

Menon Pistons Ltd.
Annual Report 2010-2011



Menon Pistons Ltd. main manufacturing facility at Kolhapur.

Contents

Board Of Directors, Company Information, etc.	2
Directors Report	3
Management Discussion and Analysis Report	10
Auditors Report to the Shareholders	12
Financial Statements as at and for the year Ended March 31,2011	15
Balance Sheet Abstract	34
Auditor's Certificate on Compliance of Conditions of Corporate Governance	35
Corporate Governance Report	36
Notice	47
Attendance Slip and Proxy Form	51

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 (Since 29th January, 2011)

Mr. Ajitkumar S. Belur
Director

KEY MANAGERIAL PERSONNEL

Mr. S B P Kulkarni
Associate Vice President

Mr. Amit Dilip Pasare
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



Report of the Directors for the Financial Year ended 31st March 2011

Dear Shareholders,

Your Directors have pleasure in presenting to you 34th Annual Report on the business and operations of the Company together with the audited statements of accounts for the year ended 31st March 2011.

Financial & operational Performance:

(Rs. in Lakhs)

Particulars	Current Year 2010-2011	Previous Year 2009-2010
Gross Turnover	15066.93	11464.67
Less: Usual working Expenses	13501.23	10265.29
Gross Profit	1565.70	1199.38
Less: Depreciation	264.19	224.04
Profit Before Taxation	1301.50	975.34
Less: Provision for Taxation (Net)	424.27	325.27
Profit After Tax	877.23	650.07
Add: Balance of profit as per last year's accounts	1717.15	1445.69
Add : Deferred Tax Asset	Nil	53.42
Less : Earlier Year Adjustment	Nil	157.19
Available surplus	2594.38	1991.99
Balance Available for appropriation	2594.38	1991.99
Less :		
Proposed Dividend	178.50	178.50
Tax on Dividend	29.64	30.34
Transfer to General Reserves	93.00	66.00
Balance carried forward to next year	2293.24	1717.15

General Review

The Indian auto component industry is emerging as a global hub for auto component manufacturers. This industry is one of the front runners for grabbing the global auto component outsourcing market. The value of outsourcing auto components from India includes low labour cost, availability of raw material, technically skilled man power and assurance of quality products. In view of these developments your company is focusing on innovation and cost proning exercise to face the domestic as well as global challenges. Your company is gearing to the new reality and is in the process of substantially investing in capacity expansion by introducing new world class machineries and upgradation of the technology with the help of our technology partner M/s Dong Yang Piston Co. Ltd. South Korea. We hope to remain ahead in the race.

During the year 2010-11 your company has achieved the turnover of **Rs. 150.66 crores** as compared to **Rs.114.60 crores** during the previous financial year whereas profit after tax for the year is **Rs. 877 crores** as against **Rs.650 crores** in the previous financial year.

Dividend

Considering the capital investment made during the year and requirement of the funds for the future expansion plans, your Directors have decided to Plough back the surplus funds and pleased to recommend a dividend of **Rs.3.50/- per** equity share of **Rs.10/-** each for the financial year 2010-11. The total outgo on dividend will be Rs.1,78,50,000/- (Rupees one crore seventy Eight lakhs fifty thousand only). The tax on dividend will be paid by the company and the dividend in the hands of shareholders is free from Income Tax. The dividend will be distributed to the shareholders after approval of Members in the Annual General Meeting. The company has made preparations to transfer Rs. 93,00,000 (Rs. Ninety Three Lacs) to General Reserves while appropriating dividend from the net profit.

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 Auditors 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

The Board of Directors of the Company (The 'Board'), at its meeting held on January 29, 2011 has, appointed Dr. YSP Thorat as a Non-Executive, Independent Director. Thus it fulfills the Corporate Governance norms for composition of Board.

Mr. Ramesh Dattatraya Dixit and Mr. Ajitkumar Belur, Directors, would retire by rotation at the ensuing Annual General Meeting of the Company; and being eligible, may offer themselves for reappointment.

Company received approval from the Central Government for the appointment of Mr. Sachin Menon as Managing Director for next five years. 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

The relations with the employees continue to remain cordial. The Directors express their appreciation for the support given and the contribution made by the employees at all levels 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, 11 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, M/S. 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

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 : 26th May, 2011**

**Ram Menon
Chairman**

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:

As a continuous improvement process, the several energy saving measure which have been initiated by appropriate modifications and adopting systems and by availing relevant high rebate benefits and by monitoring the energy saving measures periodically and implementing the Energy Management Techniques it has been possible this year also to achieve an average saving of Rs.5.00 lakhs per year.

II) Technology Absorption :

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

(i) Specific Areas in which R & D was carried out -

Your company is continuously investing to improve upon Design Capability to become Total solution provider in the eyes of esteemed customers.

Your company has upgraded design strength by installation of Analysis software ABAQUS 6.10.

This will help in carrying out finite element analysis both structural and thermal and acts as tool of Design validation.

Now with the Engine data received from customer, we can offer complete design solution to customer by using benchmarking data, critical design calculations and design validation by using software.

Engine validation of new generation Emission compliant engines of BS III and above norms calls for improved engine test facility. Temperature control of Fuel and coolant is very important factor of validation to get desired performance of piston assemblies. We have invested and upgraded engine test cells

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

Our company is already working on new projects with OE customers using the above upgradations. Oil cooled gallery piston is already developed for important customer for Defence application. Engine validation with improved system also helping us to attract new customers.

(iii) Future plan of Action:

- a. Relationship with Collaborator :
- 1) Relationship with collaborator is further strengthened by taking participation of collaborator in important projects.
 - 2) Piston design and process training is also imparted to our engineers at collaborator plant as well as visit of R&D expert to our plants.

b. Facility Planning

Your company is investing in new technology and modern machines to continually improve on manufacturing technology. As India is implementing stringent emission norms like BS III / BS IV and engine manufacturers need to comply to those norms necessitates support from suppliers like us for improving the performance, downsizing engines, improved life cycle.

Your company is in process of building new state of art foundry with footprint of Korean collaborators processes. This will help us in built quality into our products by very sound casting process.

Your company already ordered worlds best Okuma oval turning and grooving machines for specific operations.

Journey to develop new generation piston like oil cooled gallery pistons is not possible without modern X ray equipment and Coordinate measuring machines. Theses machines are already installed and are helping to get new enquiries for development of new generation pistons.

III) Foreign Exchange Earning and Outgo :

a)Activities relating to exports initiative taken for exports, development of new export markets for products and services.	: Nil
b) Total Foreign exchange used :	
1. Raw Material	: Nil
2. Machinery Stores & Spares	: Rs. 248.10 Lacs
3. Expenditure of foreign travel & other expenditure	: Rs. 54.86 Lacs
4.Earned Deemed Export	: Rs. 2721.22 Lacs

For and On behalf of the Board of Directors

Place: Kolhapur
Date : 26th May, 2011

Ram Menon
Chairman



ANNEXURE 'B' TO DIRECTORS REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Auto Industry: The Road Ahead – (Challenges and sustainability)

The Indian Auto component industry has been navigating through a period of rapid changes with a great elan driven by the global competitive business rules which are changing very fast. The Indian auto component sector has been growing at 20% per annum and it is projected to maintain the same growth phase for couple of more years.

