>				
<b>Net cash increase/(Decrease) in cash and cash equivalents</b>		<b>4.38</b>		<b>214.84</b>
Op. Balance of cash and cash equivalents 1st Apr.08	655.45		440.61	
Closing balance of cash and cash equivalents 31st Mar.,09	659.83		655.45	

As per our report of even date attached

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

Chartered Accountants

For and on Behalf of the Board of Directors

**Ram Menon**  
Chairman

**Sachin Menon**  
Managing Director

**R.D.Dixit**  
Director

**P. M. Vardhe**, Proprietor

M.No.031817

Place : Kolhapur

Date : 24.05.2009

**S.B.P. Kulkarni**  
GM (Corporate) Finance & Sourcing

**Nitin Patil**  
Company Secretary



**MENON PISTONS LIMITED**

**32nd Annual Report**

**Cash flow**

**15**



**SCHEDULE NOS. 'A' TO 'Q' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET  
AS AT & THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2009**

<b>SCHEDULE 'A'</b>		<b>CURRENT YEAR (Rs.)</b>		<b>PREVIOUS YEAR (Rs.)</b>
<b>SHARE CAPITAL</b>				
<b>AUTHORISED</b> 55,00,000 Equity Shares of Rs.10/- each (Previous year 55,00,000 Equity Shares of Rs.10/- each)		55,000,000		55,000,000
<b>TOTAL</b>		<b>55,000,000</b>		<b>55,000,000</b>
<b>ISSUED, SUBSCRIBED AND PAID UP</b> 51,00,000 Equity Shares of Rs.10/- each (Previous year 51,00,000 Equity Shares of Rs.10/-each.) of the above 38,50,000 Equity Shares of Rs.10/- each are allotted as fully paid Bonus Shares, by capitalisation of General Reserve and Profit of the company.		51,000,000		51,000,000
<b>TOTAL</b>		<b>51,000,000</b>		<b>51,000,000</b>

<b>SCHEDULE 'B'</b>		<b>CURRENT YEAR (Rs.)</b>		<b>PREVIOUS YEAR (Rs.)</b>
<b>RESERVES AND SURPLUS</b>				
<b>CAPITAL RESERVE</b>		5,066,179		5,066,179
<b>GENERAL RESERVE</b> Balance as per last Balance Sheet Add : Transferred from Profit and Loss A/c	50,689,104 6,000,000		45,189,104 5,500,000	
<b>TOTAL</b>		<b>56,689,104</b>		<b>50,689,104</b>
<b>SHARE PREMIUM Account</b>		80,750,000		80,750,000
<b>PROFIT AND LOSS ACCOUNT</b>		144,567,765		111,299,259
<b>TOTAL</b>		<b>287,073,048</b>		<b>247,804,542</b>

<b>SCHEDULE 'C'</b> <b>SECURED LOANS</b>		<b>CURRENT YEAR (Rs.)</b>		<b>PREVIOUS YEAR (Rs.)</b>
<b>A) IDBI Bank Ltd.</b>				
1. Cash Credit		129,635,125		143,423,799
2. Bills Purchase facility		222,926		690,023
3. Demand Loan		0		10,000,000
4. Packing Credit		4,500,000		
Secured by hypothecation of Raw Material, Work in process and finished goods and equitable mortgage of Land and Building situated at 182, Shirolji, Kolhapur and at H-1, MIDC, Kupwad, Sangli and B58/59, MIDC, Shirolji, Kolhapur				
b) Loan Against Fixed Deposit		0		7,081,868
<b>C) IDBI Bank Ltd., Term Loan</b>		37,817,729		39,547,783
<b>E) Vehicle Loans</b>		1,929,266		1,400,259
<b>TOTAL</b>		<b>174,105,046</b>		<b>202,143,732</b>

<b>SCHEDULE 'D'</b> <b>UNSECURED LOANS</b>		<b>CURRENT YEAR (Rs.)</b>		<b>PREVIOUS YEAR (Rs.)</b>
	0	0	0	0
<b>TOTAL</b>		<b>0</b>		<b>0</b>

**SCHEDULE "E"**  
**FIXED ASSETS SCHEDULE FOR THE YEAR 2008-2009 ( in Rs. )**

NO.	PARTICULARS OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01-04-2008	ADDITIONS	DEDUCTIONS	AS AT 31-03-2009	AS AT 01.04.2008	FOR THE YEAR	DEDUCTIONS	TOTAL	AS AT 31.03.2009	AS AT 31.03.2008
1	Goodwill	71,000	0	0	71,000	0	0	0	0	71,000	71,000
2	Land Free Hold	375,574	0	0	375,574	0	0	0	0	375,574	375,574
3	Land Leasehold	4,76,130	0	0	476,130	10,312	600	0	10,912	465,218	465,818
4	Land Development	530,879	0	0	530,879	73,386	8,653	0	82,040	448,839	457,493
5	Building	53,173,327	1,420,623	0	54,593,950	16,443,109	1,788,291	0	18,231,399	36,362,551	36,730,218
6	Plant & Machinery	366,974,035	30,073,686	135,000	396,912,721	256,967,604	17,102,674	33,646	274,036,632	122,876,089	110,006,431
7	Computers	6,870,726	1,102,835	0	7,973,561	3,565,231	918,646	0	4,483,876	3,489,684	3,305,495
8	Plant & Machinery R & D	9,377	0	0	9,377	9,377	0	0	9,377	0	0
9	Electrical Installation	26,275,316	146,048	0	26,421,364	14,093,515	1,504,607	0	15,598,122	10,823,242	12,181,801
10	Furniture & Fixtures	6,678,632	250,677	0	6,929,309	4,397,535	329,305	0	4,726,840	2,202,468	2,281,097
11	Office Equipment	6,968,217	311,514	0	7,279,731	3,736,059	190,142	0	3,926,201	3,353,529	3,232,157
12	Technical Know-how	289,010	0	0	289,010	289,010	0	0	289,010	0	0
13	Vehicle	8906,223	2,125,295	759,313	10,272,205	4,108,900	927,391	494,621	4,541,670	5,730,535	4,797,323
14	Material Handling Equipment	1,193,639	29,009	0	1,222,648	314,006	90,266	0	404,272	818,375	879,632
	<b>TOTAL</b>	<b>478,792,083</b>	<b>35,459,687</b>	<b>894,313</b>	<b>513,357,457</b>	<b>304,008,044</b>	<b>22,860,575</b>	<b>528,267</b>	<b>326,340,352</b>	<b>187,017,106</b>	<b>174,784,038</b>
	PREVIOUS YEAR	453,064,542	36,506,080	10,778,539	478,792,083	283,877,350	22,394,833	2,264,137	304,008,045	174,784,038	169,187,194

