

Menon Pistons Ltd.  
Annual Report 2011-2012



Menon Pistons Ltd. main manufacturing facility at Kolhapur.

## Contents

Board Of Directors, Company Information, etc. ....	2
Directors Report .....	3
Management Discussion and Analysis Report .....	9
Auditors Report to the Shareholders .....	12
Financial Statements as at and for the year Ended March 31,2012 .....	15
Auditor's Certificate on Compliance of Conditions of Corporate Governance .....	41
Corporate Governance Report .....	42
Notice .....	53
Attendance Slip and Proxy Form .....	55

# The Board of Directors

## BOARD OF DIRECTORS

Mr. Ram Menon  
Chairman

Mr. Sachin Menon  
Managing Director

Mr. Nitin Menon  
Director

Mr. R. D. Dixit  
Director

Dr. Y.S.P. Thorat  
Director

Mr. Ajitkumar S. Belur  
Director

## KEY MANAGERIAL PERSONNEL

Mr. S B P Kulkarni  
Associate Vice President

Mr. B. M. Tupare  
Company Secretary

## AUDITORS

M/S P.M. Vardhe & Co.  
Chartered Accountants

## INSTITUTIONS & BANKERS

IDBI Bank Ltd.

## REGISTERED OFFICE

182, Shirol, Kolhapur - 416122  
Phone: 91-230- 2468041/2468042  
Fax – 0230- 2468442  
Website:  
<http://www.menonpistons.com>  
Email: [oad@menonpistons.com](mailto:oad@menonpistons.com)  
[cs@menonpistons.com](mailto:cs@menonpistons.com)

## Report of the Directors for the Financial Year ended 31<sup>st</sup> March 2012

**Dear Shareholders,**

Your Directors have pleasure in presenting to you 35th Annual Report on the business and operations of the Company together with the audited statements of accounts for the year ended 31st March 2012.

### Financial & operational Performance:

(₹. in Lakhs)

Particulars	Current Year 2011-2012	Previous Year 2010-2011
<b>Gross Turnover</b>	<b>16,705.88</b>	<b>15,066.93</b>
Less: Usual working Expenses	14,772.32	13,501.23
<b>Gross Profit</b>	<b>1,933.56</b>	<b>1,565.70</b>
Less: Depreciation	415.07	264.19
<b>Profit Before Taxation</b>	<b>1,518.49</b>	<b>1,301.50</b>
Less: Provision for Taxation (Net)	516.94	424.27
<b>Profit After Tax</b>	<b>1,001.55</b>	<b>877.23</b>
Add: Balance of profit as per last year's accounts	2,293.24	1,717.15
Add : Previous Year Provision W/o	0.68	Nil
<b>Balance Available for appropriation</b>	<b>3,295.47</b>	<b>2,594.38</b>
<b>Less :</b>		
Proposed Dividend	178.50	178.50
Tax on Dividend	28.95	29.64
Transfer to General Reserves	100.00	93.00
<b>Balance carried forward to next year</b>	<b>2,988.02</b>	<b>2,293.24</b>

### General Review

After having recorded a strong double – digit volume growth over the last two years, the auto and auto components industry may face strong headwinds in 2012 – 13 leading to moderation in growth contributed by firming up of commodity prices, rising fuel costs and interest rates, while the industry has made big strides over the last decade towards improving internal efficiency and thereby partially offsetting input cost pressures, efficiency gains alone may be insufficient going forward for players to use as a lever to combat cost headwinds. Industry players will therefore need to intensify their focus on deploying more cost effective measures.

The Indian auto components industry is gaining significance on the global front for the foreign Original Equipment Manufacturers (OEMs) that source parts from India. Adoption of global best practices is shaping

the industry towards having an efficient supply chain system to fully exploit the rise in local demand. However, the industry is structured in three tiers with the lowest tier being highly fragmented. Information Technology (IT) solutions are thus necessary to increase the visibility across the supply chain to provide accurate demand forecasts, prevent counterfeiting of products and provide quality products and services.

In view of these developments your company taken various measures for quality of the product, introducing new technologies in manufacturing activity with the help of our technology partners M/s Dong Yang Pistons Co. Ltd. South Korea and in – house product developments.

Your Company introduced The New world-class Foundry ready for production in last quarter of the financial year 2011-12 and the production process is being smoothen, resulting in time saving and the ultimate benefit is quality of the product be increased drastically.

During the year 2011-12 your company has achieved the turnover of Rs. 167.05 Crores as compared to Rs. 150.66 Crores during the previous financial year whereas profit after tax for the year is Rs. 10.01/- Crores as against Rs. 8.77/- Crores in the previous financial year.

## **Dividend**

Your Directors are pleased to recommend a dividend Rs. 3.50/- per equity share of Rs. 10/- each for the financial year 2011-2012. Total outgo on dividend would be Rs. 17,850,000/- (One Crore Seventy Eight Lakhs Fifty Thousand only). The Company has made preparations to transfer Rs. 1,00,00,000/- (One Crore Only) 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. Dividend would be distributed to the Shareholders after approval of members in the Annual General Meeting.

## **Corporate Governance**

As a listed Company necessary measures are taken to comply with provisions of the listing agreement entered with Bombay Stock Exchange. A report on Corporate Governance along with a certificate of compliance from the Auditor's is annexed to this report and forms part of this Annual Report. The Managing Director's declaration regarding compliance with code of conduct for Board Members and Senior Management is attached to the Corporate Governance 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.

## **Board of Directors**

Dr. YSP Thorat and Mr. Nitin Menon, Directors, would retire by rotation at the ensuing Annual General Meeting of the Company; and being eligible, may 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 Relation**

During the year, Industrial relations at both the plant locations remained harmonious. Regular structured safety meetings were held with employees and safety programmes were conducted for them throughout the year. The Directors express their appreciation for the support given and the contribution made by the employees at all levels and there were no man days lost due to any kind of unrest.

### **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 if any;
- 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, 12 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 '**Annexure A**' to this report.

### **Management Discussion & Analysis and Corporate Governance**

A separate Report on the Management Discussion & Analysis is annexed to this report and forms part of this Report

## Particulars of employees

There is no employee whose particulars are required to be given under section 217(2A) (a) of the Companies Act 1956 read with Notification dated 31st March, 2011 by MOCA.

## Auditors & Their Report

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.

The Board has duly reviewed the Statutory Auditors' Report. No qualification remark was listed out by the Auditor in their report. It is forming part of this Annual Report.

Mr. Chandrashekhar S. Adawadkar, cost accountant, Pune has been appointed as cost auditor to conduct the said audit for the year 2011-12, and the government approval in this regard has been received.

## Audit committee

The Audit Committee, which was constituted pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement with Bombay Stock Exchange, has reviewed the Accounts for the year ended March 31, 2012. The Composition of the Audit Committee are Mr. R. D. Dixit (Chairman), Mr. Sachin Ram Menon (Member) and Dr. YSP Thorat (Member).

## Acknowledgments

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 depositories and other Government Agencies for their continuous & stable support, and look forward to their continued backing in the future.

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

**Place: Kolhapur**  
**Date : 27.05.2012**

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

**R. D. Dixit**  
**Director**

## ANNEXURE A TO DIRECTORS' REPORT

Information required under the Companies Disclosure of particulars in the report of the Board of Directors) rule 1988.

### 1. Conservation of Energy:

In continuous improvement process several energy saving measures which have been initiated by appropriate modifications in adopting systems such as installation of induction furnances, multiple cavity dies, modern machines with multiple operations, and new designated holding furnances to save fuel and power cost and monitoring energy saving measures periodically and implementing the energy management technique has resulted average saving of Rs. 30-35 lakhs per year.

### 2. Technology absorption:

#### (i) Specific areas in which R & D is carried out :

The automobile industry in india is at present undergoing considerable expansion and modernization with technology and know – how imported from japan, U.S.A and Europe.

Your Company is continuously investing to improve upon design capability to become total solution provided in the eyes of domestic as well as overseas customers. The company has already installed most modern upgraded software to carry out finite element analysis both structural and thermal and acts as tool of design validation. We can develop in – house piston design once we receive the engine details from the customer.

#### (ii) Benefits derived from a result of the above R & D :

Engine validation of new generation emission complaint engines of BS-III and above norms calls for improved engine test facility. We have already upgraded and installed modern engine testing facility.

Our company is already working on new projects with various customers using the above upgraded facility. Now we are one of the trusted Oil Cooled Gallery Piston manufacturers in the country. Number of new customers are approaching for upgradation in their existing engine norms.

### 3. Foreign Exchange Earnings & Outgo :

- a) Activities relating to exports initiative : Nil  
taken for exports, development of new  
export markets for products and services.

b)	Total Foreign exchange used :	
	1. Raw Material	: Rs. 20.22 Lacs
	2. Capital Equipment (Including Advance)	: Rs. 179.38 Lacs
	3. Machinery Spares	: Rs. 11.12 Lacs
	4. Foreign travel & other expenditure	: Rs. 7.86 Lacs
	5. Royalty & Consultancy fees	: Rs. 45.43 Lacs
	6. Earned Deemed Export	: Rs. 3937.24 Lacs

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

**Place: Kolhapur  
Date : 27.05.2012**

**Sachin Menon  
Managing Director**

**R. D. Dixit  
Director**



# ANNEXURE 'B' TO DIRECTORS REPORT

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### Automotive Components Industry - Outlook ,challenges, Swot Analysis:

The company has its presence in auto component segment and deals in one product segment “piston Assemblies”

The Company's products 'piston assemblies' are used in internal combustion engines like Tractors, Commercial Vehicles, Industrial Engines, Construction equipments. Piston sales to cars and two wheeler segment are insignificant or almost none. In the presently serviced sector 10% average growth pan India basis is witnessed for last 3 to 4 years and a cumulative growth is expected at 40% in next 2/3 years to come.

