

MENON



| A N N U A L R E P O R T | 2 0 0 1 - 2 0 0 2 |



MENON PISTONS LIMITED

MENON PISTONS LIMITED

182, SHIROLI, KOLHAPUR-416 122.

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY FIFTH ANNUAL GENERAL MEETING OF MENON PISTONS LIMITED, WILL BE HELD ON SATURDAY 24TH AUGUST, 2002 AT 4.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 182, SHIROLI, KOLHAPUR-416 122 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

- 1) To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
- 2) To declare a dividend.
- 3) To appoint a Director in place of Mr. S. S. Nagpurkar, who retires by rotation and being eligible, offers himself for reappointment.
- 4) To appoint a Director in place of Mr. K. Parameswaran, who retires by rotation, and being eligible, offers himself for reappointment.
- 5) To appoint Auditors and fix their remuneration.

By Order of the Board

Date : 29-05-2002

Place : 182, Shirol, Kolhapur-416 122.

SACHIN MENON

Managing Director

NOTES :

- 1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- 2) The Register of Members and the Share Transfer Register books of the Company will remain closed from Friday 16-08-2002 to Saturday 24-08-2002 (both days inclusive).
- 3) The dividend for the financial year 2001-2002 will be paid after its declaration at this meeting within the prescribed time limit under the Companies Act, 1956, to those member whose names appear on the Register of Members of the Company as on 24.08.2002.
- 5) The members are requested to :
 - a. intimate changes, if any, in their registered addresses at an early date ;
 - b. quote ledger folio numbers in all their correspondence ;
 - c. intimate about consolidation of folios, if share holdings are under multiple folios ;
 - d. direct all their correspondence to the company's Registered Office ; and
 - e. bring their copies of the Annual Report along with them at the Meeting.

MENON PISTONS LIMITED

182, SHIROLI, KOLHAPUR-416 122.

FORM OF PROXY

I/WE..... ofin the district ofbeing a Member/Members of Menon Pistons Limited, hereby appoint Mr./Mrs. of in the district ofas my/our Proxy to vote for me/us on my/our behalf at the **TWENTY FIFTH ANNUAL GENERAL MEETING** of the Company, to be held on Saturday 24th August, 2002 and at any adjournment thereof.

Signed thisday of.....2002.

Signature.....

Affix 30 Paise Revenue Stamp

NOTE :

1. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting.
2. The Proxy Form should be signed across the revenue stamp as per signature registered with the Company.
3. A Proxy need not be a member.

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

COMPANY SECRETARY

Mr. V. V. Mangoli

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



**REPORT OF THE DIRECTORS
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2002.**

SHARE HOLDERS

Your Directors are pleased to present their 25th Annual Report together with the audited statements of accounts for the financial year ended 31st March, 2002.

During the year under report, the Automobile Industry in the country continued to pass through difficult situation, but signs of improvement are visible now.

During the year under report, the Company could achieve a turnover of Rs. 61.82 crores (inclusive of other income) as compared to Rs. 64.99 crores in the preceeding year. There is shortfall of Rs. 3.17 crores. The reason attributable to this shortfall is the price reduction asked by the customers.

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. 4.55 Crores as compared to Rs. 3.17 Crore 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 fatch better results during the current year.

Inspite of the shortfall in the turnover of the Company, the Company has earned profit of Rs. 123.72 lacs as compared to Profit of Rs. 92.21 lacs during the preceeding year, primarily due to various cost reduction efforts initiated by the company as mentioned above.

The working results for the year are as under :

WORKING RESULTS

[Rs. In Lacs.]

