

Menon Pistons Ltd.
Annual Report 2012-2013



Menon Pistons Ltd. main manufacturing facility at Kolhapur.

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The Board of Directors

BOARD OF DIRECTORS

Mr. Ram Menon
Chairman

Mr. Sachin Menon
Managing Director

Mr. Nitin Menon
Director

Mr. R. D. Dixit
Director

Dr. Y.S.P. Thorat
Director

Mr. Ajitkumar S. Belur
Director

KEY MANAGERIAL PERSONNEL

Mr. S B P Kulkarni
Associate Vice President

Mr. B. M. Tupare
Company Secretary

AUDITORS

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

INSTITUTIONS & BANKERS

IDBI Bank Ltd.

REGISTERED OFFICE

182, Shirol, Kolhapur - 416122

Phone: 91-230- 2468041/2468042

Fax – 0230- 2468442

Website:

<http://www.menonpistons.com>

Email: oad@menonpistons.com

cs@menonpistons.com

Report of the Directors for the Financial Year ended 31st March 2013

Dear Shareholders,

Your Directors are delighted in presenting to you 36th Annual Report on the business and operations of the Company together with the audited statements of accounts for the year ended 31st March 2013.

Financial & operational Performance:

(₹. in Lakhs)

| Particulars | Current Year 2012-2013 | Previous Year 2011-2012 |
|--|---------------------------|----------------------------|
| Gross Turnover | 15,441.67 | 16,705.88 |
| Less: Usual working Expenses | 14,322.59 | 14,772.32 |
| Gross Profit | 1,119.08 | 1,933.56 |
| Less: Depreciation | 456.69 | 415.07 |
| Profit Before Taxation | 662.39 | 1,518.49 |
| Less: Provision for Taxation (Net) | 205.77 | 516.94 |
| Profit After Tax | 456.61 | 1,001.55 |
| Add: Balance of profit as per last year's accounts | 2,988.02 | 2,293.24 |
| Add : Previous Year Provision W/o | 0.00 | 0.68 |
| Balance Available for appropriation | 3,444.63 | 3,295.47 |
| Less : | | |
| Proposed Dividend | 102.00 | 178.50 |
| Tax on Dividend | 17.33 | 28.95 |
| Transfer to General Reserves | 50.00 | 100.00 |
| Balance carried forward to next year | 3,275.30 | 2,988.02 |

General Review

The declaration in the industrial sector was sharper during the first half of the current financial year in comparison to that in the same period of the previous year. The combination of factors that affected industrial production during 2011-12, continued to be a drag on industrial output even during the current financial year.

The slowing growth rate in India during the first half of 2012-13 can be explained in terms of both global factors and domestic factors. FY 2012-13 was a challenging year the global economy, barely a year after recession, witnessed lower economic growth & sluggish demand.

The Indian auto and auto components industry is currently facing its most formidable challenge that of slowdown in their sales volumes and profit growth due to inflation, high interest rates and rising fuel prices etc. After a frenzied period of 2009-10 and 2010-11 when all automotive spots - *domestic OEMs, exports and replacement market* - shone bright, the year 2011-12 marked the commencement of a slowdown phase as volumes in the domestic Passenger Vehicle (PV) and Medium & Heavy Commercial Vehicle (M&HCV) segments began to stutter. If the year 2011-12 was bad, the year 2012-13 has turned out to be worst.

During the year 2012-13 your company has achieved the turnover of Rs. 154.41 Crores as compared to Rs. 167.05 Crores during the previous financial year whereas profit after tax for the year is Rs. 4.56/- Crores as against Rs. 10.01/- Crores in the previous financial year.

Dividend

Your Directors are pleased to recommend a dividend Rs. 2.00/- per equity share of Rs. 10/- each for the financial year 2012-2013. Total outgo on dividend would be Rs. 1,02,00,000/- (One Crore Two Lakhs Rupees only). The Company has made preparations to transfer Rs. 50,00,000/- (Fifty Lacs Only) to general reserves while appropriating dividend from the net profit. The tax on dividend will be paid by the Company and the dividend in the hands of shareholders is free from income Tax. Dividend would be distributed to the Shareholders after approval of members in the Annual General Meeting.

Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has also implemented several best Corporate Governance practices as prevalent globally.

As a listed Company necessary measures are taken to comply with provisions of the listing agreement entered with Bombay Stock Exchange. The Report on Corporate Governance along with a certificate as stipulated confirming compliance with the conditions of Corporate Governance as stipulated under the aforesaid Clause 49 forms part of the 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

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.

In accordance with clause 49 of the listing agreement, particulars relating to the Directors seeking re-election/reappointment at the ensuing Annual General Meeting are furnished in the Corporate Governance Report.

Industrial Relation

During the year, Industrial relations at both the plant locations remained harmonious. 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, 2013 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.

Mr. Chandrasekhar S. Adawadkar, Cost Accountant, Pune has been appointed as cost auditor to conduct the said audit for the year 2012-13, and the government approval in this regard has been received.

Audit committee

The Audit Committee, which was constituted pursuant to the provisions of Section 292A of the Companies Act, 1956 and Clause 49 of the listing agreement with Bombay Stock Exchange, has reviewed the Accounts for the year ended March 31, 2013. The Composition of the Audit Committee are Mr. R. D. Dixit (Chairman), Mr. Sachin Ram Menon (Member) and Dr. YSP Thorat (Member).

Acknowledgements

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 depositaries 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 : 18.05.2013**

**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:

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

2. Technology absorption:

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

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

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

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

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

3. Foreign Exchange Earnings & Outgo:

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

b) Total Foreign exchange used :

| | |
|--|--------------------|
| 1. Raw Material | : Rs. NIL |
| 2. Capital Equipment (Including Advance) | : Rs. 112.30 Lacs |
| 3. Stores & Spares | : Rs. 2.05 Lacs |
| 4. Foreign travel & other expenditure | : Rs. 11.74 Lacs |
| 5. Royalty & Consultancy fees | : Rs. 49.96 Lacs |
| 6. Earned Deemed Export | : Rs. 3755.20 Lacs |

Place: Kolhapur
Date : 18.05.2013

For and On behalf of the Board of Directors

Ram Menon
Chairman



ANNEXURE 'B' TO DIRECTORS REPORT

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Indian Auto-Component Industry-

Indian auto component makers are facing the heat of a global auto slowdown. As growth in commercial vehicle and passenger car segments slipped faster than expected, the component makers' supplies to original equipment makers (OEMs) fell, too. Consensus across research houses and industry is that the component segment will grow at around 6-7% for fiscal 2013, only a tad better than the scenario in the fiscal year ended 2008.

The global economic uncertainties and domestic monetary tightening measures have built up a near term negative sentiment for the Indian auto component industry. However the long term prospects of the industry are definitely perceived as a huge opportunity area.

We had a very difficult year in Auto Component Industry. The factors affects on industry are contracted Demand, low consumption of products, higher raw material costs, inflation in electricity cost & low production etc.

The current year's drop will be a combination of falling exports and domestic demand. The currency edge that the Indian exporters enjoyed in the early part of the current fiscal on account of a depreciating rupee, has receded in the last quarter. The cyclical nature of the automotive industry over several decades has helped hone the survival skills of the industry. But this survival instinct is being put to test because new strategies and skill sets are required to mitigate the current challenges.

Structure of the Industry

This industry is fragmented so far. It is said that around 19 to 20 thousand different vehicle components are made by around eleven thousand organized and unorganized, large and small firms spread in clusters throughout India. Vehicle manufacturers source their 70 to 80% requirements from Auto Components units.

The market is divided into many segments such as export market, replacement market, OEM market. These are distinct from one another and have distinct advantages and plights.

Growth path

Growth drivers –

- Strong infrastructural demand
- Increasing per capita and disposable income in agricultural sector
- 0% finance schemes by major auto manufacturing units
- Higher disposable funds in hands of Indians

As per reports of Automotive Components Manufacturers Association the annual growth of industry is pegged at an average 12% till year 2021 and at 8 to 10 % currently. As the number of vehicles go on increasing the replacement market is sure to fuel the growth rate.

Government initiatives continuous as through the CII it has taken initiatives in skill & capacity development Programmes for managers & knowledge workers, called “Visionary Leaders For Manufacturers (VLFM) programme and VSME programme to achieve breakthrough in business process, products, while working with managers, students, in school & colleges across the country for achieving inclusive growth , and auto – component industry is surely to gain from it.

Other initiatives:

- The budget 2013-14 has announced enhanced weighted deduction for research and development expenditures.
- Government has announced Creation of technology development funds to facilitate soft loans for new technologies, technical upgrading.
- Government promoted Auto-testing facility up gradation is on the cards.

It can surely be said that the auto component industry in india is moving towards a mature presence with continuous upgrading, tuning, having cost competitiveness (unfortunately means low margins) , heightened working capital demands.

The growth drivers tell us that the demand would be steady for Vehicle Manufacturers and increased rate of vehicles in country would also increase demand for replacement market.

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.

The risk management is periodically reviewed to ensure that your company identifies its risks through means of properly defined framework and mitigate the identified risks through proper action plans and reviews.

Corporate Social Responsibility

As a good corporate citizen all around the globe, we recognize and perform the obligations towards our employees, investors, customers, suppliers, competitors and the community as a whole. We believe our reputation, together with the trust and confidence of those with whom we deal, to be one of our most

valuable assets. We strongly believe that integrity in dealings with stakeholders is a prerequisite for a successful and sustained business relationship. Your company's manufacturing activities are located in and around Kolhapur city and as a strategy and to the extent possible it supports local charities and participates in a range of community activities, in house & in near locality.

Environment

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

Human Relations, workers' welfare, inclusive development activities:

It is our strategy to adhere to all legislation relating to employment rights and equal opportunities, with particular reference to non-discrimination on the basis of ethnic origin, religion, gender, age, marital status, disability or sexual orientation. We aim to ensure a safe and healthy working environment that is safe hygienic and humane and which upholds the dignity of employees, outside contractors and visitors.

It is a policy of Company to foster **network of alliances and institutional linkages** with engineering companies and it organizes onsite training at VMs, for employees and staff as an effort to create enabling environment for supporting trade and commerce.

Analysis of Financial condition and results of operations

The financial statements have been prepared in accordance with the requirements of the Companies Act, the Indian GAAP (Generally accepted accounting principles), the Accounting Standards as prescribed by the Government. The board of director believes that it has been the objective and prudent in making estimates and judgments relating to the financial statements and confirms that these financial statements are a true and fair presentation of the company's operations of the year. Considering the limitedness of the manufacturing activity of the company and a separate analysis is already given in directors' report and in notes to accounts with all material figures, it was thought prudent not to duplicate it here once again.

Statutory compliance

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



Cautionary statement

Statements made in this Management Discussion Analysis report describing the company's projections expectations, estimates, global conditions, government policies etc contain forward looking statements based upon the data available with the company assumptions. The company cannot guarantee the accuracy of assumptions and perceived performance of the company in future therefore it is cautioned the actual results may materially differ from those expressed or implied in this analysis.