Considering the above facts the board sees following opportunities in buoyant but turbulent market:

Growth is predicted in auto components in next two years and simultaneously presents significant challenges to manage pricing on a global basis.

Apart from cheaper labour and cost competitiveness India has got many advantageous factors over other economies, like, Established manufacturing base , Skilled manpower , Established local market , Global standard manufacturing capabilities , High operational efficiency, stable economy etc. which scores over other economies under any given situation and thus instrumental in India acquiring priority over others.

#### **Some challenges and threats :**

There are costs to be competitive, costs like product innovation costs, R&D costs, flexible manufacturing costs, social security and incentives, to maintain competitiveness. These costs creates pressures on margins.

Authorities over the world are in a phase of tightening regulations and are going forward, with emphasis switching from tailpipe emissions to greenhouse gas emissions. Therefore, timely adaptation to these changes and costs is a key to a sustainable future for companies in the automotive sector.

Growth of New Suppliers like Taiwan and Thailand will create competition in years to come.

#### **Weaknesses :**

Limited access to knowledge of product liability, warranty restriction in developed market limits the reach to the export market. A limited and fiercely competitive domestic market inhibits capacity creation, Comparatively poor infrastructure for supply chain and exports dampens the margins which are already thin.

#### **Risk Management :**

Your company like any other enterprise is exposed to business risks which may be internal as well as external. In the broadest sense we define risk as the eventuality of not achieving our financial operative, strategic goals, as planned. To ensure long term corporate success it is essential that risks are identified effectively, analyzed and then mitigated by means of appropriate control measures. We have an appropriate risk management system in place, which enables us to recognize and analyze risks early and to take the appropriate action., this system is implemented as an integral part of our business processes across the entire company's operations and includes recording monitoring and controlling

internal enterprise business risks and addressing them through informed and objective strategies.

#### **Internal control systems and their adequacy :**

The company's internal control system has been designed in order to provide the directors and the audit committee with reasonable assurance that its assets are safeguarded, transactions are properly authorized and recorded, material errors and irregularities are either timely prevented or detected. The internal controls system provides the board an independent, reasonable assurance of the adequacy of effectiveness of the organizations risk management, control and governance process. The board of directors continuously assesses opportunities for improvements in business process, systems, control and also putting in place standard operating practices.

The company's internal control system comprises of a specially designed ERP system which is running in all departments of the company which is tested and tried at operational level. These procedures are subject to internal audit by independent, external professional firm of chartered accountants. The internal auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of internal audit is ensured by the direct reporting of internal auditors to the audit committee.

Control systems have also been developed to ensure adherence to policies and systems and mitigation of the operational risks. Company has also adopted internal codes, rules and guidelines for conducting business transactions. The internal control systems is maintained and reviewed regularly by the management. Thus effective internal control structure has been set up in the company to enhance organizational performance and contribute towards accomplishment of its objectives.

#### **Corporate Social Responsibility :**

As a matter of fact there is no formulated written CSR Policy is in place. The Board invariably has developed a strategy to provide a roadmap for its CSR activities over the period which has become an integral part of our business strategy over a decade or so.

As a good corporate citizen all around the globe, we recognize and perform the obligations towards our employees, investors, customers, suppliers, competitors and the community as a whole. We believe our reputation, together with the trust and confidence of those with whom we deal, to be one of our most valuable assets. We strongly believe that integrity in dealings with stakeholders is a prerequisite for a successful and sustained business relationship. Your company's manufacturing activities are located in and around Kolhapur city and as a strategy and to the extent possible it supports local charities and participates in a range of community activities, in house & in near locality.

#### **Environment :**

The company believes that, by nature, our operations have a minimal impact on the environment. However, we acknowledge that there are inevitable environmental impacts associated with daily operations. We strongly encourage the internationally established 3 R's reduce, re-use, recycle. In the course of our operations we seek to identify opportunities to reduce/ keep it at minimum consumption of energy, water and other natural resources. We also strive to re-use and recycle where possible and dispose of non-recyclable items responsibly, thereby minimizing impact on the environment. Your company is preparing itself for Standard Certification in environment which is ISO 14000 which addresses "**Environmental management**".

#### **Human Relations, workers' welfare, inclusive development activities :**

It is our strategy to adhere to all legislation relating to employment rights and equal opportunities, with particular reference to non-discrimination on the basis of ethnic origin, religion, gender, age, marital status, disability or sexual orientation. We ensure that physical, verbal and psychological abuse, or a sexual or other form of harassment towards employees is not tolerated. We aim to ensure a safe and healthy working environment that is safe hygienic and humane and which upholds the dignity of employees, outside contractors and visitors.

### **Analysis of Financial condition and results of operations**

The financial statements have been prepared in accordance with the requirements of the Companies Act, the Indian GAAP. The board of director believes that it has been the objective and prudent in making estimates and judgments relating to the financial statements and confirms that these financial statements are a true and fair presentation of the company's operations of the year. Considering the limitedness of the manufacturing activity of the company and a separate analysis is already given in directors' report and in notes to accounts with all material figures, it was thought prudent not to duplicate it here once again in detail however a performance snapshot is produced hereinbelow:

### **Performance snapshot of the company :**

Your Company introduced The New world-class Foundry ready for production in last quarter of the financial year 2011-12 and the production process is being smoothen, resulting in time saving and the ultimate benefit is quality of the product be increased drastically.

Statutory compliance

The managing director makes a declaration at each Board Meeting regarding the compliance with provisions of various statutes after obtaining confirmations from all the units of the company. The company ensures compliance with SEBI regulations and provisions of the listing agreement.

Cautionary statement

Statements made in this Management Discussion Analysis report describing the company's projections expectations, estimates, global conditions, government policies etc contain forward looking statements based upon the data available with the company assumptions. The company cannot guarantee the accuracy of assumptions and perceived performance of the company in future therefore it is cautioned the actual results may materially differ from those expressed or implied in this analysis. Shareholders are hence cautioned not to place undue reliance on these statements, and are advised to conduct their own investigation and analysis of the information contained or referred to in this section before taking any action with regard to their own specific objectives.

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

**Place: Kolhapur  
Date : 27.05.2012**

**Sachin Menon  
Managing Director**

**R. D. Dixit  
Director**

# AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. Menon Pistons Ltd., 182, Shirol, Kolhapur as at 31<sup>st</sup> March, 2012 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 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2012 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 31<sup>st</sup> March, 2012 and;
    - II. In so far as it relates to the Profit and 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.

**For M/s. P.M. Vardhe & Co.,**  
Chartered Accountants  
( FRN : 111274W )

**Place : Kolhapur**  
**Date : 27.05.2012**

**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 (₹. 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 given guarantee for loans taken by Menon Engineering Services, Shirol, a partnership concern, from IDBI Bank Ltd, Kolhapur, amounting to Rs 350 Lacs.
- (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.
- (xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

**For M/s. P.M. Vardhe & Co.,**  
Chartered Accountants  
( FRN : 111274W )

**Place : Kolhapur**  
**Date : 27.05.2012**

**P.M. VARDHE**  
**Proprietor**  
**M. No. 031817**

## BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2012

PARTICULARS	NOTES		CURRENT YEAR (₹.)	PREVIOUS YEAR (₹.)
<b>I EQUITY AND LIABILITIES</b>				
<b>1. Shareholder's Funds</b>				
a. Share Capital	2	51,000,000	51,000,000	
b. Reserves & Surplus	3	467,207,535	387,729,440	
			<b>518,207,535</b>	<b>438,729,440</b>
<b>2. Non-current Liabilities</b>				
a) Long Term Borrowings	4	59,864,736	56,226,493	
b) Deferred Tax Liability (Net)	5	19,217,836	13,523,532	
c) Other Long Term Liabilities	6	4,173,479	3,987,118	
d) Long Term Provisions	7	21,602,697	23,023,510	
			<b>104,858,748</b>	<b>96,760,653</b>
<b>3. Current Liabilities</b>				
a) Short Term Borrowings	8	186,097,929	150,664,713	
b) Trade payables	9	208,408,547	227,240,439	
c) Other Current Liabilities	10	44,240,887	30,491,689	
d) Short Term Provisions	11	84,483,116	92,159,022	
			<b>523,230,479</b>	<b>500,555,863</b>
<b>TOTAL ₹.</b>			<b>1,146,296,762</b>	<b>1,036,045,956</b>
<b>II ASSETS</b>				
<b>1. Non-Current Assets</b>				
a) Fixed Assets	12			
i) Tangible assets		371,718,832	267,072,191	
ii) Intangible assets		743,152	1,109,108	
iii) Capital work-in-progress		2,646,272	22,047,416	
b) Non Current Investments	13	4,446,464	1,294,890	
c) Long-term loans and advances	14	30,742,700	26,947,079	
d) Other non-current assets	15	7,198,649	7,213,277	
			<b>417,496,069</b>	<b>325,683,961</b>
<b>2. Current Assets</b>				
a) Inventories	16	237,636,255	210,852,718	
b) Trade Receivable	17	238,972,588	285,235,554	
c) Cash and Bank Balances	18	235,608,653	196,608,114	
d) Short-term loans and advances	19	27,821	18,021	
e) Other current assets	20	16,555,376	17,647,588	
			<b>728,800,693</b>	<b>710,361,995</b>
<b>TOTAL ₹.</b>			<b>1,146,296,762</b>	<b>1,036,045,956</b>