<b>SCHEDULE 'F'</b> <b>INVESTMENTS ( AT COST)</b>	<b>CURRENT YEAR ( Rs. )</b>	<b>PREVIOUS YEAR ( Rs. )</b>
<b>Non Trade (Unquoted)</b>		
1. 12 Equity Shares of Maharashtra Co-op.Engg. Society Ltd., of Rs.500/- each fully paid	6,000	6,000
2. 7 Year National Saving Certificates	22,500	22,500
3. 10 Shares in Kolhapur Janata Sahakari Bank Ltd., of Rs.10/- each	100	100
4. Investment in Dalmia Resorts	27,500	27,500
5. 3675 Shares in Shri Warna Sahakari Bank Ltd. of Rs.10/- each	36,750	36,750
6. Investment in Raga Airlines	25,000	25,000
7. Prestige Holiday Resorts	140,000	140,000
<b>Trade (Quoted)</b>		
1. 500 Equity Shares of Bank of Maharashtra Rs.10/- each (Market Price as on 31.03.2009 Rs.20.75 per share)	11,500	11,500
2. 4500 Equity Shares of Reliance Petroleum Limited of Rs.10/- each (Market Price as on 31.03.2009 Rs. 95.15 per share)	1,025,540	1,025,540
<b>TOTAL</b>	<b>1,294,890</b>	<b>1,294,890</b>

<b>SCHEDULE 'G'</b>		<b>CURRENT YEAR (Rs.)</b>		<b>PREVIOUS YEAR (Rs.)</b>
<b>CURRENT ASSETS AND LOANS &amp; ADVANCES</b>				
<b>A) CURRENT ASSETS</b>				
a) Stock in Trade (At cost or Market Price whichever is lower)				
Raw Material	22,072,771		34,810,868	
Stores and Spares	12,620,730		18,047,950	
Work in Process	43,368,625		41,165,688	
Finished Goods	43,587,511		20,521,910	
		121,649,637		114,546,416
b) Sundry Debtors ( Unsecured Considered Good)				
Exceeding six months	5,345,726		4,019,074	
Other Debts	293,429,231		313,316,956	
		298,774,957		317,336,030
c) Cash and Bank Balance				
Cash in Hand	266,368		260,816	
Balances with Banks				
a) With scheduled Bank				
1. In Current Accounts	8,242,832		14,563,965	
2. In fixed Deposits	57,183,269		50,592,378	
b) With other Banks	290,775		127,799	
1) In Current Accounts		65,983,244		65,544,959
Maximum Balance during the year				
a) Kolhapur Janta Saha. Bank Ltd.	587		587	
b) Warna Saha. Bank Ltd., Shirol	29,117		25,417	
c) Warna Saha. Bank, Herle	10,522		10,522	
d) Mahalaxmi Co-op Bank Ltd.,	5,892		5,704	
e) Nagri Saha. Bank Ltd., Kodoli	3,135		3,135	
f) Saraswat Co-op. Bank Ltd. Sangli	241,522		82,434	
<b>TOTAL</b>		<b>486,407,839</b>		<b>497,427,405</b>
<b>B) LOANS AND ADVANCES</b>				
<b>Unsecured Considered Good</b>				
1. Advance Tax		69,299,263		39,351,677
2. Advances to Suppliers.		1,383,435		1,157,183
3. Staff Advance		140,733		208,145
4. Deposits		5,734,314		16,730,715
5. Other Advances		1,359,153		1,141,848
6. Accrued Income		6,714,435		6,106,131
7. Other Receivables		578,255		10,314
8. Prepaid Expenses		830,806		554,322
<b>TOTAL</b>		<b>86,040,393</b>		<b>65,260,335</b>
<b>TOTAL (A) + (B)</b>		<b>572,448,232</b>		<b>562,687,740</b>

<b>SCHEDULE 'H'</b> <b>CURRENT LIABILITIES AND PROVISIONS</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
<b>A) Current Liabilities</b>				
1. Sundry Creditors (Refer Note in Schedule 'Q' Item No.VI)				
Sundry Creditors -SMEs	1,406,460		1,421,517	
Sundry Creditors- Others	70,066,874		97,901,118	
	71,473,334		99,322,635	
<b>2. Advances from customers</b>	1,435,208	72,908,542	1,061	99,323,696
<b>B)Provisions</b>				
1. Provision For Taxation ( 2008-09)	28,500,000		0	
2. Provision For Taxation (2007-08)	27,500,000		27,500,000	
3. Proposed Dividend	15,300,000		20,400,000	
4. Provision For Taxation (2003-04)	0		330,375	
5. Provision for Leave Encashment	3,097,209		2,710,520,	
6. Provision For FBT	2,900,000		3,350,000	
7. Provision for Gratuity	1,518,626		2,407,501	
8. Other Provisions	84,915,006		70,678,835	
		163,730,841		127,377,231
<b>TOTAL</b>		<b>236,639,384</b>		<b>226,700,927</b>
<b>DEFERRED TAX LIABILITY</b>		<b>18,047,066</b>		<b>17,181,323</b>

<b>SCHEDULE 'I'</b> <b>MISCELLANEOUS EXPENDITURE</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
Preoperative Expenses				
1. Travelling and other project expenses.	757,294		757,294	
2. Consultation Fees	3,463,361		3,463,361	
3. Technical Know-how fees/ cess	1,420,901		1,420,901	
<b>TOTAL</b>		<b>5,641,556</b>		<b>5,641,556</b>

<b>SCHEDULE 'J'</b> <b>INCOME</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
<b>1) Sales</b>				
Piston / Piston Assemblies	908,117,842		866,392,720	
Rings	25,003,180		26,884,742	
Gudgeon Pins, Circlips	123,993,757		106,385,516	
Liners / Variators Sale	2,206,288		0	
Other Sales	15,567,791		12,405,520	
		<b>1,074,888,858</b>		<b>1,012,068,497</b>
<b>2) Other Receipts</b>				
1. Sales Tax Set off	0		2,254,035	
2. Income from other sources	7,799,534		12,664,768	
<b>TOTAL</b>		<b>7,799,534</b>		<b>14,918,803</b>
		<b>1,082,688,391</b>		<b>1,026,987,301</b>

<b>SCHEDULE ' K '</b> <b>EXPENDITURE</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
<b>COST OF RAW MATERIAL &amp; STORES CONSUMED</b>				
1. Raw Material				
Opening Stock	34,810,868		35,149,616	
Add: Purchases During the Year	494,815,565		494,477,940	
	529,626,433		529,627,556	
Less: Closing Stock	22,072,771		34,810,868	
		507,553,662		494,816,688
2. Stores and Spares				
Opening Stock	18,047,950		15,028,713	
Add: Purchases During the Year	101,078,379		94,467,745	
	119,126,329		109,496,458	
Less: Closing Stock	12,620,730		18,047,950	
		106,505,599		91,448,508
<b>TOTAL</b>		<b>614,059,261</b>		<b>586,265,197</b>

<b>SCHEDULE ' L '</b> <b>MANUFACTURING EXPENSES</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
Power and Fuel	47,707,567		44,811,691	
Water Charges	828,239		743,092	
Machining Charges	62,637,366		50,302,128	
<b>TOTAL</b>		<b>111,173,172,</b>		<b>95,856,911</b>

<b>SCHEDULE ' M '</b> <b>PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
Wages, Bonus and Allowance To Workers	59,370,726		51,439,133	
Contribution To PF.Etc.. For Workers	3,514,900		3,463,647	
Workers Welfare Expenses	2,225,247		5,171,476	
Salary, Bonus and Allowance To Staff	29,789,896		24,738,224	
Directors Remuneration	4,639,224		4,360,517	
Contribution To PF, Etc.. For Staff	3,410,641		2,570,545	
Contribution To Group Gratuity	922,836		3,231,062	
Staff Welfare Expenses	1,080,441		1,232,872	
Provision for leave encashment	467,067		760,817	
<b>TOTAL</b>		<b>105,420,978</b>		<b>96,968,292</b>