**Place: Kolhapur
Date : 18.05.2013**

For and On behalf of the Board of Directors

**Ram Menon
Chairman**

INDEPENDANT AUDITORS' REPORT TO THE SHAREHOLDERS

To
The Members of Menon Pistons Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Menon Pistons Ltd., 182, Shirol, Kolhapur which comprise the Balance Sheet as at 31st March, 2013 and the statement of Profit and Loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the financial statements

Management is Responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub – section (3C) of Section 211 of the Companies Act, 1956. This Responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the statements on Auditing issued by the Institute of Chartered Accountants of India. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

As audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. Whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.
- (b) In the Case of the statement of Profit and Loss, of the profit for the year ended on that date, and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



Report on other Legal and Regulatory requirements

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 give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Companies Act 1956, We report 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, Statement of 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, statement of profit and loss account and cash flow statement 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 as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess to be paid, no cess is due and payable by the company.

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

Place : Kolhapur
Date : 18.05.2013

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

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Menon Pistons Limited. On the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, We report that:

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

b. As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.

c. In our opinion and according to the information given to us, no fixed assets has been disposed During the year and therefore does not affect the going concern assumption.
- (ii) a. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.

b. In our opinion and according to the information and explanation given to us, 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. In our opinion and on the basis of our examination of the records, The company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- (iii) a. According to the information and explanation given to us and on the basis of our examination of the books of account, the company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained U/s 301 of the Companies Act, 1956, Consequently the provisions of Clause iii(b), iii (c) and iii (d) of the order are not applicable to the Company.

b. According to the information and explanation given to us and on the basis of our examination of the books of account, the Company has not taken loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus Sub – clauses (f) & (g) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, There is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal control has been noticed.
- (v) a. Based on our audit procedures applied by us and according to the information and explanation provided by the management, 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.

b. As per information & explanations given to us and in our opinion, the transactions entered into by the

company with parties covered u/s 301 of the Act 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 any deposits from the public covered U/s 58A and 58AA of the Companies Act, 1956.
- (vii) As per information & explanation given by the management, the company has an internal audit system commensurate with its size and the nature of its business.
- (viii) As per information & explanation given by the management, maintenance of cost records has been prescribed by Central Government under clause (d) of sub - section 1 of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) a. According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise-duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information & explanation given to us there were no outstanding statutory dues on 31st March, 2013 for a period of more than six months from the date they became payable.

- b. The disputed statutory dues, which have not been deposited with the appropriate authorities are as under :

| Sr. No. | Authority | Item | Amount (₹. in Lacs) |
|--------------|---|-------------------------|------------------------|
| 1. | Dy. Commissioner of Sales Tax (Appeals), Pune | Sales Tax Penalty | 5.00 |
| 2. | Custom, Excise & Service tax Appellate Tribunal | Service Tax Credit, GTA | 3.31 |
| 3. | Custom, Excise & Service tax Appellate Tribunal | Service Tax Credit, GTA | 0.91 |
| Total | | | 9.22 |

- (x) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our Audit procedures and on the information and explanation given by the management, we are of the opinion that, the company has not defaulted in repayment of dues to a financial institutions banks, or debenture holders.
- xii) According to the information & explanation given to us, The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/mutual benefit fund/ society therefore, the provisions of the Companies (Auditor's Report) order, 2003 (as amended) is not applicable to the company.
- (xiv) According to the information & explanation given to us, the Company is not trading in shares, securities,

debentures and other investments. further investments are held in their own name.

- (xv) According to the information & explanation given to us, 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) Based on our audit procedures and on the information given by the management, we report that the company has applied the term loans for the purpose for which they were obtained.
- (xvii) Based on the information & explanation given to us, and on an overall examination of the balance sheet of the company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long term investments by the company.
- (xviii) Based on the audit procedures performed and the information & explanation given to us, by the management, we report that the company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued debentures during the period under audit.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based on the audit procedures performed and the information & explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

Place : Kolhapur
Date : 18.05.2013

P.M. VARDHE
Proprietor
M. No. 031817



BALANCE SHEET AS AT 31st MARCH, 2013

| PARTICULARS | NOTES | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|-----------------------------------|-------|-------------|-----------------------|--------------|-----------------------|
| I EQUITY AND LIABILITIES | | | | | |
| 1. Shareholder's Funds | | | | | |
| a. Share Capital | 2 | 51,000,000 | | 5,10,00,000 | |
| b. Reserves & Surplus | 3 | 500,935,596 | | 46,72,07,536 | |
| | | | 55,19,35,596 | | 51,82,07,535 |
| 2. Non-current Liabilities | | | | | |
| a) Long Term Borrowings | 4 | 42,507,695 | | 5,98,64,736 | |
| b) Deferred Tax Liability (Net) | 5 | 23,795,547 | | 1,92,17,836 | |
| c) Other Long Term Liabilities | 6 | 2,965,340 | | 41,73,479 | |
| d) Long Term Provisions | 7 | 7,468,414 | | 2,16,02,697 | |
| | | | 7,67,36,995 | | 10,48,58,748 |
| 3. Current Liabilities | | | | | |
| a) Short Term Borrowings | 8 | 308,115,835 | | 18,60,97,929 | |
| b) Trade payables | 9 | 204,008,825 | | 25,02,77,639 | |
| c) Other Current Liabilities | 10 | 44,001,941 | | 4,42,40,887 | |
| d) Short Term Provisions | 11 | 57,710,644 | | 8,44,83,116 | |
| | | | 61,38,37,244 | | 56,50,99,570 |
| TOTAL ₹. | | | 1,24,25,09,836 | | 1,18,81,65,854 |
| II ASSETS | | | | | |
| 1. Non-Current Assets | | | | | |
| a) Fixed Assets | 12 | | | | |
| i) Tangible assets | | 379,158,771 | | 37,17,18,832 | |
| ii) Intangible assets | | 1,619,291 | | 7,43,152 | |
| iii) Capital work-in-progress | | 37,506,416 | | 26,46,272 | |
| b) Non Current Investments | 13 | 4,446,464 | | 44,46,464 | |
| c) Long-term loans and advances | 14 | 33,547,710 | | 3,07,42,700 | |
| d) Other non-current assets | 15 | 7,998,759 | | 71,98,649 | |
| | | | 46,42,77,411 | | 41,74,96,069 |
| 2. Current Assets | | | | | |
| a) Inventories | 16 | 242,183,539 | | 23,76,36,255 | |
| b) Trade Receivable | 17 | 239,750,860 | | 23,89,72,588 | |
| c) Cash and Bank Balances | 18 | 183,065,424 | | 23,56,08,653 | |
| d) Short-term loans and advances | 19 | 97,844,590 | | 4,18,96,913 | |
| e) Other current assets | 20 | 15,388,012 | | 1,65,55,376 | |
| | | | 77,82,32,424 | | 77,06,69,785 |
| TOTAL ₹. | | | 1,24,25,09,836 | | 1,18,81,65,854 |

As per our report of even date attached
M/s. P. M. Vardhe & Co.
Chartered Accountants

For and on Behalf of the Board of Directors

Ram Menon
Chairman

Sachin Menon
Managing Director

R.D.Dixit
Director

P. M. Vardhe,
Proprietor,
M.No.031817

Place : Kolhapur, Date : 18.05.2013

S.B.P. Kulkarni
Associate Vice President

B.M. Tupare
Company Secretary

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31st MARCH, 2013

| PARTICULARS | NOTES | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|-------|----------------|-------------------|----------------|--------------------|
| I) INCOME | | | | | |
| Revenue From operation | 21 | 1,68,34,50,799 | | 1,81,10,32,786 | |
| Less: Excise Duty | | 15,62,79,087 | | 16,18,22,014 | |
| Other Income | | 1,52,71,71,712 | | 1,64,92,10,772 | |
| Total | 22 | 1,69,95,898 | | 2,13,77,301 | |
| | | | 1,54,41,67,610 | | 1,67,05,88,073 |
| II) EXPENDITURE | | | | | |
| Raw Material | 23 | 77,29,66,892 | | 80,44,41,367 | |
| Changes in inventories of finished goods & work-in-progress | 24 | (15,39,427) | | (4,20,68,370) | |
| Payments to & provisions for Employees | 25 | 12,61,33,425 | | 13,00,38,232 | |
| Cost of Finance | 26 | 4,32,43,680 | | 3,20,17,663 | |
| Depreciation | 12 | 4,56,68,866 | | 4,15,06,706 | |
| Operating & Other expenses | 27 | 49,14,54,911 | | 55,28,03,305 | |
| Total | | | 1,47,79,28,347 | | 1,51,87,38,903 |
| III) Profit before Taxation | | | | | |
| Provision for Income Tax (Current) | | 1,60,00,000 | 6,62,39,263 | 4,60,00,000 | 15,18,49,170 |
| Provision for Income Tax (Deferred) | | 45,77,711 | | 56,94,303 | |
| IV) Profit After Taxation | | | | | |
| | | | 4,56,61,552 | | 10,01,54,867 |
| V) Earning Per Share | | | | | |
| Basic and Diluted Earning Per Share | | | 8.95 | | 19.64 |

As per our report of even date attached

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

Chartered Accountants

For and on Behalf of the Board of Directors

Ram Menon
Chairman

Sachin Menon
Managing Director

R.D.Dixit
Director

P. M. Vardhe,
Proprietor
M.No.031817
Place : Kolhapur
Date : 18.05.2013

S.B.P. Kulkarni
Associate Vice President

B.M. Tupare
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013

| CASH FLOW STATEMENT PARTICULARS | 2012-13 (₹ in Lacs) | | 2011-12 (₹ in Lacs) | |
|--|-----------------------|------------------|-----------------------|------------------|
| | Amount | Amount | Amount | Amount |
| Cash flows from operating activities | | 662.39 | | 1518.49 |
| Profit as per Profit & Loss A/c (before tax & dividend) | | | | |
| Adjustments for : | | | | |
| Depreciation | 456.69 | | 415.07 | |
| Interest Received | (126.50) | | (171.36) | |
| Dividend Received | (0.72) | | (0.05) | |
| Interest Paid | 432.44 | | 320.18 | |
| | | 761.91 | | 563.84 |
| Operating profit before working capital changes | | 1424.30 | | 2082.33 |
| Adjustments for : | | | | |
| Inventories | (45.47) | | (267.84) | |
| Sundry Debtors | (7.78) | | 462.63 | |
| Loans and Advances | (547.80) | | (26.99) | |
| Current Liabilities and provisions | (644.68) | | (192.50) | |
| Direct Tax Paid | (205.78) | | (516.94) | |
| Increase in deferred tax liability | 45.78 | | 56.94 | |
| Tax on Dividend | (28.95) | | (28.95) | |
| Previous year Provision Written off | 0.00 | (1434.68) | 0.63 | (513.02) |
| Net Cash Generated from operations | | (10.38) | | 1569.31 |
| Cash flow from investing activities | | | | |
| Purchase of fixed assets | (542.34) | | (1459.87) | |
| Sale of fixed Assets | 7.35 | | 3.95 | |
| Fixed assets under installation | (348.60) | | 194.01 | |
| Purchase of Investments | 0.00 | | (31.51) | |
| Sale of Investments | | | | |
| Long Term Loans and Advances | (36.05) | | | |
| Investment income : | | | | |
| Interest received | 126.50 | | 171.36 | |
| Dividend received | 0.72 | | 0.05 | |
| Depreciation on assets sold | (4.86) | | (1.95) | |
| Cash flow from investing activities | | (797.28) | | (1123.96) |