As per our report of even date attached

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

Chartered Accountants

**P. M. Vardhe,**

Proprietor

M.No.031817

Place : Kolhapur

Date : 27.05.2012

For and on Behalf of the Board of Directors

**Sachin Menon**

Managing Director

**R.D.Dixit**

Director

**S.B.P. Kulkarni**

Associate Vice President

**B.M. Tupare**

Company Secretary



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2012

PARTICULARS	NOTES	CURRENT YEAR (₹.)	PREVIOUS YEAR (₹.)
<b>I) INCOME</b>			
Revenue From operation	21	1,811,032,786	1644,334,731
Less: Excise Duty		161,822,014	150,262,752
Other Income		1,649,210,772	1494,071,979
Total	22	21,377,301	12,621,572
		1,670,588,073	1,506,693,551
<b>II) EXPENDITURE</b>			
Raw Material	23	804,441,367	725,190,280
Changes in inventories of finished goods & work-in-progress	24	(42,068,370)	(50,778,142)
Payments to & provisions for Employees	25	130,038,232	124,537,885
Cost of Finance	26	32,017,663	26,606,247
Depreciation	12	41,506,706	26,419,602
Operating & Other expenses	27	552,803,305	524,566,739
Total		1,518,738,903	1,376,542,612
<b>III) Profit before Taxation</b>			
Provision for Income Tax (Current)		46,000,000	42,000,000
Provision for Income Tax (Deferred)		5,694,303	427,173
<b>IV) Profit After Taxation</b>			
<b>V) Earning Per Share</b>			
Basic and Diluted Earning Per Share		19.64	17.20

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

**Sachin Menon**  
Managing Director

**R.D.Dixit**  
Director

**P. M. Vardhe,**  
Proprietor  
M.No.031817  
Place : Kolhapur  
Date : 27.05.2012

**S.B.P. Kulkarni**  
Associate Vice President

**B.M. Tupare**  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2012

CASH FLOW STATEMENT PARTICULARS	2011-12 ( ₹ in Lacs )		2010-11 ( ₹ in Lacs )	
	Amount	Amount	Amount	Amount
<b>Cash flows from operating activities</b>		1,518.49		1,301.51
Profit as per Profit & Loss A/c (before tax & dividend)				
<b>Adjustments for :</b>				
Depreciation	415.07		264.20	
Interest Received	(171.36)		(93.20)	
Dividend Received	(0.05)		(0.05)	
Interest Paid	320.18		266.06	
		563.84		437.01
<b>Operating profit before working capital changes</b>		<b>2,082.33</b>		<b>1,738.52</b>
<b>Adjustments for :</b>				
Inventories	(267.84)		(976.93)	
Sundry Debtors	462.63		(55.53)	
Loans and Advances	(26.99)		(153.68)	
Current Liabilities and provisions	(192.50)		1,164.61	
Direct Tax Paid	(516.94)		(424.27)	
Increase in deferred tax liability	56.94		4.27	
Tax on Dividend	(28.95)		(29.65)	
Excess provision written back	0		0	
Previous year Provision Written off	0.63			
<b>Net Cash Generated from operations</b>		<b>1,569.31</b>		<b>1,267.34</b>
<b>Cash flow from investing activities</b>				
Purchase of fixed assets	(1,459.87)		(1,052.74)	
Sale of fixed Assets	3.95		16.69	
Fixed assets under installation	194.01		(220.47)	
Purchase of Investments	(31.51)		0	
Sale of Investments				
Investment income :				
Interest received	171.36		93.20	
Dividend received	0.05		0.05	
Depreciation on assets sold	(1.95)		(9.78)	
		<b>(1,123.96)</b>		<b>(1,173.05)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31<sup>ST</sup> MARCH, 2012 ( continued )

CASH FLOW STATEMENT PARTICULARS	2011-12 ( ₹ in Lacs )		2010-11 ( ₹ in Lacs )	
	Amount	Amount	Amount	Amount
<b>Cash flow from financing activities</b>				
Proceeds from issue of share capital				
Proceeds from long term borrowing	399.70		851.02	
Proceeds from short term borrowing	454.33		457.78	
Repayment of long term borrowing	(310.70)		(258.54)	
Repayment of short term borrowing	(100)		(13.21)	
Dividend paid	(178.5)		(178.50)	
Interest Paid	(320.18)		(266.06)	
<b>Net cash used in financing activities</b>		<b>(55.35)</b>		<b>592.49</b>
<b>Net cash increase / (Decrease) in cash and cash equivalents</b>		<b>390.00</b>		<b>686.78</b>
Op. Balance of cash and cash equivalents 1st April. 2011	1,966.08		1,279.3	
Closing balance of cash and cash equivalents 31st Mar. 2012	2,356.08		1,966.08	

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 : 27.05.2012

**Sachin Menon**  
Managing Director

**R.D.Dixit**  
Director

**S.B.P. Kulkarni**  
Associate Vice President

**B.M. Tupare**  
Company Secretary

## NOTE 1 :

### I] 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**

Transactions 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 dispatch to customers. Sales exclude excise duties and VAT & CST.

**j) Retirement Benefits:**



- 1) The Company has created the Employees Group Gratuity Trust, which is administered through a Group Gratuity Policy with Life Insurance Corporation of India.
- 2) Provision for leave encashment is made on the basis of Actuarial Valuation.
- 3) Company's Contribution to Provident Fund is 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 capitalized 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 M/s. Menon Pistons Ltd. and other outside parties for the purpose of export outside India. Two of the Partners of the firm are Directors 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 supplies goods to Menon Pistons Ltd. One of the Partners of the firm is Director of Menon Pistons Ltd.

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 2011-12 is as under:

(Amount in ₹.)

Party Name	Purchase value	Machining Charges	Sales Value	Closing Balance
Menon Piston Rings Pvt. Ltd.	48,919,155	0	6,238,185	41,869,092(Dr)
M/s. Menon Exports	0	0	285,158,899	50,104,756(Dr)
M/s. Menon Engineering Services	98,710,604		3,698	47,212,749(Cr)

4) Directors :

(Amount in ₹.)

Sr No.	Names	Nature of Transaction	Amount	Balance
1.	Mr. Ram Menon, Chairman	Commission	90,000	81,000
2.	Mr. Sachin Menon, Managing Director	Managerial Remuneration & Commission	4,220,643	252,752

Apart from the above Director , 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 2011-2012

6) Other Parties: 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 2011-12.

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 2011-12.

n) **Lease accounting** as per Accounting Standard 19 is not applicable to the Company since no Lease transaction during the year 2011-12.

**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 100,154,868
Basic /Weighted Average No of Equity Shares Outstanding during the year	: 51,00,000

Basic Earnings per Share	: Rs 19.64
Diluted Earnings per Share	: Rs 19.64

- 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 ₹.)

Sr.No.	Deferred tax asset / (liability)	As at 1 <sup>st</sup> April, 2011	During the year	As at 31 <sup>st</sup> March, 2012
1	Difference in Book and Tax Depreciation	( 24,117,196)	(4,583,836)	( 28,701,032)
2	Bonus	3,923,488	186,837	4,110,325
3	Group Gratuity	6,670,176	(1,297,304)	5,372,872
	<b>Total</b>	<b>(13,523,532)</b>	<b>(5,694,303)</b>	<b>(19,217,835)</b>

## NOTES TO ACCOUNTS

NOTE 2 SHARE CAPITAL	CURRENT YEAR (₹.)	PREVIOUS YEAR (₹.)
<b>AUTHORISED</b> 55,00,000 Equity Shares of ₹.10/- each (Previous year 55,00,000 Equity Shares of ₹.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 ₹.10/- each (Previous year 51,00,000 Equity Shares of RS,10/-each.)	51,000,000	51,000,000
<b>TOTAL</b>	<b>51,000,000</b>	<b>51,000,000</b>

- a. There is no change during the year in number of shares.
- b. The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting.
- c. Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held.

