



24th

Annual Report
2000 2001

**MENON
PISTONS
LIMITED**



Board Of Directors

Mr. Ram Menon
Chairman

Mr. Sachin Menon
Managing Director

Mr. Vijay Menon

Mr. Nitin Menon

Mr. S. S. Nagpurkar

Mr. R. D. Dixit

Mr. Mani Mathew

Mr. K. Parmeswaran

AUDITORS

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

BANKERS

Bank of Baroda
The United Western Bank Ltd.

REGISTERED OFFICE

182, Shirol, Kolhapur - 416 122.
Maharashtra - India

**MENON PISTONS LIMITED**

**REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2001.****SHARE HOLDERS**

Your Directors are pleased to present their 24th Annual Report together with the audited statements of accounts for the financial year ended 31st March, 2001.

During the year under report, the Automobile Industry in the country continued to pass through difficult situation as in the preceeding year as demand for all types of vehicles/engines has continuously shown the declining trend. The Company's major customers like Maruti Udyog Ltd., Telco, Mahindra and Mahindra and many other companies have been severely affected by the shortfall in the demand. The consequential effect of this situation is reflected on the performance of the Company.

The Government has recently announced its new policy on import of the off shore vehicles which intends to give adequate cover to the Domestic Automobile Industry. The Domestic Automobile Industry awaits for the effects of the new policy.

During the year under report, the Company could achieve a turnover of Rs. 64.99 crores (inclusive of other income) as compared to Rs. 70.33 crores in the preceeding year. There is shortfall of Rs. 5.34 crores. The reason attributable to this shortfall is the general condition of the automobile sector prevailing in the country.

Your Directors are pleased to inform the members that during the year under report, the Company has shown better performance on the Exports front. The total export sales during the year under report have reached to a figure of Rs. 316.87 lacs as compared to Rs. 99.05 lacs during the preceeding year.

The Company has taken several steps for cost saving on all fronts and these efforts have shown good results. The Company continues to emphasis on cost saving and at the same time, all out efforts are being made to boost our sales. Your Directors hope that the efforts on cost cutting and also efforts for increase in the sales will fetch better results during the current year.

Inspite of the shortfall in the turnover of the Company the Company has earned profit of Rs. 92.21 lacs as compared to a loss of Rs. 66.20 lacs during the preceeding year, primarily due to various cost reduction efforts initiated by the company as mentioned above.

MENON PISTONS LIMITED



The working results for the year are as under :

WORKING RESULTS

[Rs. In Lacs.]

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Gross turnover	6499.23	7033.62
LESS : Usual working expenses	6193.69	6913.95
	-----	-----
	305.54	119.67
Less : Depreciation	213.33	185.87
	-----	-----
Profit before Taxation	92.21	(66.20)
Less : Provision for Taxation	51.25	0.00
	-----	-----
	40.96	(66.20)
ADD : Balance of Profit as per last year's account	455.29	521.93
	-----	-----
	496.25	455.73
Add : Excess provision for Taxation	0.90	0.00
	-----	-----
	497.15	455.73
Less : Short provision for Taxation	4.62	0.35
	-----	-----
	492.53	455.38
Less : Expenses relating to previous year	0.30	0.09
	-----	-----
Balance available for appropriations	492.23	455.29
Proposed Dividend	40.80	0.00
Tax on Proposed Dividend	4.16	0.00
Transfer to General Reserve	5.00	0.00
Balance carried to next year	442.27	455.29

DIVIDEND

In view of heavy pressure on the liquidity, and in view of marginal profits, your Directors propose the payment of dividend of 8% for the year under review.

The dividend pay out amounts to Rs. 40.80 lakhs plus tax on dividend Rs. 4.16 lakhs.

DIRECTORS

Mr. Vijay Menon and Mr. R. D. Dixit retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

INDUSTRIAL RELATIONS

During the year, the industrial relations have been generally cordial.



MENON PISTONS LIMITED

FIXED DEPOSITS

The company has not accepted any deposits within the meaning of section 58A of The Companies Act and the Rules framed thereunder.

PARTICULARS OF EMPLOYEES

A statement under section 217[2A] of the Companies Act, 1956 has not been given as there are no employees drawing a salary of Rs. 12,00,000/- p.a. or Rs. 1,00,000/- p.m.

AUDIT COMMITTEE

An Audit Committee of the Company has been constituted consisting of three Directors namely Shri. R. D. Dixit Shri. Mani Mathew & Shri. S. S. Nagapurkar in compliance to the provisions of the Companies (Amendment) Act, 2000.

None of these Director is the Managing or Whole time Director.