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2013 (continued)

| CASH FLOW STATEMENT PARTICULARS | 2012-13 (₹ in Lacs) | | 2011-12 (₹ in Lacs) | |
|--|-----------------------|-----------------|-----------------------|----------------|
| | Amount | Amount | Amount | Amount |
| Cash flow from financing activities | | | | |
| Proceeds from issue of share capital | | | 399.70 | |
| Proceeds from long term borrowing | 223.88 | | 454.33 | |
| Proceeds from short term borrowing | 1220.18 | | (310.70) | |
| Repayment of long term borrowing | (550.89) | | (100.00) | |
| Repayment of short term borrowing | | | (178.50) | |
| Dividend paid | (178.50) | | (320.18) | |
| Interest Paid | (432.44) | | | |
| Net cash used in financing activities | | 282.23 | | (55.35) |
| Net cash increase / (Decrease) in cash and cash equivalents | | (525.43) | | 390.00 |
| Op. Balance of cash and cash equivalents 1st April. 2012 | 2356.08 | | 1966.08 | |
| Closing balance of cash and cash equivalents 31st Mar. 2013 | 1830.65 | | 2356.08 | |

As per our report of even date attached
M/s. P. M. Vardhe & Co.
Chartered Accountants

For and on Behalf of the Board of Directors

Ram Menon
Chairman

Sachin Menon
Managing Director

R.D.Dixit
Director

P. M. Vardhe,
Proprietor
M.No.031817
Place : Kolhapur
Date : 18.05.2013

S.B.P. Kulkarni
Associate Vice President

B.M. Tupare
Company Secretary

NOTE 1 :

I] Significant Accounting Policies

a) Basis of Accounting :

Accounts of the Company are prepared under the historical cost convention. The Company has complied with accounting standards as recommended by the Institute of Chartered Accountants of India.

b) Fixed Assets

Fixed Assets are stated at cost (Net of Cenvat wherever applicable) of appreciation less accumulated depreciation. Cost is inclusive of Freight, Duties, Levies and any directly attributable cost of bringing the asset to their working condition for intended use.

c) Impairment of Fixed Assets

The Company has reviewed the carrying costs of fixed assets and does not expect any loss on account of impairment.

d) Depreciation:

1. Depreciation has been provided on straight-line basis (SLM) at the rates and the manner prescribed in Schedule XIV of The Companies Act, 1956, as amended up to date.
2. The cost of Leasehold land is amortised over the period of lease.

e) Investments:

Investments are stated at cost and income thereon is credited to revenue on accrual basis.

f) Inventories:

Inventories are valued at cost or market price whichever is lower. However, the Company has valued Closing Stocks exclusive of Excise Duty as per the new guidelines.

g) Foreign Exchange Transaction

Transactions arising in foreign currency are converted at the rates ruling on the transaction dates. Outstanding liabilities payable in foreign currency on the Balance Sheet date are converted at the rate on Balance Sheet date.

h) Contingent Liabilities and Provisions

Contingent liabilities are disclosed after a careful evaluation of facts and legal aspects of the matter involved. Provisions are recognized when the Company has a legal obligation and on management discretion as a result of past events for which it is probable that cash outflow may be required and reliable estimate can be made of the amount of the obligation.

i) Sales:

Sales are recognised on dispatch to customers. Sales exclude excise duties and VAT & CST.

j) Retirement Benefits:

- 1) The Company has created the Employees Group Gratuity Trust, which is administered through a Group Gratuity Policy with Life Insurance Corporation of India.
- 2) Provision for leave encashment is made on the basis of Actuarial Valuation.
- 3) Company's Contribution to Provident Fund is charged to Profit and Loss Account.

k) Disclosure of borrowing cost capitalised under Accounting Standard 16:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. The qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

l) Segment Reporting under Accounting Standard 17:

The Company operates in one business segment namely i.e. Auto Components. Hence reporting under this standard is not applicable to the Company.

m) Related party disclosures as per Accounting Standard 18:

Following are the related parties under the above Standard.

- 1) Menon Piston Rings Pvt. Ltd.: This is a private limited company having majority of Directors of that Company are Directors of Menon Pistons Ltd., which is supplying Piston and Piston Rings to Menon Pistons Ltd.
- 2) M/s. Menon Exports: This is a partnership firm and an Export House. Menon Exports purchases goods from M/s. Menon Pistons Ltd. and other outside parties for the purpose of export outside India. Two of the Partners of the firm are Directors of Menon Pistons Ltd. The balance amount receivable from the firm is considered as good.
- 3) M/s. Menon Engineering Services: This is a partnership firm. Menon Engineering Services supplies goods to Menon Pistons Ltd. One of the Partners of the firm is Director of Menon Pistons Ltd.

The transactions with the above parties had taken place in the normal course of business. The summary of transactions with the above parties during the year 2012-13 is as under:

(Amount in ₹.)

| Party Name | Purchase value | Machining Charges | Sales Value | Closing Balance |
|---------------------------------|----------------|-------------------|--------------|-------------------|
| Menon Piston Rings Pvt. Ltd. | 6,23,72,682 | 0 | 61,10,841 | 10,23,80,693 (Dr) |
| M/s. Menon Exports | 0 | 0 | 35,31,56,340 | 7,64,78,,395 (Dr) |
| M/s. Menon Engineering Services | 18,26,51,883 | | 9,670 | 2,76,47,732 (Cr) |

4) Directors :

(Amount in ₹.)

| Sr No. | Names | Nature of Transaction | Amount | Balance |
|--------|-------------------------------------|--------------------------------------|-----------|----------|
| 1. | Mr. Ram Menon, Chairman | Commission | 90,000 | 81,000 |
| 2. | Mr. Sachin Menon, Managing Director | Managerial Remuneration & Commission | 47,04,049 | 2,90,542 |

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 transactions.

Note: There are no write offs/write backs of any amount for any of the above Parties during the Year 2012-2013

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 2012-13.

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 2012-13.

n) **Lease accounting** as per Accounting Standard 19 is not applicable to the Company since no Lease transaction during the year 2012-13.

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 4,56,61,552 |
| Basic /Weighted Average No of Equity Shares Outstanding during the year | : 51,00,000 |

| | |
|----------------------------|------------|
| Basic Earnings per Share | : Rs 8.95 |
| Diluted Earnings per Share | : Rs 8..95 |

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

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

(Amount in ₹.)

| Sr.No. | Deferred tax asset / (liability) | As at 1 st April, 2012 | During the year | As at 31 st March, 2013 |
|--------|---|-----------------------------------|--------------------|------------------------------------|
| 1 | Difference in Book and Tax Depreciation | (2,87,01,032) | (8,12,248) | (2,95,13,280) |
| 2 | Bonus | 41,10,325 | 5,84,452 | 46,94,777 |
| 3 | Group Gratuity | 53,72,872 | (43,49,915) | 10,22,957 |
| | Total | (1,92,17,835) | (45,77,711) | (2,37,95,546) |

NOTES TO ACCOUNTS

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

a. There is no change during the year in number of shares.

b. The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of shareholders in the ensuing Annual General Meeting.

c. Shares in the company held by each shareholder holding more than 5 percent shares specifying the number of shares held.

| Name of the Shareholder | 31.03.2013 | | 31.03.2012 | |
|--------------------------------|-------------------|-------------------|-------------------|-------------------|
| | No of shares held | % to Total Shares | No of shares held | % to Total Shares |
| MENON METALS & ALLOYS PVT LTD. | 365,743 | 7.17 | 365,743 | 7.17 |
| SACHIN MENON FAMILY TRUST | 1,052,166 | 20.63 | 1,052,166 | 20.63 |
| NIVEDITA BENEFIT TRUST | 420,866 | 8.25 | 420,866 | 8.25 |
| SAVITA GOPI | - | - | 500,000 | 9.8 |
| SACHIN RAM MENON | 1,057,366 | 20.73 | 284,066 | 5.57 |
| GAYATRI SACHIN MENON | 501,050 | 9.82 | 301,050 | 5.9 |
| MENON PISTON RINGS PVT LTD. | - | - | 473,300 | 9.28 |
| RADHAMANI RAM MENON | 256,562 | 5.03 | 256,562 | 5.03 |

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

| NOTE 3 RESERVES AND SURPLUS | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--------------|--------------------------------|--------------|---------------------------------|
| CAPITAL RESERVE | | 50,66,179 | | 50,66,179 |
| There is no movement during the year | | | | |
| GENERAL RESERVE | | 8,75,89,104 | | 8,25,89,104 |
| Balance as per last Balance Sheet | 8,25,89,104 | | 7,25,89,104 | |
| Add : Transferred from Profit and Loss A/c | 50,00,000 | | 1,00,00,000 | |
| SHARE PREMIUM RESERVE | | 8,07,50,000 | | 8,07,50,000 |
| There is no movement during the year | | | | |
| PROFIT AND LOSS ACCOUNT | | 32,75,30,313 | | 29,88,02,253 |
| Balance as per last Balance Sheet | 29,88,02,251 | | 22,93,24,156 | |
| Add : Transferred from Profit and Loss A/c | 4,56,61,552 | | 10,01,54,867 | |
| Add : Previous Year Provision W/O | - | | 68,946 | |
| Less : Proposed Dividends including Dividend Distribution Tax | 1,19,33,490 | | 2,07,45,716 | |
| Less : Transferred to General Reserve | 50,00,000 | | 1,00,00,000 | |
| TOTAL | | 50,09,35,596 | | 46,72,07,536 |

| NOTE 4 LONG TERM BORROWINGS | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|------------|--------------------------------|------------|---------------------------------|
| I) SECURED : | | | | |
| A) Term Loans | | | | |
| 1. From Banks | | 41,705,099 | | 57,955,630 |
| a. IDBI Bank Ltd. | | | | |
| Term Loan II (Rs. 10 Crs) | 28,338,929 | | 49,207,539 | |
| Term Loan III (Rs. 4 Crs) | 13,366,170 | | 8,748,091 | |
| Hypothecated by equitable mortgage of Machinery and Building situated at 182, Shiroli and at H- 1 M.I.D.C. Kupawad, Sangali and Personal guarantee of Mr. Ram Menon Chairman and Mr. Sachin Menon Managing Director. | | | | |
| b. H.D.F. C Bank Ltd. - Vehicle Loans | | 802,596 | | 1,909,106 |
| TOTAL | | 42,507,695 | | 59,864,736 |