Name of the Shareholder	31.03.2012		31.03.2011	
	No of shares held	% to Total Shares	No of shares held	% to Total Shares
MENON METALS & ALLOYS PVT LTD.	365,743	7.17	365,743	7.17
SACHIN MENON FAMILY TRUST	1,052,166	20.63	1,052,166	20.63
NIVEDITA BENEFIT TRUST	420,866	8.25	420,866	8.25
SAVITA GOPI	500,000	9.8	500,000	9.8
SACHIN RAM MENON	284,066	5.57	284,066	5.57
GAYATRI SACHIN MENON	301,050	5.9	301,050	5.9
MENON PISTON RINGS PVT LTD.	473,300	9.28	473,300	9.28
RADHAMANI RAM MENON	256,562	5.03	256,562	5.03

As per records of the company, including its register of shareholders and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

NOTE 3 RESERVES AND SURPLUS		CURRENT YEAR (₹.)		PREVIOUS YEAR (₹.)
<b>CAPITAL RESERVE</b>		5,066,179		5,066,179
There is no movement during the year				
<b>GENERAL RESERVE</b>		82,589,104		72,589,104
Balance as per last Balance Sheet	72,589,104		63,289,104	
Add : Transferred from Profit and Loss A/c	100,00,000		9,300,000	
<b>SHARE PREMIUM RESERVE</b>		80,750,000		80,750,000
There is no movement during the year				
<b>PROFIT AND LOSS ACCOUNT</b>		298,802,253		229,324,156
Balance as per last Balance Sheet	229,324,156		171,715,052	
Add : Transferred from Profit and Loss A/c	100,154,868		87,723,766	
Add : Previous Year Provision W/O	68,946		0	
Less : Proposed Dividends including Dividend Distribution Tax	20,745,716		20,814,662	
Less : Transferred to General Reserve	10,000,000		9,300,000	
<b>TOTAL</b>		<b>467,207,536</b>		<b>387,729,440</b>

NOTE 4 LONG TERM BORROWINGS		CURRENT YEAR ( ₹. )		PREVIOUS YEAR ( ₹. )
<b>I) SECURED :</b>				
<b>A) Term Loans</b>				
1. From Banks		57,955,630		55,709,748
a. IDBI Bank Ltd.				
Term Loan II (Rs. 10 Crs)	49,207,539		51,553,788	
Term Loan III (Rs. 4 Crs)	8,748,091		4,155,960	
Hypothecated by equitable mortgage of Machinery and Building situated at 182, Shirol and at H- 1 M.I.D.C. Kupawad, Sangali and Personal guarantee of Mr. Ram Menon Chairman and Mr. Sachin Menon Managing Director.				
b. H.D.F. C Bank Ltd. - Vehicle Loans		1,909,106		516,745
<b>TOTAL</b>		<b>59,864,736</b>		<b>56,226,493</b>

#### a. Repayment Schedule & Other details

Particulars	Closing Balane ( ₹. )	Rate of Interest (%)	Installment	Balance nos. of Installments Due
A) Term Loans				
IDBI Bank Ltd. Term Loan I (Rs. 2.40 Crs)	1,682,417	12.50	425,000	4
Term Loan II (Rs. 10 Crs)	69,211,539	12.75	1,667,000	42
Term Loan III (Rs. 4 Crs)	16,752,091	12.75	667,000	25
B) H.D.F. C Bank Ltd. - Vehicle Loans				
a) Vehicle -I (MH09-BX 7962)	426,983	11.09	15,072	28
b) Vehicle -II (MH09-CF-200)	426,983	11.09	15,072	28
c) Vehicle -III (MH09-BA -200)	1,678,902	10.05	58,442	29
d) Vehicle -IV (MH09-BX 758)	312,483	11.5	13,190	24
e) Vehicle -V (MH09-BM-4283)	500,284	8.47	31,332	16
f) Vehicle -VI (MH09-BM-2971)	165,148	9.25	11,011	15
g) Vehicle -VII (MH09-BM-2972)	157,974	9.25	10,533	15
h) Vehicle -VIII (MH09-BR-200)	477,771	9	31,800	15
i) Vehicle -IX (MH09-BP-200)	406,069	8.17	38,440	11
j) Vehicle - X (MH09-BB-8981)	102,615	9.5	15,127	7
k) Vehicle -XI (MH09-BJ-200)	160,141	10	53,470	3
l) Vehicle -XII (MH09-BB-5378)	0	9	12,880	0
m) Vehicle -XIII (MH09-BB-3258)	0	9	23,300	0
n) Vehicle -XIV (MH09-BB-3136)	0	9	19,291	0



<b>NOTE 5 DEFERRED TAX LIABILITY (NET)</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
a) Deferred tax liability				
1. Fixed assets ; Impact of difference between tax depreciation / amortisation charged for the financial reporting	28,701,033		24,117,196	
Gross deferred Liability		28,701,033		24,117,196
b) Deferred tax assets				
Provision for bonus	4,110,325		3,923,488	
Provision for gratuity	5,372,872		6,670,176	
Gross deferred assets		9,483,197		10,593,664
Net Deferred Tax Liability		<b>19,217,836</b>		<b>13,523,532</b>

<b>NOTE 6 OTHER LONG TERM LIABILITIES</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
Trade Payables (including acceptances) refer note 28.5 for details of dues to micro and small enterprises)		4,173,479		3,987,118
<b>TOTAL</b>		<b>4,173,479</b>		<b>3,987,118</b>

<b>NOTE 7 OTHER LONG TERM PROVISIONS</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
Provision for employee benefits				
Gratuity (unfunded)		16,559,938		180,54,377
Leave Encashment (unfunded)		5,042,759		49,69,133
<b>TOTAL</b>		<b>21,602,697</b>		<b>230,23,510</b>

<b>NOTE 8 SHORT TERM BORROWINGS</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
<p>SECURED :</p> <p>A) Loans repayable on demand From Banks</p> <p>1. Loan Against Fixed Deposit</p> <p>2. Cash Credit</p> <p>3. Packing Credit</p> <p>Loans other than loan against Fixed Deposit carries interest rate @11.50% and Loan against fixed deposits carries interest 1% higher than interest rate of fixed deposit</p> <p>Secured by hypothecation of Raw Material, Work in process and finished goods and equitable mortgage of Land and Building situated at 182, Shirol, Kolhapur and at H-1, MIDC, Kupwad, Sangli.</p>		<p>20,106,410</p> <p>165,991,519</p> <p>0</p>		<p>15,063,587</p> <p>125,601,126</p> <p>10,000,000</p>
<b>TOTAL</b>		<b>186,097,929</b>		<b>150,664,713</b>

<b>NOTE 9 TRADE PAYABLES</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
<p>1. Sundry Creditors (Refer Note in Schedule 28.5)</p> <p>Sundry Creditors- Others</p> <p>2. Advances from customers</p>	<p>206,908,547</p> <p>1,500,000</p>		<p>221,448,470</p> <p>5,791,969</p>	
<b>TOTAL</b>		<b>208,408,547</b>		<b>227,240,439</b>

<b>NOTE 10 OTHER CURRENT LIABILITIES :</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
a) Statutory Dues		10,569,863		2,460,791
b) Dividend for past years		1,074,360		922,570
b) Current maturity of long term borrowings		32,596,664		27,108,329
a. IDBI Bank Ltd.				
l ) Term Loan	29,690,417		23,380,571	
b) H.D.F.C. Bank Ltd.				
i) Vehicle Loan	2,906,247		3,727,758	
<b>TOTAL</b>		<b>44,240,887</b>		<b>30,491,689</b>

<b>NOTE 11 SHORT TERM PROVISIONS :</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
a) Provision for employee benefits		10,132,323		9,653,542
b) Provision for Directors Commission		162,000		162,000
c) Proposed Dividend		17,850,000		17,850,000
d) Provision for Tax on Dividend		2,895,716		2,964,662
e) Other Provisions		53,443,078		61,528,817
<b>TOTAL</b>		<b>84,483,116</b>		<b>92,159,022</b>

## NOTE 12 : FIXED ASSETS ( in ₹. )

Sr. No.	Particulars of Assets	Gross Block			Depreciation			Net Block		
		As on 01.04.2011	Additions	Deductions	As at 31.03.2012	For the Year	Deductions	Total	As at 31.03.2012	As at 31.03.2011
<b>i)</b>	<b>TANGIBLE ASSETS</b>									
1	Land Freehold	375,574	0	0	375,574	0	0	0	375,574	375,574
2	Land Leasehold	476,130	0	0	476,130	600	0	12,712	463,418	464,018
3	Land Development	530,879	0	0	530,879	8,653	0	107,999	422,880	431,533
4	Building	55,245,357	43,974,514	0	99,219,871	2,452,911	0	24,337,956	74,881,915	33,360,311
5	Plant & Machinery	510,169,983	64,099,345	0	574,269,328	32,600,647	0	342,730,614	231,538,714	200,040,021
6	Computers	6,823,480	748,379	0	7,571,859	993,706	0	4,420,664	3,151,195	3,396,522
7	Electrical Installation	30,125,783	30,617,070	0	60,742,853	2,711,735	0	21,077,985	39,664,868	11,759,531
8	Furniture & Fixtures	7,931,079	1,163,014	0	9,094,092	379,602	0	5,786,388	3,307,705	2,524,292
9	Office Equipment	7,770,271	244,876	0	8,015,147	200,795	0	4,503,050	3,512,097	3,468,015
10	Vehicle	15,189,563	4,838,655	394,793	19,633,425	1,517,469	195,477	6,794,890	12,838,535	9,716,664
11	Mtl Handling Equipment	2,256,910	270,000	0	2,526,910	243,776	0	964,977	1,561,933	1,535,710
	<b>TOTAL ( i )</b>	<b>636,895,009</b>	<b>145,955,854</b>	<b>394,793</b>	<b>782,456,068</b>	<b>41,109,894</b>	<b>195,477</b>	<b>410,737,236</b>	<b>371,718,832</b>	<b>267,072,191</b>
	Previous year	50,663,442	105,100,890	1,669,323	636,895,009	26,000,357	978,241	369,822,816	267,072,191	188,662,742
<b>ii)</b>	<b>INTANGIBLE ASSETS</b>									
1	Goodwill	71,000	0	0	71,000	0	0	0	71,000	71,000
2	Software	2,839,247	30,857	0	2,870,104	396,812	0	2,197,952	672,152	1,038,107
3	Technical Know-how	289,010	0	0	2,89,010	0	0	289,010	0	0
4	Plant & Machinery R&D	9,377	0	0	9,377	0	0	9,377	0	0
	<b>TOTAL ( ii )</b>	<b>3,208,634</b>	<b>30,857</b>	<b>0</b>	<b>3,239,492</b>	<b>396,812</b>	<b>0</b>	<b>2,496,339</b>	<b>743,152</b>	<b>1,109,107</b>
	Previous year	3,035,494	173,140	0	3,208,634	419,245	0	2,099,528	1,109,107	1,355,212
	<b>TOTAL ( i ) + ( ii )</b>	<b>640,103,643</b>	<b>145,986,711</b>	<b>394,793</b>	<b>785,695,560</b>	<b>41,506,706</b>	<b>195,477</b>	<b>413,233,575</b>	<b>372,461,985</b>	<b>268,181,299</b>
	Previous year	536,498,936	105,274,030	1,669,323	640,103,643	26,419,602	978,241	371,922,344	268,181,299	190,017,954