<b>SCHEDULE ' N '</b> <b>ADMINISTRATIVE AND OTHER EXPENSES</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
Sitting Fees	22,000		24,000	
Insurance Charges	990,713		1,603,804	
Repairs to Building	3,406,884		1,490,561	
General Repairs and Maintenance	955,569		6,518,143	
Repairs Maintenance to vehicles	1,051,318		1,246,417	
Rent Rates and Taxes	966,004		576,967	
Conveyance Expenses	847,872		803,479	
Printing and Stationery	1,766,437		1,821,207	
Postage and Telephone Expenses	2,175,709		1,645,121	
Travelling Expenses	2,396,204		2,779,095	
Selling and Distribution Expenses	117,806,679		83,276,454	
Audit Fees	111,000		111,000	
License Fees	51,360		103,400	
Legal and Consultation charges	1,734,069		2,154,656	
Professional and other taxes	11,880		2,998,268	
Loss on sale of Assets.	74,600		368,897	
Donation	296,050		47,500	
Filing Fees	19,450		2,500	
Subscription and Contribution	578,878		490,016	
Sundry Expenses	3,712,113		3,436,468	
Books and Periodicals	39,579		40,907	
<b>TOTAL</b>		<b>139,014,368</b>		<b>111,536,861</b>

<b>SCHEDULE ' O '</b> <b>COST OF FINANCE</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
Interest on Working Capital & Term Loans	26,398,258		18,837,083	
Bank Charges	1,441,832		10,380,627	
Interest to Others	154,000		154,000	
<b>TOTAL</b>		<b>27,994,090</b>		<b>29,371,710</b>

<b>SCHEDULE ' P '</b> <b>(INCREASE) / DECREASE IN STOCK OF FINISHED GOODS AND WORK IN PROCESS</b>		<b>CURRENT YEAR ( Rs. )</b>		<b>PREVIOUS YEAR ( Rs. )</b>
<b>Opening Stock</b>				
Finished Goods	20,521,910		21,569,337	
Work in Process	41,165,688		44,758,186	
<b>Less : Closing Stock</b>		<b>61,687,598</b>		<b>66,327,523</b>
Finished Goods	43,587,511		20,521,910	
Work in Process	43,368,625	<b>86,956,136</b>	41,165,688	<b>61,687,598</b>
<b>TOTAL</b>		<b>(25,268,538)</b>		<b>4,639,925</b>



## **SCHEDULE 'Q'**

Schedule of Notes annexed to and forming part of the Balance Sheet as at 31st March, 2009 and Profit and Loss Account for the year ended on that date.

### **1] Significant Accounting Policies**

#### **a) Basis of Accounting :**

Accounts of the Company are prepared under the historical cost convention. The Company has complied with accounting standards as recommended by the Institute of Chartered Accountants of India.

#### **b) Fixed Assets**

Fixed Assets are stated at cost ( Net of Cenvat wherever applicable) of appreciation less accumulated depreciation. Cost is inclusive of Freight , Duties, Levies and any directly attributable cost of bringing the asset to their working condition for intended use.

#### **c) Impairment of Fixed Assets**

The Company has reviewed the carrying costs of fixed assets and does not expect any loss on account of impairment.

#### **d) Depreciation :**

1. Depreciation has been provided on straight-line basis (SLM) at the rates and the manner prescribed in Schedule XIV of The Companies Act, 1956, as amended up to date.

2. The cost of Leasehold land is amortised over the period of lease.

#### **e) Investments :**

Investments are stated at cost and income thereon is credited to revenue on accrual basis.

#### **f) Inventories :**

Inventories are valued at cost or market price whichever is lower. However, the Company has valued Closing Stocks exclusive of Excise Duty as per the new guidelines.

#### **g) Foreign Exchange Transaction**

Transaction arising in foreign currency are converted at the rates ruling on the transaction dates. Outstanding liabilities payable in foreign currency on the Balance Sheet date are converted at the rate on Balance Sheet date.

#### **h) Contingent Liabilities and Provisions**

Contingent liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved. Provisions are recognized when the Company has a legal obligation and on management discretion as a result of past events for which it is probable that cash outflow may be required and reliable estimate can be made of the amount of the obligation.

**i) Sales :** Sales are recognised on despatch to customers. Sales exclude excise duties and sales tax.

#### **j) Retirement Benefits :**

The Company has created the Employees Group Gratuity Fund, which has taken a Group Gratuity Cum Life Insurance Policy from Life Insurance Corporation of India. Gratuity is provided on the basis of premium paid on the above policy. Additional demand of contribution raised by LIC will be accounted on payment basis. Provision for leave encashment is made on the basis of Actuarial Valuation. Company's Contribution to Provident fund has been charged to Profit and Loss Account.

#### **k) Disclosure of borrowing cost capitalised under Accounting Standard 16 :**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. The qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

#### **l) Segment Reporting under Accounting Standard 17:**

The Company operates in one business segment namely i.e. Auto Components. Hence reporting under this standard is not applicable to the Company.

#### **m) Related party disclosures as per Accounting Standard 18:**

Following are the related parties under the above Standard.

1. Menon Piston Rings Pvt. Ltd.: This is a private limited company having majority of Directors of that Company are Directors of Menon Pistons Ltd., which is supplying Piston Rings to Menon Pistons Ltd.

2. M/s. Menon Exports: This is a partnership firm and an Export House. Menon Exports purchases goods from Menon Pistons Ltd. and other outside parties for the purpose of export outside India. One of the Partner of the firm is Director of Menon Pistons Ltd. The balance amount receivable from the firm is considered as good.

3. M/s. Menon Engineering Services : This is a partnership firm. Menon Engineering Services receives goods from Menon Pistons Ltd. and other outside parties for the purpose of Machining work. One of the Partners of the firm is Director of Menon Pistons Ltd. The balance amount receivable from the firm is considered as good.

The transactions with the above parties had taken place in the normal course of business. The summary of transactions with the above parties during the year 2008-09 is as under:

(Amount in Rs.)

Party Name	Purchase value	Machining Charges	Sales Value	Closing Balance
Menon Piston Rings Pvt. Ltd.	2,70,23,332	-	30,85,293	2,67,64,466 (Dr)
M/s. Menon Exports	-	-	141,313,969	2,92,85,770 (Dr)
M/s. Menon Engineering Services	47,640	1,31,91,072	31,100	81,89,495 (Cr)

4. Mr. Sachin Menon, Managing Director, Mr.G.S.Rao - Whole Time Director, Mr. Mani Mathew - Executive Director. Salary paid and perquisites provided to these Directors are disclosed under note "IV" as "Managerial Remuneration". Apart from these Directors, all other Directors are Non Executive directors. The Company has not entered into any transactions with them. They are paid sitting fees from the company for the Board Meetings attended by them.

5. M/s. Menon Bearings Ltd., is a public limited listed company, having Mr. Ram Menon, as Chairman, Mr. R. D. Dixit as Vice Chairman & Managing Director, Mr. Nitin Menon as Jt.Managing Director and Mr. Sachin Menon as Director. There are no significant transactions.

