

MAGNA

MAGNA
ELECTRO
CASTINGS
LIMITED

**Annual Report
2021 - 2022**

Board of Directors	Sri.J.Vijayakumar	-DIN:00002530
	Sri.K.Gnanasekaran	-DIN:00133645
	Smt.R.Nandini	-DIN:00002223
	Dr.Jairam Varadaraj	-DIN:00003361
	Sri. G. D. Rajkumar	-DIN:00197696 - w.e.f.31.01.2022
	Sri.C.R.Swaminathan	-DIN:00002169 - till 14.12.2021
Managing Director	Sri.N.Krishna Samaraj	-DIN:00048547
Executive Director	Sri. M. Malmarugan	-DIN:09610329 - w.e.f. 30.05.2022
Chief Financial Officer	Sri.R.Ravi	
Company Secretary	Smt.Sangeetha.C	
Auditors		
Statutory Auditors	M/s. VKS Aiyer & Co., Firm Reg.No. 000066S 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, Industrial Finance Branch 1604 Trichy road Coimbatore 641 018 2. Axis Bank Trichy Road Voltas Tower Coimbatore 641 018	
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

Internete-mail : info@magnacast.comWebsite : www.magnacast.com

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NOTICE TO MEMBERS:

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. Indian Standard Time (IST) on Friday, 26th August, 2022 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 on 31st March, 2022, 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, 2022.
3. To appoint a Director in 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 Accountants, 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, 2023 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 them 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 an Ordinary Resolution:**

RESOLVED THAT in accordance with the provisions of Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, Sri. M Malmarugan (DIN: 09610329), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th May, 2022 and who holds office up to the date of this General Meeting in accordance with the provisions of Section 161(1) of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Sri. M Malmarugan as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, 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 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment thereof for the time being in force), and pursuant to the Articles of Association and Nomination and Remuneration Policy of the Company, the consent of the members be and is hereby accorded for the appointment of Sri. M Malmarugan (DIN: 09610329) as Executive Director of the Company for a period of 5 (Five) years and remuneration payable thereof for a period of 3 (Three) years with effect from 30th May, 2022 on the following terms and conditions as recommended by the Nomination and Remuneration Committee at its meeting held on 24th May, 2022 and approved by the Audit Committee and Board of Directors at their respective meetings held on 30th May, 2022

- i. Salary: ₹ 4,00,000 per month with an annual increment of ₹ 30,000 per month.
- ii. Company's contribution to Provident Fund as per rules of the Company, to the extent it is not taxable under the Income Tax Act, 1961 shall not be included in the computation of the ceiling on remuneration or perquisites.
- iii. Gratuity payable shall not exceed half a month's salary for each completed year of service. The Executive Director is entitled to encashment of leave at the end of tenure which shall not be included in the computation of the ceiling on remuneration or perquisites.
- iv. Eligible for Company's Medical Benefits at par with other employees of the Company
- v. Provision of Company car with driver for use on Company's business and telephone facility at his residence will not be considered as perquisites.
- vi. Eligible for Performance Linked Bonus if any.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter and vary the terms of remuneration payable to Sri. M Malmarugan (DIN: 09610329), as it may deem fit, subject to the same not exceeding the limit as approved by the shareholders.

RESOLVED FURTHER THAT Executive Director shall be liable to retire by rotation and the same shall not be treated as break in his service as Executive Director.

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the above remuneration shall be payable as minimum remuneration to Sri.M.Malmarugan (DIN: 09610329) as Executive Director.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorized to take all such steps as may be necessary and/or give such directions as may be necessary, proper or expedient to give effect to the above resolution without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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 (Firm Registration No. 000342), Cost Accountants, Chennai, to conduct the audit of the cost records of the Company for the financial year 2022-23 and fixed the remuneration of ₹ 1,00,000 (Rupees One Lakh only) along with the payment of applicable taxes

and reimbursement of travelling and 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 2022-23.

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

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act") and the Articles of Association and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 30th May, 2022 has appointed Sri. M Malmarugan (DIN: 09610329) as an Additional Director of the Company with effect from 30th May, 2022.

Sri. M Malmarugan is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. Further, he is not debarred from holding the office of Director by virtue of any Securities and Exchange Board of India ("SEBI") order or any other authority.

The Company has received a notice from a member signifying his intention to propose the candidature of Sri. M Malmarugan for the office of Director of the Company under Section 160 of the Act.

Pursuant to Section 161 of the Act and Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of shareholders is being sought for the appointment of Sri. M Malmarugan as a Director of the Company. Hence, the necessary resolution has been set out in Item No. 5 of the Notice for the approval of the members.

Subsequently, as per Section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee at their meeting held on 24th May, 2022 had taking into consideration the contribution made by Sri. M Malmarugan in various roles as Vice President (Operations), Chief Executive Officer of the Company, proposed the appointment of Sri. M Malmarugan as Executive Director of the Company for a period of 5 years with effect from 30th May, 2022 and determined his remuneration as set out in the resolution and recommended the same to the Board. The proposed remuneration is well within the limits prescribed in the Companies Act, 2013, the Schedule and Rules made thereunder.

