

MAGNA

MAGNA
ELECTRO
CASTINGS
LIMITED

**Annual Report
2022 - 2023**

Board of Directors	Sri.J.Vijayakumar	-DIN:00002530
	Sri.K.Gnanasekaran	-DIN:00133645
	Dr.R.Nandini	-DIN:00002223
	Dr.Jairam Varadaraj	-DIN:00003361
	Sri. G. D. Rajkumar	-DIN:00197696
	Sri. Ajeya Vel Narayanaswamy	-DIN:07553660 - w.e.f. 30.05.2023
	Smt. Vijayalakshmi Narendra	-DIN:00412374 - w.e.f. 30.05.2023
Managing Director	Sri.N.Krishna Samaraj	-DIN:00048547
Executive Director	Sri. M. Malmarugan	-DIN:09610329
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 LLP LLPIN: ABZ-8060 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 at Ganapathipalayam Village, Pollachi Taluk
2. Wind mill at Kolumamkondan, Pushpathur, Palani Taluk
3. Wind mill at Kottathurai, 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 33rd Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. India Standard Time (IST) on Saturday, 26th August, 2023 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, 2023, 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, 2023.
3. To appoint a Director in place of Sri.J.Vijayakumar (DIN: 00002530), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

4. **Approval for entering into Related Party Transaction and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

RESOLVED THAT pursuant to the provisions of Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("Listing Regulations"), the applicable provisions of the Companies Act, 2013 ("Act") read with Rules made thereunder, (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof for the time being in force), the Company's Policy on Related Party Transactions, and pursuant to the approval of the Audit Committee and the recommendation of the Board of Directors, the approval of the Members be and is hereby accorded to the Company to enter/ continue to enter into transaction(s)/ contract(s)/ arrangement(s)/ agreement(s) with M/s. Samrajyaa and Company, an entity falling within the definition of 'Related Party' under Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for an amount not exceeding ₹ 2500 Lakhs (Rupees Two Thousand and Five Hundred Lakhs Only) from the Annual General Meeting to be held in the year 2023 till the Annual General Meeting to be held in the year 2024, on such terms and conditions as detailed in the explanatory statement to this resolution notwithstanding the fact that such transactions either taken individually or together with previous transactions during the financial year may exceed 10% of the annual turnover of the Company as per the last audited financial statements or such other materiality threshold as may be specified under applicable laws/ regulations from time to time.

RESOLVED FURTHER THAT the Board of Directors (including its Committee(s) thereof) be and are hereby severally authorised to do all such acts, deeds, matters and things, to finalise the terms and conditions of the transactions with the related party and to execute or authorise any person to execute all such documents, instruments and writings as may be necessary, relevant, usual, customary, proper and/or expedient for giving effect to the Resolution.

5. **Ratification of remuneration payable to Cost Auditors and in this regard, 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, 2024 on a remuneration of ₹ 1,40,000/- (Rupees One Lakh Forty Thousand 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.

- 6. Appointment of Sri. Ajeya Vel Narayanaswamy (DIN: 07553660) as Non-Executive Non-Independent Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

RESOLVED THAT in accordance with the provisions of Section 149, 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. Ajeya Vel Narayanaswamy (DIN: 07553660), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th May, 2023 and who holds office up to the date of this Annual General Meeting, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Sri. Ajeya Vel Narayanaswamy 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.

- 7. Appointment of Smt. Vijayalakshmi Narendra (DIN: 00412374) as an Non-Executive Independent Director of the Company and in this regard, to consider and if thought fit, to pass the following resolution as a Special Resolution:**

RESOLVED THAT in accordance with the provisions of Section 149, 150, 152, 161 Schedule IV 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 ('Listing Regulations') and as per the recommendations of the Nomination and Remuneration Committee and the Articles of Association of the Company, Smt. Vijayalakshmi Narendra (DIN: 00412374), who was appointed as an Additional Director of the Company in the capacity of Independent Director by the Board of Directors with effect from 30th May, 2023 and who holds office up to the date of this Annual General Meeting, and who had submitted a declaration that she meets the criteria for independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and whose name is included in the databank as required under Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and who is eligible for appointment and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Smt. Vijayalakshmi Narendra as a candidate for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term of five (5) consecutive years with effect from 30th May, 2023 and is 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.

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

ITEM NO. 4

Pursuant to proviso to Regulation 23(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), a transaction with a related party shall be considered "material", if the transactions entered into individually or taken together with previous transactions during a Financial Year with such related party exceeds ₹ 1,000 Crores or 10% of the total turnover of the Company as per the last audited financial statements, whichever is lower ("Materiality Threshold").