PARTICULARS UNDER SECTION 217 (2AA)

- i) Your Directors have followed the applicable accounting standards alongwith proper explanation relating to material departures in the preparation of the annual accounts.
- ii) Your Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year.
- iii) Directors have taken proper and sufficient care for the maintainance 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.
- iv) Your Directors have prepared the annual accounts on a going concern basis.

AUDITORS

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

ACKNOWLEDGEMENT

Your directors wish to place on record their gratitude for the continued co-operation and patronage extended to the company by our esteemed customers both in OEM and the after market. They also appreciate the confidence reposed by the investing public, in the company. Our thanks are also due to our bankers, Bank of Baroda and The United Western Bank Ltd., for their co-operation. Finally, the Board wishes to express its appreciation for the efforts and contribution made by the employees at all levels during the year.

For and on behalf of the Board of Directors,

RAM MENON
Chairman

Kolhapur.

Date : 26-05-2001.

ANNEXURE TO DIRECTORS' REPORT

Information required under The Companies [Disclosure of Particulars in the Report of the Board of Directors] Rules, 1988.

I] CONSERVATION OF ENERGY

The Company has taken steps towards energy conservation during the year under report. It is envisaged to conserve energy by timely scheduling and implementation of production programme, avoiding delays, etc.

II] TECHNOLOGY ABSORPTION

FORM B

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

- | | |
|---|---|
| 1. Specific areas in which R & D carried out by the Company | R & D efforts are directed towards evolving better casting process, improved process for aluminium castings, for high speed machining of aluminium alloys, increased productivity, reduction in rejections. |
| 2. Benefits derived as a result of above R & D | We have been able to be much more cost effective & are also able to meet more exacting requirements of customers at home and abroad. |
| 3. Future plan of action | Establishment of a full-fledged R & D facility to test various designs evolved in house. |
| 4. Expenditure on R & D | Capital - Rs. Nil
Recurring - Rs. Nil. |

Technology absorption, adaptation & innovation

- | | |
|---|---|
| 1. Efforts in brief, made towards absorption, adaptation. | a) High speed machining of aluminium alloys.
b) Efforts are underway to develop technology to produce highly wear resistant piston rings.
c) Employees are sent for training in the relevant fields to get accustomed to and absorb new technologies developed in the manufacture of piston assemblies. |
| 2. Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution. | a) Additional business through manufacturing, supply of products hereto imported by Original Equipment Manufacturers.
b) Prospects of additional export business to hard currency areas.
c) Upgradation of the technical capabilities of the employees. |
| 3. In case of imported technology (imported during the last 5 years recommend from the beginning of the financial year.) | Not Applicable |



MENON PISTONS LIMITED

III) FOREIGN EXCHANGE EARNINGS & OUTGO

1. Activities relating to exports, initiative taken for exports, development of new export markets for products and services and exports.

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

Total Foreign Exchange used & earned.

I) Used :

Imports Capital goods	Rs.	NIL.
Technical Know-how Fees	Rs.	NIL.
Raw materials/Spares	Rs.	52,06,792/-
Other Expenditure -	Rs.	NIL.

II) Earned : Deemed Export Rs. 3,16,87,114/-

For and on behalf of Board of Directors.

Ram Menon
Chairman

Sachin Menon
Managing Director

R. D. Dixit
Director

Place : Kolhapur
Date : 26-05-2001

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MENON PISTONS LIMITED

P. M. Vardhe & Co.
Chartered Accountants,
630/E, Shahupuri 1st Lane,
KOLHAPUR.

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. Menon Pistons Ltd., Shirol, as at 31st March, 2001 and the Profit and Loss Account for the year ended on that date annexed thereto.

1. As required by the Manufacturing And Other Companies (Auditor's Report) Order, 1988 issued by the Company Law Board in terms of section 227 (4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that :
 - a) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit :
 - b) In our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books :
 - c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of account :
 - d) In our opinion , the Balance Sheet and the Profit and Loss Account comply with the accounting standards referred to in sub section (3c) of Section 211 of the Companies Act, 1956, as amended.
 - e) In our opinion and as per the information obtained and explanations given to us, there are no observations or comments, which have any adverse effect on the functioning of the Company.
 - f) As per the information obtained and explanations given to us, in our opinion, none of the Directors of the Company is disqualified from being appointed as Director under clause (g) of sub-section (1) of section 274.
 - g) In our opinion and to the best of our information and according to the explanations given to us, the said Balance Sheet and the Profit and Loss Account read together with the notes I to XI thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view :
 - I) In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2001.
 - 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.

For P. M. Vardhe & Co.
Chartered Accountants

Kolhapur.
Date : 26-05-2001.

P.M.VARDHE
PROPRIETOR