

**SEC/BSE/24/2019-20**

July 09, 2019

The Secretary  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai- 400 001

**Kind Attn:** Mr. Shyam Bhagirath  
Mr. Rakesh Parekh  
**Scrip Code:** 517449

Dear Sir,

**Submission of Annual Report 2018-19**

We enclose herewith a copy of Annual Report for the financial year 2018-19 pursuant to Regulation 34 (1) of SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015.

We request you to kindly take the above documents on record.

Thanking you

**For Magna Electro Castings Limited**

  
Sangeetha C  
Company Secretary

**MAGNA**

MAGNA  
ELECTRO  
CASTINGS  
LIMITED

**Annual Report  
2018 - 2019**



<b>Board of Directors</b>	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
<b>Managing Director</b>	Sri.N.Krishna Samaraj -DIN:00048547
<b>Chief Executive Officer</b>	Sri.M.Malmarugan
<b>Chief Financial Officer</b>	Sri.R. Ravi
<b>Company Secretary</b>	Smt. Sangeetha.C
<b>Auditors</b>	
<b>Statutory Auditors</b>	M/s. Srikishen & Co., Firm Reg.No. 004009S Chartered Accountants Coimbatore
<b>Internal Auditors</b>	M/s. S. Krishnamoorthy & Co., Firm Reg.No.001496S Chartered Accountants Coimbatore
<b>Secretarial Auditors</b>	M/s. MDS & Associates Company Secretaries Coimbatore
<b>Cost Auditors</b>	M/s. SBK & Associates Firm Reg.No. 000342 Cost Accountants Chennai
<b>Bankers</b>	1. Corporation Bank Industrial Finance Branch 1604 Trichy Road Coimbatore - 641 018  2. Indian Bank 31, Variety Hall Road Coimbatore 641 001
<b>Registrars &amp; Share Transfer Agents</b>	M/s. S.K.D.C.Consultants Limited Kanapathy Towers, III Floor 1391/A-1, Sathy Road, Ganapathy, Coimbatore - 641006.
<b>Listing with Stock Exchanges</b>	BSE Limited, Mumbai
<b>Corporate Identification No.</b>	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

**II Information about the Appointee:**

1. Background details	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. He is also the President of the Institute of Indian Foundrymen for the year 2015-16.		
2. Past remuneration	( ₹ In Lakhs)		
<b>Particulars</b>	<b>31.03.2019</b>	<b>31.03.2018</b>	<b>31.03.2017</b>
Salary	67.20	67.20	51.02
Perquisites	0.19	0.19	0.19
Commission	14.33	-	9.91
Sitting fees	1.00	1.00	0.88
Annual Remuneration	82.72	68.39	62.00
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, he is best suited for the position.		
5. Remuneration proposed	As set out in Item no . 9 of the Notice		
6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position .	The proposed remuneration to Sri.N.Krishna Samaraj is comparable to industry standards		
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,	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, PF, other perquisites, commission on Net Profits, if any; 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:

<b>Name of the Directors</b>	<b>Sri.J.Vijayakumar DIN : 00002530</b>	<b>Sri.C.R.Swaminathan DIN: 00002169</b>
<b>Date of Birth / Age</b>	09.12.1952 /66 Years	25.12.1947 /71 Years
<b>Nationality</b>	Indian	Indian
<b>Year of induction to the Board</b>	1990	2012
<b>Qualification</b>	B.Com, MBA (USA)	B.Sc.,
<b>Expertise &amp; skills</b>	More than 35 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.	An eminent Academician and an able Administrator. Active associate with industrial organizations & occupying several important positions. Having vast experience in foundry industry & also a past president of the Institute of Indian Foundrymen. A very good liaison person between Government and the Industry. He is one of the Directors of Foundries Development Foundation. Previous he was associated with various Boards of Listed Companies.
<b>Shareholding</b>	10,100 Equity Shares	NIL
<b>Relationship</b>	Not related to any of the other Directors of the Company	Not related to any of the other Directors of the Company
<b>Terms of Appointment / Reappointment</b>	Liable to retire by rotation.	Not liable to retire by rotation.
<b>Remuneration sought to be paid</b>	Sitting fees only	Sitting fees only
<b>Remuneration last drawn</b>	₹ 1,40,000	₹ 1,00,000
<b>No.of Board meeting attended</b>	4	4
<b>List of Directorships held in other Companies</b>	Veejay Terry Products Limited	1. Rajyalakshmi Machine Works Private Limited 2. Chandra Textiles Private limited 3. Sree Venkataram Agro Farms (India) Private Limited 4. Bull Machines Private Limited 5. Foundries Development Foundation 6. Yellow Train Brain Bay Private Limited
<b>Other Companies Committee Details</b>	Veejay Terry Products Limited -Stakeholders Relationship Committee (Member)	NIL

<b>Name of the Directors</b>	<b>Sri.K.Gnanasekaran</b> <b>DIN: 00133645</b>	<b>Dr.R.Nandini</b> <b>DIN: 00002223</b>
<b>Date of Birth / Age</b>	25.10.1951 / 67 Years	01.01.1963 / 56 Years
<b>Nationality</b>	Indian	Indian
<b>Year of induction to the Board</b>	2001	2003
<b>Qualification</b>	CA.,	Ph.D.,
<b>Expertise &amp; skills</b>	He is a Chartered Accountant and Financial Analyst. As a Financial Analyst, he is associated with various industries.	Having more than 30 years of industrial Experience. She is presently a Managing Director of Chandra Textiles Private Limited & Chandra Automobile India Private Limited and handling day to day activities. She is associated with one of the leading educational institutions in Coimbatore and various Women & Child development organizations.
<b>Shareholding</b>	NIL	NIL
<b>Relationship</b>	Not related to any of the other Directors of the Company	Not related to any of the other Directors of the Company
<b>Terms of Appointment / Reappointment</b>	Not liable to retire by rotation.	Not liable to retire by rotation.
<b>Remuneration sought to be paid</b>	Sitting fees only	Sitting fees only
<b>Remuneration last drawn</b>	₹ 1,10,000	₹ 75,000
<b>No.of Board meeting attended</b>	4	3
<b>List of Directorships held in other Companies</b>	Kovilpatti Lakshmi Roller Flour Mills Limited (KLRF)	1. Chandra Textiles Private Limited 2. Chandrakanthi Textiles and Fabrics Private Limited 3. Chandra Automobile India Private Limited 4. Lakshmigrha Enterprises Private Limited 5. Cognizant Foundation
<b>Other Companies Committee Details</b>	KLRF Limited - Audit Committee(Chairman) -Stakeholders Relationship Committee (Chairman) -Nomination and Remuneration Committee (Member) -Corporate Social Responsibility Committee (Member)	NIL