<b>NOTE 13 NON CURRENT INVESTMENT</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
<b>Non Trade (Unquoted)</b> (Valued at cost unless stated otherwise)				
1. 12 Equity Shares of Maharashtra Co-op. Engg. Society Ltd., of Rs.500/- each fully paid		6,000		6,000
2. 10 Shares in Kolhapur Janata Sahakari Bank Ltd., of Rs.10/- each		100		100
3. 3675 Shares in Shri Warna Sahakari Bank Ltd. of Rs.10/- each (Total market value of unquoted Investments Rs. 42,850 Previous year Rs.42,850 )		36,750		36,750
<b>Total</b>		<b>42,850</b>		<b>42,850</b>
<b>Trade ( Quoted)</b> (Valued at cost unless stated otherwise)				
1. 500 Equity Shares of Bank of Maharashtra Rs.10/- each (Market Price as on 31.03.2012 Rs.54.55 per share)		11,500		11,500
2. 562 Equity Shares of Reliance Industries Limited of Rs 10/-each (Market price as on 31.03.2012 Rs. 748.25 per share)		1,025,540		1,025,540
3. 500 Equity Shares of HDFC Bank Shares Rs.2/- each (Market Price as on 31.03.2012 Rs.520.05 per share)		216,130		0
4. 2500 Equity Shares of Hindalco Shares Rs.1/- each (Market Price as on 31.03.2012 Rs.129.45 per share)		293,525		0
5. 200 Equity Shares of L & T Shares Rs. 2 /- each (Market Price as on 31.03.2012 Rs.1306.85 per share)		255,856		0
6. 5000 Equity Shares of Mahindra Satyam Shares Rs. 2/- each (Market Price as on 31.03.2012 Rs.80.20/- per share)		331,208		0

<b>NOTE 13 NON CURRENT INVESTMENT</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
7. 800 Equity Shares of ONGC Shares Rs. 5/- each (Market Price as on 31.03.2012 Rs.267.30 per share)		201,196		0
8. 500 Equity Shares of RIL Shares Rs. 10/- each (Market Price as on 31.03.2012 Rs.748.25 per share)		383,588		0
9. 3500 Equity Shares of SAIL Shares Rs.10 /- each (Market Price as on 31.03.2012 Rs.94.05 per share)		295,540		0
10. 2000 Equity Shares of Sterlite Ind. Shares Rs.1/ - each (Market Price as on 31.03.2012 Rs.111.10 per share)		206,809		0
11. 1000 Equity Shares of Tata Power Shares Rs.1 /- each (Market Price as on 31.03.2012 Rs.100.85 per share)		92,470		0
12. 2300 Equity Shares of Tata Steel Shares Rs.10 /- each (Market Price as on 31.03.2012 Rs.470.40 per share) (Total market value of quoted Investments Rs. 40,15,922 Previous year Rs.613,546 )		875,252		0
<b>Total</b>		<b>4,188,614</b>		<b>10,37,040</b>
<b>Others</b> (Valued at cost unless stated otherwise)				
1. 7 Year National Saving Certificates		22,500		22,500
2. Investment in Dalmia Resorts		27,500		27,500
3. Investment in Raga Airlines		25,000		25,000
4. Prestige Holiday Resorts		140,000		140,000
<b>Total</b>		<b>215,000</b>		<b>215,000</b>
<b>TOTAL</b>		<b>4,446,464</b>		<b>1,294,890</b>

<b>NOTE 14 LONG - TERM LOANS AND ADVANCES :</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
(Unsecured, Considered Good)				
1) Advance Income Tax/TDS (Net of Provision for taxes)		18,364,920		15,269,857
2) Deposits		11,947,780		11,247,222
3) Other Advances		430,000		430,000
<b>TOTAL</b>		<b>30,742,700</b>		<b>26,947,079</b>

<b>NOTE 15 OTHER NON - CURRENT ASSETS :</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
1. Trade Recivable		1,557,094		1,571,722
2. Preoperative Expenses		5,641,555		5,641,555
a. Travelling and other project expenses.	757,293		757,293	
b. Consultation Fees	3,463,361		3,463,361	
c. Technical Know-how fees/ cess	1,420,901		1,420,901	
<b>TOTAL</b>		<b>7,198,649</b>		<b>7,213,277</b>

<b>NOTE 16 INVENTORIES</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
( At cost or Market Price whichever is lower)				
a) Raw Material	63,609,698		80,059,313	
b) Stores and Spares	25,970,874		24,806,092	
c) Work in Process	56,526,687		36,293,790	
d) Finished Goods	91,528,996		69,693,523	
<b>TOTAL</b>		<b>237,636,255</b>		<b>210,852,718</b>

<b>NOTE 17 TRADE RECEIVABLES ( Unsecured Considered Good)</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
Exceeding six months	3,307,493		3,902,650	
Other Debts	235,665,095		281,332,904	
		<b>238,972,588</b>		<b>285,235,554</b>
i) Dues from Firms in which some Directors are interested as a partner.				
1) Menon Exports	50,104,757		88,974,662	
ii) Dues from Companies under the same Management				
1) Menon Piston Ring Pvt. Ltd.	41,869,092		38,505,696	
iii) Others				

<b>NOTE 18 CASH AND CASH EQUIVALENTS</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
Cash and Bank Balance		235,608,653		196,608,114
Cash in Hand	474,632		664,472	
Balances with Banks				
1. In Current Accounts	15,373,993		10,510,152	
2. In fixed Deposits	219,760,028		185,433,490	
<b>TOTAL</b>		<b>235,608,653</b>		<b>196,608,114</b>
Fixed Deposits Include:				
i) Margin money	15,722,076		14,796,868	
ii) Security against borrowings	17,486,557		16,594,112	
iii) Fixed Deposits maturing after 1 year	21,236,468		19,964,084	
iv) Current account includes funded dividend	1,085,322		933,532	



<b>NOTE 19 SHORT - TERM LOANS AND ADVANCES :</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
A) Other loans and advances Unsecured Considered Good				
1. Staff Advance		17,507		7,707
2. Other Advances		10,314		10,314
<b>TOTAL</b>		<b>27,821</b>		<b>18,021</b>

<b>NOTE 20 OTHER CURRENT ASSETS :</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
a) Interest Receivable on Bank Deposits		1,563,294		416,348
b) Prepaid Expenses		972,742		988,561
c) Other Receivables		515,360		548,953
d) Duties & Taxes Receivable		13,503,980		15,693,726
<b>TOTAL</b>		<b>16,555,376</b>		<b>17,647,588</b>

<b>NOTE 21 REVENUE FROM OPERATION</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
a) Sales Of Products				
Piston / Piston Assemblies	1,377,187,106		1,247,992,852	
Rings	44,377,756		67,815,687	
Gudgeon Pins, Circlips	199,905,736		157,546,550	
Liners / Variators Sale	4,790,663		0	
b) Other operating revenues				
Sale of Disposal	19,020,355		14,741,994	
Development Charges	1,611,000		814,000	
Other Sales	2,318,156		5,160,896	
<b>TOTAL</b>		<b>1,649,210,772</b>		<b>1,494,071,979</b>

<b>NOTE 22 OTHER INCOME</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
Other Receipts				
1. Miscellaneous Receipts	4,241,662		2,461,514	
2. Interest Income	17,135,639		9,320,183	
3. Profit on sale of Assets	0		839,875	
<b>TOTAL</b>		<b>21,377,301</b>		<b>12,621,572</b>

<b>NOTE 23 COST OF MATERIALS CONSUMED :</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
1. Raw Material				
Opening Stock	80,059,313		39,641,880	
Add: Purchases During the Year	787,991,752		765,607,713	
	868,051,065		805,249,593	
Less: Closing Stock	63,609,698		80,059,313	
<b>TOTAL</b>		<b>804,441,367</b>		<b>725,190,280</b>