The Indian auto component industry is one of the few sectors in the economy that has a distinct global competitive advantage in terms of cost and quality. The value in sourcing auto components from India includes low labour cost, raw material availability, technically skilled man power and assured quality products. Hence this industry is emerging as global manufacturing hub. Today India has the potential to manufacture a range of automotive components from fasteners to engine parts and our company is specialized in engine parts manufacturing such as piston assemblies. The domestic market projected to grow at around 10% per annum in the next 10 years. Similarly export is also projected to grow at over 30% per annum. The high level of sourcing auto components from low cost countries is to act as a driver for growth.

Challenges:

India, with a rapidly growing middle class, market oriented stable economy, availability of trained manpower at competitive cost, fairly well developed credit and financing facilities and local availability of almost all the raw materials at a competitive cost, has emerged as one of the favourite investment destinations for the automotive manufacturers. These advantages need to be leveraged in a manner to attain the twin objective of ensuring availability of best quality product at lower cost to the consumers on the one hand and developing and assimilating the latest technology in the industry on the other hand.

Sustainability and success in the industry would more or less depend on factors such as improved labour productivity, labour flexibility and capital efficiency, infrastructure improvement, raw material availability at reasonable cost, access to latest and most efficient technology and advanced techniques. Utilizing all manufacturing plants to optimum level, effective cost controls, close relationship with the suppliers, goods distribution channels and export markets, successful and tactical industrial relations.

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.

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.

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.

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.

Human Resources & Industrial Relations:

The Management consider people as its key resource and provide development opportunities to various training and welfare programs for employees and their families.

The HR department of the company is geared to lend its support to the efforts to make the company a "Employer of Choice" in the market. There has been no loss of production at any of the manufacturing facilities due to Industrial unrest during the year. The company has done extensive job study which has helped to establish a well defined organization structure and appreciation of rules at different levels. The company has initiated talent Management system including development of people, career pathing, succession Management and reward Management etc. The company has maintained compensation structure in line with the market developments.

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

For and On behalf of the Board of Directors

Place: Kolhapur

Date : 26th May, 2011

**Ram Menon
Chairman**



AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the attached Balance Sheet of M/s. Menon Pistons Ltd., 182, Shirol, Kolhapur as at 31st March, 2011 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 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - I. In so far as it relates to the Balance Sheet of the state of affairs of the Company as at 31st March, 2011 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 : 11127AW)

P. M.VARDHE
Proprietor, M. No. 031817

Place : Kolhapur
Date : 26.05.2011

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.
 - a) The company, is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise-duty, cess and other statutory dues applicable to it. In our opinion, there are no arrears of outstanding dues as on the last day of the financial year concerned for a period of more than six months.
 - b) The disputed statutory dues, which have not been deposited with the appropriate authorities are as under :-

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

- (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 : 11127AW)

Place : Kolhapur
Date : 26.05.2011

P.M. VARDHE
Proprietor
M. No. 031817

BALANCE SHEET AS AT 31st MARCH, 2011

PARTICULARS	SCHEDULES		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
SOURCES OF FUNDS:					
1. Shareholder's Funds					
a. Share Capital	A	51,000,000		51,000,000	
b. Reserves & Surplus	B	387,729,440		320,820,334	
			438,729,440		371,820,334
2. Loan Funds					
a. Secured Loans	C	233,999,534		130,293,340	
b. Unsecured Loans		0		0	
			233,999,534		130,293,340
3. Deferred Tax Liability			13,523,532		13,096,360
Total Rs.			686,252,506		515,210,034
APPLICATION OF FUNDS					
3. FIXED ASSETS	D				
Gross Block		640,103,643		536,498,937	
Less : Depreciation		371,922,344		346,480,983	
Net Block			268,181,299		190,017,954
Capital Work in process			22,047,416		0
4. INVESTMENTS	E		1,294,890		1,294,890
5. CURRENT ASSETS, LOANS & ADVANCES	F				
Inventories		210,852,718		113,159,811	
Sundry Debtors		286,807,276		281,254,712	
Cash and Bank Balances		196,608,114		127,929,525	
Loans And Advances		44,612,688		29,244,458	
		738,880,796		551,588,506	
Less : Current Liabilities & Provisions	G				
a. Liabilities		231,227,558		108,873,540	
b. Provisions		118,565,892		124,459,332	
		349,793,450		233,332,872	
Net Current Assets			389,087,346		318,255,634
6. MISCELLANEOUS EXPENDITURE	H		5,641,555		5,641,556
TOTAL			686,252,506		515,210,034
Notes on Accounts	P				

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 : 26.05.2011

For and on Behalf of the Board of Directors

Ram Menon
Chairman

Sachin Menon
Managing Director

R.D.Dixit
Director

S.B.P. Kulkarni
Associate Vice President

Amit D. Pasare
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2011

PARTICULARS	SCHEDULES		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
1. INCOME	I				
Sales		1,494,071,979		1,134,574,205	
Other Income		12,621,572		11,893,025	
TOTAL			1,506,693,551		1,146,467,230
2. EXPENDITURE					
Raw Material & Stores Consumed	J	868,585,782		565,511,372	
Manufacturing Expenses	K	167,194,121		123,348,810	
Payments to & Provision For Employees	L	124,537,885		110,411,601	
Administrative & other Expenses	M	213,977,117		172,903,683	
Cost of Finance	N	26,606,247		22,606,836	
Depreciation	D	26,419,602		22,403,811	
		1,427,320,754		1,017,186,113	
Add (Increase) / Decrease in stock of Finished Goods & Work in Process	O	(50,778,142)		31,746,965	
			1,376,542,612		1,048,933,078
3. PROFIT BEFORE TAXATION			130,150,939		97,534,152
Provision for Income Tax (Current)			42,000,000	32,135,000	
Provision for Income Tax (Deferred)			427,173	392,170	
4. PROFIT AFTER TAXATION			87,723,766		65,006,982
Balance of Profit as per last Balance Sheet		171,715,052		144,567,765	
Add : Deferred Tax Asset		0		5,342,876	
Less : Earlier Year Adjustment		0		15,718,963	
Balance Available For Appropriation			259,438,818		199,198,659
5. APPROPRIATIONS					
Proposed Dividend			17,850,000		17,850,000
Tax on Dividend			2,964,662		3,033,608
General Reserve			9,300,000		6,600,000
Balance of profit carried to Balance sheet			229,324,156		171,715,052
6. EARNING PER SHARE					
Basic and Diluted Earning per Share			17.20		12.75