<b>Name of the Directors</b>	<b>Dr.Jairam Varadaraj</b> <b>DIN: 00003361</b>	<b>Sri.N.Krishna Samaraj</b> <b>DIN: 00048547</b>
<b>Date of Birth / Age</b>	08.04.1961 / 58 Years	26.03.1955 / 64 Years
<b>Nationality</b>	Indian	Indian
<b>Year of induction to the Board</b>	2004	1990
<b>Qualification</b>	Ph.D., (International Business, USA)	B.E., MBA., (USA)
<b>Expertise &amp; skills</b>	An Industrialist and having vast experience in management and financial areas. -Managing Director of Elgi Equipments Limited, one of the leading manufacturing concerns in India and having wide business operations across the world. -A resource person and serving on various leading industrial Boards.	An Industrialist, having more than 12 years of industrial experience in USA & Europe. -A National Council Member of the Institute of Indian Foundrymen -Past President of IIF. -Director of Foundry Development Foundation. He is handling day to day operations of the Company as Managing Director since inception i.e. more than 30 years.
<b>Shareholding</b>	NIL	7,98,709 Equity shares
<b>Relationship</b>	Not related to any of the other Directors of the Company	Not related to any of the other Directors of the Company
<b>Terms of Appointment /Reappointment</b>	Not liable to retire by rotation.	Not liable to retire by rotation.
<b>Remuneration sought to be paid</b>	Sitting fees only	₹ 72,00,000 excluding commission, sitting fees and perquisites
<b>Remuneration last drawn</b>	₹ 30,000	₹ 82,71,668
<b>No.of Board meeting attended</b>	2	4
<b>List of Directorships held in other Companies</b>	1. Elgi Equipments Limited 2. Precot Meridian Limited 3. Thermax Limited 4. Elgi Ultra Industries Limited 5. Elgi Rubber Company Limited 6. ATS Elgi Limited 7. Elgi Ultra Limited 8. Elgi Sauer Compressors Limited 9. Darkhorse Portfolio Investment Private Limited	1. Veejay Terry Products Limited 2. Chandra Textiles Private Limited 3. Foundries Development Foundation 4. Shanthi Gears Limited
<b>Other Companies Committee Details</b>	Elgi Equipments Limited -Stakeholders Relationship Committee (Member) -Corporate Social Responsibility Committee Meeting (Chairman) Precot Meridian Limited -Audit Committee (Member) -Nomination & Remuneration Committee (Member)	Veejay Terry Products Limited -Stakeholders Relationship Committee (Member)



<b>Other Companies Committee Details</b>	Thermax Limited -Audit Committee (Member) -Strategic Business Development Committee (Member) -Nomination and Remuneration Committee (Member) Elgi Ultra Industries Limited -Stakeholders Relationship Committee (Chairman) -Nomination and Remuneration Committee (Member) -Audit Committee (Member)	
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**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 August, 2019 to 19th August, 2019 (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 August, 2019. 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 August, 2019.
7. The dividend proposed to be declared at the Annual General Meeting will be made payable on or before 10th September, 2019 to those members whose name appear on the Register of Members of the Company on 12th August, 2019

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 2019-20 to the Stock Exchange, 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 revalidating and credit the dividend amount to their bank accounts.
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](http://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 2018-19 are available at the Company's website [www.magnacast.com](http://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](http://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 dematerialize their shares and 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](mailto:green@skdc-consultants.com).
15. As per SEBI's Circular, the transfer of shares shall be made compulsorily in the form of demat mode and physical transfer of shares are not allowed from 1st April, 2019.
16. 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.
17. 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.

18. 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.
19. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
20. Members are advised to utilize the National Electronic Clearing System (NECS) for receiving dividends by filling the ECS Mandate Form as annexed at the end of this Annual Report.
21. Members holding shares in electronic form may please note that as per the regulations of National Security Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the details on the Dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their respective Depository Participants (DPs) and furnish the particulars of any changes desired by them.
22. Members are requested to forward their share related queries and communications directly to the Registrars and Share Transfer Agents of the Company - SKDC Consultants Ltd., Kanapathy Towers, 3rd Floor, 139/1A, Sathy Road, Ganapathy, Coimbatore-641006; email id: info@skdc-consultants.com or the Company Secretary of the Company; email id: investors@magnacast.com
23. Members are requested to note that the venue of the 29th Annual General Meeting at **'Ardra' Conference Center, North Huzur Road, Coimbatore - 641018** and the route map containing the complete particulars of the venue is attached to this Notice
24. The Notice of the 29th Annual General Meeting and the Annual Report for the year ended 31st March, 2019 will be made available on the Company's website [www.magnacast.com](http://www.magnacast.com) for members to download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

## **25. VOTING THROUGH ELECTRONIC MEANS**

- I. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and Regulation 44(1) of SEBI (LODR) Regulations, 2015, the Company is pleased to provide its members the facility to exercise their right to vote at the 29th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by Central Depository Services (India) Limited (CDSL).
- II. The Facility for voting, either through electronic voting system or ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote may exercise their voting through polling paper at the Annual General Meeting.
- III. The Members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.

The instructions for members for voting electronically are as under:-

- (i) The voting period begins at 9.00 A.M. on 16th August, 2019 and ends at 5.00 P.M. on 18th August, 2019. During this period shareholders of the Company, holding shares either

in physical form or in dematerialized form, as on the cut-off date (record date) of 12th August, 2019, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
<b>PAN</b>	<p>Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/ Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>DOB</b>	<p>Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.</p>
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your Demat account or in the Company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id/ folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided

that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN -Magna Electro Castings Limited -on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non - Individual Shareholders and Custodians
  - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, viz. 12th August, 2019.

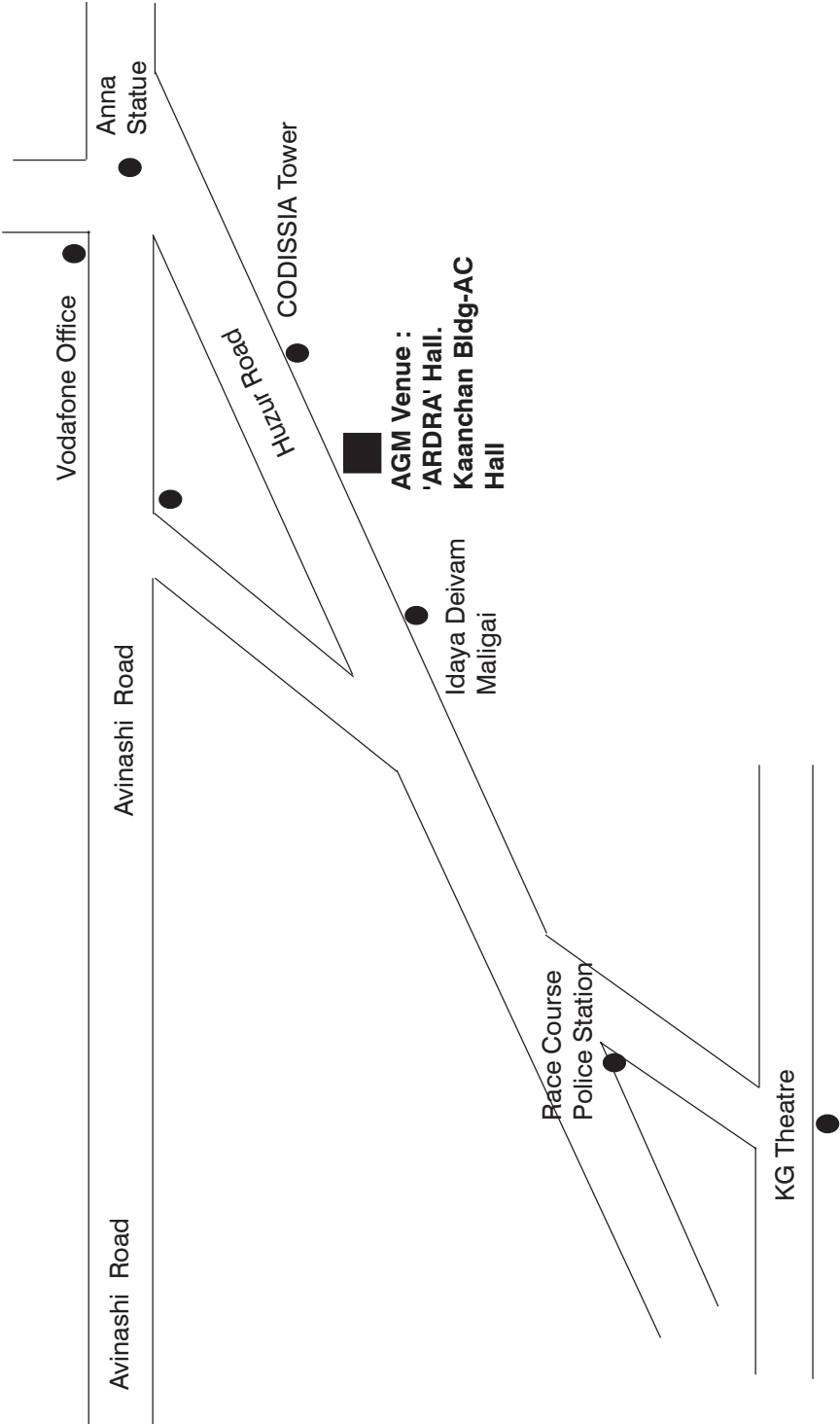
- V. Sri. B. Krishnamoorthi, Chartered Accountant in Practice, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The Results shall be declared within 2 days of the conclusion of the Annual General Meeting. The results declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website [www.magnacast.com](http://www.magnacast.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the Company's shares are listed.