Note: There are no write offs/write backs of any amount for any of the above parties during the Year 2008-09

6. Apart from the above-mentioned parties, following parties are also related parties of the Company. However, no significant transactions have taken place with these parties in the year 2008-09.

1. Menon Metals and Alloys P.Ltd.

2. Menon Automobiles.

Note: There are no write off / write backs of any amount for any of the above parties during the year 2008-09.

n) Lease accounting as per Accounting Standard 19 is not applicable to the Company since no Lease transaction during the year 2008-09.

o) Earnings per share as per Accounting Standard 20:

The earnings per share ( basic and diluted) computed as per the requirements under accounting standard 20 on earning per share issued by the Institute of Chartered Accountants of India are as under.

Profit Attributable to Equity Share Holders	: Rs.57,168,743
Basic /Weighted Average No of Equity Shares	: 5,100,000
Outstanding during the year	
Basic Earnings Per Share	: Rs. 11.21
Diluted Earnings Per Share	: Rs. 11.21

p) Consolidated Financial Statements as per Accounting Standard 21 is not applicable to the company, as the Company does not have any subsidiary.

q) Deferred Taxes on income are computed as per Accounting Standard 22 and the same are provided in the audited accounts at appropriate places. The details thereof are as under:

(Amount in Rs.)

Sr.No.	Deferred tax asset / (liability)	As at 1 <sup>st</sup> April, 2008	During the year	As at 31 <sup>st</sup> March, 2009
1	Difference in Book and Tax Depreciation	( 17,829,682 )	(438,657)	( 18,268,339 )
2	Bonus Disallowed	0	79,454	79,454
3	Group Gratuity	648,359	(506,539)	141,820
	Total	(17,181,323)	(865,742)	(18,047,065)



## II] Contingent Liability:

Contingent Liabilities are not provided for in respect of:

### a) Guarantees:

I D B I Bank Ltd. have issued Guarantees on behalf of the Company for Rs 36.88 lacs (previous year Rs. 69.78 lacs) and Letters of Credit for Rs.280.09 lacs (previous year Rs. 124.52 lacs).

b)The Income Tax Assessments are completed up to the Assessment year 2006-07 (Relevant to Accounting year ended 31.03.2006). For A.Y. 2002-03 tax demand of Rs. 142.46 lacs is raised All these dues are paid. However, the Company has preferred appeal against the same. Liability, if any, in respect of the pending assessments or appeals under the Income-Tax Act, 1961 is unascertainable.

c)Central Sales Tax and Bombay Sales Tax assessments are completed up to the accounting year 2002-2003. Liability, if any in respect of pending assessments /appeals is unascertainable.

### III) Other Notes

1. Previous year figures are regrouped wherever necessary.
2. Paises are rounded off to the nearest rupee.
3. Auditors remuneration :

Particulars	Current Year	Previous Year
Audit Fees	111,000	111,000
Other services	31,000	107,000
Service Tax	16,667	26,945
Total : Rs.	158,667	244,945

## 4. Sundry Debtors:

	Current Year	Previous Year
	Rs.	Rs.
a) Debtors considered good in respect of which the company is fully secured.	Nil	Nil
b) Debtors considered good for which the Company holds no security.	298,774,957	317,336030
c) Debtors considered bad or doubtful.	Nil	Nil
d) Debts due by Private Company in which Director is Director or Member.	26,764,466	18,180,775
e) Debts due by firm in which Director is Partner	29,285,770	32,967,498

5.The Company has been accounting liability for Excise Duty on Finished Goods as and when they are cleared. A liability in respect of finished goods lying in stock at the close of the year is estimated at Rs 35.92 Lacs and has not been provided in the accounts and hence not included in the valuation of inventory of such goods. However, the said liability, if accounted, would have no impact on the profit/loss for the year.

#### IV) Managerial Remuneration

Details of payments and provisions on account of remuneration to Directors included in Profit and Loss Account.

Remuneration to Directors	Current Year (Rs)	Previous Year (Rs)
Salary	6,348,874	3,985,080
Contribution to P.F. & Gratuity	471,922	398,520
Other Allowances & Incentives	704,287	2,266,017
Total	7,525,083	6,469,617
Less: Recovered	2,413,937	2,289,100
<b>Amount Debited to Profit &amp; Loss A/c.</b>	<b>5,111,146</b>	<b>4,360,517</b>

#### V) Sundry Creditors

The Company is in the process of identifying the Micro, Small and Medium Enterprises and hence interest, if any payable as per Interest under the Micro, Small and Medium Enterprises Development Act, 2006 is not ascertainable and the Auditors relied upon this submission.

#### VI) Consumption of Raw Material, Stores, Spares and Consumable

Sr. No.	Item	Unit	Current Year Quantity	Value Rs.	Previous Year Quantity	Value Rs.
A	<b>Raw Material</b>					
1	Aluminium/ Aluminium Alloy	Kgs	2,713,154	336,833,075	2,281,864	293,630,095
2	Nickel	Kgs	41,020	30,297,480	27,026	45,755,604
3	Copper	Kgs	21,654	6,669,732	13,308	4,636,772
4	Pig Iron	Kgs	17,200	408,169	28,500	468,825
5	Steel Scrap	Kgs	122,643	3,272,532	85,085	1,804,483
6	Silicon	Kgs	4,697	493,120	4,494	355,866
7	Steel Bar	Kgs	1,167,978	7,1405,236	1,132,343	52,989,545
8	Magnesium	Kgs	6,698	1,465,002	6,323	913,160
9	Godgeon Pins / Criclips/ Rings.		0	56,709,316	0	94,262,338
	<b>Sub - Total (1 to 9)</b>			<b>507,553,662</b>		<b>494,816,688</b>

No.	Item		Value Rs.		Value Rs.
<b>B</b>	<b>Consumables ,Stores,Spares</b>				
1	Consumables		41,044,101		39,325,492
2	Packing Material		14,400,574		11,349,074
3	Electrical Material		4,212,601		6,789,518
4	Oils & Lubricants		29,372,180		23,244,028
5	Tools & Implements		17,476,142		10,740,396
	Sub - Total (1 to 5)		106,505,599		91,448,508

VII) Value of Imports calculated on C.I.F. Basis

Particulars	Current Year Rs.	Previous Year Rs.
Capital Goods	16,185,052	7,483,465
Stores & Spares	2,375,320	1,132,644
<b>Total</b>	<b>18,560,372</b>	<b>8,616,109</b>

VIII) Expenditure in Foreign Currency on Account of

Particulars	Current Year Rs.	Previous Year Rs.
Travelling Expenses and Other Exps.	662,816	933,645
Royalty.	4,792,727	2,232,312
<b>Total</b>	<b>5,455,543</b>	<b>3,165,957</b>

IX) Value of Imports and Indigenous raw materials, stores, spares and components consumed

Particulars	Current Year Rs.	%	Previous Year Rs.	%
Raw materials, stores, spares and components consumed.				
Imported	2,375,320	0.39	1,132,644	0.19
Indigenous	611,683,941	99.61	585,132,552	99.81
<b>TOTAL</b>	<b>614,059,261</b>	<b>100.00</b>	<b>586,265,196</b>	<b>100.00</b>

