

MAGNA

MAGNA
ELECTRO
CASTINGS
LIMITED

**Annual Report
2017 - 2018**

Board of Directors	Sri.J.Vijayakumar -DIN:00002530 Sri.K.Gnanasekaran -DIN:00133645 Smt.R.Nandini -DIN:00002223 Dr.Jairam Varadaraj -DIN:00058056 Sri.C.R.Swaminathan -DIN:00002169 Sri.N.Krishna Samaraj -DIN:00048547 (Managing Director)
Chief Financial Officer	Sri.R. Ravi
Company Secretary	Smt. Sangeetha.C
Auditors Statutory Auditors	M/s. Srikishen & Co. Firm Reg.No. 004009S Chartered Accountants Coimbatore
Internal Auditors	M/s. S. Krishnamoorthy & Co Firm Reg.No.001496S Chartered Accountants Coimbatore
Secretarial Auditors	M/s. MDS & Associates Company Secretaries Coimbatore
Cost Auditors	M/s. SBK & Associates Firm Reg.No. 000342 Cost Accountants Chennai
Bankers	1. Corporation Bank Industrial Finance Branch 1604 Trichy road Coimbatore - 641 018 2. Indian Bank 31, Variety Hall road Coimbatore 641 001
Registrars & Share Transfer Agents	M/s. S.K.D.C.Consultants Limited Kanapathy Towers, III Floor 1391/A-1, Sathy Road,Ganapathy Coimbatore - 641006.
Listing with Stock Exchanges	BSE Limited, Mumbai
Corporate Indentification No	L31103TZ1990PLC002836

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, Pushpathur, Palani Taluk
4. Wind mill 4 at Thotathurai, Palani Taluk

Internet

e-mail : info@magnacast.com

Website : www.magnacast.com

Contents	Page No.
Notice	03
Directors' Report	15
Report on Corporate Governance	47
Auditors' Report	63
Balance Sheet	70
Statement of Profit and Loss	72
Cash Flow Statements	74
Notes to the Financial Statement	76

NOTICE TO MEMBERS:

NOTICE is hereby given that the 28th Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. on Wednesday, 19th September, 2018, at 'ARDRA' Conference Centre, North Huzur Road, Coimbatore- 641018, to transact the following businesses.

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements including Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Statement of Cash Flow and the Statement of Changes in Equity for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare dividend for the year ended 31st March, 2018.
3. To appoint a Director in the place of Sri.J.Vijayakumar (DIN 00002530), who retires by rotation and being eligible, offers himself for reappointment.
4. To consider modification in the terms of appointment of M/s. Srikishen & Co., Chartered Accountants (Firm Registration No.004009S) as the Statutory Auditors of the Company.

RESOLVED THAT in partial modification of the Ordinary Resolution passed at the Annual General Meeting held on 15th September, 2016 and in accordance with the Section 139 (as amended) and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modifications or reenactments thereof for the time being in force), the approval of the Members be and is hereby accorded to continue the appointment of M/s. Srikishen & Co., Chartered Accountants (Firm Registration No.004009S), Chartered Accountants, Coimbatore as the Statutory Auditors of the Company on such remuneration as may be decided by the Board of Directors on the recommendation of the Audit Committee, to hold office till the conclusion of the 31st Annual General Meeting and that the said appointment shall not be subject to ratification at every subsequent Annual General Meeting.

SPECIAL BUSINESS:

5. **To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its Powers) Rules, 2014, in terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015 (including any statutory modification(s) or enactment thereof for the time being in force), consent of the Members of the Company be and is hereby accorded for the proposed related party transactions between the Company and M/s.Samrajyaa and Company for purchase, sale or supply of goods or materials and availing of services for a period of 3 years with effect from 01.04.2018 upto the maximum value of transactions of ₹ 2500 Lakhs per annum, as briefly mentioned in the explanatory statements to this resolution.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such Steps as may be necessary, proper or expedient to give effect to this resolution.

6. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), M/s. SBK & Associates (Firm Registration No: 000342), Cost Auditors, Chennai, who was appointed as Cost Auditor by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2019, on a remuneration of ₹ 1,00,000 (Rupees One lakh only) plus applicable taxes and reimbursement of travelling and out of pocket expenses incurred by him for the purpose of audit be and are hereby ratified and confirmed.

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

7. To consider, and if thought fit, to pass the following resolution as a Special Resolution:

RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) the regulations contained in the new set of Articles as placed on the Company's website www.magnacast.com be and are hereby approved and adopted as the Articles of Association of the Company in place of, in substitution for, and to the entire exclusion of the existing Articles of Association of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding

EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 5

M/s. Samrajyaa and Company, is a Partnership Firm in which the Directors of the Company are interested, is engaged in the business of machining of components as a job worker and they are fully equipped with the latest machinery capabilities. M/s. Samrajyaa and Company is "Related Party" within the meaning of Section 2 (76) of the Companies Act, 2013. A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent (10%) of the annual turnover of the listed entity as per the last audited financial statements of the listed entity. Accordingly, the following proposed transactions with M/s. Samrajyaa and Company is to be as

Material Related Party Transactions as the transactions will exceed 10% of the annual turn over of the Company