Due to increase in the turnover and an increase in the volume of transactions with the related party, the Company may be in a situation wherein the related party transactions, in the forthcoming period may be in excess of 10% of the total turnover of the Company as per the last audited financial statements.

The Audit Committee has also granted their approval for the related party transactions to be entered into by the Company with the above-mentioned related party.

The details of the transactions with above-mentioned related party as required pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2021/662 dated 22nd November, 2021 is as follows

Name of the related party	M/s. Samrajyaa and Company	
Type, material terms and particulars of the transaction	Machining Charges Payable & Availing/ rendering of any services or Sale/ Purchase of Components/ materials	
Relationship with the listed entity, including nature of its concern or interest financial or otherwise	Partners of M/s. Samrajyaa and Company are related to Sri.N.Krishna Samaraj, Managing Director, Sri. Ajeya Vel Narayanaswamy and Sri.J.Vijayakumar, Directors of the Company	
Tenure of the transaction	For the period from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.	
Value of the transaction	Machining Charges Payable	₹ 2200 Lakhs
	Availing/ rendering of any services or Sale/ Purchase of Components/ materials.	₹ 300 Lakhs
The percentage of the listed entity's annual turnover for the immediately preceding financial year, that is represented by the value of the proposed transaction	Machining Charges Payable	15.59% based on audited financials for the year ended 31st March, 2023
	Availing/ rendering of any services or Sale/ Purchase of Components/ materials.	
Justification for why the proposed transaction is in the interest of the listed entity	The proposed related party transactions, not only help smoothen business operations but also ensure a consistent flow of desired quality and quantity of goods and services without interruptions, optimum capacity utilization and generation of revenue and business of the Company.	
Nature of the proposed contract/ arrangement	The transaction is in normal course of business with terms and conditions that are generally prevalent in the industry segment in which the Company operates. The proposed transactions are also at arm's length.	
Details of the valuation report or external party report relied upon	The Company has not relied upon the valuation or any external report in relation to the transaction.	

The proposed transaction does not involve any loans, inter-corporate deposits, advances or investments and hence disclosure of details pertaining to the same does not arise.

Pursuant to Regulation 23(4) of Listing Regulations, the prior approval of the Shareholders of the Company by way of an ordinary resolution would be required for the transactions entered with related party in excess of 10% of the annual turnover of the Company as per the last audited financial statements.

Accordingly, the Board of Directors recommends and seeks the approval of the Members for the transactions proposed to be entered into with the above-mentioned related party as per the details given above.

Interest of Directors: Except Sri. N. Krishna Samaraj, Managing Director and Sri. Ajeya Vel Narayanaswamy and Sri. J. Vijayakumar, Directors of the Company and their relatives, none of the other Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested, financially or otherwise, in the Resolution(s) as set out in Item No. 4 of this notice.

The Members may please note that in terms of the provisions of the Listing Regulations, no related party(ies) as defined thereunder (whether such related party(ies) is a party to the aforesaid transactions or not), shall vote to approve the resolution under Item No. 4 of this Notice.

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 (Firm Registration No. 000342), Cost Accountants, Chennai, as Cost Auditors of the Company to conduct the audit of the cost records of the Company for the financial year 2023-24 and fixed the remuneration of ₹ 1,40,000/- (Rupees One Lakh Forty Thousand 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 2023-24.

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 of the Notice.

ITEM NO. 6:

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 ("the Act"), the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee at their meeting held on 24th May, 2023, the Board of Directors of the Company at their meeting held on 30th May 2023 had appointed Sri. Ajeya Vel Narayanaswamy (DIN: 07553660) as an Additional Director of the Company in the capacity of Non-Executive Non-Independent Director with effect from 30th May, 2023 to hold office up to the date of this Annual General Meeting in compliance with Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sri. Ajeya Vel Narayanaswamy is not disqualified from being appointed as a Director in terms of Section 164 of the Act and is not debarred from holding the office of Director by virtue of any order of Securities and Exchange Board of India ("SEBI") or any other such authority and has also given his consent to act as a Director. Considering his field of experience in the Foundry Industry, General Business Management and Administration, the Board of Directors have recommended his appointment as Non-Executive Non-Independent Director to the Members.

The Company has received a Notice in writing from a Member under Section 160 of the Act, proposing his candidature for the office of Director of the Company.

The Board recommends the Ordinary Resolution as set out in Item No. 6 of the Notice for approval of the Members.