**X) Particulars in respect of each class of goods manufactured by the company**

Particulars	Units	Piston/ Piston Assly.		Piston Rings		Gudgeon Pins	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Registered Capacity	Nos.	2,400,000	2,400,000	6,000,000	6,000,000	1,000,000	1,000,000
Installed Capacity	Nos.	2,400,000	2,400,000	6,000,000	6,000,000	1,000,000	1,000,000
Actual Production	Nos.	1655092	1645230	547763	690384	1128046	1093430
Opening Stock - Qty	Nos.	73706	30741	20331	17461	107783	141603
Value	Rs.	12777953	11725940	1425057	1260098	5560210	8583298
Closing Stock - Qty	Nos.	104334	73706	48053	20331	89756	107783
Value	Rs.	27098020	12777953	6043725	1425057	2720410	5560210
Turnover - Qty	Nos.	1624464	1602265	520041	687514	1146073	1127250
Value	Rs.	908117842	866392720	25003180	26884742	123993757	106385516

( Note : Piston, Piston Rings & Gudgeon Pins include boughtout quantities. )

As per our report of even date attached

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

Chartered Accountants

For and on Behalf of the Board of Directors

**Ram Menon**  
Chairman

**Sachin Menon**  
Managing Director

**R. D. Dixit**  
Director

**P. M. Vardhe**, Proprietor

M.No.031817

Place : Kolhapur

Date : 24.05.2009

**S.B.P. Kulkarni**  
GM (Corporate) Finance & Sourcing

**Nitin Patil**  
Company Secretary



## PART - IV

### BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

#### 1) Registration details

Registration No	19823	State code	25
Balance Sheet date	31.03.2009		

#### II) Capital raised during the year (Amount in Rs. thousand)

Public Issue	NIL	Right Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

#### III) Position of mobilisation and development of funds (Amount in Rs. thousand)

Total Liabilities	530,225	Total Assets	530,225
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##### Sources of funds

Paid - up Capital	51,000	Reserves & Surplus	287,073
Secured Loans	174,105	Unsecured Loans	NIL
Deferred Tax Liability	18,047		

##### Application of funds

Net fixed Assets	187,480	Investments	1,295
Net current Assets	335,809	Misc. Expenditure	5,641
		Accumulated Losses	NIL

#### IV) Performance of Company (Amount in Rs. thousand)

Turnover	1,082,688	Total Expenditure	995,254
Profit Before Tax/(Loss)	87,434	Profit After Tax	57,169
Earning Per Share	11.21	Dividend per share	Rs,3per share

#### V) Generic name of three principal products of the Company

Item code No. (ITC Code No.)	840991
Production description	Pistons
Item code No. (ITC Code No.)	840991
Production description	Pistons Rings
Item code No. (ITC Code No.)	840991
Production description	Gudgeon Pins

As per our report of even date attached

**M/s. P. M. Vardhe & Co.**  
Chartered Accountants

For and on Behalf of the Board of Directors

**P. M. Vardhe**  
Proprietor  
M.No.031817

Place : Kolhapur  
Date : 24.05.2009

**Ram Menon**  
Chairman

**Sachin Menon**  
Managing Director

**R. D. Dixit**  
Director

**S.B.P. Kulkarni**  
G.M. Corporate, Finance

**Nitin Patil**  
Company Secretary

## **AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

**P.M. Vardhe & Co.**  
Chartered Accountants  
630/E, Shahupuri 1<sup>st</sup> Lane  
Kolhapur

To,

The Members of  
Menon Pistons Ltd.,  
182, Shirol  
Kolhapur 416 122

We have examined the compliance of conditions of Corporate Governance by Menon Pistons Ltd., for the year ended on 31st March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay stock exchange Ltd in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement, except the norms prescribed for the appointment of independent directors.

We state that all the investor complaints / grievances received during the year were redressed and resolved, as per the records maintained by the Share Transfer and Shareholders / Investors Grievance Committee.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For M/s. P.M. Vardhe & Co.**  
Chartered Accountants,

Place : Kolhapur  
Date : 24.05.2009

**P.M. Vardhe**  
Proprietor  
M.NO.031817





## CORPORATE GOVERNANCE REPORT

### Company philosophy on code of governance:

Corporate Governance safeguards and add value to the interest of its stakeholders viz. investors, creditors, customers, employees and Government etc. in the long run. The company pursues the process of Corporate Governance in compliance with Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange where company's shares are listed and submits a report on the matters mentioned in the said clause and practices followed by company. The Company remains committed to the core aspects of Corporate Governance, viz. fairness, transparency, accountability and responsibility.

### 1) Board of Directors

The Board comprises of 7 ( seven) Directors, of which 4 (four) are non-executive Directors. The Chairman is the Non-Executive Chairman. The Board comprises of 2 ( two) independent Directors i.e. Directors, who, apart from receiving sitting fees, do not have any other material pecuniary relationship or transactions with the Company, its promoters or its management, which may affect independence of judgment of the Directors. However the composition of independent directors is not fulfilled because the company is facing problems in appointment of independent directors in the current turbulent situation.

### Composition, Attendance at the Board Meetings and the last Annual General Meeting, and number of other Directorships and chairmanships/Membership of Committees of each Director in various Companies:

Directors	Category	Attendance of meeting during 2008-09		No. of Directorship	*No of Memberships Chairmanships, Board Committees of Other Companies	
		Board Meetings	Last AGM		Member	Chairman
Mr. Ram Menon	Chairman / N.E.D.	4	Yes	8	-	-
Mr. Sachin Menon	Managing Director	4	Yes	6	1	-
Mr. Nitin Menon	N.E.D.	3	No	6	-	1
Mr. R. D. Dixit	N.E.D.(I)	4	No	3	-	-
Mr. Mani Mathew	Executive Director	3	Yes	1	-	0
Mr. G. S. Rao	Executive Director	2	Yes	-	-	1
Mr. A.S.Belur	N.E.D.(I)	2	No	-	1	1

N.E.D. - Non Executive Director      I - Independent Director

\*In accordance with Clause 49, Membership / Chairmanship of only the Audit Committees and the Share Transfer & Shareholders / Invertors Grievance Committees of all Public Limited Companies have been considered.

None of the Directors serve as members of more than 10 committees or are chairman of more than 5 committees across all the Companies in which they are Directors.

The Board met four times during the financial year under review on the following dates:

- |                  |                  |
|------------------|------------------|
| 1) 30 May 2008   | 2) 10 July, 2008 |
| 3) 22 Oct., 2008 | 4) 24 Jan., 2009 |

The maximum time gap between any two meetings was not more than four months..

## Code of Conduct

i) Code of Conduct for Director and Senior Management of the Company.

The Company has adopted the Code of Conduct for the Directors and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the code as on March, 2009.

ii) Code of Conduct for prevention of Insider Trading

The Company has also adopted a Code of Conduct for Prevention of Insider Trading.

All pecuniary relationships or transactions of the non-executive Directors have been disclosed in the Notes to Accounts.

## Risk Mitigation Plan

The Company has laid down the procedure for risk assessment and minimization which has been reviewed by the Board of Directors and the Board of Directors shall continue to periodically review this procedure.