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 : 26.05.2011

For and on Behalf of the Board of Directors

Ram Menon
Chairman

Sachin Menon
Managing Director

R.D.Dixit
Director

S.B.P. Kulkarni
Associate Vice President

Amit D. Pasare
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011

CASH FLOW STATEMENT PARTICULARS	Rs. in Lacs 2010-11		Rs. in Lacs 2009-10	
	Amount	Amount	Amount	Amount
Cash flows from operating activities				
Profit as per Profit & Loss A/c (before tax & dividend)	·	1301.51	·	975.34
Adjustments for :				
Depreciation	264.2		224.04	
Interest Received	(93.20)		(69.85)	
Dividend Received	(0.05)		(0.04)	
Interest Paid	266.06		226.06	
		437.01		380.21
Operating profit before working capital changes		1738.52		1355.55
Adjustments for :				
Inventories	(976.93)		84.90	
Sundry Debtors	(55.53)		175.20	
Loans and Advances	(153.68)		(180.78)	
Current Liabilities and provisions	1164.61		558.49	
Direct Tax Paid	(424.27)		(325.27)	
Increase in deferred tax liability	4.27		3.92	
Tax on Dividend	(29.65)		(30.33)	
		(471.18)		286.13
Net Cash Generated from operations		1267.34		1641.68
Cash flow from investing activities				
Purchase of fixed assets	(1052.74)		(267.93)	
Sale of fixed Assets	16.69		41.14	
Fixed assets under installation	(220.47)		0.00	
Purchase of Investments	0.00		0.00	
Sale of Investments	0.00		0.00	
Investment income :				
Interest received	93.2		69.85	
Dividend received	0.05		0.04	
Depreciation on assets sold	(9.78)		(22.63)	
		(1173.05)		(179.53)
Cash flow from financing activities				
Proceeds from issue of share capital	0.00		0.00	
Proceeds from long term borrowing	851.02		0.00	
Proceeds from short term borrowing	457.78		55.14	
Repayment of long term borrowing	(258.54)		(175.77)	

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2011
(continued)

CASH FLOW STATEMENT PARTICULARS	Rs. in Lacs 2010-11		Rs. in Lacs 2009-10	
	Amount	Amount	Amount	Amount
Repayment of short term borrowing	(13.21)		(317.49)	
Dividend paid	(178.50)		(178.50)	
Interest Paid	(266.06)		(226.06)	
Net cash used in financing activities		592.49		(842.68)
Net cash increase/(Decrease) in cash and cash equivalents		686.78		619.47
Op. Balance of cash and cash equivalents 1st Apr,2010	1279.30		659.83	
Closing balance of cash and cash equivalents 31st Mar,2011	1966.08		1279.30	

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 : 26.05.2011

For and on Behalf of the Board of Directors

Ram Menon

Chairman

Sachin Menon

Managing Director

R.D.Dixit

Director

S.B.P. Kulkarni

Associate Vice President

Amit D. Pasare

Company Secretary

SCHEDULE NOS. 'A' TO 'P' ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT & THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2011

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

SCHEDULE `B` RESERVES AND SURPLUS	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
CAPITAL RESERVE	5,066,179	5,066,179
GENERAL RESERVE Balance as per last Balance Sheet Add : Transferred from Profit and Loss A/c	63,289,104 9,300,000	56,689,104 6,600,000
TOTAL	72,589,104	63,289,104
SHARE PREMIUM RESERVE	80,750,000	80,750,000
PROFIT AND LOSS ACCOUNT	229,324,157	171,715,052
TOTAL	387,729,440	320,820,334

SCHEDULE `C` SECURED LOANS	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
A) IDBI Bank Ltd.		
1. Term Loan Hypothecated by equitable mortgage of Machinery and Personal guarantee of Ram Menon Chairman and Sachin Menon Managing Director.	79,090,319	20,240,392
2. Loan Against Fixed Deposit	1,320,893	0
3. Cash Credit	7,000,000	97,886,125
4. Bills Purchase facility	0	1,320,893
5. Packing Credit	20,240,392	7,000,000
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 and B58/59, Shirol, Kolhapur.		
B) H.D.F.C. Bank Ltd.		
1. Vehicle Loans	4,244,502	3,845,930
TOTAL	233,999,534	130,293,340

SCHEDULE "D"
FIXED ASSETS SCHEDULE FOR THE YEAR 2010-2011 (in Rs.)

Sr. NO.	PARTICULARS OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS ON 01-04-2010	ADDITIONS	DEDUCTIONS	AS AT 31-03-2011	AS AT 01.04.2010	FOR THE YEAR	DEDUCTIONS	TOTAL	AS AT 31.03.2011	AS AT 31.03.2010
1	Goodwill	71,000	0	0	71,000	0	0	0	0	71,000	71,000
2	Land Free Hold	375,574	0	0	375,574	0	0	0	0	375,574	375,574
3	Land Leasehold	476,130	0	0	476,130	11,512	600	0	12,112	464,018	464,618
4	Land Development	530,879	0	0	530,879	90,692	8,653	0	99,346	431,533	440,187
5	Building	54,925,704	319,653	0	55,245,357	20,059,346	1,825,701	0	21,885,046	33,360,311	34,866,358
6	Plant & Machinery	414,421,955	95,748,030	0	510,169,984	290,339,815	19,790,148	0	310,129,963	200,040,021	124,082,140
7	Computers	8,653,378	1,009,349	0	9,662,727	3,868,609	1,359,489	0	5,228,098	4,434,629	4,784,768
8	Plant & Machinery R & D	9,377	0	0	9,377	9,377	0	0	9,377	0	0
9	Electrical Installation	26,628,865	3,496,917	0	30,125,782	17,002,310	1,363,941	0	18,366,251	11,759,531	9,626,555
10	Furniture & Fixtures	7,349,656	5,81,423	0	7,931,079	5,064,650	342,137	0	5,406,787	2,524,292	2,285,006
11	Office Equipment	7,498,617	271,655	0	7,770,271	4,114,064	188,192	0	4,302,256	3,468,015	3,384,552
12	Technical Know-how	289,010	0	0	289,010	289,010	0	0	289,010	0	0
13	Vehicle	13,042,883	3,816,003	1,669,323	15,189,563	5,077,696	1,373,443	978,241	5,472,899	9,716,664	7,965,187
14	Material Handling Equipment	2,225,910	31,000	0	2,256,910	553,901	167,299	0	721,200	1,535,710	1,672,009
	TOTAL	536,498,936	105,274,030	1,669,323	640,103,643	346,480,983	26,419,602	978,241	371,922,344	268,181,299	190,017,954
	PREVIOUS YEAR	513,357,457	27,255,524	4,114,047	536,498,936	326,340,355	22,403,811	2,263,179	346,480,983	190,017,954	187,017,106

SCHEDULE `E` INVESTMENTS (AT COST)	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
Non Trade (Unquoted)		
1. 12 Equity Shares of Maharashtra Co-op.Engg. Society Ltd., of Rs.500/- each fully paid	6,000	6,000
2. 7 Year National Saving Certificates	22,500	22,500
3. 10 Shares in Kolhapur Janata Sahakari Bank Ltd., of Rs.10/- each	100	100
4. Investment in Dalmia Resorts	27,500	27,500
5. 3675 Shares in Shri Warna Sahakari Bank Ltd. of Rs.10/- each	36,750	36,750
6. Investment in Raga Airlines	25,000	25,000
7. Prestige Holiday Resorts	140,000	140,000
Trade (Quoted)		
1. 500 Equity Shares of Bank of Maharashtra Rs.10/- each (Market Price as on 31.03.2011 Rs.49.40per share)	11,500	11,500
2. 562 Equity Shares of Reliance Industries Limited of Rs.10/- each (Market Price as on 31.03.2011 Rs. 1047.80 per share) (Total market value of quoted Investments Rs. 613,546/- Previous year Rs. 631,195)	1,025,540	1,025,540
TOTAL	1,294,890	1,294,890