<b>NOTE 24 CHANGES IN IVENTORIES OF FINISHED GOODS &amp; WIP</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
Opening Stock				
Finished Goods	69,693,523		25,418,629	
Work in Process	36,293,790		29,790,542	
		105,987,313		55,209,171
Less : Closing Stock				
Finished Goods	91,528,996		69,693,523	
Work in Process	56,526,687		36,293,790	
		148,055,683		105,987,313
<b>TOTAL</b>		<b>(42,068,370)</b>		<b>(50,778,142)</b>

<b>NOTE 25 PAYMENTS TO &amp; PROVISIONS FOR EMPLOYEES</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
Wages, Bonus and Allowance To Workers	73,585,740		66,335,115	
Contribution To PF.Etc.. For Workers	4,935,981		4,799,539	
Workers Welfare Expenses	2,682,914		2,898,507	
Salary, Bonus and Allowance To Staff	27,058,519		29,736,435	
Directors Remuneration	4,310,643		3,686,811	
Contribution To PF,Etc.. For Staff	4,824,910		4,380,466	
Contribution To Group Gratuity	10,130,641		10,438,181	
Staff Welfare Expenses	622,809		851,182	
Workmen Compensation	80,000		0	
Provision for leave encashment	1,806,074		1,411,649	
<b>TOTAL</b>		<b>130,038,232</b>		<b>124,537,885</b>

<b>NOTE 26 COST OF FINANCE</b>		<b>CURRENT YEAR (₹.)</b>		<b>PREVIOUS YEAR (₹.)</b>
Interest on Working Capital & Term Loans	29,530,801		24,566,968	
Bank Charges	2,346,862		1,913,279	
Interest to Others	140,000		126,000	
<b>TOTAL</b>		<b>32,017,663</b>		<b>26,606,247</b>

<b>NOTE 27 OPERATING AND OTHER EXPENSES :</b>		<b>CURRENT YEAR ( ₹. )</b>		<b>PREVIOUS YEAR ( ₹. )</b>
<b>A. Operating Expenses</b>				
Stores and Spares	158,936,285		143,395,502	
Power and Fuel	93,210,435		71,493,723	
Water Charges	1,553,824		1,181,855	
Machining Charges	111,060,549		94,518,543	
<b>Total</b>		<b>364,761,093</b>		<b>310,589,623</b>
<b>B. Other Expenses</b>				
Sitting Fees	18,000		20,000	
Insurance Charges	1,744,032		1,669,492	
Repairs to Building	2,269,473		2,978,801	
General Repairs and Maintenance	8,999,386		11,146,517	
Repairs Maintenance to vehicles	1,309,985		888,727	
Rent Rates and Taxes	843,344		882,407	
Conveyance Expenses	450,562		438,052	
Printing and Stationery	1,609,629		1,574,189	
Postage and Telephone Expenses	1,715,230		1,291,085	
Travelling Expenses	2,979,394		3,483,333	
Selling and Distribution Expenses	154,399,224		179,945,085	
Auditor's Remuneration	161,500		163,500	
License Fees	123,500		42,000	
Legal and Consultation charges	4,398,992		2,173,434	
Professional and other taxes	2,729,360		1,606,336	
Loss on sale of Assets.	34,872		0	
Donation	99,550		417,708	
Filing Fees	42,070		14,766	
Subscription and Contribution	818,164		307,201	
Sundry Expenses	3,265,571		4,895,061	
Books and Periodicals	30,375		39,423	
<b>Total</b>		<b>188,042,212</b>		<b>213,977,115</b>
<b>TOTAL</b>		<b>552,803,305</b>		<b>524,566,738</b>

**27) Contingent Liability:** Contingent Liabilities are not provided for in respect of :

**1) Guarantees:** I D B I Bank Ltd. has issued Guarantees on behalf of the Company for Rs 67.49 lacs (previous year Rs. 47.78 Lacs) and Letters of Credit for Rs. 676.60 Lacs (previous year Rs. 608.96 lacs).

**2) The Income Tax Assessments:** are completed up to the Assessment year 2009-10 (Relevant to Accounting year ended 31.03.2009). Liability, if any, in respect of the pending assessments, or appeals under the Income-Tax Act, 1961 is unascertainable.

**3) VAT and Central Sales Tax:** C.S.T. assessments are completed up to the accounting year 2004-2005. MVAT Audit Report for the year 2010-2011 was considered while finalizing the accounts. Liability reported is not final and the same is against non –receipt of 'C' Forms and ' F' Forms, which Company expects to receive in near future, hence not provided for.

**28) Other Notes**

- 28.1 Previous year figures are regrouped wherever necessary.
- 28.2 Paises are rounded off to the nearest rupee.
- 28.3 Auditors remuneration :

Particulars	Current Year ₹.	Previous Year ₹.
Audit Fees	129,000	129,000
Other services	32,500	34,500
Service Tax	16,638	16,841
<b>Total :</b>	<b>178,138</b>	<b>180,341</b>

**28.4) Excise Duty**

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 82.58 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.

**28.5) Micro, Small and Medium Enterprises :**

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

**28.6 ) Value of Imports Calculated on CIF Basis :**

Particulars	Current Year ₹.	Previous Year ₹.
Capital Goods	17,938,499	23,053,047
Raw Materials	2,022,475	0
Stores & Spares	1,112,198	1,757,819
<b>Total</b>	<b>21,073,172</b>	<b>24,810,866</b>

Note : Including advance for Capital Goods.

**28.7) Expenditure in Foreign Currency on Account of:**

Particulars	Current Year ₹.	Previous Year ₹.
Travelling Expenses and Other Exps.	786,306	1,358,526
Royalty	4,087,725	4,128,375
Technical & Consultancy Fees	455,784	
<b>Total</b>	<b>5,329,815</b>	<b>5,486,901</b>

**28.8) Value of Imports and Indigenous raw materials, stores, spares and components consumed.**

Particulars	Current Year ₹.	%	Previous Year ₹.	%
Raw materials, stores, spares and components consumed				
Imported	3,134,673	0.32	1,757,819	6.08
Indigenous	960,242,979	99.68	866,827,963	93.92
<b>TOTAL</b>	<b>963,377,652</b>	<b>100.00</b>	<b>868,585,782</b>	<b>100.00</b>

**28.9) Employee Benefit:**

The Company has made provision in the Accounts for Gratuity on the basis of Actuarial valuation. The particulars under AS 15 (revised) furnished below are those which are relevant and available to company for this year.

<b>I) Actuarial Assumptions</b>	<b>As On 31.03.2012</b>	<b>As On 31.03.2011</b>
(a) Mortality Rate	LIC (1994-96) ultimate	LIC (1994-96) ultimate
(b) Withdrawal Rate	1% to 3% depending on age	1% to 3% depending on age
(c) Discount Rate	8%	8%
(d) Salary Escalation	6%	4% / 5%

<b>II) Results Of Valuation</b>	<b>As On 31.03.2012</b>	<b>As On 31.03.2011</b>
(a) PV Of Past Service Benefit	47,916,021	36,961,777
(b) Current Service Cost	1,828,409	1,772,578
(c) Total Service Gratuity	107,918,567	100,799,085
(d) Accrued Gratuity	58,679,835	54,119,323
(e) LCSA	49,126,069	46,629,118
(f) LIC Premium	186,683	166,641
(g) Service Tax @ 10.30%	20,075	17,164

<b>III) Recommended Contribution Rate</b>	<b>As On 31.03.2012</b>	<b>As On 31.03.2011</b>
(a) Fund Value As On Renewal Date	33,230,673	20,713,284
(b) Additional Contribution For Existing Fund	14,685,348	16,248,493
(c) Current Service Cost	1,828,409	1,772,578

<b>IV) Actual (Gain) / Loss On Obligation/</b>	<b>As On 31.03.2012</b>	<b>As On 31.03.2011</b>
Total Amount of Provision required I (f) + I (g) + II (b) + II (c)	16,513,757	18,204,876

<b>V) Less : Balance Provision</b>	<b>As On 31.03.2012</b> 6,383,116	<b>As On 31.03.2011</b> 7,766,695
------------------------------------	--------------------------------------	--------------------------------------

<b>VI) Total Amount Charged to P &amp; L A/c</b>	<b>As On 31.03.2012</b> 10,130,641	<b>As On 31.03.2011</b> 10,438,181
--	---------------------------------------	---------------------------------------

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 : 27.05.2012

**Sachin Menon**  
Managing Director

**R.D.Dixit**  
Director

**S.B.P. Kulkarni**  
Associate Vice President

**B.M. Tupare**  
Company Secretary



**Auditors' Certificate on  
Compliance of Conditions of Corporate Governance**

**M/S 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 2012, 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 Clause 49 of Listing Agreement.

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 : 27.05.2012**

**P.M. VARDHE**  
**Proprietor**  
**M. No. 031817**

## REPORT ON CORPORATE GOVERNANCE

**Corporate Governance Philosophy :** The Company's philosophy is to achieve business excellence and optimize long term value for its stakeholders on a sustainable basis through ethical business conduct. Corporate Governance ensures fairness, transparency and integrity of the management. Corporate Governance is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company.

Company believes strongly that corporate governance simply means implementation of best practices, compliance of law and voluntary adherence to ethical standards and aiming inclusive growth while achieving excellence in the chosen field; these things are inevitable for achieving organizational efficiency enhancing stakeholders value, and discharge of social responsibility which comes inevitably with the leadership.