## Remuneration to Directors

Details of remuneration paid to Directors during the year 2008-2009:

Name of Director	Salaries and Perquisites	Commission	Sitting Fees	Total
Mr. Sachin Menon	23,68,584	90,000	4,000	24,62,584
Mr. Mani Mathew	9,34,059	Nil	3,000	9,37,059
Mr. G.S. Rao	12,46,581	Nil	2,000	12,48,581

Notes:

The Company does not pay any remuneration to the Non-Executive Directors except sitting fees which were paid within the limit prescribed under section 310 of Companies Act, 1956.

Disclosure regarding Directors retired by rotation and seeking re-appointment at the ensuing Annual General Meeting.

### Mr. Mani Mathew

Work experience

He is B.E., M.B.A and having work experience of more than 35 years in Menon Pistons Limited

### Mr. G. S. Rao

Work experience

He is B. Tech. from IIT and having work experience of more than 30 years in various Auto industries.

## II Audit Committee

### Composition of Audit Committee

The Audit Committee comprises of Three Directors out of which two are Non-Executive Directors as at March, 31, 2009.

Name	Position
1. Mr. R.D. Dixit Non-Executive & Independent Director	Chairman
2. Mr. Ajitkumar Belur Non-Executive & Independent Director	Member
3. Mr. Mani Mathew Executive Director	Member

The minutes of the Audit Committee Meetings are noted by the Board of Directors of the Company at the subsequent Board Meetings.

### Meetings and the attendance during the year.

Name Of Member	Attendance of Meetings
1. Mr. R.D. Dixit	4
2. Mr. Ajitkumar Belur	2
3. Mr. Mani Mathew	3

As per the provisions of section 292A of the Companies Act, 1956 and clause 49 of Listing Agreement the Board has constituted Audit Committee. The Audit Committee acts as a link between the statutory and internal auditors and the Board of Directors. It addresses itself to matters pertaining to adequacy of internal controls, reliability of financial statements/others management information.

The terms of reference of the Audit Committee include the following:

- Reviewing the Company's financial policies and results
- Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- Reviewing the adequacy of Internal Audit function and discussing the findings of the Internal Auditors.
- Management Discussions and analysis of financial condition & result of operations.
- Review of related party transactions
- Interaction with Statutory Auditors.

## III. Subsidiary Company

The Company does not have a material unlisted Indian subsidiary whose turnover or net-worth exceeds 20% of the consolidated turnover or net-worth respectively of the listed holding Company and its subsidiary in the immediately preceding accounting year.

## IV. Share Transfer & Shareholders' Grievance Committee

In compliance with the requirement of the Corporate Governance under the Listing Agreement entered into with the Bombay Stock Exchange where the shares of companies are listed, the Company has constituted a Transfer and Shareholders/Investors Grievance Committee to look into issues relating to shareholders including share transfer.

**The Share Transfer & Grievance Committee consists of 2 members and is headed by Mr. R. D. Dixit.**

The Minutes of Transfer and shareholders/Invertors Grievance Committee are noted by the Board of Directors of the Company at the Subsequent Board Meetings.

Mr. S.B.P. Kulkarni, General Manager (Corporate) - Finance and Sourcing is the Compliance Officer of the Company.

The terms of reference of the above Committee are as follows:

- a) To consider and approve transfer/transmission of shares, consolidation /split of share certificates and issuance of duplicate share certificates; etc.
- b) Redressal of shareholders'/investors' complaints relating to transfer, transmission, transposition, splitting, consolidation, dematerialization of shares, non receipt of annual reports etc.

As on 31st March 09, there were no pending requests for transfer of shares as per company's records but as per letter issued by SEBI dated 5th May 2009 there is one issue pending in respect of transfer of shares.

#### **v) General Body Meetings**

##### **1) Particulars of AGM/EGM for the last three years:-**

Particulars	Date	Time	Venue	No. of Special Resolutions Passed
31st AGM	23rd August 2008	4.00 pm	182, Shirol, Kolhapur. 416122 Maharashtra. INDIA	Nil
30th AGM	23rd August 2007	4.00 pm	182, Shirol, Kolhapur. 416122 Maharashtra. INDIA	Nil
29th AGM	24th August 2006	4.00 pm	182, Shirol, Kolhapur. 416122 Maharashtra. INDIA	Nil

#### **VI. Disclosure**

##### **a) Related Party Disclosure**

There are materially significant related party transactions with its promoters, directors or the management and their relatives. The company against which composition of application u/s 621A of the companies Act 1956 is lodged to Company Law Board, Mumbai, routed to ROC Pune office has received approval under section 297 of Companies Act, 1956 from the office of Regional Director, Mumbai vide letter No. 297/290 to 292/10/2008/17943 dated 31 March 2009 for such transactions in the period from 01st April 2009 to 31 March 2012. The transactions relating to previous financial year are detailed in "Notes to Accounts" forming part of Accounts.

##### **b) Compliance with Regulation**

1) The Company has complied with the requirements of Regulatory Authorities on capital markets including the requirements under the SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended and no penalties or strictures has been imposed on the Company by the Stock Exchange, SEBI or any other statutory authority on any matter relating to the Capital Markets during the last 3 years.

2) As per circular No. SEBI/CFD/DIL/CG/1/2008/08/04 dated April 08, 2008 issued by SEBI and amended clause 49 of listing agreement company makes following disclosure: Mr. Ram Menon, Non-Executive Chairman is a father of Mr. Sachin Menon, Managing Director of the Company and Mr. Nitin Menon Non-Executive Director of the Company, Mr. Sachin and Mr. Nitin Menon are brothers.

##### **c) Whistle Blower Policy**

We have established a mechanism for employees to report concerns about unethical behaviors actual or suspected fraud or violation of our code of conduct or ethics policy. The mechanism also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provides direct access to the chairperson of the audit committee in the exceptional cases. We further affirm that during the financial year 2008-09 no employee has been denied access to the audit committee.

## VII. Means of Communication

The Board of Directors of the Company approves and takes on record the quarterly unaudited financial results in the proforma prescribed by the Stock Exchange and announces the said results to the Stock Exchange Mumbai where the shares of the Company are listed. These quarterly unaudited results were also published in The Economic Times (English Edition) and Lokmat (Marathi Edition) news papers in the prescribed format as required by amended clause 41 of Listing Agreement. Management discussion and analysis report is published in annual report and Periodical compliance of company is posted on BSE website.

## VIII. Status of Compliance with Mandatory Requirements

The Company has complied with mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges as applicable and in force till on March 31, 2009.

### Shareholder General Information:.

#### a) Annual General Meeting:

Date & Time : Friday, 14th August 2009 at 4.00 p.m.  
Venue : 182, MIDC Shirolji, Kolhapur - 416 122.

b) Dates of Book Closure : from Saturday 8th August 2009 to Friday 14th August 2009.

#### c) Financial Calendar of the Company relating to future immediate reporting:

The Financial year covers the period from 1st April 2009 to 31st March 2010.

Financial Reporting for:

- Quarter ending 30th June, 09	End July, 2009
- Half Year ending 30th September, 09	End October, 2009
- Quarter ending 31st December, 09	End January, 2010
- Year ending 31st March, 10	June, 2010.
- Annual General Meeting for the year ended March 31, 2010.	August/September 2010.

d) Face Value of the equity ShareRs. Rs.10 per share.

e) Dividend Payment Date : Dividend will be paid only after approval by shareholders in annual general meeting.

