

MAGNA

MAGNA
ELECTRO
CASTINGS
LIMITED

**Annual Report
2018 - 2019**

Board of Directors	Sri.J.Vijayakumar -DIN:00002530 Sri.K.Gnanasekaran -DIN:00133645 Smt.R.Nandini -DIN:00002223 Dr.Jairam Varadaraj -DIN:00003361 Sri.C.R.Swaminathan -DIN:00002169
Managing Director	Sri.N.Krishna Samaraj -DIN:00048547
Chief Executive Officer	Sri.M.Malmarugan
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 Identification 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

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NOTICE TO MEMBERS:

NOTICE is hereby given that the 29th Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. on Monday, 19th August, 2019, 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, 2019, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date together with the Director's Report and the Auditors' Report thereon.
2. To declare a dividend for the year ended 31st March, 2019.
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.

SPECIAL BUSINESS:

4. **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 were appointed as Cost Auditors 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, 2020 on a remuneration of ₹ 1,00,000 (Rupees One Lakh only) plus applicable taxes and re-imbursement 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 do all such acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Sri.C.R.Swaminathan (DIN:00002169), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for Independence as provided in Section 146(6) of the Act, Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for his second term of 5 (five) consecutive years with effect from 19th August 2019, not liable to retire by rotation.

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 a Special Resolution:

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Sri.K.Gnanasekaran (DIN:00133645), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for Independence as provided in Section 146(6) of the Act, Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for his second term of 5 (five) consecutive years with effect from 19th August 2019, not liable to retire by rotation.

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.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Dr. R. Nandini (DIN:00002223), Independent Non-Executive Director of the Company who has submitted a declaration that she meets the criteria for Independence as provided in Section 146(6) of the Act, Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for her second term of 5 (five) consecutive years with effect from 19th August 2019, not liable to retire by rotation.

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.

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 read with Schedule IV and any other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") (including any statutory modification(s) or re-enactment thereof for the time being in force), and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Dr.Jairam Varadaraj, (DIN:00003361), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for Independence as provided in Section 146(6) of the Act, Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for his second term of 5 (five) consecutive years with effect 19th August 2019, not liable to retire by rotation

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.

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

RESOLVED THAT in accordance with the provisions of Sections 197, 198, 203, Schedule V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), the consent of the Company be and is hereby accorded for the payment of remuneration to Sri. N. Krishna Samaraj (DIN:00048547), Managing Director of the Company for the period from 17/01/2020 till the remaining period of his present term i.e.till 16/01/2022 on the following terms and conditions:

- i. Salary: ₹ 6,00,000 per month
- ii. Contribution to Provident fund, Super annuation fund or annuity fund, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- iii. Gratuity payable at the rate not exceeding half months salary for each completed year of service.
- iv. Encashment of leave at the end of tenure.
- v. Car with driver, telephone at residence, club fees and medical reimbursement.
- vi. Commission on Net profits: in addition to salary and perquisites; subject to overall ceilings specified in Section 197 of the Companies Act, 2013 as amended from time to time.

RESOLVED FURTHER THAT in the event of absence of profits or inadequacy of profits in any year, the Managing Director shall be paid the following remuneration:

- a) Salary : ₹ 6,00,000 per month
- b) Contribution to Provident fund, Super annuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- c) Gratuity payable at the rate not exceeding half months salary for each completed year of Service.

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.

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

ITEM NO. 4

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 2019-20 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 2019-20.

The Board recommends the resolution set out in Item No. 4 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 financially or otherwise in the resolution as set out under Item no. 4

ITEM NO. 5, 6, 7 & 8

Sri.C.R.Swaminathan (DIN:00002169), Sri.K.Gnanasekaran (DIN:00133645), Dr.R.Nandini (DIN:00002223) and Dr.Jairam Varadaraj (DIN : 00003361) were appointed as Independent Non-Executive Directors of the Company by the Members at the 24th Annual General Meeting held on 25th September, 2014 to hold office for a term of five (5) consecutive years with effect from 19th August, 2019.

As per Section 149(10) of the Companies Act, 2013 ('the Act'), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a Special Resolution by the Company for another term of upto five consecutive years.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of report of performance evaluation of Sri.C.R.Swaminathan, Sri.K.Gnanasekaran, Dr.R.Nandini and Dr.Jairam Varadaraj has recommended their re-appointment as Independent Directors for a second term of five (5) consecutive years, subject to the approval of Members, to hold office with effect from close of business hours on 19th August, 2019. Further, the Board of Directors are of the opinion that the continued association of Sri.C.R.Swaminathan, Sri.K.Gnanasekaran, Dr.R.Nandini and Dr.Jairam Varadaraj would be immensely beneficial to the Company.