Corporate Governance safeguards and creates value addition to the interest of its stakeholders viz. investors, creditors, customers, employees and Government etc. in the long run. The Board considers itself as a trustee of its stakeholders and acknowledge its duties & responsibilities towards them for creation and safeguarding their interest.

In compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchange, the details are set out below :

### I) Board of Directors

The Board comprises of 6 (Six) Directors, of which 5 (five) are non-executive Directors. The Chairman is the Non - Executive Chairman. The Board comprises of 3 (three) 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.

### Composition of the Board and directorship held during the year 2011-2012.

Name of Director	Category	Attendance of meeting during 2011-2012		No. of other Directorship	No of Membership(s) Chairmanship(s), Board Committees in Other Companies *	
		Board Meetings	Last AGM		As Chairman	As Member
Mr. Ram Menon	Chairman / N.E.D.*	3	Yes	6	-	-
Mr. Sachin Menon	Managing Director	2	Yes	4	1	-
Mr. Nitin Menon	N.E.D.*	3	No	4	-	1
Mr. R. D. Dixit	N.E.D.& (I)*	4	Yes	2	-	1
Mr. Ajitkumar Belur	N.E.D.& (I)*	3	No	1	1	1
Dr. Y. S. P. Thorat	N.E.D.& (I)*	3	No	9	-	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 / Investors 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) Thursday, 26 May 2011 | 2) Wednesday, 27 July, 2011 |
| 3) Sunday, 30 Oct., 2011 | 4) Sunday, 22 Jan., 2012    |

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

### **Additional Information on directors recommended for appointment or seeking re-election at the Annual Meeting**

**1) Dr. Y.S.P. Thorat :** Dr. Y.S.P. Thorat holds a Doctorate in Economics and degrees in Political Science and Law. He served Reserve Bank of India since 1972 to 2003 at various capacities including as Executive Director. He has also served NABARD as Managing Director from 2004 and appointed as the Chairman of NABARD in 2006 and served the Institution in that capacity until November 2007. In addition to discharging the duties at NABARD, he was associated at the policy level with Vaidyanathan Committees on the Short Term & Long Term Cooperative Credit Structure as Member Secretary, and as Chairman of the Expert Groups on Credit Deposit Ratio and Investment Credit appointed by the Government of India (GOI) and Reserve Bank of India (RBI) respectively. He was also appointed Chairman, Expert Group on Sugar Policy constituted by the GOI in 2008. Presently, Dr. Thorat has been on the Boards of Several Banks and development financial institutions.

Presently he is Director of Tata Chemicals, Director of Sahayog Microfinance Ltd, Director of Rallis India Ltd. Director of Star Agri Warehousing Collateral Management Ltd, Director of Menon Bearings Ltd, Director of Khed Developers Ltd and also Chief Executive Officer of Rajiv Gandhi Charitable Trust. He has vast industrial experience.

Companies in which Dr. YSP Thorat is holds directorship :

Sr. No.	Name of the Company	Nature of Interest
1.	Menon Bearings Limited	Director
2.	Khed Developers Limited	Director
3.	Sahayog Microfinance Limited	Non - Executive Chairman
4.	Star Agri Warehousing Collateral Management Ltd.	Director
5.	Tata Chemicals Limited	Director
6.	Rallis India Ltd.	Director
7.	Indigram Private Limited	Director
8.	DM Corporation Pvt. Ltd.	Chairman
9.	Ambit Holdings Pvt. Ltd.	Director

Shareholding in Menon Pistons Limited - Dr. YSP Thorat does not hold equity Shares.

## 2) Nitin Ram Menon

Mr. Nitin Ram Menon is the Non – Executive director of the Company. He contributed for development of the Company. Companies in which Shri Nitin Ram Menon holds directorship and committee membership.

Companies in which Mr. Nitin Ram Menon holds directorship and committee membership

Sr. No.	Name of the Company	Nature of Interest
1.	Menon Bearings Ltd.	Joint Managing Director
2.	Menon Piston Rings Pvt. Ltd.	Director
3.	Mani Agriculture & Research Co. Pvt. Ltd.	Director
4.	Karveer United Leisure Pvt. Ltd.	Director

Shareholding in Menon Pistons Limited - Mr. Nitin Ram Menon holds 24037 equity shares.

### 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, 2012.

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, if any have been disclosed in the Notes to Accounts.

### Risk Mitigation Plan

Risk mitigation and planning are to explore risk response strategies for the highrisk items identified in the qualitative and quantitative risk analysis. The process identifies and assigns parties to take responsibility for each risk response.

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 2011-2012:

(Figures in ₹.)

Name of Director	Salaries and Perquisites	Commission	Sitting Fees	Total
Mr. Ram Menon	-	90,000	3,000	93,000
Mr. Sachin Menon	4,130,643	90,000	2,000	4,222,643

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

## II Audit Committee

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.

## Composition of Audit Committee

Name Of Member	Position
1. Mr. R.D. Dixit Non-Executive & Independent Director	Chairman
2. Mr. Sachin Menon Managing Director	Member
3. Dr. YSP Thorat Non-Executive & Independent Director	Member
4. Mr. Ajitkumar Belur Non-Executive & Independent 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. Sachin Menon	2
3. Dr. Y.S.P. Thorat	3
4. Mr. Ajitkumar Belur	3

## Remuneration Committee

### Composition of Remuneration Committee

The Remuneration Committee of the Board comprises Shri R. D. Dixit, independent director of the Company and Mr. Ram Menon Chairman of the company.

Terms of Reference – The Remuneration Committee has been constituted to recommend/review remuneration of the Managing Director and Whole-time Directors, based on their performance and defined assessment criteria.

Remuneration policy, details of remuneration and other terms of appointment of Directors: - The remuneration policy of the company is directed towards rewarding performance, based on review of achievement

## III. 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 / Investors Grievance Committee are noted by the Board of Directors of the Company at the Subsequent Board Meetings.

Mr. S.B.P. Kulkarni, Associate Vice President 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 2012, all requests processed which was received from the shareholders as per company's records.

#### IV. 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.

#### v) General Body Meetings

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

AGM/EGM	Date	Time	Venue	No. of Special Resolutions Passed
34th AGM	25/08/2011	4.00 pm	182, Shirol, Kolhapur. 416122	Nil
33rd AGM	26/08/2010	4.00 pm	182, Shirol, Kolhapur. 416122	Nil
32nd AGM	14/08/2009	4.00 pm	182, Shirol, Kolhapur. 416122	Nil

#### Materially significant related party transactions:

A full disclosure on related party transaction appears in notes to accounts and hence not reproduced here.

#### Reconciliation Audit

A qualified practicing Company Secretary carried out a reconciliation audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) & Central Depository Services Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the number of dematerialized shares held with NSDL & CDSL.

#### VI. Compliance with capital market regulators

- 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 Menon and Mr. Nitin Menon are brothers.

#### VII. Means of Communication

The Board of Directors of the Company approves and takes on record the quarterly unaudited financial results 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. Notices of Board Meetings are published in above said news papers. The Company follows all statutory norms for dissemination of information in given period.

### 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, 2012.

Through out the year no person is denied access to the audit committee regarding any governance issue, though the Company has not formed whistle blower policy in place.

### Shareholder General Information:

#### a) Forthcoming Annual General Meeting:

Date & Time : **Thursday, 23rd August 2012 at 4.00 p.m.**  
 Venue : 182, Shiroli, Kolhapur – 416 122.  
 (The registered office of the Company)

b) Dates of Book Closure : from Saturday 18th August, 2012 to Thursday 23rd, August, 2012 (both days inclusive)

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

The Financial year covers the period from 1st April 2012 to 31st March 2013. Financial Reporting for:

- Quarter ending 30th June, 2012	Upto 15th August, 2012
- Half Year ending 30th September, 2012	Upto 15th November, 2012
- Quarter ending 31st December, 2012	Upto 15th February, 2013
- Year ending 31st March, 2013	Upto 30th May, 2013
- Annual General Meeting for the year ended March 31, 2013.	August/September 2013.

d) Face Value of the equity Share: ₹.10 per share.

Dividend will be paid only after approval by shareholders in annual general meeting.

