

**MAGNA**

MAGNA  
ELECTRO  
CASTINGS  
LIMITED

**Annual Report  
2010 - 2011**



**Board of Directors**

Sri.V.Rajendran  
Sri.J.Vijayakumar  
Sri.K.Gnanasekaran  
Smt.R.Nandini  
Dr.Jairam Varadaraj  
Sri.N.Krishna Samaraj (Managing Director)

**Auditors**

M/s. S.Krishnamoorthy & Co  
Chartered Accountants,  
Registration No. 001496S  
Coimbatore 641 006.

**Bankers**

1. Corporation Bank  
Industrial Finance Branch,  
1604, Trichy Road,  
Coimbatore 641 018.
2. Indian Bank  
31, Variety Hall Road,  
Coimbatore 641 001.

**Company Secretary**

Sri. R. Ravi

**Registrars & Share Transfer Agents**

S.K.D.C.Consultants Limited  
Kanapathy Towers, III Floor,  
1391/A-1, Sathy Road, Ganapathy,  
Coimbatore - 641 006.

**Listing with Stock Exchanges**

Coimbatore Stock Exchange Ltd.  
The Stock Exchange, Mumbai.

### **Registered Office**

43, (Old No.62) Balasundaram Road,  
Coimbatore 641 018.  
Phone : 91 422 2240109  
Fax : 91 422 2246209

### **Factory**

#### **A. FOUNDRY DIVISION**

SF No.34 and 35 Part,  
Coimbatore Pollachi Main Road,  
Mullipadi village,  
Tamaraikulam Post,  
Pollachi Taluk,  
Coimbatore District 642 109.  
Phone : 91 4259 259316  
Fax : 91 4259 259451

#### **B. WIND ENERGY DIVISION**

1. Wind mill 1 at Andhiyur Village, Pollachi Taluk
2. Wind mill 2 at Ganapathipalayam village,  
Pollachi Taluk
3. Wind mill 3 at Kolumamkondan Village,  
Palani Taluk
4. Wind mill 4 at Thotathurai, Palani Taluk

### **Internet**

E-mail : magnacast@vsnl.com / info@magnacast.com

Website : www.magnacast.com

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## **NOTICE**

NOTICE is hereby given that the 21st Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. on Wednesday, 24th August 2011, at Ardra Conference Center, North Huzur 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, 2011 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Sri.V.Rajendran, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt.R.Nandini , who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors and fix their remuneration. The present Auditors, M/s S.Krishnamoorthy & Co., are eligible for re-appointment.

### **SPECIAL BUSINESS:**

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

RESOLVED that in accordance with the provisions of Sections 198,269 and 309 and other applicable provisions of the Companies Act,1956 read with Schedule XIII thereto and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the reappointment of Sri.N.Krishna Samaraj as Managing Director of the Company for a period of 5 (Five) years from 17th January 2012 .

RESOLVED FURTHER that the consent of the Company be and is hereby accorded to the payment of the following remuneration to Sri.N.Krishna Samaraj, Managing Director, with effect from 17th January 2012 for a period of 3 (Three) years on the following terms and conditions:

- i. Salary: Rs.2,00,000 per month in the scale of Rs.2.00.000-2,50,000-3,00,000 (being increased from the previous salary of Rs.1,75,000/-)
- ii. Commission on Net profits : As decided by the Board in addition to salary and perquisites and the amount determined shall be subject to the limits laid down under Section 198 & 309 of the Companies Act, 1956.
- iii. Gratuity payable shall not exceed half months salary for each completed year of service or at the rate as may be modified from time to time.
- iv. Contribution to Provident fund, Super annuation fund or annuity fund, Provision of Car with driver, encashment of leave at the end of the tenure, telephone at residence not to be included in the computation of the ceiling on the perquisites.

RESOLVED FURTHER that, in the event of no profits or inadequacy of profits the remuneration payable to the Managing Director shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to this Resolution.

By order of the Board

Coimbatore  
30th May 2011

**N.Krishna Samaraj**  
Managing Director

#### **EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT:**

##### **ITEM NO :6**

Sri. N.Krishna Samaraj was reappointed as Managing Director of the Company for a period of five years from 17th January 2007 at the 16th Annual General Meeting held on 31st July 2006 and the remuneration payable to him was approved by the members initially for a period of three years from 17th January 2006 and subsequently was approved by the members at the 19th Annual General Meeting held on 19th August 2009 for the remainder of his present term till 16th January 2012.

The Board of Directors, after taking into consideration the substantial and significant contribution made by Sri. N. Krishna Samaraj, Managing Director for the rapid growth of the Company and also taking into account the future plans of the Company, have reappointed him as Managing Director for a further period of five years effective from 17th January 2012 and fixed the remuneration payable to him as set out in the text of the resolution, subject to the approval of the members at the ensuing Annual General Meeting.

The remuneration proposed to be paid to Sri. N.Krishna Samaraj, which has been approved by the Remuneration Committee of the Board, as set out in the Notice, is within the limits specified in Part II of Schedule XIII to the Companies Act, 1956.

The Board of Directors commend the resolution set out at Item no. 6 of the Notice for your approval.

This may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Directors Sri.N.Krishna Samaraj and Sri. J.Vijayakumar may be deemed to be concerned or interested in this resolution.