By order of the Board  
For **MAGNA ELECTRO CASTINGS LIMITED**

Place : Coimbatore.  
Date : 30<sup>th</sup> May, 2019

**N. Krishna Samaraj**  
Managing Director  
DIN: 00048547

Route MAP for AGM Venue



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 29th Annual Report and Audited Accounts of the Company for the year ended 31st March, 2019.

**FINANCIAL RESULTS**

The highlights of the performance of your Company during the financial year 2018-19 are given hereunder;  
(₹ in Lakhs)

<b>For the Financial year ended</b>	<b>31.03.2019</b>	<b>31.03.2018</b>
Total Revenue	<b>12587.59</b>	9462.99
Gross Profit before interest, depreciation, exceptional, extraordinary items and income tax	<b>2073.93</b>	1273.18
Finance Cost	<b>29.03</b>	31.56
Depreciation	<b>543.22</b>	454.08
Profit before Exceptional & Extra-ordinary items	<b>1501.68</b>	787.54
Exceptional Items(Income)	-	-
Profit before tax	<b>1501.68</b>	787.54
Provision for Income tax	<b>374.17</b>	158.61
for Deferred tax	<b>(12.21)</b>	(57.25)
Profit for the period	<b>1139.72</b>	686.18

**FINANCIAL HIGHLIGHTS**

The financial summary /highlights for the last five years is furnished vide **Annexure A** to this Report.

**OPERATIONS**

The Operating Revenue of the Company has increased by about 30% from ₹ 9424.01 Lakhs to ₹ 12292.39 Lakhs. The market, both domestic and export recorded substantial growth both in terms of tonnage and value. This was possible due to good market condition prevailing across all sectors, both locally and on the export front.

Consequent upon the increase in turnover from ₹ 9424.01 Lakhs to ₹ 12292.39 Lakhs, the Profit Before Tax has recorded a substantial increase from ₹ 787.54 Lakhs in the previous year to ₹ 1501.68 Lakhs in the current year. This was achieved inspite of spiralling raw material costs and other overheads. But strict control on costs and a favourable forex market enabled the Company to register an increase of 91% in Profit Before Tax.

The Wind Energy Division generated a revenue of ₹ 520.79 Lakhs during the year as against ₹ 507.89 Lakhs, in the previous year.

There has been no change in the nature of business of the Company.

**OUTLOOK FOR CURRENT YEAR**

During the year, your Company has developed 148 new products which includes proto parts and other



regular parts. Consequent upon this, your Company expects increase in sales during the current year. The Company has also entered into new customer segments which will help to increase sales in the coming years.

The introduction of the BS VI standards will have an impact.

## **NEW PROJECTS IMPLEMENTED DURING THE YEAR**

During the year under review, Sample coin conveying system was commissioned and this will reduce the processing time of castings. Further the Company has implemented the manufacturing of bricks and pavered stone from waste sand generated in foundry process.

## **FUTURE PLANS**

As part of the cost reduction programme, we have identified a few key areas in operations, which will enable the Company to use alternate and abundantly available raw materials.

Being an environment friendly Company, we will be implementing the project for re-use or reclamation of Green Sand, which when implemented will result in reduction of waste-generation. Apart from being a eco-friendly project, this will also enable the Company, to conserve valuable natural resources.

## **QUALITY RECOGNITIONS:**

The Company has received certification for ISO/TS 16949:2016 standards, Pressure Equipment Directive and the existing standards 97/23/EC has improved to 2014/68/EU and Marine Certificate under DNV GL Rules for Classification- Ships. Further the Company is in the process of obtaining ISO 14001:2015 Certification.

The Company has received "Best Casting Award" in IIF Conclave 2018 organised by Indian Institute of Foundrymen, Coimbatore

## **FINANCE**

We are pleased to inform the Members that the Company continues to be debt free as at the reporting date.

## **TRANSFER TO RESERVES**

The Company has transferred ₹ 200 Lakhs to General Reserves during the year and an amount of ₹ 3420.94 lakhs is retained in the Statement of Profit & Loss.

## **DIVIDEND**

Your Directors are pleased to recommend, subject to the approval of the Shareholders, a Dividend at the rate of ₹ 2.50 per share, i.e. at the rate of 25% for the year on the paid-up equity share capital of the Company. In addition, the Board has also recommended a Special Dividend at the rate of ₹ 2.50 per share, i.e. at the rate of 25% for the year on the paid-up equity share capital of the Company to mark 25 years of operations of the Company. The total Dividend thus will amount to ₹ 5.00 per share, i.e. at the rate of 50% for the year on the paid up equity share capital of the Company. The Dividend, if approved, will absorb an amount of ₹ 276.20 Lakhs, inclusive of Corporate tax on Distribution of dividends.

## **SHARE CAPITAL**

The paid-up capital of the Company as at 31.03.2019 stood at ₹ 4,58,22,000/- divided into 45,82,200 equity shares of ₹ 10/- each. During the year under review, the Company has not made any fresh issue of shares

**TRANSFER OF UNCLAIMED DIVIDEND TO EDUCATION AND PROTECTION FUND:**

In terms of Section 124 & 125 of the Companies Act, 2013, any unclaimed or unpaid Dividend relating to the Financial Year 2011-12 is due for remittance on 6th October, 2019 to the Investor and Education and Protection Fund established by the Central Government.

Further, pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 8624 Equity Shares of ₹ 10/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of Demat Account identified by the IEPF Authority during the year under review.

**EXTRACT OF ANNUAL RETURN**

The extract of Annual Return pursuant to the provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is furnished in **Annexure B** and forms part of this report.

**BOARD MEETINGS CONDUCTED DURING THE PERIOD UNDER REVIEW**

The details of meetings of Board of Directors and Committees thereof and the attendance of the Directors in such meetings have been enumerated in the Corporate Governance Report.

**STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS**

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to requirement of Section 134(3)(c) of the Companies Act 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that -

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure from those standards;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors have devised proper system to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively;

**COMPLIANCE WITH REQUIREMENT UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013:**

There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit.

**DECLARATION OF INDEPENDENT DIRECTORS**

The Independent Directors have submitted their disclosures to the Board that they fulfill all the requirements as stipulated in Section 149(6) of the Companies Act, 2013 so as to qualify themselves to be appointed as Independent Directors under the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND OTHER MATTERS PROVIDED UNDER SECTION 178(3) OF THE COMPANIES ACT, 2013**

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company. The detailed Remuneration Policy can be accessed on the Company's website at the link <http://www.magnacast.com/financial/383.pdf> and the salient features of Remuneration policy of the Company:

- i. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of Directors, key managerial personnel and other employees.
- ii. Formulation of criteria for evaluation of performance of Independent Director and the Board
- iii. Devising a policy on Board diversity and succession plan
- iv. Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this policy.
- v. Recommend to the Board, appointment and removal of Director, KMP and Senior Management Personnel.
- vi. Identify whether to extend or continue the term of appointment of the Independent Director on the basis of the report of their performance evaluation.
- vii. To formulate any other policies and or schemes for the benefit of employees of the Company.