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

Stock Exchange	Stock code
Bombay Stock Exchange of India Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001	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**

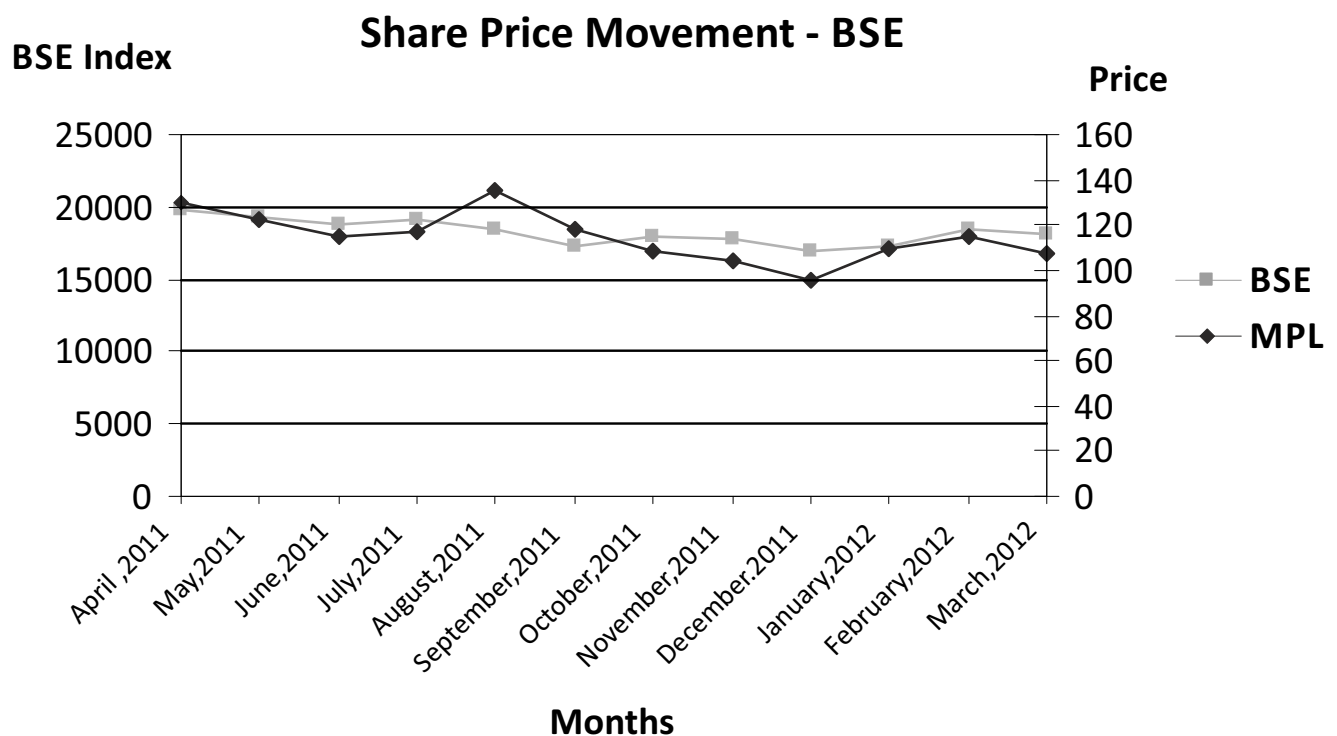


**f) Market Price Data:**

**i) High/Low in each of month of the Financial Year April 2011 to March 2012 on Bombay Stock Exchange, Mumbai**

Month	High (₹.)	Low (₹.)	Month	High (₹.)	Low (₹.)
April 2011	129.90	111.25	October 2011	108.00	092.60
May 2011	122.85	101.05	November 2011	104.00	090.30
June 2011	115.00	102.00	December 2011	095.80	085.40
July 2011	117.25	106.05	January 2012	109.80	086.05
August 2011	135.00	092.00	February 2012	115.15	101.50
Sept. 2011	118.00	095.50	March 2012	107.00	095.00

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



**g) 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, Pune. 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, Pune. The Board has delegated the power to approve transfers to the Share Transfer and Investors Grievance Committee.

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

M/s Link Intime India Private Limited Mumbai.  
202-A, 2nd Floor,  
“Akshay Complex”  
off Dhole Patil Road,  
Pune – 411 001  
Tel No. : (020) 26161629, Fax No: (020) 26163503  
Email : pune@linkintime.co.in

**i) Address for the Correspondence**

**Registered Office of the Company:**

182, Shirol, Kolhapur – 416 122.  
**Phone : 91-230- 2468041/2468042, Fax. (0230) 2468442**  
E-mail : cs@menonpistons.com  
Website: <http://www.menonpistons.com>  
Compliance Officer – Mr. S.B.P. Kulkarni.

**j) Plant locations:**

**Plant I:**

182, Shirol, Kolhapur – 416 122.  
Phone : 0230 - 2468041/42

**Plant II:**

H-1, MIDC, Kupwad Block  
Sangli - 416 436  
Phone : 0233 - 2645179 / 89

**k) Shareholding Pattern as on 31st March 2012**

Category	Demated No. of Shares	No. of Share holders	Physical No. of Shares	No. of Share holders	Total Number of shares held	Value	% share holding
Other Bodies	397,159	42	6,300	10	403,459	4,034,590.00	7.9110
Corporate							
Corporate Bodies (promoter Co)	474,863	2	183,8775	3	2,313,638	23,136,380.00	45.3655
Clearing Member	432	5	0	0	432	4,320.00	0.0085
Directors	397,504	2	0	0	397,504	3,975,040.00	7.7942
Foreign Institutional Investors	133,385	1	0	0	133,385	1,333,850.00	2.6154
Non Nationalised Banks	0	0	600	1	600	6,000.00	0.0118
Non Resident Indians	4,183	6	0	0	4,183	41,830.00	0.0820
Non Resident (non Repatriable)	100	1	0	0	100	1,000.00	0.0020
Office Bearers	0	0	1,000	6	1,000	10,000.00	0.0196
Public	541,845	891	222,205	822	764,050	7,640,500.00	14.9814
Relatives Of Directors	1,081,649	4			1,081,649	10,816,490.00	21.2088
<b>TOTAL:</b>	<b>3,031,120</b>	<b>954</b>	<b>2,068,880</b>	<b>842</b>	<b>51,00,000</b>	<b>51,000,000.00</b>	<b>100.00</b>

**l) Distribution of Shareholding as on 31st March 2012**

Shareholding of Nominal value of shares (₹.)	No. of Share Holders	% of Total Share Holders	Share amount (₹.)	%age of total
1 - 5000	1,765	98.2739	382,083	7.4918
5001 - 10000	4	0.2227	23,349	0.4578
10001 - 20000	6	0.3341	85,419	1.6749
20001 - 30000	4	0.2227	102,422	2.0083
30001 - 40000	1	0.0557	32,580	0.6388
40001 - 50000	1	0.0557	48,000	0.9412
50001 - 100000	3	0.1670	215,771	4.2308
100001 and Above	12	0.6682	4,210,376	82.5564

**m) Dematerialization of Shares**

The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services Limited (CDSL) by virtue of which, 3031120 equity shares of the Company forming 59.43% of total share capital of the company, have been dematerialized as on 31st March 2012.

**The company has not adopted any non mandatory disclosures on corporate governance except that related to Remuneration committee.**

For and on Behalf of the Board of Directors

Date : 27.05.2012

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 2012 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, that 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 therein, 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 – 27.05.2012**  
**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, 2012.

**For MENON PISTONS LIMITED.**

**Date: - 27.05.2012**  
**Place: - Kolhapur.**

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

# MENON PISTONS LIMITED

182, Shirol, Kolhapur 416122

## NOTICE

Notice is hereby given that the Thirty Fifth Annual General Meeting of the Members of 'Menon Pistons Limited' will be held on Thursday, 23rd August, 2012 at 4.00 p.m. at 182, Shirol, Kolhapur – 416 122, to transact the following business :

### ORDINARY BUSINESS :

- 1.To consider and adopt the audited Balance Sheet as at March 31, 2012, 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 transfer of profits to reserves & declaration of dividend.
- 3.To appoint Director in place of Dr. YSP Thorat, who retires by rotation, and being eligible offers himself for re-appointment.
- 4.To appoint Director in place of Mr. Nitin Menon, 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 is 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 : 27.05.2012

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

**Sachin Menon**  
Managing Director



## 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, 18th August, 2012 to 23rd August, 2012 (both days inclusive) for the purpose of Annual General Meeting.
4. While attending the meeting the 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 at the Meeting, will be submitted into a dividend account within 5 days of the AGM and within 30 days from the opening of such a dividend account the dividend warrants would be dispatched to the shareholders thus the dispatching of dividend warrants would be complete from company's side latest by 27th September, 2012 in any case. The dividend is paid to those members, whose names appear on the Register of Members of the Company on Saturday, 18th August, 2012.
7. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years 2004-2005 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
8. Sending the annual report on E-mail of shareholders is allowed and thus you are requested to send your e mail ID if you want the annual report to be sent on e-mail. If you choose to receive the annual report on your e-mail then no separate annual report would be sent to you by post.

It would be your responsibility to report any changes in the e-mail ID that you have registered with us or your decision to receive the annual report by post instead. Any member may insist for physical copies of the annual report and the same would be sent to him free of cost.

## MENON PISTONS LIMITED

Registered Office: 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 the shareholder: \_\_\_\_\_  
\_\_\_\_\_

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

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

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

I hereby record my presence at the Thirty Fifth Annual General Meeting at "Menon Pistons Limited 182, Shirol, Kolhapur – 416122 on Thursday 23rd day of August 2012

Signature of the Member or Proxy	Shares Held

\*Applicable to investors holding shares in electronic form.



## MENON PISTONS LIMITED

Registered Office: 182, Shirol, Kolhapur-416122.

### PROXY FORM

I / We ..... of ..... in the district of .....

being a Member / Members of Menon Pistons Limited, hereby appoint Mr./Mrs. ....

..... of ..... or falling him .....

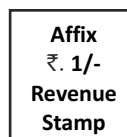
.....of .....in the District of .....as my / our proxy to vote for me / us on my / our behalf at the THIRTY FIFTH ANNUAL GENERAL MEETING of the Company, to be held on Thursday the 23rd August, 2012 and at any adjournment thereof.

Signed this day of ..... 2012

Folio No. ....

DP. ID. ....

Client ID .....



Signature .....

#### NOTE :

1. The Proxy in order to be valid should be deposited at the Principal / Registered Office of the Company not later than Tuesday, 21st August, 2012 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.



