

MAGNA

MAGNA
ELECTRO
CASTINGS
LIMITED

**Annual Report
2020 - 2021**

Board of Directors	Sri.J.Vijayakumar -DIN:00002530
	Sri.K.Gnanasekaran -DIN:00133645
	Dr.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. Union Bank of India (erstwhile 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	S.K.D.C.Consultants Limited “Surya” 35, Mayflower Avenue Behind Senthil Nagar, Sowripalayam Road,Coimbatore - 641028
Listing with Stock Exchange	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 31st Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30 P.M. Indian Standard Time (IST) on Thursday, 23rd September, 2021 through Video Conferencing ('VC')/ Other Audio Visual Means ("OAVM") without the in-person presence of members to transact the following business(es):-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements including Balance Sheet as at 31st March, 2021, 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 Directors' Report and the Auditors' Report thereon.
2. To declare a dividend for the year ended 31st March, 2021.
3. To appoint a Director in place of Sri.J.Vijayakumar (DIN:00002530), who retires by rotation and being eligible, offers himself for reappointment.
4. To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force, M/s. VKS Aiyer & Co., Chartered Accountants, Coimbatore (Firm Registration No.000066S), be and are hereby appointed as Statutory Auditors of the Company in place of the Retiring Auditors M/s. Srikishen & Co., Chartered Accountants, Coimbatore (Firm Registration No.004009S), for a term of 5 years, to hold office from the conclusion of this Annual General Meeting till the conclusion of the Annual General Meeting of the Company to be held in financial year 2026 on such remuneration as shall be fixed by the Board of Directors of the Company.

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to settle any question, difficulty or doubt, that may arise in giving effect to this resolution and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution.

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 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, 2022 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 are 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.

6. 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 statutory modification or re-enactment thereof, for the time being in force) and subject to such other approvals as may be necessary, the consent of the Company be and are hereby accorded to the re-appointment of Sri.N.Krishna Samaraj (DIN 00048547) as the Managing Director of the Company for a further period of five (5) years from 17/01/2022 to 16/01/2027 and the remuneration for a period of three years (3) from 17/01/2022 to 16/01/2025 be paid to Sri. N.Krishna Samaraj on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors at their respective meetings held on 25th day of June, 2021:

- 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 month 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: 1% in addition to salary and perquisites and the amount determined shall be subject to the limits laid down under Section 197 and 198 of the Companies Act, 2013.

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

- 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

RESOLVED FURTHER THAT the Board of Directors be and are hereby authorized to alter and vary the terms of re-appointment and/or remuneration payable to Sri. N.Krishna Samaraj, Managing Director as it may deem fit, subject to the same not exceeding the limits as approved by the shareholders.

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

ITEM NO. 5

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 2021-22 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 2021-22.

The Board recommends the resolution set out in Item No. 5 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. 5.

ITEM NO. 6

Sri. N.Krishna Samaraj was reappointed as Managing Director of the Company for a period of five years from 17th January, 2017 at the 26th Annual General Meeting held on 15th September, 2016. The remuneration payable to him was approved by the members at the above Meeting for a period of three years from 17th January, 2017 till 16th January, 2020 and by the members at the 29th Annual General Meeting held on 19th August, 2019 for a further period from 17th January, 2020 till the remaining period of his present term, ie. upto 16th January, 2022.

The Board of Directors at their meeting held on 25th day of June, 2021 re-appointed Sri. N.Krishna Samaraj (DIN: 00048547), as Managing Director of the Company with effect from 17th January, 2022 for a period of five years at the remuneration for a period of three years as set out under Item No.6 of the Agenda in accordance with the applicable provisions of Section 196 of the Companies Act, 2013.

As per the provisions of Sections, 196, 197 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the appointment shall be subject to the approval of the shareholders of the Company in the General meeting. Hence the necessary resolutions set out at Item No. 6 of the Notice is placed before the members for their approval.

In accordance with the Secretarial Standard (SS) - 2, the qualification, experience and expertise of Sri. N.Krishna Samaraj is detailed in the Annexure to this Statement.

Except Sri. N.Krishna Samaraj, being the appointee, none of the Directors and Key Managerial Personnel of the Company and his relatives are concerned or interested, financial or otherwise, in the resolutions set out at Item No. 6 of the Notice.

Statement of disclosures pursuant to Section II (A) of Part II of Schedule V to the Companies Act, 2013 in relation to Item no. 6 above:

1. General Information:

1. Nature of Industry

The Company is engaged in the manufacture and sales 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	2021	2020	2019	2018	2017
Total income	9901.87	9847.19	12587.59	9462.99	8376.08
Net Profit before tax	701.43	850.10	1501.68	787.54	890.97
Dividend paid	63.48	114.56	229.11	91.64	91.64
Rate of dividend in %	15	25	50	20	20

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	2021	2020	2019	2018	2017
Export Earnings	4743.04	4235.05	4461.05	5226.47	5059.55

II Information about the appointee:**1. Background details:**

Sri.N.Krishna Samaraj, aged 66, 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. He was also the President of the Institute of Indian Foundry Men for the year 2015-16.

2. Past remuneration:

(₹ in lakhs)

Particulars	31.03.2021	31.03.2020	31.03.2019
Salary	67.20	67.29	67.20
Perquisites	0.19	0.19	0.19
Commission	--	--	14.33
Sitting fees	1.80	1.50	1.00
Annual Remuneration	69.19	68.98	82.72

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.N.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

The proposed remuneration to Sri.N.Krishna Samaraj with respect to industry, size of the Company is comparable to industry standards, Company, profile of the position.

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,

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.

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 Sri.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 of ₹ 6,00,000 per month; 1% commission on Net Profits; 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

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Secretarial Standards on General Meetings, brief profile of the Directors, who are proposed to be re-appointed, nature of their expertise in specific functional areas, other directorships and Committee memberships, their shareholding and relationship with other Directors of the Company are given below:

Name of the Directors	Sri.J.Vijayakumar	Sri. N. Krishna Samaraj
DIN	00002530	00048547
Date of Birth/Age	09.12.1952 / 69 Years	26.03.1955 / 66 Years
Nationality	Indian	Indian
Year of induction to the Board	1990	1990
Qualification	B.Com, MBA (USA)	BE., MBA (USA)
Expertise /Skills	More than 36 years of Industrial Experience. And expertise in General Administration and Finance. Managing Director of Veejay Terry Products Limited and looking after day to day operations of the Company.	More than 20 years of Experience as an Industrialist
Shareholding	10,100 Equity Shares	8,47,000 Equity Shares
Relationship	Not related to any of the other Directors of the Company	Not related to any of the other Directors of the Company
Terms of Appointment / Re-appointment	Liable to retire by rotation.	Not liable to retire by rotation Re-appointment for 5 years
Remuneration sought to be paid	Sitting fees only	₹ 72 lakhs excluding commission, sitting fees and perquisites
Remuneration last drawn	₹ 2,40,000/-	₹ 69,19,000/-
No. of Board Meetings attended	6	6
List of Directorships held in other Companies	Veejay Terry Products Limited	<ul style="list-style-type: none"> • Shanthi Gears Limited • Chandra Textiles Private Limited • Veejay Terry Products Limited • Foundries Development Foundation
Other Companies Committee Details	Veejay Terry Products Limited -Stakeholders Relationship Committee (Member)	Veejay Terry Products Limited -Stakeholders Relationship Committee (Member)

By order of the Board
For MAGNA ELECTRO CASTINGS LIMITED

N. Krishna Samaraj
Managing Director
DIN: 00048547

Place: Coimbatore
Date: 25th June, 2021