Sri. Ajeya Vel Narayanaswamy shall be paid remuneration by way of fee for attending meetings of the Board or Committees thereof or for any other purpose as may be decided by the Board, and shall also be provided reimbursement of expenses for participating in the Board and other Meetings.

The details of the proposed Director as required pursuant to the provisions of Regulation 36 of the Listing Regulations and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI), is provided elsewhere in this Notice.

Interest of Directors: Sri Ajeya Vel Narayanaswamy, the proposed appointee is the son of Sri. N. Krishna Samaraj, Managing Director of the Company.

Except Sri Ajeya Vel Narayanaswamy, being the appointee Director and Sri. N. Krishna Samaraj, relative of 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 No.6 of the Notice.

ITEM NO.7:

In terms of Section 161 of the Companies Act, 2013, the Board of Directors of the Company on the recommendation of the Nomination and Remuneration Committee at their meeting held on 24th May, 2023 had appointed Smt. Vijayalakshmi Narendra (DIN: 00412374), as an Additional Director in the capacity of Non-Executive Independent Director on the Board of Directors of the Company at their meeting held on 30th May, 2023 with effect from the said date.

Smt. Vijayalakshmi Narendra (DIN: 00412374) holds office up to the date of this Annual General Meeting in compliance with Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has received a Notice in writing from a Member under Section 160 of the Act, proposing her candidature for the office of Independent Director of the Company.

Smt. Vijayalakshmi Narendra is not disqualified from being appointed as a Director in terms of Section 164 of the Act and is not debarred from holding the office of Director by virtue of any Securities and Exchange Board of India ("SEBI") order or any other such authority. She has given her consent to act as Independent Director along with the declaration to the effect that she meets the criteria of independence as prescribed under the Act and the Listing Regulations and that her name is included in the databank of Independent Directors as required under Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

In the opinion of the Board, Smt. Vijayalakshmi Narendra fulfills the conditions as specified under the Act read with the Rules made thereunder and the Listing Regulations for her appointment as an Independent Director of the Company and is also independent of the Management.

The Nomination and Remuneration Committee and the Board of Directors have reviewed and evaluated the balance of skills, knowledge and experience on the Board and have identified the role and capabilities required of an Independent Director and have considered that the appointment of Smt. Vijayalakshmi Narendra with her experience and expertise will be of immense value addition to the Company.

A copy of the draft letter of appointment of Smt. Vijayalakshmi Narendra as Independent Director of the Company is available for inspection at the Registered Office of the Company and also posted on the website of the Company.

The disclosures as required under Regulation 36 of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI) are furnished and form a part of this Notice.

Accordingly, the Board recommends the Special Resolution as set out in Item No. 7 of the Notice for appointment of Smt. Vijayalakshmi Narendra as an Independent Director for a term of five (5) consecutive years, for approval by the Members of the Company.

Except Smt. Vijayalakshmi Narendra being the appointee Director, none of the Directors and the Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution as set out in Item No. 7 of the Notice.

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 appointed/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. Ajeya Vel Narayanaswamy
DIN	00002530	07553660
Date of Birth/Age	09.12.1952 / 70 Years	23.12.1995 / 27 Years
Nationality	Indian	USA
Date of appointment on the Board	22.08.1990	30.05.2023
Qualification	B.Com, MBA (USA)	B.E., (Mechanical Eng.) MSc., (Manufacturing Systems & Eng.)
Expertise / Experience	More than 38 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 5 years of experience in varied fields of technology, operations, general management, research & development in foundry Industry.
Shareholding	10,100 Equity Shares	3,63,000 Equity Shares
Relationship with other directors	Not related to any of the other Directors of the Company	Sri. Ajeya Vel Narayanaswamy is the son of Sri. N. Krishna Samaraj, Managing Director of the Company.
Board position held	Director	Additional Director (Non-Executive, Non-Independent, part of the promoter group)
Terms of Appointment/ Re-appointment	Liable to retire by rotation.	As per Item No. 6 of the Notice.
Remuneration sought to be paid	Sitting Fees only	Sitting Fees only
Remuneration last drawn	₹ 2,40,000/- as sitting fees	NA
No. of Board Meetings attended during the year	6	NA
List of Directorships held in other Companies	Veejay Terry Products Limited	Nil
Details of Membership in Committees of Other Companies	Veejay Terry Products Limited -Stakeholders Relationship Committee (Member)	Nil
Names of listed entities in which the person has resigned in the past three years	Nil	Nil