SCHEDULE 'F' CURRENT ASSETS AND LOANS & ADVANCES		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
A) CURRENT ASSETS				
a) Stock in Trade (At cost or Market Price whichever is lower)				
Raw Material	80,059,313		39,641,880	
Stores and Spares	24,806,092		18,308,760	
Work in Process	36,293,790		29,790,542	
Finished Goods	69,693,523		25,418,629	
		210,852,718		113,159,811
b) Sundry Debtors (Unsecured Considered Good)				
Exceeding six months	5,474,372		4,875,961	
Other Debts	281,332,904		276,378,751	
		286,807,276		281,254,712
c) Cash and Bank Balance				
Cash in Hand	664,472		219,448	
Balances with Banks				
a) With scheduled Bank				
1. In Current Accounts	10,353,083		12,112,502	
2. In fixed Deposits	185,433,490		113,752,087	
b) With other Banks				
1) In Current Accounts				
Maximum Balance during the year	157,069	196,608,114	1,845,488	127,929,525
a) Kolhapur Janta Saha. Bank Ltd.	587		587	
b) Warna Saha. Bank Ltd., Shirol	36,877		32,817	
c) Mahalaxmi Co-op Bank Ltd.,	6,329		6,142	
d) Nagri Saha. Bank Ltd., Kodoli	0		3,135	
e) Saraswat Co-op. Bank Ltd. Sangli	113,276		1,802,807	
TOTAL		694,268,108		522,344,048

SCHEDULE `F' CURRENT ASSETS AND LOANS & ADVANCES	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
B)LOANS AND ADVANCES		
Unsecured Considered Good		
1. Advance Tax	15,269,857	10,146,060
2. Advances to Suppliers.	0	1,956,991
3. Staff Advance	7,707	366,132
4. Deposits	11,247,222	6,474,689
5. Other Advances	548,953	1,485,286
6. Accrued Income	15,693,726	7,136,925
7. Other Receivables	856,662	922,842
8. Prepaid Expenses	988,561	755,534
TOTAL	44,612,688	29,244,458
TOTAL (A) + (B)	738,880,796	551,588,506

SCHEDULE `G' CURRENT LIABILITIES AND PROVISIONS	CURRENT YEAR (Rs.)	PREVIOUS YEAR (Rs.)
A) Current Liabilities		
1. Sundry Creditors (Refer Note in Schedule 'P' Item No.II (b) (7) Sundry Creditors - Others	225,435,589 5,791,969	107,473,540 1,400,000
2. Advances from customers		
B)Provisions		
1. Proposed Dividend	17,850,000	17,850,000
2. Provision for Leave Encashment	4,969,133	3,932,458
3. Provision for Gratuity	18,054,377	16,713,681
4. Other Provisions	77,692,382	85,963,193
TOTAL	349,793,450	233,332,872
DEFFERED TAX LIABILITY	13,523,534	13,096,360

SCHEDULE `H` MISCELLANEOUS EXPENDITURE		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
Preoperative Expenses				
1. Travelling and other project expenses	757,293		757,294	
2. Consultation Fees	3,463,361		3,463,361	
3. Technical Know-how fees/ cess	1,420,901		1,420,901	
TOTAL		5,641,555		5,641,556

SCHEDULE `I` INCOME		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
1) Sales				
1. Piston / Piston Assemblies	1,247,992,852		926,902,040	
2. Rings	67,815,687		38,736,492	
3. Gudgeon Pins, Circlips	157,546,550		147,699,863	
4. Liners / Variators Sale	0		4,536,254	
5. Other Sales	20,716,890	1,494,071,979	16,699,555	1,134,574,205
2) Other Receipts				
1. Testing Charges	352,918		444,432	
2. Insurance Claims Received	313,332		312,971	
3. Interest Income	9,320,183		6,985,825	
4. Excess Provision Written Off	133,593		1,522,935	
5. Refund of Sales Tax	0		1,657,732	
6. Excess Creditors Written Off	0		311,274	
7. Profit on sale of Assets	839,875		0	
8. Income from other sources	1,610,527		657,856	
9. Labour Charges Received	51,144	12,621,572	0	11,893,025
TOTAL		1,506,693,551		1,146,467,230

SCHEDULE `J` EXPENDITURE		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
COST OF RAW MATERIAL & STORES CONSUMED				
1. Raw Material				
Opening Stock	39,641,880		22,072,771	
Add: Purchases During the Year	765,607,713		486,237,129	
	805,249,593		508,309,900	
Less: Closing Stock	80,059,313	725,190,280	39,641,880	468,668,020
2. Stores and Spares				
Opening Stock	18,308,760		12,620,730	
Add: Purchases During the Year	149,892,834		102,531,382	
	168,201,594		115,152,112	
Less: Closing Stock	24,806,092	143,395,502	18,308,760	96,843,352
TOTAL		868,585,782		565,511,372

SCHEDULE `K` MANUFACTURING EXPENSES		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
Power and Fuel	71,493,723		53,396,299	
Water Charges	1,181,855		983,852	
Machining Charges	94,518,543		68,968,659	
TOTAL		167,194,121		123,348,810

SCHEDULE `L` PAYMENTS TO & PROVISIONS FOR EMPLOYEES		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
Wages, Bonus and Allowance To Workers	66,335,115		53,989,591	
Contribution To PF.Etc.. For Workers	4,799,539		3,934,498	
Workers Welfare Expenses	2,898,507		2,934,659	
Salary, Bonus and Allowance To Staff	29,736,435		34,093,883	
Directors Remuneration	3,686,811		4,763,985	
Contribution To PF, Etc.. For Staff	4,380,466		4,597,541	
Contribution To Group Gratuity	10,438,181		4,665,449	
Staff Welfare Expenses	851,182		918,524	
Provision for leave encashment	1,411,649		513,471	
TOTAL		124,537,885		110,411,601

SCHEDULE `M` ADMINISTRATIVE AND OTHER EXPENSES		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
Sitting Fees	20,000		24,000	
Insurance Charges	1,669,492		1,359,627	
Repairs to Building	2,978,801		1,509,477	
General Repairs and Maintenance	11,146,517		7,404,017	
Repairs Maintenance to vehicles	888,727		992,914	
Rent Rates and Taxes	2,488,743		1,188,912	
Conveyance Expenses	438,052		479,878	
Printing and Stationery	1,574,189		1,738,146	
Postage and Telephone Expenses	1,291,085		1,475,402	
Travelling Expenses	3,483,333		2,646,440	
Selling and Distribution Expenses	179,945,085		146,849,031	
Audit Fees	129,000		111,000	
License Fees	42,000		43,000	
Legal and Consultation charges	238,876		34,967	