Sri.C.R.Swaminathan, Sri.K.Gnanasekaran, Dr.R.Nandini and Dr.Jairam Varadaraj are not disqualified from being appointed as Directors in terms of Section 164 of the Act and not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. They have given their consents to act as Directors along with the declaration stating that they meet the criteria of independence as prescribed under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

In the opinion of the Board, Sri.C.R.Swaminathan, Sri.K.Gnanasekaran, Dr.R.Nandini and Dr.Jairam Varadaraj fulfill the conditions specified under the Act read with the rules made thereunder and the Listing Regulations for their re-appointment as Independent Non-Executive Directors of the Company and are independent of the management.

The Company has also received notices in writing from members under Section 160 of the Act proposing the candidature of Sri.C.R.Swaminathan, Sri.K.Gnanasekaran, Dr.R.Nandini and Dr.Jairam Varadaraj for the office of Independent Directors of the Company.

Copy of the draft letter for appointment of Sri.C.R.Swaminathan, Sri.K.Gnanasekaran, Dr.R.Nandini and Dr.Jairam Varadaraj as Independent Non-Executive Directors setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any business day.

Accordingly, the Board recommends Special Resolutions in relation to eligibility and re-appointment of Sri.C.R.Swaminathan, Sri.K.Gnanasekaran, Dr.R.Nandini and Dr.Jairam Varadaraj as Independent Directors for another term of five (5) consecutive years, for approval by the Shareholders of the Company.

The disclosures as required under Regulation 36 of Listing Regulations and Secretarial Standards 2 are furnished and forms a part of this Notice.

Except the Directors, being appointees, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise in the resolution for appointment as set out in Item No.5,6,7,8 of this notice.

ITEM NO: 9

Sri.N.Krishna Samaraj (DIN:00048547) was appointed as Managing Director of the Company for a period of 5 years from 17th January, 2017 and the terms and conditions for payment of remuneration for a period of three years upto 16th January, 2020 was duly approved by the Members of the Company at the Annual General Meeting held on 15th September, 2016.

Sri.N.Krishna Samaraj, aged 64, 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 has been the Managing Director since inception of the Company.

Sri.N.Krishna Samaraj is on the Board of Veejay Terry Products Limited, Chandra Textiles Private Limited, Foundries Development Foundation and Shanthi Gears Limited and a Member of the Stakeholders Relationship Committee of Veejay Terry Products Limited.

Sri.N.Krishna Samaraj has been untiringly working towards better prospects of the Company and therefore the Board of Directors are of the view that the continuation of Sri.N.Krishna Samaraj as Managing Director of the Company would be in the best interests of the Company.

In view of the qualification, experience, past performance, increased responsibilities and time spent by Sri.N.Krishna Samaraj, Managing Director, for the prospects of the Company, the Board of Directors of the Company recommend for the remuneration payable to him, commensurate with the trend in the industry levels while compared to the remuneration paid to the Managing Director of companies of similar size and responsibilities shouldered by him as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee of the Company at their meeting held on 30th May, 2019 as set out in the Notice, and the same is within the limits specified in Part II of Schedule V to the Companies Act, 2013.

The Board of Directors, after taking into consideration the said 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 accepted the proposal of the Nomination and Remuneration Committee and the Audit Committee, subject to the approval of the Members by means of a Special Resolution at the ensuing Annual General Meeting.

The Board of Directors recommend the resolution set out at Item No.9 of the Notice for your approval.

Except Sri. N. Krishna Samaraj, none of the other Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the resolution for appointment as set out in Item No. 9 of this notice.

Statement of Disclosures pursuant to Schedule V to the Companies Act , 2013 in relation to Item no. 9 above:**I. General Information:**

1. Nature of Industry : The Company is engaged in the manufacture and sale of SG Ductile iron and Grey iron castings. The Company has two divisions, namely, 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 (₹ in Lakhs)

Details	2019	2018	2017	2016	2015
Total income	12587.59	9462.99	7965.13	9433.61	10188.98
Profit before tax	1501.68	787.54	931.49	909.72	836.96
Dividend declared	229.11	91.64	91.64	91.64	82.48
Rate of dividend in %	50	20	20	20	18

5. Foreign Investments or collaborations : The Company has not incurred any expenditure in foreign exchange on account of foreign investments or collaborations during the last five years as the Company has neither made any foreign investments nor entered into any foreign collaboration agreement.

6. Export Performance:

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

(₹ In Lakhs)

Year	2019	2018	2017	2016	2015
Export Earnings	6015.82	4374.28	4206.02	5596.01	6453.21