Sri. M Malmarugan's expertise and skills are imminently needed for achieving the global business plans of the Company and his appointment as Executive Director would augur well for the future growth of the Company.

Pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013, the appointment of the Executive Director shall be subject to the approval of the shareholders of the Company in the General Meeting. Based on the recommendation of the Nomination and Remuneration Committee and approval of the Audit Committee, the Board of Directors of the Company at its meeting held on 30th May, 2022, has appointed Sri. M Malmarugan as Executive Director of the Company with effect from 30th May, 2022 subject to the approval of the shareholders, on such terms and conditions as set out in Item No. 6 of the Notice.

Accordingly, the Board recommends the necessary resolution(s) set out in Item Nos. 5 & 6 of the Notice of Annual General Meeting for the approval of the members.

Except Sri. M. Malmarugan being the appointee Director, none of the other Directors, Key Managerial Personnel and their relatives are concerned or interested financially or otherwise in the resolution as set out under Item Nos. 5 & 6 of the Notice.

The details as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief bio-data of Sri. M. Malmarugan and other disclosures as per Secretarial Standard 2 are furnished and forms a part of this 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	2022	2021	2020	2019	2018
Total income	13747.47	9901.87	9847.19	12587.59	9462.99
Net Profit before tax	1034.90	701.43	850.10	1501.68	787.54
Dividend paid	105.80	63.48	114.56	229.11	91.64
Rate of dividend in %	25	15	25	50	20
Net profit after tax	772.90	517.86	668.66	1,139.72	686.18
Paid-up equity capital	423.21	423.21	458.22	458.22	458.22
Reserves and surplus	7407.98	6,710.53	6,891.59	6,620.94	5,605.90
Earnings per share	18.26	11.67	14.59	24.87	14.97

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	2022	2021	2020	2019	2018
Export Earnings	5966.70	4743.04	4235.05	6015.82	4374.28

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

Sri. M. Malmarugan, aged 51, is an Engineering Graduate and a Master of Business Administration. He has over 25 years of technical experience in Foundry industry, out of which he has been associated with Magna for more than 10 years and held various positions in the Company.

2. Past remuneration:

₹ 49.81 Lakhs per annum received in the capacity of CEO.

3. Recognition of awards

Nil

4. Job profile & his suitability

Sri. M. Malmarugan will be in charge of the day to day Technical operations of the Company and will be assisted by a team of qualified and experienced professionals. With his vast experience and knowledge in the field, and with his administrative capabilities, Sri.M. Malmarugan is best suited for the position of Executive Director. Sri. M. Malmarugan's expertise and skills are imminently needed for achieving the global business plans of the Company and his appointment as Executive Director would augur well for the future growth of the Company.

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 and person (in case of expatriates the relevant details would be with respect to the country of his origin)

Taking into consideration the size of the Company, industry standard, profile of Sri. M. Malmarugan and the responsibilities shouldered by him, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies

7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any

Sri. M. Malmarugan, Executive Director does not have any pecuniary relationship with the Company. He is not related to any director of the Company

III. Other information:**1. Reason for loss/inadequate profits for payment of remuneration in terms of Section 198**

The abnormal increase in raw material cost and with no commensurate compensation from the customers has led to inadequate Profit as per Section 198.

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

Barring unforeseen circumstances, the productivity and profits of the Company are expected to increase by 10%.

IV. Disclosures:**1. The following disclosures have been mentioned in the Board of Directors' Report under the heading "Corporate Governance" attached to the financial statements**

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors:
- (ii) Details of fixed component and performance linked incentives along with the performance criteria.
- (iii) Service contracts, notice period, severance fees.
- (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.

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.M.Malmarugan
DIN	00002530	09610329
Date of Birth/Age	09.12.1952 / 69 Years	11.06.1971 / 51 Years
Nationality	Indian	Indian
Date of appointment on the Board	22/08/1990	30/05/2022
Qualification	B.Com, MBA (USA)	B.E.,MBA.,
Expertise	More than 37 years of Industrial experience and expertise in General Administration and Finance. Managing Director of M/s. Veejay Terry Products Limited and looking after its day to day operations.	He has comprehensive experience of more than 25 years in manufacturing business specifically in Quality Management System, has expertise in casting industry and implementation of new technologies etc. Previously he was associated with Sanmar Group of Companies.
Shareholding	10,100 Equity Shares	Nil
Relationship with other directors	Not related to any of the other Directors of the Company	Not related to any of the other Directors of the Company
Board position held	Director	Additional Director
Terms of Appointment/ Re-appointment	Liable to retire by rotation.	As set out in Item Nos. 5 & 6 of the Notice.
Remuneration sought to be paid	Sitting fees only	As set out in Item Nos. 5 & 6 of the Notice.
Remuneration last drawn	₹ 2,00,000/- as sitting fees	₹ 49.81 Lakhs per annum received in the capacity of CEO