#### **Statement of disclosures pursuant to Section II (1)(B) of Part II of Schedule XIII to the Companies Act, 1956 in relation to Item no. 6 above:**

##### **I. General Information:**

1. Nature of Industry: The Company is engaged in the manufacture and sales of SG iron and Grey iron castings. The Company has two divisions, namely the Foundry division and Wind Energy Generation division.
2. Date of commencement of commercial production: 30.01.1995

3. In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

Not applicable

4. Financial performance:

(Rs in lacs)

Details	2011	2010	2009	2008	2007
Total income	<b>6274.20</b>	4076.38	6405.29	5621.55	4798.06
Net Profit before tax	<b>559.37</b>	554.45	367.66	651.50	730.97
Dividend paid/recommended	<b>106.51</b>	106.86	80.41	112.58	160.83
Rate of dividend in %	<b>20</b>	20	15	21	30

5. Export Performance: The Company has not incurred any expenditure in foreign exchange on account of collaboration during the last five years as the Company has not entered into any foreign collaboration agreement.

Details of export performance for the last five years are given below:

(Rs. in lacs)

Year	2011	2010	2009	2008	2007
Export Earnings	<b>3169.25</b>	1992.39	4089.29	3792.68	3257.07

6. Foreign investments or collaborators Nil

## II Information about the appointee:

1. Background details: Sri.N.Krishna Samaraj, aged 56, the main promoter of this Company. is an Engineering Graduate with a Masters in Business Administration from the University of Michigan, USA. He has over 12 years working experience in the USA and Europe. He is a Director on the board of several Companies. He has been the Managing Director since inception of the Company.

2. Past remuneration:

(Amount in Rs)

Particulars	31.03.2011	31.03.2010	31.03.2009
Salary	<b>21,00,000</b>	21,00,000	19,25,000
Perquisites	<b>19,200</b>	19,200	19,200
Contribution to Provident Fund	<b>2,52,000</b>	2,52,000	2,31,000
Commission	<b>5,85,619</b>	5,56,497	--
Annual Remuneration	<b>29,56,819</b>	29,27,697	21,80,810

3. Recognition of awards

: Nil

- |  |  |
|--|--|
| 4. Job profile & suitability   | : Sri.N.Krishna Samaraj is in charge of the day to day operations of the Company and is assisted by a team of qualified and experienced professionals. With the educational qualifications he possesses and the vast experience in the field, and with his administrative capabilities, Sri.Krishna Samaraj is best suited for the position. |
| 5. Remuneration proposed   | : As set out in Item no . 6 of the Notice  |
| 6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position .             | The proposed remuneration to Sri.N.Krishna Samaraj is comparable to industry standards   |
| 7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any | : nil  |

### III. Other information:

- |  |   |
|--|---|
| 1. Reason for loss/inadequate profits                                | not applicable  |
| 2. Steps taken or proposed to be taken for improvement               | Upgradation of technology, improving R&D activities, expansion of capacities. |
| 3. Expected increase in productivity and profits in measurable terms | Both productivity and profits are expected to increase by 10%.                |

### IV. Disclosures:

- |  |  |
|--|--|
| 1. Shareholders of the Company shall be informed of the remuneration package of the managerial Person  | Information is furnished in the Notice to the shareholders and also an abstract of terms of remuneration is being sent as per Section 302 of the Companies Act, 1956         |
| 2. The following disclosures shall be mentioned in the Board of Directors' report under the heading Corporate Governance, if any, attached to the Annual Report. |  |
| i) All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc. of all the Directors                                       | Except Mr.N.Krishna Samaraj, Managing Director, no other Director is paid any remuneration . They are paid only sitting fees for attending meetings of the Board/Committees. |
| ii) Details of fixed components and performance linked incentives along with performance criteria  | Salary in the scale of Rs 2,00,000-2,50,000-3,00,000 per month: there is no performance linked incentive.  |
| iii) Service Contracts, notice period, severance fees  | Not applicable   |



- iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable
- Not applicable

By order of the Board

Coimbatore  
30th May 2011

**N.Krishna Samaraj**  
Managing Director

## NOTES

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.**
2. The Register of Members of the Company will remain closed during the period from 2nd August 2011 to 24th August 2011 (both days inclusive).
3. Dividend when approved will be paid to such of the members whose names appear in the Register of Members of the Company as on 24th August 2011. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose at the end of business hours on 1st August 2011.
4. Members holding shares in physical form are requested to notify any change in their address/mandate/bank details to the Company's Registrar and Share Transfer Agents. Members holding shares in electronic form are requested to notify any change in their address/mandate/bank details to their respective Depository Participant(s).
5. The Company has paid the annual listing fees for the period 2011-2012 to the Stock Exchange, Mumbai while in respect of Coimbatore Stock Exchange, fees has not been paid , since the demand notice has not been received as yet.
6. Those members who have not encashed dividend warrants of earlier years may return the time barred dividend warrants to the Company or its Registrars and Share transfer Agents for issue of fresh Demand drafts.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, such dividend which remain unpaid/unclaimed for a period of seven years will be transferred to Investor Education and Protection Fund constituted by the Central Government under Section 205C of the Act. The amount lying in the unpaid dividend account of earlier years is furnished below:

Year	Amount (Rs.)
2003-2004	2,04,095
2004-2005	2,32,805
2005-2006	2,94,371

2006-2007	2,90,220
2007-2008	2,03,504
2008-2009	1,85,010
2009-2010	2,51,570

The unclaimed dividend on Equity shares upto the year ended 31st March 2003 have been transferred to the Investor Education and Protection Fund Account

Shareholders who have still not encashed their dividend warrants are requested to claim the dividend from the Company at the earliest.

8. We invite all our members to visit our website at [www.magnacast.com](http://www.magnacast.com) for a virtual tour of our factory and a review of our products and services.
9. Members are requested to bring along with their Annual Report their Client ID and DP ID Numbers for easy identification of attendance at the Annual General Meeting.