

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 - 641 012.

Bankers

Corporation Bank

Industrial Finance Branch

1604, Trichy Road

Coimbatore - 641 018.

Company Secretary

Sri. S.P.Murthy

Registrars & Share Transfer Agents

SKDC 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
Tamaraikulam Post
Pollachi taluk
Coimbatore District 642 109
Phone : 04259 - 69316

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NOTICE

NOTICE is hereby given that the ninth Annual General Meeting of the members of Magna Electro Castings Limited will be held at 10.00 A.M. on Thursday, the 26th August, 1999, 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, 1999 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 Dr.Prem P Mohla who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri. L.G.Ramamurthi 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.

Coimbatore
28.5.1999

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 24 days from 03.08.1999 to 26.08.1999 (both days inclusive)

MAGNA**DIRECTORS REPORT**

Dear Shareholders,

Your Directors present their ninth Annual Report and Audited Accounts of the Company for the year ended 31st March 1999.

FINANCIAL RESULTS

	Accounting year ended 31.3.1999	Accounting year ended 31.3.1998
		(Rs.in lakhs)
Gross Profit/Loss	(-) 8.39	21.34
Interest	47.83	42.73
Depreciation	34.74	33.08
Net Profit/Loss before tax	(-)90.96	(-) 54.47
Provision for tax	-	-
Net Profit/Loss after tax	(-)90.96	(-) 54.47
Balance brought forward	67.22	121.94
Surplus carried over	(-)23.74	67.22

During the year under review, the Company has made a breakthrough in establishing itself in the export market, mainly to United States. This establishment of the export market along with the prolonged recession in the domestic market has resulted in a net loss of Rs.90.96 lakhs after depreciation and interest.

Sales has increased by 25% from Rs.566.89 lakhs to Rs.708.12 lakhs due to enhanced exports. Export turnover has grown by 120% from Rs.91.53 lakhs to Rs.203.05 lakhs.

The company has suffered a loss of Rs.90.96 lakhs due to the initial product and market development costs incurred during the period under consideration, all of which have been written off as revenue expenditure.

In the current year the company expects to turn around based on its focus on value added exports and also in the improvements expected in the domestic market.

EXPORTS

The Company has made a good beginning in the Exports of its products to Advanced Countries. The Company has shipped Rs.203.05 lakhs out of the total turnover of Rs.708.12 lakhs amounting to 28.67% of its sales in the year under review. The exports of the company has more than doubled from Rs.91.53 lakhs to Rs.203.05 lakhs.

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

FORWARD INTEGRATION

During the year under review, the company has established machining capability, so that it is in a position to supply fully finished value added components to its customers overseas.

The company has established modern CNC Machining facilities through direct investments and through long term contracts. In addition, the company has also established machining expertise and inspection facilities inhouse during the current year.

This forward integration has enabled the company to establish itself as a source of machined components to the automobile and engineering industry overseas.

LABOUR

The relationship between the management and the employees during the year under review has been cordial and peaceful.

DIRECTORS

Directors Dr.Prem P.Mohla and Sri. L.G.Ramamurthi retire by rotation at this ensuing Annual General Meeting and they are eligible for re-election.

Y2K COMPLIANCE

The Company has taken appropriate steps to be Y2K Compliant by September 1999. The estimated expenditure for achieving the same will be not more than Rs.2.00 lakhs.

INFORMATION PURSUANT TO SEC.217(1)(e) OF THE COMPANIES ACT, 1956

The information required under Sec.217(1)(e) of the Companies Act, 1956 is appended hereto in Annexure I and forms part of this Report.

INFORMATION PURSUANT TO SEC.217(2A) OF THE COMPANIES ACT, 1956

None of the employees were in receipt of remuneration in excess of the limits prescribed under the above Act.

AUDITORS

M/s S.Krishnamoorthy & Co, Chartered Accountants retire at the ensuing Annual General Meeting and are eligible for re-appointment. The certificate required under Section 224(IB) of the Companies Act, 1956 has been furnished by them.

ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the support and co-operation extended by the Company's Bankers M/s Corporation Bank, Coimbatore, various Government Agencies and in particular the Tamil Nadu Electricity Board and the staff and employees of the Company.

We pray for the grace of the Almighty for further growth of the Company.

Place : Coimbatore
Date : 28.5.1999

On behalf of the Board of Directors
L.G.Varadaraj
Chairman