

MENON

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26th

ANNUAL
REPORT

2002 -

2003



MENON
PISTONS
LIMITED

MENON PISTONS LIMITED

182, Shirol, Kolhapur 416122

NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY SIXTH ANNUAL GENERAL MEETING OF MENON PISTONS LIMITED WILL BE HELD ON SATURDAY THE 30TH AUGUST, 2003 AT 4.00 P.M. AT THE REGISTERED OFFICE OF THE COMPANY AT 182, SHIROLI, KOLHAPUR - 416122 TO TRANSACT THE FOLLOWING BUSINESS :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2003 and the Profit & 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. Nitin Menon, who retires by rotation, and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Mani Mathew, 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 : 29.05.2003

Place : 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 16th August 2003 to 30th August 2003. (both days inclusive).
3. The dividend for the financial year 2002-03 will be paid after its declaration at this meeting within the prescribed time limit under the Companies Act, 1956, to those members whose names appear on the Register of Members of the Company as on 30th August 2003.
4. 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..... of in the district
of being a Member/Members of Menon Pistons Limited, hereby appoint Mr./Mrs.
..... of in the district of
..... as my/our Proxy to vote for me/us on my/our behalf at the TWENTY-SIXTH ANNUAL GENERAL
MEETING of the Company, to be held on Saturday 30th August, 2003 and at any adjournment thereof.

Signed this day of 2003.

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.



Board of Directors

Mr. Ram Menon
Chairman

Mr. Sachin Menon
Managing Director

Mr. Vijay Menon
(upto 27.07.02)

Mr. Nitin Menon

Mr. S. S. Nagpurkar

Mr. R. D. Dixit

Mr. K. Parameswaran
(upto 27.07.02)

Mr. Mani Mathew

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, 2003

SHARE HOLDERS

Your directors are pleased to present their 26th Annual Report together with the audited statements of accounts for the financial year ended 31st March 2003.

During the year under report, the Automobile Industry has shown signs of improvement and we hope, there will be an improvement in the demand of Auto Component.

During the year under report, the Company could achieve a turnover of Rs 68.73 crores (inclusive of other income) as compared to Rs.61.82 crores in the preceding year. Thus there is an increase of 11% in the turnover of the Company. This was achieved with the help of better production planning, improved quality, timely delivery and appropriate marketing strategy.

The total export sales during the year under report reached to a figure of Rs 4.66 Crores as compared to Rs. 4.55 crores during the preceding year.

The Company continued its efforts on cost saving and productivity enhancement. State of the art machines have been introduced in the Production and Quality Assurance Depts.. The cost of finance has reduced substantially because of fast recovery, reduction in rate of interest and lower dependence on bank credit.

The Company has earned profit of Rs. 2.50 Cr. as compared to a Profit of Rs. 0.85 Cr. during the preceding year.



The working results for the year are as under:

Working Results:

(Rs. In lacs)

Particulars	Current Year	Previous Year
Gross Turnover	6,872.57	6,181.64
Less : Usual working expenses	6,294.11	5,843.63
Profit before Depreciation and Taxation	578.46	338.01
Less: Depreciation	217.58	214.29
Profit before taxation	360.88	123.72
Less: Provision for taxation (Net)	110.57	38.93
Profit after tax	250.31	84.79
Add: Balance of profit as per last year's accounts	215.07	442.26
	465.38	527.05
Less: Transferred to Deferred Tax Liability	0.00	320.10
Add: Excess provision for taxation	21.30	69.93
Less: Short provision for taxation	1.95	5.72
Less: Expenses relating to previous year	0.13	0.09
Balance available for appropriation	484.60	271.07
Proposed Dividend	76.50	51.00
Tax on Dividend	9.56	0.00
Transfer to General Reserve from Profit & Loss Account	15.00	5.00
Balance carried to next year	383.54	215.07

Dividend

Your Directors are pleased to propose the payment of dividend of 15.00% during the year under review, as compared to 10% of the last year. The dividend pay out amounts to Rs. 76.50 lacs. The tax on this dividend will be paid by the Company and the dividend in the hands of recipient is free from Income Tax.

Directors

Mr. Vijay Menon and Mr. K. Parameswaran resigned during the year under review. The Board of Directors places on record deep sense of appreciation for the valuable services rendered and guidance provided by them.

Mr. Nitin Menon and Mr. Mani Mathew retire by rotation in the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

Industrial relations :

During the year, the industrial relations have been cordial. Company signed an agreement with workers and it is hoped that the relations will remain cordial in future.