a. Repayment Schedule & Other details

| Particulars | Closing Balane (₹.) | Rate of Interest (%) | Installment | Balance nos. of Installments Due |
|---------------------------------------|-----------------------|----------------------|-------------|----------------------------------|
| A) Term Loans IDBI Bank Ltd. | | | | |
| Term Loan II (Rs. 10 Crs) | 4,83,42,929 | 12.75 | 16,67,000 | 29 |
| Term Loan III (Rs. 4 Crs) | 2,13,70,170 | 12.75 | 6,67,000 | 32 |
| Term Loan IV (Rs. 10.5 Crs) | 65,87,511 | 11.10 | 17,50,000 | 4 |
| B) H.D.F. C Bank Ltd. - Vehicle Loans | | | | |
| a) Vehicle -I (MH09-BX 7962) | 2,86,484 | 11.09 | 13,642 | 21 |
| b) Vehicle -II (MH09-CF-200) | 2,86,484 | 11.09 | 13,642 | 21 |
| c) Vehicle -III (MH09-BA -200) | 11,21,116 | 10.05 | 53,386 | 21 |
| d) Vehicle -IV (MH09-BX 758) | 1,83,473 | 11.50 | 12,232 | 15 |
| e) Vehicle -V (MH09-BM-4283) | 1,53,412 | 8.47 | 30,682 | 5 |
| f) Vehicle -VI (MH09-BM-2971) | 43,208 | 9.25 | 10,802 | 4 |
| g) Vehicle -VII (MH09-BM-2972) | 41,332 | 9.25 | 10,333 | 4 |
| h) Vehicle -VIII (MH09-BR-200) | 1,24,850 | 9.00 | 31,212 | 4 |

| NOTE 5 DEFERRED TAX LIABILITY (NET) | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|-------------|--------------------------------|-------------|---------------------------------|
| a) Deferred tax liability | | | | |
| 1. Fixed assets ; Impact of difference between tax depreciation / amortisation charged for the financial reporting | 2,95,13,281 | | 2,87,01,033 | |
| Gross deferred Liability | | 2,95,13,281 | | 2,87,01,033 |
| b) Defered tax assets | | | | |
| Provision for bonus | 46,94,777 | | 41,10,325 | |
| Provision for gratuity | 10,22,957 | | 53,72,872 | |
| Gross deferred assets | | 57,17,734 | | 94,83,197 |
| Net Deferred Tax Liability | | 2,37,95,547 | | 1,92,17,836 |

| NOTE 6 OTHER LONG TERM LIABILITIES | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--|--------------------------------|--|---------------------------------|
| Trade Payables (including acceptances) refer note 29.5 for details of dues to micro and small enterprises) | | 29,65,340 | | 41,73,479 |
| TOTAL | | 29,65,340 | | 41,73,479 |

| NOTE 7 OTHER LONG TERM PROVISIONS | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--|--------------------------------|--|---------------------------------|
| Provision for employee benefits Gratuity (unfunded) | | 31,52,900 | | 1,65,59,938 |
| Leave Encashment (unfunded) | | 43,15,514 | | 50,42,759 |
| TOTAL | | 74,68,414 | | 2,16,02,697 |

| NOTE 8 SHORT TERM BORROWINGS | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|--|--------------------------------|--|---------------------------------|
| SECURED : | | | | |
| A) Loans repayable on demand From Banks | | | | |
| 1. Loan Against Fixed Deposit | | 5,34,83,484 | | 2,01,06,410 |
| 2. Cash Credit | | 25,46,32,351 | | 16,59,91,519 |
| Loans other than loan against Fixed Deposit carries interest rate @12.25% and Loan against fixed deposits carries interest 1% higher than interest rate of fixed deposit | | | | |
| Secured by hypothecation of Raw Material, Work in process and finished goods and equitable mortgage of Land and Building situated at 182, Shiroli, Kolhapur and at H-1, MIDC, Kupwad, Sangli. | | | | |
| TOTAL | | 30,81,15,835 | | 18,60,97,929 |

| NOTE 9 TRADE PAYABLES | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--------------|--------------------------------|--------------|---------------------------------|
| 1. Sundry Creditors (Refer Note in Schedule 29.5) | | | | |
| Sundry Creditors- Others | 20,12,93,329 | | 24,87,77,639 | |
| 2. Advances from customers | 27,15,496 | | 15,00,000 | |
| TOTAL | | 20,40,08,825 | | 25,02,77,639 |

| NOTE 10 OTHER CURRENT LIABILITIES : | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|-------------|--------------------------------|-------------|---------------------------------|
| a) Statutory Dues | | 68,61,750 | | 1,05,69,863 |
| b) Dividend for past years | | 11,06,918 | | 10,74,360 |
| b) Current maturity of long term borrowings | | 3,60,33,274 | | 3,25,96,664 |
| a. IDBI Bank Ltd. | | | | |
| I) Term Loan- 10.00 Crores | 2,00,04,000 | | 2,96,90,417 | |
| II) Term Loan- 04.00 Crores | 80,04,000 | | | |
| II) Term Loan- 10.50 Crores | 65,87,511 | | | |
| b) H.D.F.C. Bank Ltd. | | | | |
| i) Vehicle Loan | 14,37,763 | | 29,06,247 | |
| TOTAL | | 4,40,01,941 | | 4,42,40,887 |

| NOTE 11 SHORT TERM PROVISIONS : | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--|--------------------------------|--|---------------------------------|
| a) Provision for employee benefits | | 1,19,46,629 | | 1,01,32,323 |
| b) Provision for Directors Commission | | 1,62,000 | | 1,62,000 |
| c) Proposed Dividend | | 1,02,00,000 | | 1,78,50,000 |
| d) Provision for Tax on Dividend | | 17,33,490 | | 28,95,716 |
| e) Other Provisions | | 3,36,68,525 | | 5,34,43,078 |
| TOTAL | | 5,77,10,644 | | 8,44,83,116 |

NOTE 12 : FIXED ASSETS (in ₹.)

| Sr. No. | Particulars of Assets | Gross Block | | | | Depreciation | | | | Net Block | |
|------------|-----------------------------|---------------------|--------------------|-----------------|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| | | As on 01.04.2012 | Additions | Deductions | As at 31.03.2013 | As at 01.04.2012 | For the Year | Deductions | Total | As at 31.03.2013 | As at 31.03.2012 |
| I) | TANGIBLE ASSETS | | | | | | | | | | |
| 1 | Land Freehold | 3,75,574 | - | - | 3,75,574 | - | - | - | - | 3,75,574 | 3,75,574 |
| 2 | Land Leasehold | 4,76,130 | - | - | 4,76,130 | 600 | - | - | 13,312 | 4,62,818 | 4,63,418 |
| 3 | Land Development | 5,30,879 | - | - | 5,30,879 | 1,07,999 | 8,653 | - | 1,16,652 | 4,14,227 | 4,22,880 |
| 4 | Building | 9,92,19,871 | 1,08,65,243 | 0 | 11,00,85,114 | 2,43,37,956 | 33,96,458 | - | 2,77,34,414 | 8,23,50,700 | 7,48,81,915 |
| 5 | Plant & Machinery | 57,42,69,328 | 3,74,77,451 | 6,98,667 | 61,10,48,112 | 34,27,30,614 | 3,36,82,663 | 4,50,000 | 37,59,63,277 | 23,50,84,835 | 23,15,38,714 |
| 6 | Computers | 75,71,859 | 7,85,469 | 36,500 | 83,20,828 | 44,20,664 | 9,26,619 | 36,500 | 53,10,783 | 30,10,045 | 31,51,195 |
| 7 | Electrical Installation | 6,07,42,853 | 7,04,038 | - | 6,14,46,891 | 2,10,77,985 | 44,97,238 | - | 2,55,75,223 | 3,58,71,668 | 3,96,64,868 |
| 8 | Furniture & Fixtures | 90,94,092 | 19,92,202 | - | 1,10,86,294 | 57,86,388 | 4,32,239 | - | 62,18,627 | 48,67,667 | 33,07,704 |
| 9 | Office Equipment | 80,15,147 | 5,33,234 | - | 85,48,381 | 45,03,050 | 2,10,539 | - | 47,13,589 | 38,34,792 | 35,12,097 |
| 10 | Vehicle | 1,96,33,425 | - | - | 1,96,33,425 | 67,94,890 | 18,65,175 | - | 86,60,065 | 1,09,73,360 | 1,28,38,535 |
| 11 | Mtl Handling Equipment | 25,26,910 | 5,82,968 | - | 31,09,878 | 9,64,977 | 2,31,811 | - | 11,96,788 | 19,13,090 | 15,61,933 |
| | TOTAL (i) | 78,24,56,068 | 5,29,40,606 | 7,35,167 | 83,46,61,507 | 41,07,37,236 | 4,52,51,996 | 4,86,500.00 | 45,55,02,731 | 37,91,58,771 | 37,17,18,833 |
| | Previous year | 63,68,95,009 | 14,59,55,854 | 3,94,793 | 78,24,56,068 | 36,98,22,819 | 4,11,09,894 | 1,95,477 | 41,07,37,236 | 37,17,18,832 | 26,70,72,191 |
| II) | INTANGIBLE ASSETS | | | | | | | | | | |
| 1 | Goodwill | 71,000 | - | - | 71,000 | - | - | - | - | 71,000 | 71,000 |
| 2 | Software | 28,70,104 | - | - | 41,63,114 | 21,97,952 | 4,16,871 | - | 26,14,823 | 15,48,291 | 6,72,152 |
| 3 | Technical Know-how | 2,89,010 | 12,93,010 | - | 2,89,010 | 2,89,010 | 0 | - | 2,89,010 | - | - |
| 4 | Plant & Machinery R&D | 9,377 | - | - | 9,377 | 9,377 | 0 | - | 9,377 | - | - |
| | TOTAL (ii) | 32,39,492 | 12,93,010 | - | 45,32,501 | 24,96,339 | 4,16,871 | - | 29,13,210 | 16,19,291 | 7,43,152 |
| | Previous year | 32,08,634 | 30,857 | - | 32,39,492 | 20,99,528 | 3,96,812 | - | 24,96,339 | 7,43,152 | 11,09,107 |
| | TOTAL (i) + (ii) | 78,56,95,560 | 5,42,33,616 | 7,35,167 | 83,91,94,008 | 41,32,33,575 | 4,56,68,866 | 4,86,500 | 45,84,15,941 | 38,07,78,062 | 37,24,61,985 |
| | Previous year | 64,01,03,643 | 14,59,86,711 | 3,94,793 | 78,56,95,560 | 37,19,22,347 | 4,15,06,706 | 1,95,477 | 41,32,33,575 | 37,24,61,985 | 26,81,81,299 |

