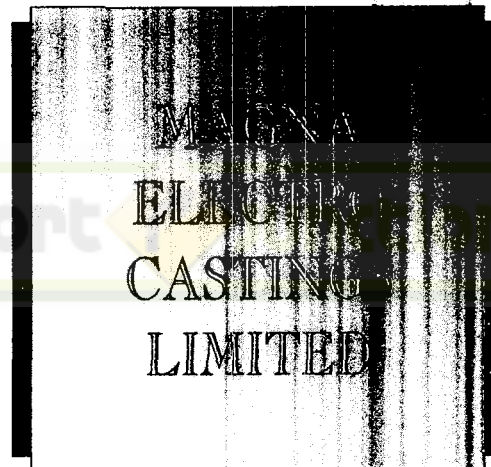


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CS	<input checked="" type="checkbox"/>		DPY	<input checked="" type="checkbox"/>
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ACM	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	SH	<input checked="" type="checkbox"/>
YE	<input checked="" type="checkbox"/>			

# MAGNA



## Annual Report 1997-98



## **MAGNA ELECTRO CASTINGS LIMITED**

### **Board of Directors**

Sri.L.G.Varadaraj (Chairman)  
Sri.L.G.Ramamurthi (Vice Chairman)  
Sri.V.Rajendran  
Sri.J.Vijayakumar  
Dr.Prem P Mohla  
Sri.K.Gnanasekaran (Alternate : Dr.Prem P Mohla)  
Sri.N.Krishna Samaraj (Managing Director)

### **Auditors**

M/s S.Krishnamoorthy & Co  
Chartered Accountants  
Coimbatore 12

### **Bankers**

Corporation Bank  
816 Oppanakara street  
Coimbatore 641 001

### **Company Secretary**

Sri. S.P.Murthy

### **Registrars & Share Transfer Agents**

S.K.D.C. Consultants Ltd.  
PB No.2979, No.11, S.N.Das Layout  
Street no.1, Tatabad  
Coimbatore - 641 012

**MAGNA****Registered Office**

62 Balasundaram Road  
Coimbatore 641 018  
Phone : 0422 - 210109

**Factory**

SF No.34 and 35 Part  
Coimbatore Pollachi main road  
Mullipadi village  
Tamaraiikulam Post  
Pollachi taluk  
Coimbatore District 642 109  
Phone : 04259 - 69316


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## MAGNA ELECTRO CASTINGS LIMITED

**NOTICE**

NOTICE is hereby given that the eighth Annual General Meeting of the members of Magna Electro Castings Limited will be held at 10.00 A.M. on Wednesday, the 2nd September, 1998, at Hotel Annalakshmi, 106 A, Race Course Road, Coimbatore -641 018, to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 1998 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Sri.V.Rajendran who retires by rotation and being eligible offers himself for re- appointment.
3. To appoint a Director in place of Sri. L.G.Varadaraj who retires by rotation and being eligible offers himself for re- appointment.
4. To appoint Auditors and fix their remuneration. The present Auditors M/s S.Krishnamoorthy & Co., are eligible for re-appointment.

**SPECIAL BUSINESS**

5. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification.
- A RESOLVED that as required by Schedule XIII to the Companies Act, 1956, and other applicable provisions of the Act, the Company approves the re-appointment of Sri.N.Krishna Samaraj as Managing Director of the Company for a further period of 5 years with effect from 17th January 1999 and the payment of following remuneration.

## I. SALARY:

Salary of Rs.30,000/- per month including dearness and all other allowances.

## II. COMMISSION ON NET PROFITS:

Commission on Net Profits not more than one per cent of the Net Profits subject to a ceiling of 50% of the Annual salary.

## III. PERQUISITES:

Perquisites in "A" below and in excess of exemption from the Income Tax in "B" will be restricted to an amount equivalent to the Annual Salary as in para I above or Rs.4,50,000/- per annum whichever is less.

## A) i) Housing:

The expenditure on hiring unfurnished accommodation shall not exceed 60% of the salary over and above 10% payable by the Managing Director.

Where the Managing Director resides in his own house or where the company does not provide accommodation to the Managing Director, House rent allowance may be paid subject to the ceiling mentioned above.