Fixed Deposits

The company has not accepted any deposits within the meaning of section 58A of The Companies Act 1956 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. 24,00,000/- p.a. or Rs. 2,00,000/- p.m.

Audit Committee

The 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 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.

Acknowledgment

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

Place : Kolhapur
Date : 29-05-2003



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 monitoring of MD (Maximum Demand), provision of optimum power Units in place of higher than required power Units, elimination of avoidable power Units etc were taken up. Approximate saving of Units per month is 20,000 Units.

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 | : a) Manufacturing Technology of articulated Pistons developed.
b) Test Bed commissioned and testing started
c) Latest Computerized Piston Form measuring equipment-Talyston 265 purchased and commissioned.
d) Sub Zero level heat treatment Plant procured and commissioned at Plant II
e) Spectrographs were provided for all plants |
| 2. Benefits derived as a result of above R & D | : a) Large export potential is prevailing for such high tech pistons.
b) Lead time for product approval for pistons within house design will be reduced substantially
c) Confirmation of Piston Profiles can be checked accurately and quickly which is required for designing and developing new Pistons.
d) Critical Gudgeon Pins for pistons of high rated power engine require heat treatment under sub Zero level. Already orders have been received for development and supply of such Pins from one of the important domestic customers
e) Finalisation and stabilisation of Chemistry of development items has become faster. Lead time for development is reduced |
| 3. Future Plan of action | : Conversion of Contourograph Equipment into Computerised system is undertaken. This will help faster measurement and finalisation of crown designs |
| 4. Expenditure on R & D | : Capital : Rs 60.00 Lakhs
Recurring: Rs 8.00 Lakhs |



Technology absorption, adaptation & Innovation

- | | |
|--|--|
| 1. Efforts in brief, made towards absorption, adaptation | : a) Manufacture of complicated profiles by Solid modeling and tool path generation on CAD, Cam System adopted in a full fledged manner. |
| | : b) Testing of improved design pistons developed by MPL is carried out regularly. |
| 2. Benefit derived as a result of the above efforts, e.g. Product improvement, cost reduction, product development, import substitution. | : a) Faster development of Pistons achieved |
| | : b) Enquiries for high value articulated Pistons received from reputed overseas and domestic Customers. |
| 3. In case of imported technology (imported during the last 5 Years) | : Not applicable |

III. Foreign exchange earning and 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. : 55.55 Lacs
Technical Know-how Fees	Rs. : NIL
Raw materials/spares	Rs. : 3.81 Lacs
Other Expenditure -	Rs. : 4.73 Lacs
II) Earned : Deemed Export	Rs. : 466.34 lacs

For and on behalf of Board of Directors

RAM MENON

Chairman

Place : Kolhapur

Date : 29.05.2003



P.M. Vardhe & Co.

Chartered Accountants,
630/E, Shahupuri 1st lane, Kolhapur.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. Menon Pistons Ltd., 182, Shirol, Kolhapur as at 31st March, 2003 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 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 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, 2003, 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.

Place : Kolhapur
Date : 29.05.2003

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

P.M. VARDHE
Proprietor

**P.M. Vardhe & Co.**

Chartered Accountants,
630/E, Shahupuri 1st lane, Kolhapur.

Annexure referred to in para 1 of our report of even date

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. There is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
2. None of the fixed assets has been revalued during the year.
3.
 - a) The stock of raw materials, stores, spare parts and finished goods have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b) The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c) The discrepancies noticed on verification between the physical stocks and book records were not material.
 - d) On the basis of our examination of stock records, we are of the opinion that the Valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles.
4. The Company has taken / granted loans from / to companies, firms or other listed in the register maintained under section 301 and 370 (1c) of the Companies Act, 1956 and terms and conditions thereof are not detrimental to the interest of the Company.
5. Loans and advances in the nature of loans have been given to the employees of the company and also to third parties. They are repaying the principal amount as stipulated and are also regular in payment of interest where applicable. However, no interest is being charged on loans and advances given to the staff and workers of the Company.
6. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of stores, raw materials including components, plant and machinery, equipment and other assets and with regard to the sale of goods.
7. In our opinion and according to the information and explanations given to us, the transactions of purchase of goods and materials and sale of goods, materials and services, made in pursuance or arrangements entered in the register maintained under section 301 and aggregating during the year to Rs. 50,000 /- or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services of the prices at which transactions for similar goods, materials, or services have been made with other parties.