**COMMENTS ON AUDITORS' REPORT:**

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. Srikishen & Co, Statutory Auditor and Sri.M.D.Selvaraj, proprietor of MDS & Associates, Secretarial Auditor in their respective reports.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provisions are not applicable.

**PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 during the financial year 2018-19 were in the ordinary course of business and on an arm's length basis. The particulars of material related party transactions is provided in the Form AOC-2 and annexed to the Board's Report as **Annexure-C**.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website and may be accessed through the link at <http://www.magnacast.com/financial/385.pdf>

#### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial year ended 31st March, 2019 relate and the date of the report.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and outgo as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is furnished in **Annexure D** and is attached to this report.

#### **RISK MANAGEMENT :**

The Company continues to focus on the Risk areas identified by the Company. These can be classified under (a) Economic risks (b) Marketing risks and (c) Financial risks. The Company continues to focus attention on the risk areas identified and in case of any adverse situation, suitable mitigation steps are taken. The Company also established risk management plan and assessment and the same has been reviewed by the Audit Committee and the Board on periodical basis.

#### **CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:**

The Board had formed a Corporate Social Responsibility Committee of Board of Directors comprising of Sri.C.R.Swaminathan, Dr.R.Nandini and Sri.N.Krishna Samaraj. The CSR policy of the Company deals with allocation of funds, activities, identification of programs, approval, implementation, monitoring and reporting mechanisms under the policy.

As part of the initiatives under CSR for the year 2018-19, the Company has undertaken projects in the areas of Healthcare, Environment and Women/Children Welfare etc,. These projects are by and large in accordance with Schedule VII of the Companies Act, 2013.

The details of CSR activities for the year are furnished separately vide **Annexure E** to this Report. The policy relating to CSR has been displayed on the Company's website and can be accessed at <http://www.magnacast.com/financial/223.pdf>

#### **ANNUAL EVALUATION OF THE BOARD ON ITS OWN PERFORMANCE AND OF THE INDIVIDUAL DIRECTORS**

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors evaluated the annual performance of the members of the Board and its Committees vis a vis the nature of business of the Company, its performance during the year and the contribution of each of the Directors based on the criteria laid down by the Nomination and Remuneration Committee.

The Independent Directors held a meeting during the year and inter-alia, reviewed the performance of the Non-Independent Directors and the Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company and the Board.

**DIRECTORS & KEY MANAGERIAL PERSONNEL**

Sri.J.Vijayakumar, Director, retires by rotation at the Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

The present term of the Independent Directors of the Company expires at the ensuing Annual General Meeting. The Independent Directors viz., Sri. C. R. Swaminathan, Sri.K. Gnanasekaran, Dr. R. Nandini and Dr. Jairam Varadaraj, are eligible for re-appointment for a further term of 5 years. Your Directors recommend the re-appointment of Independent Directors for your approval. Necessary special resolution(s) will be placed for the approval of Members.

Key Managerial Personnel of the Company as required pursuant to Section 2 (51) and 203 of the Companies Act, 2013 are

Sri. N. Krishna Samaraj - Managing Director,  
Sri. M. Malmarugan - Chief Executive Officer (w.e.f. 01.04.2019)  
Sri. R. Ravi - Chief Financial Officer and  
Smt. Sangeetha. C - Company Secretary.

**SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

The Company does not have any Subsidiaries, Joint ventures or Associate Companies.

**FIXED DEPOSITS**

During the year, the Company did not accept or renew any fixed deposits and no fixed deposits remained unclaimed with the Company as on 31st March, 2019.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE**

There were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operation in future.

**ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS**

The Company has an adequate Internal Control System, commensurate with the size, scale and complexity of its operations. The Audit Committee of the Board periodically reviews the Internal Financial Control Systems and their adequacy and recommends corrective action as and when necessary to ensure that an effective internal control mechanism is in place.

The directors confirm that the Internal Financial Control (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Control is annexed with the Auditors Report.

**AUDITORS****STATUTORY AUDITORS**

M/s. Srikishen & Co, Chartered Accountants, (FRN 004009S) Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the Company for a period of five years at the 26th Annual General Meeting of the Company held on 15th September 2016. The Company has received a certificate from the Statutory Auditors to the effect that their appointment as the Statutory Auditors of the Company, would be within the limits prescribed under Section 139 of the Companies Act, 2013.

## **SECRETARIAL AUDITORS**

The Board has appointed Sri.M.D.Selvaraj of M/s. MDS & Associates, Company Secretaries in Practice, Coimbatore as the Secretarial Auditors of the Company for the year 2019-20 to carry out the Secretarial Audit, pursuant to the provisions of Section 204 of the Companies Act, 2013.

The report of the Auditors for the financial year 2018-19 is annexed as **Annexure F** to this Report.

## **COST AUDITORS**

The Board of Directors on the recommendation of the Audit Committee, has appointed M/s.SBK & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2019-20. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable for the year 2019-20 to the Cost Auditors of the Company is subject to ratification by the Shareholders at the ensuing Annual General Meeting. The Board recommends their remuneration.

## **DISCLOSURE ON MAINTENANCE OF COST RECORDS:**

The maintenance of cost record as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is applicable to the Company and accordingly the cost accounts and records are made and maintained.

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company has been continuously focusing its attention on nurturing the talent of its employees by recognizing their performance and creating enough opportunities for their growth in the Company. This has ensured to retain talent within the organization.

The relationship between the management and the employees at all levels during the year under review has been cordial and productive.

## **DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to define the policy and redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee or third parties during the Financial Year 2018-19.

## **PARTICULARS OF EMPLOYEES**

Statement pursuant to Section 134 of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975 and Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed to **Annexure G** attached to this report.

## CORPORATE GOVERNANCE

A report on Corporate Governance is annexed and forms part of this report. The Company has complied with the conditions relating to Corporate Governance as stipulated in Regulation 27 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

## AUDIT COMMITTEE

The Audit Committee of the Board of Directors has been duly constituted in accordance with the provisions of Section 177 of the Companies Act, 2013. Details relating to the composition, meetings and functions of the Committee are set out in the Corporate Governance Report forming part of this Annual Report. The Board has accepted the Audit Committee recommendations during the year whenever required and hence no disclosure is required under Section 177(8) of the Companies Act, 2013 with respect to rejection of any recommendations of Audit Committee by the Board.

## CEO/CFO CERTIFICATION

As required under Regulation 33 (2) (a) of the SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015, the Managing Director and the Chief Financial Officer of the Company have furnished necessary certificate to the Board on the Financial Statements presented.

## VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has provided for adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behavior or any violation of the Company's Code of Conduct. During the year under review, there were no complaints received under this mechanism. The policy can be accessed on the Company's website at <http://www.magnacast.com/financial/379.pdf>

## ACKNOWLEDGEMENT

Your Directors thank the shareholders, customers and suppliers for their continued support during the year. The Directors wish to place on record their appreciation of the support and co-operation extended by the Company's Bankers M/s. Corporation Bank and M/s. Indian Bank, the various Government Agencies and in particular the Tamil Nadu Electricity Board and the employees of the Company at all levels.

We pray for the grace of the Almighty for further growth of the Company.