#### f) Listing on Stock Exchange & Stock Code:

Stock Exchange	Stock code
Bombay Stock Exchange of India Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	531727

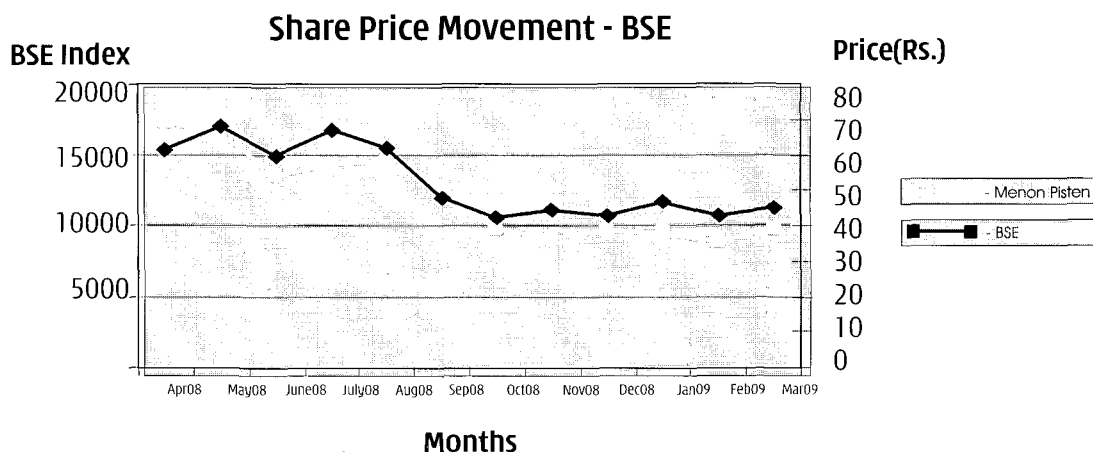
Listing fees were paid for the year to the Bombay Stock Exchange. The ISIN Number of company on both NSDL & CDSL is INE 6501011

**g) Market Price Data:**

**i) High/Low in each of month of the Financial Year April 2008 to March 2009 on Bombay Stock Exchange, Mumbai**

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2008	75.40	58.00	October 2008	50.55	39.10
May 2008	74.00	60.80	November 2008	49.05	41.85
June 2008	78.00	53.00	December 2008	48.50	41.00
July 2008	68.00	52.90	January 2009	47.75	39.00
August 2008	72.00	59.00	February 2009	47.40	39.00
Sept. 2008	63.00	48.05	March 2009	44.85	38.35

**ii) Performance in comparison with BSE Index :-**



**h) Share Transfer System**

The applications for transfer of shares and other requests from shareholders holding shares in physical form are processed by M/s Link Intime India Private Limited Mumbai. Share Transfers are registered and returned in the normal course within an average period of 15 days from the date of receipt if the documents are clear in all respects. Requests for dematerialization of shares are processed and confirmation is given to the respective depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) within 15 days. Connectivity with NSDL & CDSL is maintained through M/s. Link Intime India Private Limited Mumbai. The Board has delegated the power to approve transfers to the Share Transfer, Finance and Investors Grievance Committee.

**i) Registrar and Share Transfer Agents:**

**M/s Link Intime India Private Limited Mumbai.**

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W)

Mumbai - 400 078.

Tel No.: (022) 25963838 Ext: 2297 | Fax No: 25946969

Email - rahul.talla@linkintime.co.in

**j) Registered Office of the Company:**

182, MIDC Shiroli,

Kolhapur - 416 122.

Phone: 91-230- 2468041/2468042, Fax. (020) 25465328

E-mail - cs@menonpistons.com

Website - Website : <http://www.menonpistons.com>

Compliance Officer - Mr. S.B.P. Kulkarni.

**k) Plant locations:**

**Plant I:**

182, MIDC, Shiroli, Kolhapur - 416 122.

Phone- 0230-2468041/42

**Plant II:**

H-1, MIDC, Kupwad Block

Sangli - 416 436

Phone: 033 - 2345179/89

**l) Shareholding Pattern as on 31st March 2009**

Shareholders	Number of shares held	% Shareholding
OTHER BODIES CORPORATE	656139	12.8655
CORPORATE BODIES (PROMOTER CO)	2313638	45.3655
CLEARING MEMBER	1644	0.0322
DIRECTORS	397504	7.7942
NON NATIONALISED BANKS	600	0.0118
NON RESIDENT INDIANS	2259	0.0443
OFFICE BEARERS	1550	0.0304
PUBLIC	644267	12.6327
RELATIVES OF DIRECTORS	1082399	21.2235
<b>TOTAL:</b>	<b>5100000</b>	<b>100.00</b>

#### m) Distribution of Shareholding as on 31st March 2009

Range of Shares held	No. of Share Holders	% to Total Share Holders	No. of Shares held	% to Capital
1 - 5000	1644	92.8290	219074	4.2960
5001 - 10000	59	3.3310	44805	0.8790
10001 - 20000	29	1.6370	40015	0.7850
20001 - 30000	8	0.4520	21036	0.4120
30001 - 40000	0	0.0000	0	0.0000
40001 - 50000	1	0.0560	4044	0.0790
50001 - 100000	2	0.1130	13936	0.2730
100001 - Above	28	1.5810	4757090	93.2760
<b>TOTAL:</b>	<b>1771</b>	<b>100.00</b>	<b>5100000</b>	<b>100.00</b>

#### n) Dematerialization of Shares

The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services (India) Limited (CDSL) by virtue of which, 2991170 equity shares of the Company forming 58.65% of total share capital of the company, have been dematerialized as on 31st March 2009.



### MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

#### A) AUTOMOTIVE INDUSTRY-

The global economic crisis created a challenging environment across various sector , which has forced countries and industries to take a fresh look at their future strategies.

Automotive sector has not remained unaffected by such turmoil. The operations of several auto majors are affected and cost associated pressures are making there focus on emerging markets, not only for sourcing components , but also for sourcing vehicle design and vehicle manufacturing. it expected that recessionary trends and the resultant growing pressures on margins would further enhance the need locational shift in manufacturing of automobile. while the automobile exports have been largely confined to a few countries in Asia and Africa, and to a limited extent in Latin America, Indian automobile firm may have to accelerator their momentum and increase their penetration in other countries. with the global meltdown and consequent mounting pressure on prices and margins, it is inevitable for the US and European OEMS to increasingly look forward to India for relocation of their manufacturing activity as well as their R&D activities, in addition to component sourcing across various segments.

#### B) AUTO ANCILLIARY SEGMENT-

The domestic market, which accounts for 80% of RS.90,000 crore Indian auto component sector, is experiencing one of the worst phase due to dip in auto sales. While car and two wheeler sales dropped nearly 25% and the Commercial Vehicle (the sector in which we have a good presence) sale slumped to almost 50% and these figures are unlikely to boost to bring them to the last year's Level.

The Auto component Sector which depends upon the Original equipment manufacturers (OEMs) for its growth is stuck in the middles of a sluggish sector and a recession hit global market.