| NOTE 13 NON CURRENT INVESTMENT | CURRENT YEAR (₹.) | PREVIOUS YEAR (₹.) |
|---|--------------------------------|---------------------------------|
| Non Trade (Unquoted) (Valued at cost unless stated otherwise) | | |
| 1. 12 Equity Shares of Maharashtra Co-op. Engg. Society Ltd., of Rs.500/- each fully paid | 6,000 | 6,000 |
| 2. 10 Shares in Kolhapur Janata Sahakari Bank Ltd., of Rs.10/- each | 100 | 100 |
| 3. 3675 Shares in Shri Warna Sahakari Bank Ltd. of Rs.10/- each (Total market value of unquoted Investments Rs. 42,850 Previous year Rs.42,850) | 36,750 | 36,750 |
| Total | 42,850 | 42,850 |
| Trade (Quoted) (Valued at cost unless stated otherwise) | | |
| 1. 500 Equity Shares of Bank of Maharashtra Rs.10/- each (Market Price as on 31.03.2013 Rs.50.90 per share) | 11,500 | 11,500 |
| 2. 562 Equity Shares of Reliance Industries Limited of Rs 10/-each (Market price as on 31.03.2013 Rs. 773.70 per share) | 1,025,540 | 1,025,540 |
| 3. 500 Equity Shares of HDFC Bank Shares Rs.2/- each (Market Price as on 31.03.2013 Rs.624.10 per share) | 216,130 | 216,130 |
| 4. 2500 Equity Shares of Hindalco Shares Rs.1/- each (Market Price as on 31.03.2013 Rs.91.50 per share) | 293,525 | 293,525 |
| 5. 200 Equity Shares of L & T Shares Rs. 2 /- each (Market Price as on 31.03.2013 Rs.1364.90 per share) | 255,856 | 255,856 |
| 6. 5000 Equity Shares of Mahindra Satyam Shares Rs. 2/- each (Market Price as on 31.03.2013 Rs.128.10/- per share) | 331,208 | 331,208 |

| NOTE 13 NON CURRENT INVESTMENT | CURRENT YEAR (₹.) | PREVIOUS YEAR (₹.) |
|---|--------------------------------|---------------------------------|
| 7. 800 Equity Shares of ONGC Shares Rs. 5/- each (Market Price as on 31.03.2013 Rs.311.55 per share) | 201,196 | 201,196 |
| 8. 500 Equity Shares of RIL Shares Rs. 10/- each (Market Price as on 31.03.2013 Rs.773.70 per share) | 383,588 | 383,588 |
| 9. 3500 Equity Shares of SAIL Shares Rs.10 /- each (Market Price as on 31.03.2013 Rs.62.35 per share) | 295,540 | 295,540 |
| 10. 2000 Equity Shares of Sterlite Ind. Shares Rs.1/ - each (Market Price as on 31.03.2013 Rs.93.80 per share) | 206,809 | 206,809 |
| 11. 1000 Equity Shares of Tata Power Shares Rs.1 /- each (Market Price as on 31.03.2013 Rs.96.40 per share) | 92,470 | 92,470 |
| 12. 2300 Equity Shares of Tata Steel Shares Rs.10 /- each (Market Price as on 31.03.2013 Rs.312.30 per share) (Total market value of quoted Investments Rs. 37,71,154 Previous year Rs.40,15,922) | 875,252 | 875,252 |
| Total | 4,188,614 | 4,188,614 |
| Others (Valued at cost unless stated otherwise) | | |
| 1. 7 Year National Saving Certificates | 22,500 | 22,500 |
| 2. Investment in Dalmia Resorts | 27,500 | 27,500 |
| 3. Investment in Raga Airlines | 25,000 | 25,000 |
| 4. Prestige Holiday Resorts | 140,000 | 140,000 |
| Total | 215,000 | 215,000 |
| TOTAL | 4,446,464 | 4,446,464 |

| NOTE 14 LONG - TERM LOANS AND ADVANCES : | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|--|--------------------------------|--|---------------------------------|
| (Unsecured, Considered Good) | | | | |
| 1) Advance Income Tax/TDS (Net of Provision for taxes) | | 2,11,65,808 | | 1,83,64,920 |
| 2) Deposits | | 1,19,51,902 | | 1,19,47,780 |
| 3) Other Advances | | 4,30,000 | | 4,30,000 |
| TOTAL | | 3,35,47,710 | | 3,07,42,700 |

| NOTE 15 OTHER NON - CURRENT ASSETS : | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|-----------|--------------------------------|-----------|---------------------------------|
| 1. Trade Recivable | | 4,91,005 | | 15,57,094 |
| 2. Capital Advances | | 18,66,199 | | |
| 3. Preoperative Expenses | | 56,41,555 | | 56,41,555 |
| a. Travelling and other project expenses. | 757,293 | | 7,57,293 | |
| b. Consultation Fees | 3,463,361 | | 34,63,361 | |
| c. Technical Know-how fees/ cess | 1,420,901 | | 14,20,901 | |
| TOTAL | | 79,98,759 | | 71,98,649 |

| NOTE 16 INVENTORIES | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--------------|--------------------------------|-------------|---------------------------------|
| (At cost or Market Price whichever is lower) | | | | |
| a) Raw Material | 5,36,85,701 | | 6,36,09,698 | |
| b) Stores and Spares | 3,89,02,728 | | 2,59,70,874 | |
| c) Work in Process | 3,68,47,312 | | 5,65,26,687 | |
| d) Finished Goods | 11,27,47,798 | | 9,15,28,996 | |
| TOTAL | | 24,21,83,539 | | 23,76,36,255 |

| NOTE 17 TRADE RECEIVABLES (Unsecured Considered Good) | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--------------|--------------------------------|--------------|---------------------------------|
| Exceeding six months | 69,00,272 | | 33,07,493 | |
| Other Debts | 23,28,50,588 | | 23,56,65,095 | |
| | | 23,97,50,860 | | 23,89,72,588 |
| i) Dues from Firms in which some Directors are interested as a partner. | | | | |
| 1) Menon Exports | 7,64,78,395 | | 5,01,04,757 | |
| iii) Others | | | | |

| NOTE 18 CASH AND CASH EQUIVALENTS | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|--------------|--------------------------------|--------------|---------------------------------|
| Cash and Bank Balance | | 18,30,65,424 | | 23,56,08,653 |
| Cash in Hand | 7,69,560 | | 4,74,632 | |
| Balances with Banks | | | | |
| 1. In Current Accounts | 4,65,63,813 | | 1,53,73,993 | |
| 2. In fixed Deposits | 13,57,32,051 | | 21,97,60,028 | |
| TOTAL | | 18,30,65,424 | | 23,56,08,653 |
| Fixed Deposits Include: | | | | |
| i) Margin money | 2,61,10,029 | | 1,57,22,076 | |
| ii) Security against borrowings | 3,57,21,889 | | 1,74,86,557 | |
| iii) Fixed Deposits maturing after 1 year | 11,15,21,871 | | 2,12,36,468 | |
| iv) Current account includes funded dividend | 11,06,918 | | 10,85,322 | |

| NOTE 19 SHORT - TERM LOANS AND ADVANCES : | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--|--------------------------------|--|---------------------------------|
| A) Other loans and advances Unsecured Considered Good | | | | |
| 1. Staff Advance | | 8,911 | | 17,507 |
| 2. Other Advances | | 15,665 | | 10,314 |
| 3. Advance to Suppliers | | 9,78,20,014 | | 4,18,69,092 |
| TOTAL | | 9,78,44,590 | | 4,18,96,913 |

| NOTE 20 OTHER CURRENT ASSETS : | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--|--------------------------------|--|---------------------------------|
| a) Interest Receivable on Bank Deposits | | 18,96,086 | | 15,63,294 |
| b) Prepaid Expenses | | 16,35,574 | | 9,72,742 |
| c) Other Receivables | | 1,09,432 | | 5,15,360 |
| d) Duties & Taxes Receivable | | 1,17,46,920 | | 1,35,03,980 |
| TOTAL | | 1,53,88,012 | | 1,65,55,376 |

| NOTE 21 REVENUE FROM OPERATION | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|----------------|--------------------------------|----------------|---------------------------------|
| a) Sales Of Products | | | | |
| Piston / Piston Assemblies | 1,26,97,81,170 | | 1,37,71,87,106 | |
| Rings | 4,04,05,011 | | 4,43,77,756 | |
| Gudgeon Pins, Circlips | 19,17,82,500 | | 19,99,05,736 | |
| Liners / Variators Sale | 27,51,412 | 1,50,47,20,093 | 47,90,663 | 1,62,62,61,261 |
| b) Other operating revenues | | | | |
| Sale of Disposal | 1,51,07,630 | | 1,90,20,355 | |
| Development Charges | 18,84,323 | | 16,11,000 | |
| Other Sales | 54,59,666 | 2,24,51,619 | 23,18,156 | 2,29,49,511 |
| TOTAL | | 1,52,71,71,712 | | 1,64,92,10,772 |

| NOTE 22 OTHER INCOME | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---------------------------------|-------------|------------------------------|-------------|-------------------------------|
| Other Receipts | | | | |
| 1. Miscellaneous Receipts | 13,77,842 | | 42,41,662 | |
| 2. Vat Refund (F.Y. 2005-2006) | 25,05,612 | | - | |
| 2. Interest Income | 1,26,50,444 | | 1,71,35,639 | |
| 3. Profit on sale of Assets | 4,62,000 | | - | |
| TOTAL | | 1,69,95,898 | | 2,13,77,301 |

| NOTE 23 COST OF MATERIALS CONSUMED : | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|--------------|------------------------------|--------------|-------------------------------|
| 1. Raw Material | | | | |
| Opening Stock | 6,36,09,698 | | 8,00,59,313 | |
| Add: Purchases During the Year | 76,30,42,895 | | 78,79,91,752 | |
| | 82,66,52,593 | | 86,80,51,065 | |
| Less: Closing Stock | 5,36,85,701 | | 6,36,09,698 | |
| TOTAL | | 77,29,66,892 | | 80,44,41,367 |

| NOTE 24 CHANGES IN IVENTORIES OF FINISHED GOODS & WIP | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|--------------|------------------------------|-------------|-------------------------------|
| Opening Stock | | | | |
| Finished Goods | 9,15,28,996 | | 6,96,93,523 | |
| Work in Process | 5,65,26,687 | | 3,62,93,790 | |
| | | 14,80,55,683 | | 10,59,87,313 |
| Less : Closing Stock | | | | |
| Finished Goods | 11,27,47,798 | | 9,15,28,996 | |
| Work in Process | 3,68,47,312 | | 5,65,26,687 | |
| | | 14,95,95,110 | | 14,80,55,683 |
| TOTAL | | (15,39,427) | | (4,20,68,370) |

| NOTE 25 PAYMENTS TO & PROVISIONS FOR EMPLOYEES | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|-------------|--------------------------------|-------------|---------------------------------|
| Wages, Bonus and Allowance To Workers | 7,87,08,800 | | 7,35,85,740 | |
| Contribution To PF.Etc.. For Workers | 47,23,625 | | 49,35,981 | |
| Workers Welfare Expenses | 26,95,918 | | 26,82,914 | |
| Salary, Bonus and Allowance To Staff | 2,79,10,538 | | 2,70,58,519 | |
| Directors Remuneration | 47,94,049 | | 43,10,643 | |
| Contribution To PF,Etc.. For Staff | 41,27,640 | | 48,24,910 | |
| Contribution To Group Gratuity | 16,81,619 | | 1,01,30,641 | |
| Staff Welfare Expenses | 7,29,224 | | 6,22,809 | |
| Workmen Compensation | - | | 80,000 | |
| Provision for leave encashment | 7,62,013 | | 18,06,074 | |
| TOTAL | | 12,61,33,425 | | 13,00,38,232 |