By order of the Board  
For **MAGNA ELECTRO CASTINGS LIMITED**

Place : Coimbatore.  
Date : 30<sup>th</sup> May, 2019

**C.R.Swaminathan**  
Director  
(DIN: 00002169)

**N. Krishna Samaraj**  
Managing Director  
(DIN: 00048547)



**ANNEXURE A****FINANCIAL HIGHLIGHTS**

	<b>5 Year Highlights</b>				
	<b>( ₹ In Lakhs)</b>				
<b>Financial year ended 31st March</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Operating Results</b>					
Sales and Other Income	10188.98	9433.61	8376.08	9462.99	12587.59
Operating Profit	1522.89	1544.12	1501.10	1291.08	2093.18
Finance Cost	231.80	156.03	54.23	31.56	29.03
Gross Profit	1291.09	1388.09	1446.87	1259.52	2064.15
Depreciation	441.58	462.57	521.35	454.08	543.22
Taxation	294.12	244.97	170.90	101.36	361.96
CSR Expenditure	12.55	15.80	22.91	17.90	19.25
<b>Net Profit</b>	<b>542.84</b>	<b>664.75</b>	<b>731.71</b>	<b>686.18</b>	<b>1139.72</b>
Dividend (including dividend tax)	101.16	110.30	110.30	110.48	276.20
Retained Profit	441.68	554.45	621.41	575.70	863.52
<b>Performance Parameters</b>					
Net Fixed Assets	4093.80	4249.31	3663.64	3495.90	3149.20
Share Capital	458.22	458.22	458.22	458.22	458.22
Reserves	3633.76	4188.21	5039.98	5605.90	6620.94
Net Worth	4090.08	4646.43	5498.20	6064.12	7079.16
Return on Net Worth %	13.27	14.31	13.31	11.32	16.10
Borrowings	571.52	459.48	145.92	-	-
Debt Equity Ratio	0.14	0.10	0.03	-	-
Dividend (%)	18	20	20	20	50
Earnings per share (Rs.)	11.85	14.51	15.97	14.97	24.87

**Note:**

The financials for the year 2018 & 2019 are not comparable with earlier years due to changes in methodology on adoption of Indian Accounting Standards (Ind AS).



**ANNEXURE B****FORM NO. MGT-9****EXTRACT OF ANNUAL RETURN****As on the financial year ended on 31.03.2019**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN	L31103TZ1990PLC002836
ii)	Registration Date	22/08/1990
iii)	Name of the Company	MAGNA ELECTRO CASTINGS LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company having share capital / Non-Government Company
v)	Address of the Registered office and contact details	Old No 62 New No.43 Balasundaram Road Coimbatore -641018 Phone: 0422-2240109 Fax: 0422-2246207 E-mail: info@magnacast.com Website: www. magnacast.com
vi)	Whether listed company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	SKDC Consultants Ltd. Kanapathy Towers, 3rd Floor, 1391/A1, Sathy Road, Ganapathy, Coimbatore-641006 Phone No: 0422-6549995, 2539835, 2539836 Fax: 0422-2539837 E-Mail: info@skdc-consultants.com

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the Company
1	Iron castings including Grey Iron, SG iron and other iron alloy castings-machined and unmachined and steel components	24319	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

[No. of Companies for which information is being filled]

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
The Company does not have Holding, Subsidiary and Associate Companies					

## IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	1943155	-	1943155	42.41	2116020	0	2116020	46.18	3.77
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub- Total (A)(1)	1943155	-	1943155	42.41	2116020	-	2116020	46.18	3.77
<b>(2) Foreign</b>									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Others- Individual	-	-	-	-	-	-	-	-	-
c) Bodies corporate	-	-	-	-	-	-	-	-	-
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any other...	-	-	-	-	-	-	-	-	-
Sub- Total (A)(2)	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoters</b>									
<b>(A) = (A)(1) + (A)(2)</b>	<b>1943155</b>	<b>-</b>	<b>1943155</b>	<b>42.41</b>	<b>2116020</b>	<b>-</b>	<b>2116020</b>	<b>46.18</b>	<b>3.77</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)- Foreign Portfolio Investments- Corporates	65057	-	65057	1.42	65057	-	65057	1.42	-
<b>Sub-total (B)(1):-</b>	<b>65057</b>	<b>-</b>	<b>65057</b>	<b>1.42</b>	<b>65057</b>	<b>-</b>	<b>65057</b>	<b>1.42</b>	<b>-</b>

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	291514	2300	293814	6.41	266855	800	267655	5.84	(0.57)
ii) Overseas	-	156000	156000	3.40	-	-	-	-	(3.40)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	1116743	267226	1383969	30.21	1128284	214026	1342310	29.30	(0.91)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	242039	-	242039	5.28	322328	-	322328	7.04	1.76
c) Others (specify)	-	-	-	-	-	-	-	-	-
Directors & their Relatives	46005	5000	51005	1.11	51005	-	51005	1.11	-
Trusts	-	-	-	-	440	-	440	0.01	0.01
Non Resident Indians	36715	234600	271315	5.92	66586	187800	254386	5.55	(0.37)
Clearing Members	32026	-	32026	0.70	19921	-	19921	0.43	(0.27)
Hindu Undivided Families	83579	-	83579	1.82	74213	-	74213	1.62	(0.20)
Investor Education & Protection Fund Authority	60241	-	60241	1.32	68865	-	68865	1.50	0.18
<b>Sub-total (B)(2):-</b>	<b>1908862</b>	<b>665126</b>	<b>2573988</b>	<b>56.17</b>	<b>1998497</b>	<b>402626</b>	<b>2401123</b>	<b>52.40</b>	<b>(3.77)</b>
<b>Total Public Shareholding (B)=(B)(1) + (B)(2)</b>	<b>1973919</b>	<b>665126</b>	<b>2639045</b>	<b>57.59</b>	<b>2063554</b>	<b>402626</b>	<b>2466180</b>	<b>53.82</b>	<b>(3.77)</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>3917074</b>	<b>665126</b>	<b>4582200</b>	<b>100.00</b>	<b>4179574</b>	<b>402626</b>	<b>4582200</b>	<b>100.00</b>	<b>-</b>

## ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total Shares	No. of shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	N.Krishna Samaraj	751767	16.41	-	751767	16.41	-	-
2	N.Muthulakshmi	613491	13.39	-	785091	17.13	-	3.74
3	Ranganayaki N	188000	4.10	-	189265	4.13	-	0.03
4	Mahitha Vijayakumar	22600	0.49	-	22600	0.49	-	-
5	Janardhana Naidu Vijayakumar	10100	0.22	-	10100	0.22	-	-
6	Vijayakumar Venkatkumar	45000	0.98	-	45000	0.98	-	-
7	Nivedita Lakshmi Narayanasway	210000	4.58	-	210000	4.58	-	-
8	Aditya Vijayakumar	55255	1.21	-	55255	1.21	-	-
9	Krishna Samaraj N	46942	1.03	-	46942	1.03	-	-
	<b>TOTAL</b>	<b>1943155</b>	<b>42.41</b>	<b>-</b>	<b>2116020</b>	<b>46.18</b>	<b>-</b>	<b>3.77</b>

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No	Shareholder's Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>N Muthulakshmi</b>				
	At the beginning of the year	613491	13.39	613491	13.39
	Transfer of Shares on 07.07.2018	15600	0.34	629091	13.73
	Transfer of Shares on 06.12.2018	156000	3.40	785091	17.13
	At the end of the year	785091	17.13	785091	17.13
2	<b>Ranganayaki. N</b>				
	At the beginning of the year	188000	4.10	188000	4.10
	Transfer of Shares on 27.03.2019	1265	0.03	189265	4.13
	At the end of the year	189265	4.13	189265	4.13