Professional and other taxes	1,969,058		2,342,401	
Loss on sale of Assets.	0		921,570	
Donation	417,708		102,501	
Filing Fees	14,766		8,922	
Subscription and Contribution	307,201		718,888	
Sundry Expenses	4,895,061		2,908,967	
Books and Periodicals	39,423		43,624	
TOTAL		213,977,117		172,903,683

SCHEDULE `N` COST OF FINANCE		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
Interest on Working Capital & Term Loans	24,566,968		21,272,013	
Bank Charges	1,913,279		1,180,823	
Interest to Others	126,000		154,000	
TOTAL		26,606,247		22,606,836

SCHEDULE `O` (INCREASE) / DECREASE IN STOCK OF FINISHED GOODS AND WORK IN PROCESS		CURRENT YEAR (Rs.)		PREVIOUS YEAR (Rs.)
Opening Stock				
Finished Goods	25,418,629		43,587,511	
Work in Process	29,790,542	55,209,171	43,368,625	86,956,136
Less : Closing Stock				
Finished Goods	69,693,523		25,418,629	
Work in Process	36,293,790	105,987,313	29,790,542	55,209,171
TOTAL		(50,778,142)		31,746,965

SCHEDULE 'P'

Schedule of Notes annexed to and forming part of the Balance Sheet as at 31st March, 2011 and Profit and Loss Account for the year ended on that date.

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. One of the Partners of the firm is Director of Menon Pistons Ltd. The balance amount receivable from the firm is considered as good.
- 3) M/s. Menon Engineering Services: This is a partnership firm. Menon Engineering Services receives goods from M/s. Menon Pistons Ltd. and other outside parties for the purpose of Machining work and also 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 2010-11 is as under:

(Amount in Rs.)

Party Name	Purchase value	Machining Charges	Sales Value	Closing Balance
Menon Piston Rings Pvt. Ltd.	41,047,704	0	6,494,868	38,505,696(Dr)
M/s. Menon Exports	0	0	272,121,961	88,974,662(Dr)
M/s. Menon Engineering Services	93,450,548	206,655	208,370	60,893,479(Cr)

- 4) Directors: Mr. Sachin Menon, Managing Director. Salary paid and perquisites provided to Director is disclosed under note "6" as "Managerial Remuneration". 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 2010-2011

- 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 2010-11.
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 2010-11.

- n) **Lease accounting** as per Accounting Standard 19 is not applicable to the Company since no Lease transaction during the year 2010-11.

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.87,723,766
Basic /Weighted Average No of Equity Shares	: 5,100,000
Outstanding during the year	
Basic Earnings Per Share	: Rs. 17.20
Diluted Earnings Per Share	: Rs. 17.20

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

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

(Amount in Rs.)

Sr.No.	Deferred tax asset / (liability)	As at 1 st April, 2010	During the year	As at 31 st March, 2011
1	Difference in Book and Tax Depreciation	(18,927,885)	(5,189,310)	(24,117,196)
2	Bonus Disallowed	150,546	3,772,942	3,923,488
3	Group Gratuity	338,105	3,174,622	3,512,727
4	Group Gratuity (Earlier Year Adjustment)	5,342,876	(2,185,427)	3,157,449
5	Total	(13,096,359)	(427,174)	(13,523,532)

II] Notes on Accounts Forming Part of Accounts

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

- 1) **Guarantees** : I D B I Bank Ltd. have issued Guarantees on behalf of the Company for Rs 47.78 lacs (previous year Rs. 44.47Lacs) and Letters of Credit for Rs. 608.96 Lacs (previous year Rs. 377.35 lacs).
- 2) **The Income Tax Assessments** : are completed up to the Assessment year 2008-09 (Relevant to Accounting year ended 31.03.2008). 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** : Sales Tax & C.S.T. assessments are completed up to the accounting year 2004-2005. MVAT Audit Report for the year 2009-2010 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.
- 4) **EPCG Obligation** is pending amounting to Rs 1.18 crores, which will be fulfilled within the prescribed time limit. Custom duty of Rs. 19.69 Lacs against this obligation is contingent, and not provided for.

b) Other Notes

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

Particulars	Current Year Rs.	Previous Year Rs.
Audit Fees	129,000	111,000
Other services	34,500	24,000
Service Tax	16,841	13,905
Total :	180,341	148,905

4) Sundry Debtors :

	<u>Current Year</u>	<u>Previous Year</u>
	Rs.	Rs.
a) Debtors considered good in respect of which the company is fully secured.	Nil	Nil
b) Debtors considered good for which the Company holds no security.	286,807,276	281,254,712
c) Debtors considered bad or doubtful.	Nil	Nil
d) Debts due by Private Company in which Director is Director or Member.	38,505,696	31,649,710
e) Debts due by firm in which Director is Partner	88,974,662	37,589,327

5) 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 71.78 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.

6) Managerial Remuneration

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

Remuneration to Directors	Current Year (Rs)	Previous Year (Rs)
Salary	6,096,960	6,669,567
Contribution to P.F. & Gratuity	436,968	242,532
Other Allowances & Incentives	669,598	669,439
Total	6,966,558	7,581,538
Less: Recovered	32,77,099	2,817,553
Amount Debited to Profit & Loss A/c.	3,686,811	4,763,985

7) 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

8) Consumption of Raw Material, Stores, Spares and Consumable

A. Raw Material

Sr. No.	Item	Unit	Current Year		Previous Year	
			Quantity	Value Rs.	Quantity	Value Rs.
1	Aluminium/ Aluminium Alloy	Kgs	3,672,121	452,593,991	2625293	306596175
2	Nickel	Kgs	56,367	52,854,310	29772	25357989
3	Copper	Kgs	20,577	8,010,088	19847	6001869
4	Pig Iron	Kgs	67,500	1,782,284	14500	309053
5	Steel Scrap	Kgs	118,018	3,213,748	111695	2433499
6	Silicon	Kgs	626	64,528	3050	292660
7	Steel Bar	Kgs	1,681,883	101,712,630	1376181	76333086
8	Magnesium	Kgs	10,243	1,627,230	8819	1377866
9	Gudgeon Pins / Criclips/ Rings.		0	103,331,471	0	49965823
	Sub - Total (1 to 9)			725,190,280		468668020

B. Consumables, Stores, Spares

S.No.	Item	Current Year Rs.	Previous Year Rs.
1	Consumables	52,009,958	31,993,612
2	Packing Material	24,572,086	17,781,978
3	Electrical Material	9,775,542	6,362,787
4	Oils & Lubricants	39,172,993	2,74,93,5352
5	Tools & Implements	17,864,923	13,211,440
	Total	143,395,502	96,843,352

9) Value of Imports Calculated on CIF Basis:

Particulars	Current Year Rs.	Previous Year Rs.
Capital Goods	23,053,047	3,080,658
Raw Materials	0	33,953,598
Stores & Spares	1,757,819	423,352
Total	24,810,866	37,457,608

10) Expenditure in Foreign Currency on Account of:

Particulars	Current Year Rs.	Previous Year Rs.
Travelling Expenses and Other Exps.	1,358,526	993,131
Royalty.	4,128,375	4,070,420
Total	5,486,901	5,063,551

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

Particulars	Current Year Rs.	%	Previous Year Rs.	%
Raw materials, stores, spares and components consumed.				
Imported	1,757,819	0.21	34,376,950	6.08
Indigenous	866,827,963	99.79	531,134,422	93.92
TOTAL	868,585,782	100.00	565,511,372	100.00

12) 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.