| NOTE 26 COST OF FINANCE | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|--|-------------|--------------------------------|-------------|---------------------------------|
| Interest on Working Capital & Term Loans | 4,22,15,787 | | 2,95,30,801 | |
| Bank Charges | 8,72,398 | | 23,46,862 | |
| Interest to Others | 1,55,495 | | 1,40,000 | |
| TOTAL | | 4,32,43,680 | | 3,20,17,663 |

| NOTE 27 OPERATING AND OTHER EXPENSES : | | CURRENT YEAR (₹.) | | PREVIOUS YEAR (₹.) |
|---|--------------|--------------------------------|--------------|---------------------------------|
| A. Operating Expenses | | | | |
| Stores and Spares | 10,68,58,157 | | 15,89,36,285 | |
| Power and Fuel | 12,81,99,535 | | 9,32,10,435 | |
| Water Charges | 18,78,445 | | 15,53,824 | |
| Machining Charges | 9,95,05,344 | | 11,10,60,549 | |
| Total | | 33,64,41,481 | | 36,47,61,093 |
| B. Other Expenses | | | | |
| Sitting Fees | 20,000 | | 18,000 | |
| Insurance Charges | 21,58,780 | | 17,44,032 | |
| Repairs to Building | 20,91,017 | | 22,69,473 | |
| General Repairs and Maintenance | 71,85,359 | | 89,99,386 | |
| Repairs Maintenance to vehicles | 11,86,112 | | 13,09,985 | |
| Rent Rates and Taxes | 40,65,127 | | 8,43,344 | |
| Conveyance Expenses | 4,47,838 | | 4,50,562 | |
| Printing and Stationery | 16,01,486 | | 16,09,629 | |
| Postage and Telephone Expenses | 20,86,423 | | 17,15,230 | |
| Travelling Expenses | 59,70,431 | | 29,79,394 | |
| Selling and Distribution Expenses | 11,39,58,057 | | 15,43,99,224 | |
| Auditor's Remuneration | 1,75,500 | | 1,61,500 | |
| License Fees | 94,295 | | 1,23,500 | |
| Legal and Consultation charges | 58,12,126 | | 43,98,992 | |
| Professional and other taxes | 35,50,810 | | 27,29,360 | |
| Loss on sale of Assets. | - | | 34,872 | |
| Donation | 1,20,000 | | 99,550 | |
| Filing Fees | 15,655 | | 42,070 | |
| Subscription and Contribution | 4,57,178 | | 8,18,164 | |
| Sundry Expenses | 39,98,186 | | 32,65,571 | |
| Books and Periodicals | 19,052 | | 30,375 | |
| Total | | 15,50,13,430 | | 18,80,42,212 |
| TOTAL | | 49,14,54,911 | | 55,28,03,305 |

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

1) Guarantees: I D B I Bank Ltd. has issued Guarantees on behalf of the Company for Rs 39.73 lacs (previous year Rs. 67.49 Lacs) and Letters of Credit for Rs. 376.25 Lacs (previous year Rs. 676.60 lacs).

2) The Income Tax Assessments: are completed up to the Assessment year 2010-11 (Relevant to Accounting year ended 31.03.2010). Liability, if any, in respect of the pending assessments, or appeals under the Income-Tax Act, 1961 is unascertainable.

3) VAT and Central Sales Tax: C.S.T. assessments are completed up to the accounting year 2005-2006. MVAT Audit Report for the year 2011-2012 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.

29) Other Notes

29.1 Previous year figures are regrouped wherever necessary.

29.2 Paises are rounded off to the nearest rupee.

29.3 Auditors remuneration :

| Particulars | Current Year ₹. | Previous Year ₹. |
|----------------|-----------------|------------------|
| Audit Fees | 129,000 | 129,000 |
| Other services | 46,500 | 32,500 |
| Service Tax | 20,576 | 16,638 |
| Total : | 1,96,076 | 1,78,138 |

29.4) Excise Duty

The Company has been accounting liability for Excise Duty on Finished Goods as and when they are cleared. A liability in respect of finished goods lying in stock at the close of the year is estimated at Rs 102.34 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.

29.5) Micro, Small and Medium Enterprises :

The Company is in the process of identifying the Micro, Small and Medium Enterprises and hence interest, if any payable as per Interest under the Micro, Small and Medium Enterprises Development Act, 2006 is not ascertainable and the Auditors relied upon this submission

29.6) Value of Imports Calculated on CIF Basis :

| Particulars | Current Year ₹. | Previous Year ₹. |
|-----------------------|--------------------|--------------------|
| Capital Goods Payable | 3,48,99,232 | 1,79,38,499 |
| Raw Materials | 0 | 20,22,475 |
| Stores & Spares | 1,46,350 | 11,12,198 |
| Total | 3,50,45,582 | 2,10,73,172 |

Note : Including advance for Capital Goods.

29.7) Expenditure in Foreign Currency on Account of:

| Particulars | Current Year ₹. | Previous Year ₹. |
|-------------------------------------|------------------|------------------|
| Travelling Expenses and Other Exps. | 11,74,394 | 7,86,306 |
| Royalty | 31,90,021 | 40,87,725 |
| Technical & Consultancy Fees | 14,11,686 | 4,55,784 |
| Total | 57,76,101 | 53,29,815 |

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

| Particulars | Current Year ₹. | % | Previous Year ₹. | % |
|---|---------------------|---------------|---------------------|---------------|
| Raw materials, stores, spares and components consumed | | | | |
| Imported | 1,46,350 | 0.02% | 31,34,673 | 0.33% |
| Indigenous | 87,96,78,699 | 99.98% | 96,02,42,979 | 99.67% |
| TOTAL | 87,98,25,049 | 100.00 | 96,33,77,652 | 100.00 |

29.9) Employee Benefit:

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

| I) Actuarial Assumptions | As On 31.03.2013 | As On 31.03.2012 |
|---------------------------------|---------------------------|---------------------------|
| (a) Mortality Rate | LIC (1994-96) ultimate | LIC (1994-96) ultimate |
| (b) Withdrawal Rate | 1% to 3% depending on age | 1% to 3% depending on age |
| (c) Discount Rate | 8% | 8% |
| (d) Salary Escalation | 6% | 6% |

| II) Results Of Valuation | As On 31.03.2013 | As On 31.03.2012 |
|---------------------------------|-------------------------|-------------------------|
| (a) PV Of Past Service Benefit | 5,32,16,667 | 4,79,16,021 |
| (b) Current Service Cost | 24,29,892 | 18,28,409 |
| (c) Total Service Gratuity | 10,92,59,454 | 10,79,18,567 |
| (d) Accrued Gratuity | 6,29,77,003 | 5,86,79,835 |
| (e) LCSA | 4,62,08,615 | 4,91,26,069 |
| (f) LIC Premium | 1,90,942 | 1,86,683 |
| (g) Service Tax @ 10.30% | 23,601 | 20,075 |

| III) Recommended Contribution Rate | As On 31.03.2013 | As On 31.03.2012 |
|---|-------------------------|-------------------------|
| (a) Fund Value As On Renewal Date | 4,33,35,435 | 3,32,30,673 |
| (b) Additional Contribution For Existing Fund | 98,81,232 | 1,46,85,348 |
| (c) Current Service Cost | 24,29,892 | 18,28,409 |

| IV) Actual (Gain) / Loss On Obligation/ | As On 31.03.2013 | As On 31.03.2012 |
|---|-------------------------|-------------------------|
| Total Amount of Provision required I (f) + I (g) + II (b) + II (c) | 31,52,897 | 1,65,13,757 |

| | | |
|------------------------------------|--------------------------------------|--------------------------------------|
| V) Less : Balance Provision | As On 31.03.2013 14,71,278 | As On 31.03.2012 63,83,116 |
|------------------------------------|--------------------------------------|--------------------------------------|

| | | |
|--|--------------------------------------|--|
| VI) Total Amount Charged to P & L A/c | As On 31.03.2013 16,81,619 | As On 31.03.2012 1,01,30,641 |
|--|--------------------------------------|--|

As per our report of even date attached
M/s. P. M. Vardhe & Co.
Chartered Accountants

For and on Behalf of the Board of Directors

Ram Menon
Chairman

Sachin Menon
Managing Director

R.D.Dixit
Director

P. M. Vardhe,
Proprietor
M.No.031817
Place : Kolhapur
Date : 18.05.2013

S.B.P. Kulkarni
Associate Vice President

B.M. Tupare
Company Secretary

Auditors' Certificate on Compliance of Conditions of Corporate Governance

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

To
The Members of
Menon Pistons Ltd
182, Shirol, i,
Kolhapur 416 122

We have examined the compliance of conditions of Corporate Governance by Menon Pistons Ltd., for the year ended on 31st March 2013, 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 : 18-05-2013

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 values & ethical business conduct for its stakeholders. Company believes strongly that good corporate governance is intrinsic to the management of Company affairs, it ensures fairness, transparency and integrity of the management. These values and principles set the context to manage our company affairs in a fair and transparent manner. "Corporate Governance" is a way of life, rather than a mere legal compulsion. It further inspires and strengthens investor's confidence and commitment to the Company. As a responsible Corporation, these values set the framework to maintain accountability in all our affairs, and employ democratic and open process.

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

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

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

I Board of Directors

The Board comprises of 6 (Six) Directors, of which 5 (five) are non-executive Directors. The Chairman is the Non - Executive Chairman. The Board comprises of 3 (three) independent Directors i.e. Directors, who, apart from receiving sitting fees, do not have any other material pecuniary relationship or transactions with the Company, its promoters or its management, which may affect independence of judgment of the Directors.

Composition of the Board of Directorship held during the year 2012-13.

| Name of Director | Category | Attendance of meeting during 2012-2013 | | No. of other Directorship | No of Membership(s) Chairmanship(s), Board Committees in Other Companies * | |
|---------------------|--------------------|--|----------|---------------------------|--|-----------|
| | | Board Meetings | Last AGM | | As Chairman | As Member |
| Mr. Ram Menon | Chairman / N.E.D.* | 3 | Yes | 7 | - | - |
| Mr. Sachin Menon | Managing Director | 4 | No | 4 | 1 | - |
| Mr. Nitin Menon | N.E.D.* | 4 | No | 4 | - | 1 |
| Mr. R. D. Dixit | Non-Executive & I | 4 | Yes | 2 | - | 2 |
| Mr. Ajitkumar Belur | Non-Executive & I | 3 | No | 1 | - | 1 |
| Dr. Y. S. P. Thorat | Non-Executive & I | 2 | No | 11 | - | 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, 27 May 2012
- 2) Sunday, 05 August, 2012
- 3) Wednesday, 07 Nov., 2012
- 4) Sunday, 03 Feb., 2013

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) Mr. Ramesh Dattatraya Dixit :

Mr. Ramesh Dattatraya Dixit is having a long experience over 42 years in Auto Components manufacturing industry, presently he is Vice Chairman & Managing Director of Menon Bearing Ltd. since its inception in the year 1992.