**iv) Share holding Pattern of top ten Shareholders: (other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>NIVIAM CORPORATION ##</b>				
	At the beginning of the year	156000	3.40	156000	3.40
	Transfer of Shares on 06.12.2018	(156000)	(3.40)	-	-
	At the end of the year	-	-	-	-
2	<b>ELGI EQUIPMENTS LIMITED</b>				
	At the beginning of the year	80000	1.75	80000	1.75
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	80000	1.75	80000	1.75
3	<b>PASSAGE TO INDIA MASTER FUND LIMITED</b>				
	At the beginning of the year	65057	1.42	65057	1.42
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	65057	1.42	65057	1.42
4	<b>INVESTOR EDUCATION AND PROTECTION FUND</b>				
	At the beginning of the year	60241	1.31	60241	1.31
	Transfer of Shares on 19.10.2018	8124	0.18	68365	1.49
	Transfer of Shares on 26.10.2018	500	0.01	68865	1.50
	At the end of the year	68865	1.50	68865	1.50
5	<b>V. SHANTHI</b>				
	At the beginning of the year	58448	1.28	58448	1.28
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	58448	1.28	58448	1.28
6	<b>G V NAGABRAHMA</b>				
	At the beginning of the year	43029	0.94	43029	0.94
	Transfer of Shares on 04.05.2018	1549	0.03	44578	0.97
	Transfer of Shares on 25.05.2018	1124	0.02	45702	0.99
	Transfer of Shares on 15.06.2018	1204	0.03	46906	1.02
	Transfer of Shares on 27.07.2018	150	0.01	47056	1.03
	Transfer of Shares on 05.10.2018	1058	0.02	48114	1.05
	Transfer of Shares on 12.10.2018	2580	0.06	50694	1.11
	Transfer of Shares on 09.11.2018	300	0.00	50994	1.11
	At the end of the year	50994	1.11	50994	1.11
7	<b>M/S. L.G.B. PUBLIC WELFARE SOCIETY</b>				
	At the beginning of the year	40265	0.88	40265	0.88
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	40265	0.88	40265	0.88
8	<b>RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED##</b>				
	At the beginning of the year	33020	0.72	33020	0.72
	Transfer of Shares on 13.07.2018	(2441)	(0.05)	30579	0.67
	Transfer of Shares on 22.03.2019	(2214)	(0.05)	28365	0.62
	Transfer of Shares on 29.03.2019	(7000)	(0.15)	21365	0.47
	At the end of the year	21365	0.47	21365	0.47

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
9	<b>JEETAY INVESTMENTS PRIVATE LIMITED</b>				
	At the beginning of the year	31938	0.70	31938	0.70
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	31938	0.70	31938	0.70
10	<b>KANNAN P. CHOCK</b>				
	At the beginning of the year	31800	0.69	31800	0.69
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	31800	0.69	31800	0.69
11	<b>SUBBIAH, SITHAMBARAM</b>				
	At the beginning of the year	31200	0.68	31200	0.68
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	31200	0.68	31200	0.68
12	<b>N. RANGASWAMI</b>				
	At the beginning of the year	31200	0.68	31200	0.68
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	31200	0.68	31200	0.68
13	<b>ANNAMALAI PERIAKARUPPAN</b>				
	At the beginning of the year	31200	0.68	31200	0.68
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	31200	0.68	31200	0.68
14	<b>ODAIYAPPA SAMBANDAM</b>				
	At the beginning of the year	31200	0.68	31200	0.68
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	31200	0.68	31200	0.68

## Ceased to be in the list of Top 10 shareholders as on 31.03.2019. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 31.03.2018.

**v) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Name of Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	<b>N. KRISHNA SAMARAJ</b>				
	At the beginning of the year	751767	16.41	751767	16.41
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	751767	16.41	751767	16.41
2	<b>J. VIJAYAKUMAR</b>				
	At the beginning of the year	10100	0.22	10100	0.22
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	10100	0.22	10100	0.22
3	<b>KRISHNA SAMARAJ N</b>				
	At beginning of the year	46942	1.03	46942	1.03
	Increase/Decrease in Shareholding	-	-	-	-
	At the end of the year	46942	1.03	46942	1.03

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	<b>NANDINI RANGASWAMY</b> At beginning of the year Increase/Decrease in Shareholding At the end of the year	- - -	- - -	- - -	- - -
5	<b>CHERUKOORI RAMASWAMY NAIDU SWAMINATHAN</b> At beginning of the year Increase/Decrease in Shareholding At the end of the year	- - -	- - -	- - -	- - -
6	<b>JAIRAM VARADARAJ</b> At beginning of the year Increase/Decrease in Shareholding At the end of the year	- - -	- - -	- - -	- - -
7	<b>KARUPPUSWAMY GNANASEKARAN</b> At beginning of the year Increase/Decrease in Shareholding At the end of the year	- - -	- - -	- - -	- - -
8	<b>RAVI RAJAGOPALAN (CFO)</b> At beginning of the year Increase/Decrease in Shareholding At the end of the year	- - -	- - -	- - -	- - -
9	<b>SANGEETHA CHINNASAMY (CS)</b> At beginning of the year Increase/Decrease in Shareholding At the end of the year	- - -	- - -	- - -	- - -

**V. INDEBTEDNESS :**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

( ₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	*346.23	-	-	346.23
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	346.23	-	-	346.23
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	(346.23)	-	-	(346.23)
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i + ii + iii)</b>	-	-	-	-

\*Export Bills discounted with Banks.

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managerial Director, Whole- Time Directors and/ or Manager :

(₹ In Lakhs)

S. No.	Particulars of Remuneration	Name of Managing Director	Total Amount
		Sri.N.Krishna Samaraj	
1	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	67.20	67.20
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	0.19	0.19
	(c) Profits in lieu of salary under Section 17(3) Income- Tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission- as % of profit- others, specify...	14.33	14.33
5	Others, please specify-Sitting Fees	1.00	1.00
	<b>Total (A)</b>	<b>82.72</b>	<b>82.72</b>
	Ceiling as per the Act	As per the limit specified in Sec.197 of the Act.	

B. Remuneration to Other Directors

(₹ In Lakhs)

S. No.	Particulars of Remuneration	Name of Directors					Total Amount
		C.R.Swaminathan	R.Nandini	J.Vijayakumar	Jairam Varadaraj	K.Gnanasekaran	
1	<b>Independent Directors</b>						
	Fee for attending board committee meetings	1.00	0.75	-	0.30	1.10	3.15
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total B(1)</b>	<b>1.00</b>	<b>0.75</b>	<b>-</b>	<b>0.30</b>	<b>1.10</b>	<b>3.15</b>
2	<b>Other Non-Executive Directors</b>						
	Fee for attending board committee meetings	-	-	1.40	-	-	1.40
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	<b>Total B(2)</b>	<b>-</b>	<b>-</b>	<b>1.40</b>	<b>-</b>	<b>-</b>	<b>1.40</b>
	<b>Total (B) = (1+2)</b>	<b>1.00</b>	<b>0.75</b>	<b>1.40</b>	<b>0.30</b>	<b>1.10</b>	<b>4.55</b>
	<b>Total Managerial Remuneration (A+B1+B2)</b>						<b>87.27</b>
	Overall Ceiling as per the Act	Not Exceeding ₹ 1 Lakh per Meeting					

C. Remuneration to Key Managerial Personnel other than MD/Manager

(₹ In Lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	CS	Total
		Ravi Rajagopalan	Sangeetha C	
1	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-Tax Act, 1961	36.85	6.92	43.77
	(b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income-Tax Act, 1961	-	-	-



S. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		CFO Ravi Rajagopalan	CS Sangeetha C	
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	Others specify...	-	-	-
5	Others, please specify	-	-	-
	<b>Total</b>	<b>36.85</b>	<b>6.92</b>	<b>43.77</b>

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

By order of the Board  
For **MAGNA ELECTRO CASTINGS LIMITED**

Place : Coimbatore.  
Date : 30<sup>th</sup> May, 2019

**C.R.Swaminathan**  
Director  
(DIN: 00002169)

**N. Krishna Samaraj**  
Managing Director  
(DIN: 00048547)

**ANNEXURE C****FORM NO. AOC - 2**

**(Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

Disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in Sub Section (1) of Section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