The Export segment also has seen that the overseas buyers are either postponing or canceling and sharply curtailing their capex, the Component segment has to reduce their fixed cost and improve margins by lowering material cost, through design changes and entering niche markets.

The auto component sector, which has grown at a 27.2 CAGR over the last five years is unlikely to register growth to that extent in the next financial year and it could at best be no more than a single digit.

### **C) ENGINE BUSINESS -**

The emphasis on reducing the pollution and bringing about the legislation for Compliance of exhaust emission is a continuous and on going process and the engine manufacturers would continue to depend upon the vital component manufacturers like the Piston assembly manufacturers and the fuel injection equipment manufacturers whose products have a direct bearing on the performance and their ability to achieve the desired and targeted emission norms by offering design of product with the new material, new techniques and technologies to keep with the changing demands.

### **D) FUTURE OUTLOOK AND CHALLENGES-**

Owing to the prevailing conditions auto component manufacturing are finding difficult to make future projections as its two key markets, OEM and replacement segment, have been affected by poor demand and there is instability in final product prices, which are trending downwards.

Although raw material prices have been coming down over the last few months, they are still to high levels over a few years ago. However a part of these gains may also have to be passed on to the customer.

Though there is an increasing demand for sourcing components from India, if the present slow down continues, the road ahead is not going to be smooth for the domestic companies.

In the light of the current scenario, auto component manufacturing have to look for destinations in Export market, as the rupee's depreciation against dollar and other currencies should help them remain competitive vis-a-vis competition.

Component manufacturers also may have to insulate themselves from the cyclical nature of the Auto Industry, by diversifying into non Auto segment, such as defence, power generation, material equipment etc.

Focus should also be on New Product development, increase their R & D budget, and product specialization.

The way forward for companies would be through scaling up the value chain, better use of man power and close collaboration and building up value relationship with global players.

Waste reduction, cost cutting, to reduce the fixed costs, (plant and shift rationalization) and by adopting design modifications in the cutting tools and materials and improving the productivity, adoption of Less Expensive alternative materials, judicious use of energy saving measures, introduction of Poka yoke techniques at all vantage locations of manufacture to imbibe the spirit of the 'doing-right-the-first time', and deployment of team spirit at all levels in the organization, and faster response to the Customers' needs and demands, are the challenges ahead of us and these would help us improve our margins and still be competitive in spite of the recession.

Companies with low cost base and global quality and quick response for the new developments with a Technological back up and support will stand to gain the most, once the demand picks up in the coming days.

For and On Behalf of the **Board of Directors**

**Date - 24th May, 2009**  
**Place - Kolhapur.**

**Sachin Menon**  
**Managing Director**

## CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER (CEO)/MANAGING DIRECTOR

To  
The Board of Directors  
MENON PISTONS LIMITED.

I, the undersigned, in my capacity as the Managing Director of MENON PISTONS LIMITED (the company), to the best of my knowledge and belief certify that:

- a) I have reviewed the financial statements and the cash flow statement for the year ended on 31st March 2009 and based on my knowledge and belief, I state that:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) I further state to the best of my knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I am responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated, based on my recent evaluation, wherever, applicable, to the Auditors and the Audit Committee:
- i) significant changes, if any, in the internal control over financial reporting during the year;
  - ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements;
  - iii) instances of significant fraud of which I have become aware and the involvement there in, if any, of the management or any employee having significant role in the Company's internal control system over the financial reporting.

For and On Behalf of the **Board of Directors**

Date - 24th May, 2009  
Place - Kolhapur.

**Sachin Menon**  
Managing Director

## DECLARATION - COMPLIANCE WITH THE CODE OF CONDUCT

In accordance with Clause 49 of Listing Agreement with the Stock Exchanges, I, Sachin Menon, Managing Director of the Company, hereby, declare that the Board Members and Senior Management Personnel have affirmed compliance with the said Code of Conduct for the year ended March 31, 2009.

**For MENON PISTONS LIMITED.**

Date: - 24th May, 2009.  
Place: - Kolhapur.

**Sachin Menon**  
Managing Director



MENON PISTONS LIMITED  
182, Shirol, Kolhapur 416122

NOTICE

Notice is hereby given that Thirty Second Annual General Meeting of the Members of Menon Pistons Limited will be held on Friday 14th August 2009 at 4.00 p.m. at 182, MIDC Shirol, Kolhapur - 416 122, to transact the flollowing business:

Ordinary Business:

1. To consider and adopt the audited Balance Sheet as at March 31, 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on equity shares.
3. To appoint Director in place of Mr. G. S. Rao , who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint Director in place of Mr. Mani Mathew, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s) the following resolution as an Ordinary Resolution :

"RESOVLED THAT pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s P.M. Vardhe & Co. Chartered Accountants, Kolhapur, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors".

By Order of the Board of Directors,

Place : Kolhapur.

Date : 24th May 2009

Ram Menon.  
Chairman.

Registered office : 182, MIDC Shirol, Kolhapur. 416 122.

Notes :

**1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.**

2. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.

3. The Register of Members and Share Transfer Register will remain closed from Saturday 8th August 2009 to Friday 14th August 2009 (both days inclusive) for the purpose of Annual General Meeting.

4. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.

5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

6. The dividend on Equity Shares, if approved by shareholders at the Meeting, will be paid on or after the date of the annual general meeting.

7. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the Company will transfer the unpaid or unclaimed dividends for the financial year 2001-2002 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.

**MENON PISTONS LTD.**  
182, Shirol, Kolhapur 416122

**ATTENDANCE SLIP**

Please bring this Attendance Slip and hand it over at the entrance of registered office 182, Shirol, kolhapur-416122

Name & Address of shareholder : \_\_\_\_\_

Folio No.: \_\_\_\_\_

\*DP ID.: \_\_\_\_\_

\*Client ID.: \_\_\_\_\_

I hereby record my presence at the thirty Second Annual General Meeting at "Menon Piston Limited 182, Shirol, Kolhapur - 416122 on Friday 14th August 2009.

Signature of the Member or Proxy	Shares Held

\*Application to investors holding shares in electronic form.

**MENON PISTONS LTD.**  
182, Shirol, Kolhapur 416122

**FORM OF PROXY**

I / We ..... of ..... in the district of .....  
being a Member / Members of Menon Pistons Limited, hereby appoint Mr./Mrs. ....  
..... of ..... in the District of ..... or failing him .....  
..... of ..... in the District of ..... as my / our proxy to vote for me / us on my / our behalf  
at the THIRTY SECOND ANNUAL GENERAL MEETING of the Company, to be held on Friday the 14th August, 2009 and at any  
adjournment thereof.

Signed this ..... day of ..... 2009.

Folio No. ....

DP. ID. ....

Client ID ..... Signature .....

Affix  
Rs. 1/-  
Revenue  
Stamp

**NOTE :**

1. The Proxy in order to be valid should be deposited at the Principal / Registered Office of the Company not later than Wednesday, 12th August 2009 at 4.00 p.m.
2. The Proxy should be executed on One Rupee Revenue Stamp.
3. The shareholder may choose to vote differently for his entire holding and may vote against or for the resolutions in the notice.







visit us at : [www.menonpistons.com](http://www.menonpistons.com)

UNDER CERTIFICATE OF POSTING

BOOK - POST