Companies in which Mr. Ramesh Dattatraya Dixit holds directorship :

| Sr. No. | Name of the Company | Nature of Interest |
|----------------|---------------------------------|-----------------------------------|
| 1. | Menon Bearings Limited | Vice Chairman & Managing Director |
| 2. | Menon Piston Rings Private Ltd. | Director |

Shareholding in Menon Pistons Limited - Mr. Ramesh Dattatraya Dixit holds 1398 Equity Shares of the Company.

2) Mr. Ajitkumar Belur

Mr. Ajitkumar Belur is the 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 Approx. 37 years experience in manufacturing industry.

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 |
| 2. | Menon Bearings Ltd. | Member of Audit Committee |

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

Code of Conduct

i) Code of Conduct for Director and Senior Management of the Company.

The Company has adopted the Code of Conduct for the Directors and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the code as on March, 2013.

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

Company has put a risk management framework in place a comprehensive review of its risk management process. The process identifies and assigns parties to take responsibility for each risk response. The review involved understanding the existing risk management initiatives, zero-based identification and assessment of risks in the various areas of Auto Component industry as also the relative control measures and arriving at the desired counter measures keeping in mind the risk appetite of the organization.

The Board of Directors has periodically reviewed the risks in the various areas of the business and laid down the procedure for recommendation of appropriate risk mitigating plans.

Remuneration to Directors

Details of remuneration paid to Directors during the year 2012-2013:

(Figures in ₹.)

| Name of Director | Salaries and Perquisites | Commission | Sitting Fees | Total |
|------------------|--------------------------|------------|--------------|-----------|
| Mr. Ram Menon | - | 90,000 | 3,000 | 93,000 |
| Mr. Sachin Menon | 4,614,049 | 90,000 | 4,000 | 4,704,049 |

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. R.D. Dixit | 4 |
| 2. Mr. Sachin Menon | 4 |
| 3. Dr. Y.S.P. Thorat | 2 |
| 4. Mr. Ajitkumar Belur | 3 |

Remuneration Committee

Composition of Remuneration Committee

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

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

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

III. Share Transfer & Shareholders' Grievance Committee

In compliance with the requirement of the Corporate Governance under the Listing Agreement entered into with the Bombay Stock Exchange where the shares of companies are listed, the Company has constituted a Share Transfer and Shareholders/Investors Grievance Committee to look into issues relating to shareholders including share transfer.

The Share Transfer & Grievance Committee consists of 2 members and is headed by Mr. R. D. Dixit.

The Minutes of Transfer and shareholders / Investors Grievance Committee are noted by the Board of Directors of the Company at the Subsequent Board Meetings.

Mr. S.B.P. Kulkarni, Associate Vice President is the Compliance Officer of the Company.

The terms of reference of the above Committee are as follows:

- a. To consider and approve transfer / transmission of shares, consolidation / split of share certificates and issuance of duplicate share certificates; etc.
- b. Redressal of shareholders/'investors' complaints relating to transfer, transmission, transposition, splitting, consolidation, dematerialization of shares, non receipt of annual reports etc.

As per records of the Company all requests processed, which were received from the shareholders upto 31st March 2013.

IV. Subsidiary Company

The Company does not have a material unlisted Indian subsidiary whose turnover or net-worth exceeds 20% of the consolidated turnover or net-worth respectively of the listed holding Company and its subsidiary in the immediately preceding accounting year.

v) General Body Meetings

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

| AGM/EGM | Date | Time | Venue | No. of Special Resolutions Passed |
|----------|------------|---------|-------------------------------|-----------------------------------|
| 35th AGM | 23/08/2012 | 4.00 pm | 182, Shirol, Kolhapur. 416122 | Nil |
| 34th AGM | 25/08/2011 | 4.00 pm | 182, Shirol, Kolhapur. 416122 | Nil |
| 33rd AGM | 26/08/2010 | 4.00 pm | 182, Shirol, Kolhapur. 416122 | Nil |

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. Sachin Menon, Managing Director and Mr. Nitin Menon Non-Executive Director of the Company are sons of Mr. Ram Menon, Non-Executive Chairman of the Company and 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, 2013.

Through out the year management of the Company wasn't denied to any person to access the audit committee with regard to 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, 29th August 2013 at 4.00 p.m.**
Venue : **182, Shiroli, Kolhapur – 416 122.**

(The registered office of the Company)

b) Dates of Book Closure : from Saturday 24th August, 2013 to Thursday 29th, August, 2013 (both days inclusive)

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

The Financial year covers the period from 1st April 2013 to 31st March 2014. Financial Reporting for:

| | |
|---|--------------------------|
| - Quarter ending 30th June, 2013 | Upto 15th August, 2013 |
| - Half Year ending 30th September, 2013 | Upto 15th November, 2013 |
| - Quarter ending 31st December, 2013 | Upto 15th February, 2013 |
| - Year ending 31st March, 2014 | Upto 30th May, 2014 |
| - Annual General Meeting for the year ended March 31, 2014. | August/September 2014. |

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

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

e) Listing on Stock Exchange & Stock Code:

| Stock Exchange | Stock code |
|--|------------|
| Bombay Stock Exchange of India Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001 | 531727 |

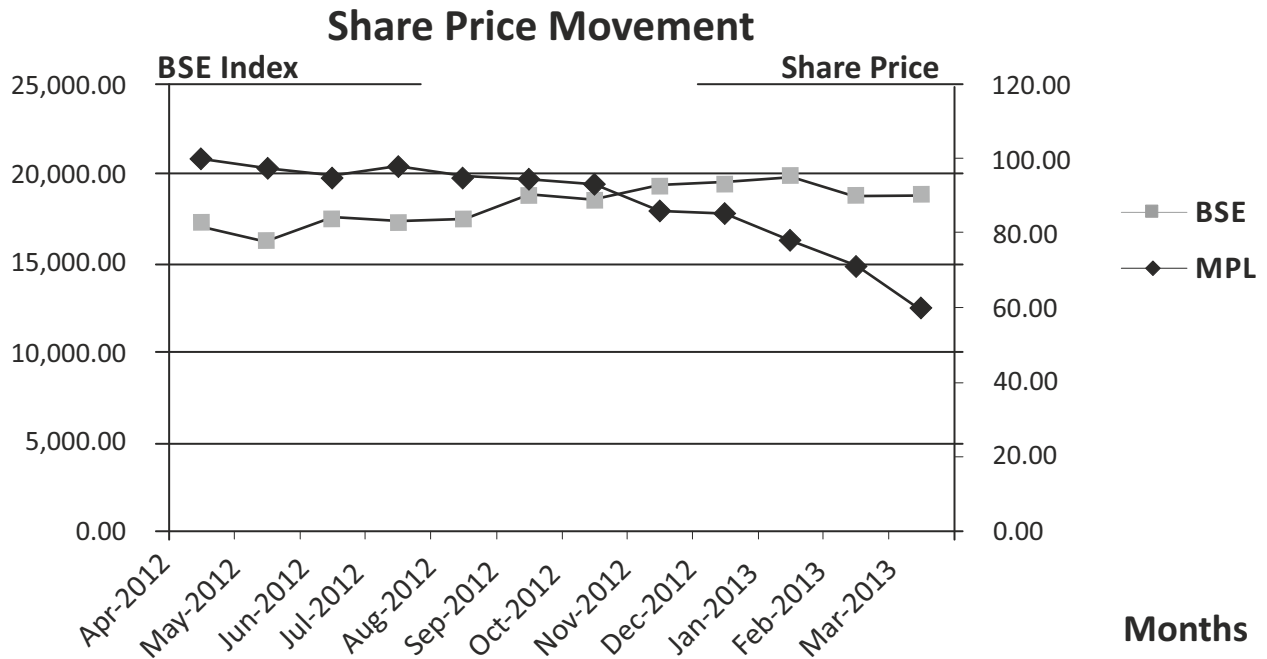
Listing fees were paid for the year to the Bombay Stock Exchange. The ISIN Number of company on both NSDL & CDSL is **INE 6501011**

f) Market Price Data:

1) High/Low in each of month of the Financial Year April 2012 to March 2013 on Bombay Stock Exchange, Mumbai

| Month | High (₹.) | Low (₹.) | Month | High (₹.) | Low (₹.) |
|-------------|-----------|----------|---------------|-----------|----------|
| April 2012 | 105.50 | 96.10 | October 2012 | 103.90 | 87.25 |
| May 2012 | 104.85 | 90.50 | November 2012 | 93.00 | 81.10 |
| June 2012 | 102.95 | 94.10 | December 2012 | 90.50 | 79.50 |
| July 2012 | 104.40 | 95.00 | January 2013 | 90.95 | 74.40 |
| August 2012 | 101.80 | 90.50 | February 2013 | 82.95 | 64.25 |
| Sept. 2012 | 101.60 | 90.15 | March 2013 | 75.45 | 56.25 |

ii) Performance in comparison with BSE Index :



g) Share Transfer System

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

h) Registrar and Share Transfer Agents:

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

i) Address for the Correspondence

Registered Office of the Company:
 182, Shirol, Kolhapur – 416 122.

Phone : 91-230- 2468041/2468042, Fax. (0230) 2468442

E-mail : cs@menonpistons.com

Website: http://www.menonpistons.com

Compliance Officer – Mr. S.B.P. Kulkarni.

j) Plant locations:

Plant I:

182, Shirol, Kolhapur – 416 122.

Phone : 0230 - 2468041/42

Plant II:

H-1, MIDC, Kupwad Block

Sangli - 416 436

Phone : 0233 - 2645179 / 89

k) Shareholding Pattern as on 31st March 2013

| Category | Demated No. of Shares | No. of Share holders | Physical No. of Shares | No. of Share holders | Total Number of shares held | Value | % share holding |
|---------------------------------|-----------------------|----------------------|------------------------|----------------------|-----------------------------|----------------------|-----------------|
| Other Bodies Corporate | 343970 | 40 | 6,300 | 10 | 350270 | 3502700.00 | 6.8680 |
| Corporate Bodies (promoter Co) | 1563 | 1 | 183,8775 | 3 | 1840338 | 18403380.00 | 36.0851 |
| Clearing Member | 10739 | 12 | 0 | 0 | 10739 | 107390.00 | 0.2106 |
| Directors | 1170804 | 2 | 0 | 0 | 1170804 | 11708040.00 | 22.9569 |
| Foreign Institutional Investors | | 0 | 0 | 0 | 0 | 0 | 0 |
| Non Nationalised Banks | 0 | 0 | 600 | 1 | 600 | 6,000.00 | 0.0118 |
| Non Resident Indians | 4,192 | 8 | 0 | 0 | 4,192 | 41,920.00 | 0.0822 |
| Non Resident (non Repatriable) | 102 | 1 | 0 | 0 | 102 | 1,020.00 | 0.0020 |
| Office Bearers | 0 | 0 | 1,000 | 6 | 1,000 | 10,000.00 | 0.0196 |
| Public | 722401 | 963 | 217905 | 806 | 940306 | 9403060.00 | 18.4374 |
| Relatives Of Directors | 781649 | 3 | 0 | 0 | 781649 | 7816490.00 | 15.3265 |
| TOTAL: | 3035420 | 1030 | 2,064,580 | 826 | 51,00,000 | 51,000,000.00 | 100.00 |

I) Distribution of Shareholding as on 31st March 2013

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

m) Dematerialization of Shares

The Company has signed agreements with both National Securities Depository Limited (NSDL) and with Central Depository Services Limited (CDSL) by virtue of which, 3035420 equity shares of the Company forming 59.52% of total share capital of the company, have been dematerialized as on 31st March 2013.