**1. Details of contracts or arrangements or transactions not at Arm's length basis.**

<b>S. No.</b>	<b>Particulars</b>	<b>Details</b>
a)	Name (s) of the related party & nature of relationship	NA
b)	Nature of contracts/arrangements/transaction	NA
c)	Duration of the contracts/arrangements/transaction	NA
d)	Salient terms of the contracts or arrangements or transaction including the value, if any	NA
e)	Justification for entering into such contracts or arrangements or transactions	NA
f)	Date of approval by the Board	NA
g)	Amount paid as advances, if any	NA
h)	Date on which the special resolution was passed in General meeting as required under first provision to Section 188	NA

**2. Details of material contracts or arrangements or transactions at Arm's length basis.**

<b>Particulars</b>	<b>Details</b>
Name (s) of the related party & nature of relationship	M/s. Samrajyaa and Company
Nature of contracts/arrangements /transaction	Rendering/ receiving of services or purchase/sale of materials/components.
Duration of the contracts/ arrangements /transaction	3 Years ( w.e.f 01.04.2018)
Salient terms of the contracts or arrangements or transaction including the value, if any	Transaction Price shall be based on the prevailing market price and shall not be less than the price charged for such transactions to unrelated third parties having such dealings or transactions with them.
Date of approval by the Board	30.05.2018
Date of approval at AGM	19.09.2018
Amount paid as advances, if any	NIL

By order of the Board  
For **MAGNA ELECTRO CASTINGS LIMITED**

Place : Coimbatore.  
Date : 30<sup>th</sup> May, 2019

**N. Krishna Samaraj**  
Managing Director  
(DIN: 00048547)

### ANNEXURE D

**PARTICULARS PURSUANT TO SEC. 134 (3)(m) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014:**

**A. Conservation of Energy:**

**(i) Steps Taken for Conservation of Energy:**

The Company, being a power intensive one, constantly focuses its attention on conserving energy wherever possible. During the year under review, auto on/off switch has been installed in all street lights in order to reduce power consumption.

The details of electricity consumed per metric ton of good castings produced over a five year period are given below:

YEAR	2019	2018	2017	2016	2015
Number of Units per Ton of good castings	1666	1680	1724	1674	1667

Power Consumption	2018-19		2017-18	
	No of Units	Percentage	No of units	Percentage
Total Electricity	1,26,15,523	100.00%	1,09,13,441	100.00%
Own Generation – Windmill	66,85,165	52.99%	71,02,379	65.08%
Purchased from TNEB	26,38,055	20.91%	25,20,078	23.09%
Third Party Purchase	32,92,303	26.10%	12,90,984	11.83%

**(ii) Steps Taken by the Company for utilizing alternate sources of energy:**

The Company has installed four Wind Energy Generators with a total capacity of 4MW as part of the Green initiative and generation of Clean Energy.

**(iii) Capital Investment on energy conservation equipment: Nil**

**B. Technology absorption & Research & Development**

**1) Efforts made towards technology absorption, adaptation and innovation:**

*Sand Aerator in the Hunter Molding Machine* will aid to get lump free sand in order to increase sand flowability.

*Green Sand AFS Improvement in the Hunter Molding Machine* to improve casting surface finish, which also helps in reduction of sand in Hunter, Bentonite. And it also eliminates sand fusion defect in gray iron castings and improves casting surface finish.

*Development of Solid Solution Strengthened (SSF) Grade* as per EN-GJS-500-14 helps in improving efficiency and optimize energy consumption.

**2) Information of Imported Technology (imported during the last 5 years from the beginning of the Financial Year)**

- |                          |      |
|--------------------------|------|
| a) Technology Imported   | None |
| b) Year of Import        | N.A. |
| c) Technology absorption | N.A. |

## 3) Expenditure incurred on Research &amp; Development:

(₹ In Lakhs)

Expenditure on R&D	2018-19	2017-18
Capital	56.47	-
Revenue	16.68	11.63
Total	73.15	11.63
R&D Expenditure as a percentage of Turnover	0.61	0.13

**C. Foreign Exchange earnings & outgo:**

The Export market during the year under review was subdued due to weak US and European markets. There is still no sign of recovery in the markets where the Company is supplying its products.

The Company is continuously focusing its attention on new customers and new products from its existing customers.

The details of foreign exchange earnings and outgo are furnished below:

(₹ In Lakhs)

Particulars	2018-19	2017-18
Foreign Exchange Earnings	6015.82	4374.28
Foreign Exchange Outgo	208.43	353.77

By order of the Board  
For **MAGNA ELECTRO CASTINGS LIMITED**

Place : Coimbatore.  
Date : 30<sup>th</sup> May, 2019

**C.R.Swaminathan**  
Director  
(DIN: 00002169)

**N. Krishna Samaraj**  
Managing Director  
(DIN: 00048547)

**ANNEXURE E****Annual Report on Corporate Social Responsibility (CSR) Activities****1. A brief outline of the Company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company has identified the areas wherein the CSR activities are proposed to be undertaken by the Company.

Some of the major thrust areas are:

1. Healthcare and medical facilities
2. Promoting education and undertaking activities for improvement of schools, especially Government primary schools.
3. Provide funds for various Annadhana schemes for eradicating hunger and poverty.
4. Ensuring environmental sustainability and ecological balance
5. Women and child development activities

The policy relating to CSR has been displayed on the Company's website and can be accessed at <http://www.magnacast.com/financial/223.pdf>

**2. Composition of CSR Committee**

The CSR Committee of the Board of Directors has been constituted with the following Directors as its members:

Sri.C.R.Swaminathan	-	Chairman
Dr.R.Nandini	-	Member
Sri.N.Krishna Samaraj	-	Member

**3. Average Net Profit of the Company for last three Financial Years:**

Average Net Profit: ₹ 876.25 Lakhs

**4. Prescribed CSR Expenditure (2% of the amount as in item 3 above):**

The Company was required to spend ₹ 17.53 Lakhs towards CSR during the year

**5. Details of CSR spent during the Financial Year 2018-19:****a) Total amount spent for the financial year**

₹ 19.25 Lakhs

**b) Amount unspent, if any;**

Nil

## c) Manner in which the amount spent during the financial year is detailed below:

(₹ In Lakhs)

S. No	CSR Project or Activity identified	Sector in which the project is covered	Project or programs (1) Local area or other (2) Specify the State and district where projects or Programs were undertaken	Amount outlay (budget) project or programs-wise	Amount spent on the project or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Over-heads:	Cumulative Expenditures up to the reporting period	Amount spent, direct or through implementing agencies*
1	Healthcare	Healthcare	Others Andhra Pradesh/ Local	11.00	13.50	13.50	SVPD Trust, AP UYIR Trust, Coimbatore-TN.
2	Environment	Environment	Local	5.00	2.60	2.60	Direct-Coimbatore Zoological Park
3.	Women & Child Welfare	Women Welfare	Local	4.00	3.15	3.15	Amrit Centre -NGO/Womens' Voluntary Association/ Registered Trust
	<b>TOTAL</b>			<b>20.00</b>	<b>19.25</b>	<b>19.25</b>	

## 6. Reasons for not spending an amount equal 2% of the Average Net Profits of the last three financial years:

Not applicable

## 7. Responsibility statement of the CSR Committee:

The CSR Committee confirms that the implementation and governance of CSR Programs have been elaborated in the Company's CSR policy. The CSR Committee further confirms that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and policy of the Company.

By order of the Board  
For **MAGNA ELECTRO CASTINGS LIMITED**

Place : Coimbatore.  
Date : 30<sup>th</sup> May, 2019

**C.R.Swaminathan**  
Director  
(DIN: 00002169)

**N. Krishna Samaraj**  
Managing Director  
(DIN: 00048547)

**ANNEXURE F****Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2019**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To  
The Members,  
Magna Electro Castings Limited  
(CIN: L31103TZ1990PLC002836)  
Old No.62, New No.43,  
Balasundaram Road  
Coimbatore – 641 018.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Magna Electro Castings Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s.Magna Electro Castings Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2019 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

I have also examined compliance with the applicable clauses of the following:

- a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);
- b) Listing Agreement entered into by the Company with the BSE Limited;

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Standards etc., mentioned above.