I) Actuarial Assumptions

(a) Mortality Rate	LIC (1994-96) ultimate
(b) Withdrawal Rate	1% to 3% depending on age
(c) Discount Rate	8%
(d) Salary Escalation	4% / 5%

III) Recommended Contribution Rate

(a) Fund Value As On Renewal Date	20,713,284
(b) Additional Contribution For Existing Fund	16,248,493
(c) Current Service Cost	1,772,578

II) Results Of Valuation

(a) PV Of Past Service Benefit	36,961,777
(b) Current Service Cost	1,772,578
(c) Total Service Gratuity	100,799,085
(d) Accrued Gratuity	54,119,323
(e) LCSA	46,629,118
(f) LIC Premium	166,641
(g) Service Tax @ 10.30%	17,164

IV) Actual (Gain) / Loss On Obligation/

Total Amount of Provision required (I (f) + I (g) + II (b) + II (c))	18,204,876
---	------------

V) Less : Balance Provision 7,766,695

VI) Total Amount Charged to P & L A/c 10,438,181

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

Particulars	Units	Piston/ Piston Assly.		Piston Rings		Gudgeon Pins	
		Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Registered Capacity	Nos.	2,400,000	2,400,000	6,000,000	6,000,000	1,000,000	1,000,000
2. Installed Capacity	Nos.	2,400,000	2,400,000	6,000,000	6,000,000	1,000,000	1,000,000
3. Actual Production	Nos.	2,013,269	1,753,410	800,013	704,370	1,935,035	1,432,189
4. Opening Stock - Qty	Nos.	23,837	104,334	19,514	48,053	140,370	89,756
5. Value	Rs.	10,175,851	27,098,020	4,035,860	6,043,725	8,605,742	2,720,410
6. Closing Stock - Qty	Nos.	87,784	23,837	24,242	19,514	146,472	140,370
7. Value	Rs.	50,672,435	10,175,851	4,896,236	4,035,860	10,720,994	8,605,742
8. Turnover - Qty	Nos.	1,949,322	18,33,907	795,285	732,909	1,928,933	1,381,575
9. Value	Rs.	1,247,992,852	926,902,040	67,815,687	38,736,492	157,546,550	147,699,863

(Note: i) Piston, Piston Rings and Gudgeon Pins Include Bought out quantities
ii) Actual Production of Gudgeon Pins is excess than Registered Capacity and Installed Capacity)

PART - IV
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1) Registration details

Registration No	19823	State code	25
Balance Sheet date	31.03.2011		

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

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

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

Total Liabilities	686,252	Total Assets	686,252
-------------------	---------	--------------	---------

Sources of funds

Paid - up Capital	51,000	Reserves & Surplus	387,729
Secured Loans	234,000	Unsecured Loans	NIL
Deferred Tax Liability	13,523		

Application of funds

Net fixed Assets	290,228	Investments	1,295
Net current Assets	389,087	Misc. Expenditure	5,642
		Accumulated Losses	NIL

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

Turnover	1,506,694	Total Expenditure	1,376,543
Profit Before Tax	130,150	Profit After Tax	87,724
Earning Per Share Rs.	17.20	Dividend	35%

V) Generic name of three principal products of the Company

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

As per our report of even date attached

For and on Behalf of the Board of Directors

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

Chartered Accountants

Ram Menon
Chairman

Sachin Menon
Managing Director

R.D.Dixit
Director

P. M. Vardhe,

Proprietor

M.No.031817

Place : Kolhapur

Date : 26.05.2011

S.B.P. Kulkarni
Associate Vice President

Amit D. Pasare
Company Secretary

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

M/S P.M. Vardhe & Co.
Chartered Accountants
630/E, Shahupuri 1st 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 2011, 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 : 26th May, 2011

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. 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. The Company remains committed to the core aspects of Corporate Governance, viz. fairness, transparency, accountability and responsibility.

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 2010-2011.

Name of Director	Category	Attendance of meeting during 2010-2011		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.*	4	Yes	6	-	-
Mr. Sachin Menon	Managing Director	4	Yes	4	1	-
Mr. Nitin Menon	N.E.D.*	4	No	4	-	1
Mr. R. D. Dixit	N.E.D.& (I)*	4	No	2	-	1
Mr. Ajitkumar Belur	N.E.D.& (I)*	2	No	1	1	1
Dr. Y. S. P. Thorat	N.E.D.& (I)*	1	N. A.	7	-	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) Sunday, 30 May 2010
- 2) Friday, 30 July, 2010
- 3) Friday, 22 Oct., 2010
- 4) Saturday, 29 Jan., 2011

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) Ramesh Dattatraya Dixit

Mr. Ramesh Dattatraya Dixit is having a long experience over 40 years in auto components, manufacturing. Presently he is Managing Director of Menon Bearings Ltd. Since its inception in the year 1992.

Companies in which Mr. Ramesh Dattatraya Dixit is holds directorship.

Sr. No.	Name of the Company	Nature of Interest
1.	Menon Bearings Ltd.	Director, Chairman
2.	Menon Piston Rings Pvt. Ltd.	Director

Shareholding in Menon Pistons Limited - Mr. Ramesh Dattatraya Dixit holds 1398 equity Shares.

2) Mr. Ajitkumar Belur

Mr. B. S. Ajitkumar is B. E. (Mech.) from BMS College of engineering Bangalore, M. Tech (Foundry Technology) from IIT Kharagpur He worked with TELCO, BEML, ESCORTS in production, projects, Quality & overall shop & plant management, Having lead activities of foundry and machine shop, making precision products like cylinder block, head, pistons, rings etc. He is having 35 Years' experience in manufacturing. Companies in which Mr. Ajitkumar Belur holds directorship and committee membership

Sr. No.	Name of the Company	Nature of Interest
1.	Menon Bearings Ltd.	Director

Shareholding in Menon Pistons Limited - Mr. Ajitkumar Belur does not hold any equity share. .

3) Dr. Y. S. P. Thorat

Dr. Y.S.P. Thorat appointed as an Additional (Independent) Director of the Company since January 29, 2011.

Dr. Y.S.P. Thorat was appointed as an Additional (Non-Executive, Independent) Director of the Company in the Board meeting held on January 29, 2011, pursuant to provisions of section 260 of the Companies Act, 1956. His term is ending on the date of the ensuing Annual General Meeting. Company received a notice in writing proposing his candidature for the office of Director and the present proposal is to seek the members' approval for the appointment of Dr. Y.S.P. Thorat as a Non – Executive Director (Independent) in terms of the applicable provisions of the Companies Act, 1956 & clause 49 of the Listing Agreement with Bombay stock Exchange Ltd.

Qualifications of Dr. Y.S.P. Thorat :

Educational:

- *Ph.D: 2006 Shivaji University, Kolhapur
- *Ph.D. in progress, University of Reading, U.K. on Provision of Micro Finance services through Path Sansthas (Non-Agricultural Cooperative Credit Societies)
- *Degree in Political Science; Fokhale Award Winner: 1968: 1st Rank; Shivaji University Kolhapur.
- *Degree in Law; 1970; Shivaji University, Kolhapur.