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 : 18.05.2013

Place : Kolhapur

Sachin Menon
Managing Director

CERTIFICATION BY THE CHIEF EXECUTIVE OFFICER (CEO)/MANAGING DIRECTOR

To
The Board of Directors
MENON PISTONS LIMITED.

I, the undersigned, in my capacity as the Managing Director of MENON PISTONS LIMITED (the company), to the best of my knowledge and belief certify that:

- a) I have reviewed the financial statements and the cash flow statement for the year ended on 31st March 2013 and based on my knowledge and belief, I state that:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) I further state to the best of my knowledge and belief, that there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) I am responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.
- d) I have indicated, based on my recent evaluation, wherever, applicable, to the Auditors and the Audit Committee:
 - i. significant changes, if any, in the internal control over financial reporting during the year;
 - ii. significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements;
 - iii. Instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or any employee having significant role in the Company's internal control system over the financial reporting.

For and On Behalf of the Board of Directors

Date – 18.05.2013
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, 2013.

For MENON PISTONS LIMITED.

Date: - 18.05.2013
Place: - Kolhapur.

Sachin Menon
Managing Director

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MENON PISTONS LIMITED

182, Shiroli, Kolhapur 416122

NOTICE

Notice is hereby given that the Thirty Sixth Annual General Meeting of the Members of 'Menon Pistons Limited' will be held on Thursday, 29th August, 2013 at 4.00 p.m. at 182, Shiroli, Kolhapur – 416 122, to transact the following business :

ORDINARY BUSINESS :

- 1.To consider and adopt the audited Balance Sheet as at March 31, 2013, 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.

By Order of the Board of Directors,

Ram Menon
Chairman

Place : Kolhapur.
Date : 18.05.2013

Registered office : 182, Shiroli, 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. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
3. The Register of Members and Share Transfer Register will remain closed from Saturday, 24th August, 2013 to Thursday 29th August, 2013 (both days inclusive) for the purpose of Annual General Meeting.
4. While attending the meeting the members who hold shares in dematerialized form are requested to write their Client ID and DP ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
6. The dividend on Equity Shares, if approved at the Meeting, will be submitted into a dividend account within 5 days of the AGM and within 30 days from the opening of such a dividend account the dividend warrants would be dispatched to the shareholders thus the dispatching of dividend warrants would be complete from company's side latest by Wednesday 2nd October, 2013 in any case. The dividend is paid to those members, whose names appear on the Register of Members of the Company on Saturday, 24th August, 2013.
7. Pursuant to the provisions of Section 205A (5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years 2005-2006 to the Investor Education and Protection Fund (the IEPF) established by the Central Government.
- 8. Sending the annual report on E-mail of shareholders is allowed and thus you are requested to send your e mail ID if you want the annual report to be sent on e-mail. If you choose to receive the annual report on your e-mail then no separate annual report would be sent to you by post.**

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

MENON PISTONS LIMITED

Registered Office: 182, Shirol, Kolhapur-416122.

ATTENDANCE SLIP

Please bring this Attendance Slip and hand it over at the entrance of registered office 182, Shirol, Kolhapur-416122.

Name & Address of the shareholder: _____

Folio No.: _____

*DP ID.: _____

*Client ID.: _____

I hereby record my presence at the Thirty Sixth Annual General Meeting at "Menon Pistons Limited 182, Shirol, Kolhapur – 416122 on Thursday 29th day of August 2013

| Signature of the Member or Proxy | Shares Held |
|----------------------------------|-------------|
| | |

*Applicable to investors holding shares in electronic form.



MENON PISTONS LIMITED

Registered Office: 182, Shirol, Kolhapur-416122.

PROXY FORM

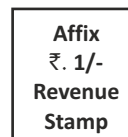
I / We of in the district of
being a Member / Members of Menon Pistons Limited, hereby appoint Mr./Mrs.
..... of or falling him
.....ofin the District ofas my / our proxy to vote for me / us on my / our
behalf at the THIRTY SIXTH ANNUAL GENERAL MEETING of the Company, to be held on Thursday the 29th August, 2013 and at
any adjournment thereof.

Signed this day of 2013

Folio No.

DP. ID.

Client ID



Signature

NOTE :

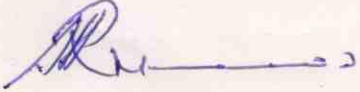
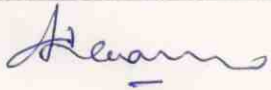
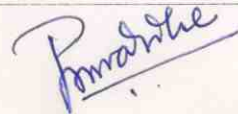

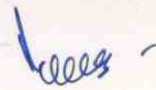
1. The Proxy in order to be valid should be deposited at the Principal / Registered Office of the Company not later than Tuesday, 27th August, 2013 at 4.00 p.m.
2. The Proxy should be executed on One Rupee Revenue Stamp.
3. The shareholder may choose to vote differently for his entire holding and may vote against or for the resolutions in the notice.





FORM A

Covering letter of the annual audit report to be filed with the Stock Exchange

| Sr. No. | Particulars | |
|---------|---|--|
| 1. | Name of the company | M/s. Menon Pistons Limited |
| 2. | Annual financial results for the year ended | 31 st MARCH 2013 |
| 3. | Type of Audit observation | Un-qualified |
| 4. | Frequency of observation | Not Applicable |
| 5. | To be Signed by: | Signatures |
| | CEO/Managing Director |  |
| | CFO |  |
| | Auditor of the Company |   |
| | Audit Committee Chairman |  |

Date:- 1/9/2013

Place:- Kolhapur

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

To
The Members of Menon Pistons Limited

Report on the Financial Statements

We have audited the accompanying financial statements of M/s. Menon Pistons Ltd., 182, Shirol, Kolhapur which comprise the Balance Sheet as at 31st March, 2013 and the statement of Profit and Loss and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Managements Responsibility for the financial statements

Management is Responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the Accounting Standards referred to in sub – section (3C) of Section 211 of the Companies Act, 1956. This Responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the statements on Auditing issued by the Institute of Chartered Accountants of India. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

As audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements. Whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.
- (b) In the Case of the statement of Profit and Loss, of the profit for the year ended on that date, and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other Legal and Regulatory requirements

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 give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. As required by Section 227(3) of the Companies Act 1956, We report 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, Statement of 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, statement of profit and loss account and cash flow statement 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 as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess to be paid, no cess is due and payable by the company.

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



P.M. VARDHE
Proprietor
M. No. 031817

Place: Kolhapur
Date: 18.05.2013

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of Menon Pistons Limited. On the accounts of the company for the year ended 31st March, 2013.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, We report that:

- (i) a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- b. As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- c. In our opinion and according to the information given to us, no fixed assets has been disposed During the year and therefore does not affect the going concern assumption.
- (ii) a. As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- b. In our opinion and according to the information and explanation given to us, 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. In our opinion and on the basis of our examination of the records, The company is generally maintaining proper records of its inventories. No material discrepancy was noticed on physical verification of stocks by the management as compared to book records.
- (iii) a. According to the information and explanation given to us and on the basis of our examination of the books of account, the company has not granted any loans, secured or unsecured, to Companies, firms or other parties listed in the register maintained U/s 301 of the Companies Act, 1956, Consequently the provisions of Clause iii(b), iii (c) and iii (d) of the order are not applicable to the Company.
- e. According to the information and explanation given to us and on the basis of our examination of the books of account, the Company has not taken loans from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Thus Sub – clauses (f) & (g) are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, There is generally an adequate internal control procedure commensurate with the size of the company and the nature of its business for the purchases of inventories & fixed assets and payment for expenses & for sale of goods. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal control has been noticed.
- (v) a. Based on our audit procedures applied by us and according to the information and explanation provided by the management, 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.
- b. As per information & explanations given to us and in our opinion, the transactions entered into by the company with parties covered u/s 301 of the Act 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 any deposits from the public covered U/s 58A and 58AA of the Companies Act, 1956.
- (vii) As per information & explanation given by the management, the company has an internal audit system commensurate with its size and the nature of its business.
- (viii) As per information & explanation given by the management, maintenance of cost records has been prescribed by Central Government under clause (d) of sub - section 1 of section 209 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) a. According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise-duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information & explanation given to us there were no outstanding statutory dues on 31st March, 2013 for a period of more than six months from the date they became payable.
- 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 |
| 2 | Custom, Excise & Service tax Appellate Tribunal | Service Tax Credit GTA | 3.31 |
| 3 | Custom, Excise & Service tax Appellate Tribunal | Service Tax Credit GTA | 0.91 |
| | | Total | 9.22 ✓ |

- (x) The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our Audit procedures and on the information and explanation given by the management, we are of the opinion that, the company has not defaulted in repayment of dues to a financial institutions banks, or debenture holders.
- xii) According to the information & explanation given to us, The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The company is not a chit fund or a nidhi/mutual benefit fund/ society therefore, the provisions of the Companies (Auditor's Report) order, 2003 (as amended) is not applicable to the company.
- (xiv) According to the information & explanation given to us, the Company is not trading in shares, securities, debentures and other investments. further investments are held in their own name.
- (xv) According to the information & explanation given to us, 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) Based on our audit procedures and on the information given by the management, we report that the company has applied the term loans for the purpose for which they were obtained.
- (xvii) Based on the information & explanation given to us, and on an overall examination of the balance sheet of the company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long term investments by the company.
- (xviii) Based on the audit procedures performed and the information & explanation given to us, by the management, we report that the company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued debentures during the period under audit.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) Based on the audit procedures performed and the information & explanation given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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



P. Vardhe




P.M. VARDHE

Place: Kolhapur
Date: 18.05.2013

Proprietor
M. No. 031817

FORM A

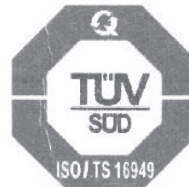
Covering letter of the annual audit report to be filed with the Stock Exchange

| Sr. No. | Particulars | |
|-----------|---|--|
| 1. | Name of the company | M/s. Menon Pistons Limited |
| 2. | Annual financial results for the year ended | 31 st MARCH 2013 |
| 3. | Type of Audit observation | Un-qualified |
| 4. | Frequency of observation | Not Applicable |
| 5. | To be Signed by: | Signatures |
| | CEO/Managing Director |  |
| | CFO |  |
| | Auditor of the Company |   |
| | Audit Committee Chairman |  |

Date:- **1/9/2013**

Place:- Kolhapur

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