Name of the Related Party	M/s. Samrajyaa and Company	
Name of the Director/KMP who is related, if any	Partners of M/s. Samrajyaa and Company are related to Sri.N.Krishna Samaraj, Managing Director and Sri.J. Vijayakumar, Director of the Company	
Nature, Material Terms, monetary value and particulars of the contract or arrangement	Particulars of transaction	Value of Transaction not exceeding per financial year (₹In Lakhs)
	Machining Charges Payable	2000
	Availing/ rendering of any services or Sale/ Purchase of Components/ materials	500
Tenure of the contract	3 Years (w.e.f 01.04.2018)	
Any other information relevant or important for the members to take decision on the proposed resolution	Nil	

In terms of Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, all material related party transactions shall require approval of the Shareholders, notwithstanding such transactions have been done at arm's length basis and in the normal course of business. In the light of above Statutory requirement and based on the recommendation of the Audit Committee, your Directors place before the Members for the approval of the proposed transactions with the related party for three (3) financial years with effect from the financial year 2018-19.

The Board recommends the Ordinary Resolution as set out at Item No. 5 for the approval of the Shareholders. None of the Directors, Key Managerial Personnel or their relatives except Sri.N.Krishna Samaraj and Sri.J.Vijayakumar, Directors and their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

ITEM NO: 6

The Board of Directors of the Company based on the recommendations of the Audit Committee of the Company, appointed M/s. SBK & Associates, Cost Accountants, Chennai, to conduct the audit of the cost records of the Company for the financial year 2018-19 and fixed the remuneration of ₹ 1,00,000 (Rupees One Lakh only) along with the payment of applicable taxes and reimbursement of out-of-pocket expenses incurred by them during the course of the audit, payable to them.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors of the Company shall be recommended by the Audit Committee and approved by the Board of Directors and has to be ratified by the Members at the Annual General Meeting of the Company. Accordingly, the consent of the Members is being sought for the ratification of the remuneration to be paid to the Cost Auditors of the Company for the financial year 2018-19.

The Board recommends the resolution set out in Item No. 6 of the Notice for the approval of the Members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the resolution as set out under Item no. 6

ITEM NO: 7

The existing regulations of the Articles of Association of the Company were framed based on the provisions contained in the Companies Act, 1956. However, with the commencement of the Companies Act, 2013, most of the regulations contained in the existing Articles of Association of the Company are not in line with the provisions of the Companies Act, 2013.

Therefore, the Board of Directors of the Company at their meeting held on 30th May, 2018 has approved the proposal of replacement of the existing Regulations of the Articles of Association with a new set of Regulations which are in line with the provisions of the Companies Act, 2013.

Further, pursuant to Section 14 of the Companies Act, 2013, alteration of the Articles of Association of the Company requires the approval of the Members by a special resolution.

The Board recommends the Special Resolution as set out in Item No.7 of the Notice for approval of the Members.

A copy of the draft Articles of Association of the Company is available in the website of the Company and can be viewed by the Members through the web-link “www.magnacast.com”. Both the existing and the new set of Articles of Association of the Company are available for inspection at the registered office of the Company during business hours on any working day up to the date of the Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out in Item No.7 of the Notice.

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. A proxy form for the Annual General Meeting is enclosed.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by ICSI in respect of the Director seeking re-appointment at the Annual General Meeting is furnished and forms a part of the notice.
5. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members of the Company will remain closed during the period from 13th September, 2018 to 19th September, 2018 (both days inclusive) for determining the names of the members eligible for dividend on Equity Shares, if declared at the meeting.
6. Dividend when approved will be paid to such of the members whose names appear in the Register of Members of the Company as on 12th September, 2018. 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 12th September, 2018.
7. The dividend proposed to be declared at the Annual General Meeting will be made payable on or before 18th October, 2018 to those members whose name appear on the Register of Members of the Company on 12th September, 2018
8. 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).
9. The Company has paid the annual listing fees for the period 2018-19 to the Stock Exchange, BSE Limited, Mumbai.

10. 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.
11. Members who wish to claim dividends, which remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents of the Company. Members are requested to note that dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will as per Section 124 of the Companies Act, 2013 be transferred to the Investor Education and Protection Fund. The details of unpaid dividend can be viewed on the Company's website www.magnacast.com

As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company will be transferring unclaimed shares on which the beneficial owner has not encashed any dividend warrant continuously for seven years to the IEPF Account as identified by the IEPF Authority. Details of shares transferred during the year 2017-18 are available at the Company's website www.magnacast.com.

The shareholders, whose unclaimed shares or unpaid amount has been transferred to the IEPF Authority Account, may claim the same from the IEPF Authority by filing Form IEPF-5 along with requisite documents.

12. We invite all our members to visit our website at www.magnacast.com for a virtual tour of our factory and a review of our products and services.
13. 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.
14. Shareholders holding shares in Demat form and who have not yet registered their e-mail address are requested to register their email address with their respective Depository Participant (DP) immediately. Shareholders holding shares in physical form are requested to register their email address with our Registrars & Share Transfer Agents, SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 139/1A, Sathy Road, Ganapathy, Coimbatore-641 006; email id: green@skdc-consultants.com.
15. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.
16. Members who are holding shares in identical order of names in more than one folio are requested to send to the RTA, the details of such folios together with the share certificates for consolidating their holding in one folio. The share certificates will be returned to the Members after making requisite changes thereon.
17. 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.