Professional

- *CAIIB

Dr. Y.S.P. Thorat is an eminent personality of 'Corporate India' and 'Administrative India'.

Dr. Y.S.P Thorat is a development banker with wide ranging experience in RBI and NABARD particularly in the field of rural credit, co-operatives, financial inclusion and micro finance. He has presented papers at several international conferences on micro finance and rural credit. He has published various papers and monographs in national and international journals. He has also headed and participated in UN FAO and UNOPS missions to Ethiopia and Maldives. Currently he is heading a Govt. of India Commission on Sugar Policy. As RBI nominee, Dr. Thorat has been on the Boards of several banks and development financial institutions. He has also served many more institutions.

Presently he is CEO of Rajiv Gandhi Charitable Trust, New Delhi, Director of TATA Chemicals, Director of NIBM, Chairman of Sub-Committee of Planning Commission for Agriculture and member of various reputed organizations.

Companies in which Dr. Y.S.P. Thorat holds directorship and committee membership

Sr. No.	Name of the Company	Nature of Interest
1.	Tata Chemicals Limited	Director
2.	Enam Infrastructure Trustee Company Private Limited	Board of Trustee
3.	Khed Developers Limited	Director
4.	Sahayog Microfinance Limited	Director
5.	Vishwasavh Finance Pvt. Ltd.	Consultant
6.	Indigram Private Limited	Director
7.	Menon Pistons Limited	Director
8.	Menon Bearings Limited	Director

Shareholding in Menon Pistons Limited – Dr. Y.S.P. Thorat does not hold any equity share.

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, 2011.

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

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 2010-2011:

(Figures in Rs.)				
Name of Director	Salaries and Perquisites	Commission	Sitting Fees	Total
Mr. Sachin Menon	3,596,811	90,000	4,000	3,690,811

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:

- a. Reviewing the Company's financial policies and results
- b. Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statements are correct, sufficient and credible.
- c. Reviewing the adequacy of Internal Audit function and discussing the findings of the Internal Auditors.
- d. Management Discussions and analysis of financial condition & result of operations.
- e. Review of related party transactions
- f. 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. Sachin Menon	4
2. Mr. R.D. Dixit	4
3. Mr. Ajitkumar Belur	2

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.

Meeting – One meeting was held on 27/01/2011 for reviewing remuneration Policies of the Company.

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/Invertors 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 2011, 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

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

AGM/EGM	Date	Time	Venue	No. of Special Resolutions Passed
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
31st AGM	23/08/2008	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, 2011.

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, 25th August 2011 at 4.00 p.m.**
Venue : 182, Shiroli, Kolhapur – 416 122.
(The registered office of the Company)

b) Dates of Book Closure : from Saturday 20th August, 2011 to Thursday 25th, August, 2011 (both days inclusive)

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

The Financial year covers the period from 1st April 2011 to 31st March 2012. Financial Reporting for:

- Quarter ending 30th June, 2011	Upto 15th August, 2011
- Half Year ending 30th September, 2011	Upto 15th November, 2011
- Quarter ending 31st December, 2011	Upto 15th February, 2011
- Year ending 31st March, 2012	Upto 30th May, 2012
- Annual General Meeting for the year ended March 31, 2012.	August/September 2012.

d) Face Value of the equity Share:

Rs.10 per share.

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

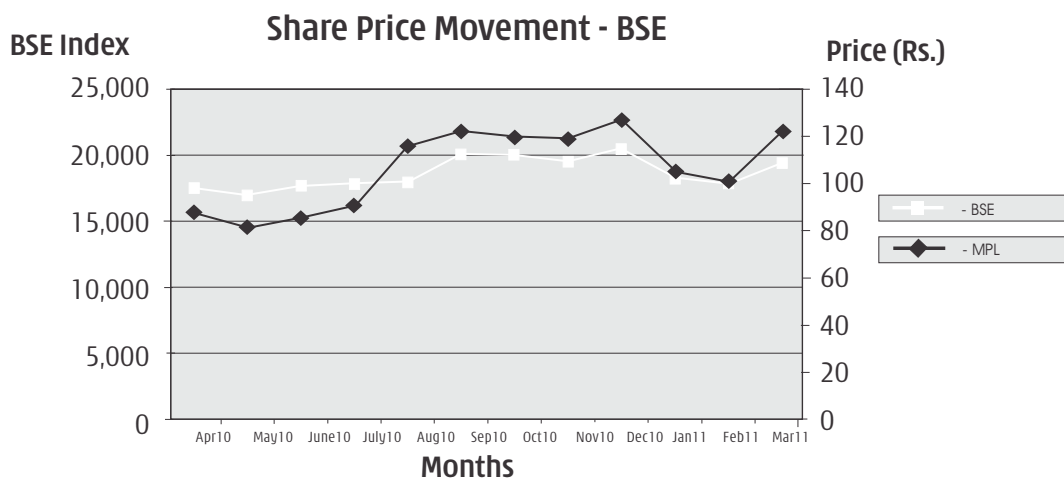
d) Listing on Stock Exchange & Stock Code:

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 2010 to March 2011 on Bombay Stock Exchange, Mumbai**

Month	High (Rs.)	Low (Rs.)	Month	High (Rs.)	Low (Rs.)
April 2010	97.00	75.20	October 2010	143.00	117.05
May 2010	93.00	75.80	November 2010	133.80	102.50
June 2010	90.00	79.50	December 2010	130.00	101.00
July 2010	98.05	84.70	January 2011	135.00	105.00
August 2010	132.00	95.10	February 2011	124.00	98.00
Sept. 2010	142.00	116.00	March 2011	125.50	89.00

ii) Performance in comparison with BSE Index :

h) Share Transfer System

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

i) Registrar and Share Transfer Agents:

M/s Link Intime India Private Limited Mumbai.
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W)
Mumbai – 400 078
Tel No. : (022) 25963838 Ext: 2297 | Fax No: 25946969
Email : trupti.parab@linkintime.co.in

j) Address for the Correspondence

Registered Office of the Company:
182, Shirol,li,
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.

k) Plant locations:

Plant I:

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

Plant II:

H-1, MIDC, Kupwad Block
Sangli - 416 436
Phone : 0233 - 2345179 / 89

l) Shareholding Pattern as on 31st March 2011

Category	Demated No. of Shares holders	No. of Shares holders	Physical No. of Shares holders	No. of Shares holders	Total Number of shares held	Value	% share holding
OTHER BODIES	415997	49	6300	10	422297	4222970.00	8.2803
CORPORATE	474263	2	1839375	4	2313638	23136380.00	45.3655
CORPORATE BODIES (PROMOTER CO)	1226	14	0	0	1226	12260.00	0.0240
CLEARING MEMBER	397504	2	0	0	397504	3975040.00	7.7942
DIRECTORS	143463	1	0	0	143463	1434630.00	2.8130
FOREIGN INSTITUTIONAL INVESTORS	0	0	600	1	600	6000.00	0.0118
NON NATIONALISED BANKS	4433	6	0	0	4433	44330.00	0.0869
NON RESIDENT INDIANS	100	1	0	0	100	1000.00	0.0020
NON RESIDENT (NON REPATRIABLE)	0	0	1450	7	1450	14500.00	0.0284
OFFICE BEARERS	508035	894	225105	832	733140	7331400.00	14.3753
PUBLIC	1081649	4	500	1	1082149	10821490.00	21.2186
RELATIVES OF DIRECTORS							
TOTAL:	3026670	973	2073330	855	5100000	51000000.00	100.00

m) Distribution of Shareholding as on 31st March 2011

Shareholding of value Nominal value of shares (Rs.)	No. of Share Holders	% of Total Share Holders	Share amount (Rs.)	%age of total
1 - 500	1667	91.1930	2115840	4.1490
501 - 1000	75	4.1030	596730	1.1700
1001 - 2000	39	2.1330	544890	1.0680
2001 - 3000	11	0.6020	281540	0.5520
3001 - 4000	2	0.1090	80000	0.1570
4001 - 5000	4	0.2190	172950	0.3390
5001 - 10000	3	0.1640	192960	0.3780
10001 Above	27	1.4770	47015090	92.1860

n) 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, 2995720 equity shares of the Company forming 59.34% of total share capital of the company, have been dematerialized as on 31st March 2011.

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 : 26.05.2011

Place : Kolhapur

Sachin Menon
Managing Director



MENON PISTONS LIMITED

34th Annual Report

Corporate Governance

44

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 2011 and based on my knowledge and belief, I state that:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) I further state to the best of my knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I am responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated, based on my recent evaluation, wherever, applicable, to the Auditors and the Audit Committee:
 - i. significant changes, if any, in the internal control over financial reporting during the year;
 - ii. significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements;
 - iii. Instances of significant fraud of which I have become aware and the involvement 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 – 26th May, 2011
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, 2011.

For MENON PISTONS LIMITED.

Date: - 26th May, 2011
Place: - Kolhapur.

Sachin Menon
Managing Director

MENON PISTONS LIMITED
182, Shirol, Kolhapur 416122

NOTICE

Notice is hereby given that the Thirty Fourth Annual General Meeting of the Members of 'Menon Pistons Limited' will be held on Thursday, 25th August, 2011 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, 2011, 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 Mr. Ramesh Dattatraya Dixit, who retires by rotation, and being eligible offers himself for re-appointment.
- 4.To appoint Director in place of Mr. Ajitkumar Belur, 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.

SPECIAL BUSINESS :

- 6.To consider and if thought fit, to pass, with or without modification(s), the following resolution as an ordinary Resolution:

“RESOLVED THAT Dr. Y.S.P. Thorat who was appointed as an additional Director by the Board of Directors pursuant to section 260 of the companies Act, 1956 and who holds office upto the date of Annual General Meeting and in respect of whom the company has received a notice in writing under section 257 of the companies Act, 1956 proposing his candidature for the office of Director be and is hereby appointed as a director of the company liable to retire by rotation and on such fees to be paid as sitting fees as may be finalized and fixed by the board of directors.”



RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

**Place : Kolhapur.
Date : 26th May, 2011**

By Order of the Board of Directors,

Ram Menon
Chairman.

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

Notes :

1. A member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy should however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 which sets out details relating to the special business under item no. 6 is annexed hereto.
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. The Register of Members and Share Transfer Register will remain closed from Saturday, 20th August, 2011 to Thursday, 25th August, 2011 (both days inclusive) for the purpose of Annual General Meeting.
5. 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.
6. 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.
7. 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 29th September in any case. The dividend is paid to those members whose names appear on the Register of Members of the Company on Saturday, 20th August, 2011.

8. 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 2003-2004 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
9. 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.

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956

The following Explanatory statement sets out all material facts relating to the Special Business mentioned in the accompanying notice:

ITEM NO. 6

Dr. Y.S.P. Thorat was appointed as an Additional (Non-Executive, Independent) Director of the Company in the Board meeting held on January 29, 2011, pursuant to provisions of section 260 of the Companies Act, 1956. His term is ending on the date of the ensuing Annual General Meeting. Company received a notice in writing proposing his candidature for the office of Director and the present proposal is to seek the members' approval for the appointment of Dr. Y.S.P. Thorat as a Non – Executive Director (Independent) in terms of the applicable provisions of the Companies Act, 1956 & clause 49 of the Listing Agreement with Bombay stock Exchange Ltd.

Qualifications of Dr. Y.S.P. Thorat :

Educational:

- Ph.D: 2006 Shivaji University, Kolhapur
- Ph.D. in progress, University of Reading, U.K. on Provision of Micro Finance services through Path Sansthas (Non-Agricultural Cooperative Credit Societies)
- Degree in Political Science; Fokhale Award Winner: 1968: 1st Rank; Shivaji University Kolhapur.
- Degree in Law; 1970; Shivaji University, Kolhapur.

Professional

- CAIIB

Dr. Y.S.P. Thorat is an eminent personality of 'Corporate India' and 'Administrative India'. Dr. Y.S.P Thorat is a development banker with wide ranging experience in RBI and NABARD particularly in the field of rural credit, co-operatives, financial inclusion and micro finance. He has presented papers at several international conferences on micro finance and rural credit. He has



published various papers and monographs in national and international journals. He has also headed and participated in UN FAO and UNOPS missions to Ethiopia and Maldives. Currently he is heading a Govt. of India Commission on Sugar Policy. As RBI nominee, Dr. Thorat has been on the Boards of several banks and development financial institutions. He has also served many more institutions.

Presently he is CEO of Rajiv Gandhi Charitable Trust, New Delhi, Director of TATA Chemicals, Director of NIBM Director of NIBM, Chairman of Sub-Committee of Planning Commission for Agriculture and member of various reputed organizations.

He is to be paid remuneration by way of sitting fees which would be fixed by the Board of directors from time to time, which would be well within the prescribed limits in this respect.

This resolution may be passed as an ordinary resolution.

None of the director is interested in the said resolution except Dr. Y.S.P. Thorat himself to the extent of his appointment is concerned.

Place : Kolhapur.
Date : 26th May, 2011

By Order of the Board of Directors,

Ram Menon
Chairman.

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 Fourth Annual General Meeting of "Menon Pistons Limited 182, Shirol, Kolhapur – 416122 on Thursday 25th day of August 2011

Signature of the Member or Proxy	Shares Held

*Applications to investors holding shares in electronic form.

MENON PISTONS LIMITED

Registered Office: 182, Shirol, Kolhapur-416122.

PROXY FORM

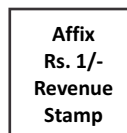
I / We of in the district of being a Member / Members of Menon Pistons Limited, hereby appoint Mr./Mrs. of or falling him of in the District of as my / our proxy to vote for me / us on my / our behalf at the THIRTY FOURTH ANNUAL GENERAL MEETING of the Company, to be held on Friday the 25th August, 2011 and at any adjournment thereof.

Signed this day of 2011

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, 23rd August, 2011 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.