The expenditure incurred by the company on Gas, Electricity, Water and Furnishings will be valued as per Income-tax Rules, 1962. This will, however, be subject to a ceiling of 10% of the salary.

## ii) Medical Reimbursement:

Expenses incurred for self and family subject to a ceiling of one month salary in a year or 3 months salary over a period of three years.

## MAGNA

iii) Leave Travel Concession:

For self and family once in a year in accordance with the rules of the company.

iv) Club Fees:

Fees of Clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

v) Personal Accident Insurance:

Premium not exceeding Rs.10,000/ per annum.

B) i) Provident Fund:

Contribution to Provident Fund not exceeding 12% of the salary.

ii) Contribution to Pension/Superannuation Fund:

Such contribution together with contribution to Provident Fund shall not exceed 25% of the salary.

iii) Gratuity:

Gratuity payable shall not exceed half months salary for each completed year of service.

C) Use of Company's Car and Telephone at residence:

Provision of Car for use on company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purposes shall be billed by the Company.

- B Where in any financial year, during the currency or tenure of the Managing Director, the company has no profits or its profits are inadequate, the Managing Director shall be paid a minimum remuneration by way of salary and perquisites, as specified in (A) above

### EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

Sri.N.Krishna Samaraj was appointed as Managing Director from 17.1.1994. His term of five years expires on 16.1.1999. The Board of Directors have re-appointed him for a further period of five years with effect from 17.1.1999. His re-appointment and remuneration requires the approval of the members at the General Meeting. The remuneration to be paid to the Managing Director as proposed is within the ambit of Schedule XIII to the Companies Act, 1956 as amended. Hence the resolution. Your Directors recommend the same.

Directors Sri. L.G.Ramamurthi, Sri. J.Vijayakumar besides Sri.N.Krishna Samaraj are interested in the resolution.

Coimbatore  
19th June 1998

By order of the Board  
**S.P.Murthy**  
Company Secretary

### NOTES.

1. A member entitled to attend and vote is entitled to appoint one or more proxies to attend and to vote instead of himself and a proxy need not be a member of the Company. Proxy forms in order to be effective must reach the Company's registered office not less than 48 hours before the meeting.
2. Please bring a copy of your annual report to the meeting.
3. The Register of Members of the Company will remain closed for a period of 16 days from 18.08.98 to 02.09.98 (both days inclusive)

## MAGNA ELECTRO CASTINGS LIMITED

**DIRECTORS REPORT**

Dear Shareholders,

Your Directors are pleased to present their eighth Annual Report and Audited Accounts of the Company for the year ended 31st March 1998.

**FINANCIAL RESULTS**

	Accounting year ended 31.3.1998	Accounting year ended 31.3.1997
		(Rs.in lakhs)
Gross Profit	21.34	144.14
Interest	42.73	42.39
Depreciation	33.08	30.86
Net Profit/Loss before tax	(-)54.47	70.89
Provision for tax	-	-
Net Profit/Loss after tax	(-)54.47	70.89
Balance brought forward	121.94	51.05
Surplus carried over	67.22	121.94

During the year under review, the company faced a severe drop in market demand for its products due to the recession in various industries served by it. This has resulted in the sales dropping to Rs.566.89 lakhs from Rs.708.65 lakhs in the previous year.

In the current year also the same trend is persisting in the domestic market and there does not seem to be any indication of early revival.

**EXPORTS**

The Company has made a good beginning in the Exports of its products to Advanced Countries. The Company has shipped Rs.91.53 lakhs out of the total turnover of Rs.566.89 lakhs amounting to 16% of its sales in the year under review.

The Company is targeting the export markets as its vehicle for growth in the coming years. The Company has entered into multi year sales contracts for Export of Machined castings to the United States of America, with leading users of its products. The results of these export contracts will be visible in the next fiscal year.

**QUALITY**

We are glad to inform you that the Company has obtained ISO 9002 Quality certification from M/s Det Norske Veritas in January 1998. This Certification will definitely help the company in procuring new orders from overseas market as well as domestic market. The Company is also implementing the QS 9000 standards and plans to achieve the QS 9000 certification by the end of 1999.