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
Gross Turnover	6181.64	6499.23
LESS : Usual working expenses	5843.63	6193.69
	-----	-----
	338.01	305.54
Less : Depreciation	214.29	213.33
	-----	-----
Profit before Taxation	123.72	92.21
Less : Provision for Taxation [Net]	38.93	51.25
Profit after Tax	84.79	40.96
ADD : Balance of Profit as per last year's accounts	442.26	455.29
	-----	-----
	527.05	496.25
Less : Transferred to Deferred Tax Liability	320.10	0.00
Add : Excess provision for Taxation	69.93	0.90
Less : Short provision for Taxation	5.72	4.62
Less : Expenses relating to previous year	0.09	0.30
	-----	-----
Balance available for appropriations	271.07	492.23
Proposed Dividend	51.00	40.80
Tax on Dividend	0.00	4.16
Transfer to General Reserve from Profit & Loss Account	5.00	5.00
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Balance carried to next year	215.07	442.26

DIVIDEND

Your Directors propose the payment of dividend of 10.00% during the year under review. The dividend pay out amounts to Rs. 51.00 lacs, subject to Income Tax deductible at source as per the provisions of the Income Tax Act, 1961.

DIRECTORS

Mr. S. S. Nagpurkar & Mr. K. Parameswaran retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

INDUSTRIAL RELATIONS

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



FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES

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

AUDIT COMMITTEE

An Audit Committee of the Company continued its working as per the terms of reference during the year under report.

DIRECTORS' RESPONSIBILITY STATEMENT

- i) Your Directors have followed the applicable accounting standards along with 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 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.
- iv) Your Directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. P. M. Vardhe & Co. Chartered Accounts, 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,

Place : Kolhapur.
Date : 29-05-2002.

RAM MENON
Chairman

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

Number of steps like phase balancing, power factor improvement, and modification of electrical systems in the machines have been taken by the Company. The effective savings in energy is to the tune of 40,000 units per month.

II] TECHNOLOGY ABSORPTION

FORM B

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

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| 1. Specific areas in which R & D carried out by the Company | 1. Improvement in piston geometry to achieve lower oil consumption value.
2. Improvement in piston groove and ring geometry to reduce blow by value.
3. Change in position of G. P. Axis to counter the effects of offset combustion cavities.
4. Improvement in graphite coating process to increase resistance to scuffing. |
| 2. Benefits derived as a result of above R & D | Achieved better customer satisfaction which has resulted in enhanced orders from reputed customers like CIL, Telco, Mahindra & Mahindra. |
| 3. Future plan of action | The testing facilities which will be completed by June, 2002, are being established to get speedy results of R & D. |
| 4. Expenditure on R & D | Capital - Rs. 22 lacs.
Recurring - Rs. 4 lacs. |

Technology absorption, adaptation & innovation

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|---|--|
| 1. Efforts in brief, made towards absorption, adaptation. | 1. Hard anodizing technology inline with international practice started in-house.
2. Latest technology in graphite coating introduced in regular production line.
3. Computerised die manufacture started in-house. |
| 2. Benefits derived as a result of the above efforts. e.g. product improvement, cost reduction, product development, import substitution. | a) Higher productivity with better and consistent quality achieved.
b) orders from reputed Original Equipment Manufacturers and export customers have increased.
c) Faster development of new items has been achieved. |
| 3. In case of imported technology (imported during the last 5 years) | Not Applicable |

**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.	6.02 lacs.
Other Expenditure -	Rs.	NIL.

II) Earned : Deemed Export Rs. 455.00 lacs.

For and on behalf of Board of Directors

Place : Kolhapur.
Date : 29-05-2002.

RAM MENON
Chairman

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

AUDITOR'S REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. Menon Pistons Ltd., 182, Shirol, Kolhapur as at 31st March, 2002 and the Profit and Loss Account for the year ended on that date annexed thereto. 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 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 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 the 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 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) As per the Declaration filed by the Directors with the Company, none of the Directors of the Company is disqualified from being appointed as Director under clause (g) of sub-section (1) of section 274.
 - f) 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, 2002.
 - 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 M/s. P. M. Vardhe & Co.
Chartered Accountants

Place : Kolhapur.
Date : 29-05-2002

P.M.VARDHE
PROPRIETOR