I further report that, during the year under review, there were no actions/ events in pursuant of the following Rules/Regulations requiring compliance thereof by the Company:

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- c. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- f. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 1998;

I further report that based on the information provided by the Company, its officers and authorized representatives, there are no laws specifically applicable to the Company.

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

#### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.



I further report that during the period, there were no instances of:

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Redemption / buy-back of securities
- Major decision taken by the members in pursuant to Section 180 of the Companies Act, 2013.
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations.

Place : Coimbatore

Date : 30.05.2019

**M D SELVARAJ**

MDS & Associates

Company Secretaries

FCS No.: 960, C P No.: 411

This report is to be read with my letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To  
The Members,  
Magna Electro Castings Limited  
(CIN: L31103TZ1990PLC002836)  
Old No.62, New No.43  
Balasundaram Road  
Coimbatore – 641 018.

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable standards, laws, rules and regulation is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore  
Date : 30.05.2019

**M D SELVARAJ**  
MDS & Associates  
Company Secretaries  
FCS No.: 960, C P No.: 411

### ANNEXURE G

**Statement pursuant to Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 and Section 197(12) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014**

1.	Ratio of remuneration of the Managing director to the median remuneration of the employees of the Company for the financial year	35:1
2.	Percentage increase in remuneration of the Managing Director, Chief Financial Officer and Company Secretary	
	a. Managing Director	21%
	b. Chief Financial Officer	(1%)
	c. Company Secretary	12%
3.	Percentage increase in median remuneration of employees in the financial year	9%
4.	No of permanent employees on the rolls of the Company	189 (last year 179)
5.	Average percentile increase in employees remuneration (other than managerial remuneration) in the last financial year	9%
	Percentage increase in managerial remuneration	21%
6.	The Directors affirm that the remuneration paid is as per the remuneration policy of the Company	

Disclosure under Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

**Particulars of Top Ten Employees of the Company in terms of remuneration drawn:**

(₹ In Lakhs)

Name, Designation & Age of the Employee	Gross Remuneration paid	Date of Commencement of Employment (Experience in years)	Qualification & Previous Employment
N. Krishna Samaraj* Managing Director 64 Years	82.72	22.08.1990 (29 Years)	B.E., MBA.,(USA) -
M. Malmarugan Vice President (Operations) 47 Years	47.76	17.10.2011 (7 Years)	B.E.,MBA., Sanmar Foundries Limited
V. Mohanraj Sr.General Manager-Marketing 48 Years	38.57	22.09.1994 (25 Years)	B.E.,PGDMM., Lucas TVS Limited
R. Ravi Chief Financial Officer 61 Years	36.85	01.09.2004 (15 Years)	B.Com.,ACA.,ACS., Textool Company Limited

Name, Designation & Age of the Employee	Gross Remuneration paid	Date of Commencement of Employment (Experience in years)	Qualification & Previous Employment
Umesh Vasantrao Honkalas General Manager- Quality 47 Years	25.67	20.07.2015 (4 Years)	M.Tech., J S Auto Cast Foundry India Private Limited
Nevillie Gnanaraj V Sr. Manager- Design 46 Years	22.29	21.03.1996 (23 Years)	B.E., PSG Foundry
P. Periannan General Manager- Production 47 Years	20.95	15.07.2013 (6 Years)	B.E., Sakthi Auto Component Limited
Krishnan S Manager- Projects 60 Years	15.30	12.05.2011 (8 Years)	DEEE., KCP Limited
R Sethurajan Sr. Manager- Product Development 65 Years	14.85	23.02.2011 (8 Years)	DME PSG Foundry
M Sampathkumar Manager-Electical 45 Years	11.89	06.02.2012 (7 Years)	DEEE., Vaksh Steels Limited

During the financial year 2018-19, there were no employees in the Company who was in receipt of remuneration exceeding ₹ 1.02 Crores employed for the whole year and ₹ 8.50 Lakhs per month employed for any part of the year in aggregate.

**Note:**

1. \*Employment is Contractual
2. No employee is relative (in terms of the Companies Act, 2013) of any Director of the Company. Further no employee of the Company is covered by the Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, that is employee, holding by himself or with his family, shares of 2% or more in the Company and drawing remuneration in excess of a Managing Director.
3. The remuneration details are for the year 2018-19 and all other particulars are as on 31<sup>st</sup> March, 2019.

**REPORT ON CORPORATE GOVERNANCE**

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2019, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

**1. A brief statement on Company's philosophy on code of governance**

The corporate vision of Magna is to ensure that business is conducted in the best interest of all stake holders. Magna has consistently adopted the best practices in Corporate governance, thereby ensuring that the highest standards of ethical practices are conducted in such a manner to benefit all stakeholders involved.

**2. Board of Directors**

The Company's Board of Directors comprises of six (6) Directors (out of which four (4) are Independent Directors, including one (1) Woman Independent Director). Sri.N. Krishna Samaraj is the Managing Director and all others are Non-Executive Directors.

The Board met four times during the Financial Year on 30<sup>th</sup> May ,2018; 4<sup>th</sup> August, 2018; 3<sup>rd</sup> November, 2018; 2<sup>nd</sup> February ,2019. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the year is as under: -

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Public Companies#	No.of Committee positions held in all Companies \$
		Board Meeting	Last AGM		
Sri.J.Vijayakumar (DIN: 00002530)	Non-Executive/ Non- Independent	4	Yes	1	1 /Nil
Sri. N. Krishna Samaraj (DIN: 00048547)	Managing Director Promoter	4	Yes	2	1/Nil
Sri.K.Gnanasekaran (DIN: 00133645)	Non-Executive/ Independent	4	Yes	1	2/2
Dr.R.Nandini (DIN: 00002223)	Non-Executive/ Independent	3	Yes	0	Nil/Nil
Dr.Jairam Varadaraj (DIN: 00003361)	Non-Executive/ Independent	2	No	8	5/1
Sri.C.R.Swaminathan (DIN: 00002169)	Non-Executive/ Independent	4	Yes	0	Nil

# Excludes directorships in Private Companies and Foreign Companies

\$ Only Audit Committee and Stakeholders Relationship Committee are considered.

None of the directors on the Board of the Company are related to each other.

None of the Directors holds directorship in more than 20 Companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the disclosures received from the directors, none of the directors serve as member of more than 10 committees nor they are the Chairman / Chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **Other Directorships:**

<b>Directors</b>	<b>Details of the other listed entities where the Directors hold directorship</b>	
	<b>Name of the listed entity</b>	<b>Designation</b>
Sri.J.Vijayakumar (DIN: 00002530)	Nil	Nil
Sri. N. Krishna Samaraj (DIN: 00048547)	Shanthi Gears Limited	Non-Executive - Independent Director
Sri.K.Gnanasekaran (DIN: 00133645)	Kovilpatti Lakshmi Roller Flour Mills Limited	Non-Executive - Independent Director
Dr.R.Nandini (DIN: 00002223)	Nil	Nil
Dr. Jairam Varadaraj (DIN No.00003361)	Precot Meridian Limited Elgi Rubber Company Limited Thermax Limited Elgi Equipments Limited	Non-Executive-Independent Director Non-Executive - Non-Independent Director Non-Executive-Independent Director Managing Director- Promoter
Sri.C.R.Swaminathan (DIN: 00002169)	Nil	Nil

#### **Statement showing number of Equity Shares held by the Non-Executive Directors as on 31<sup>st</sup> March, 2019:**

<b>Name of the Director</b>	<b>No. of Shares held (as on 31.03.2019)</b>
Sri.J.Vijayakumar	<b>10,100</b>
Sri.K.Gnanasekaran	-
Dr.R.Nandini	-
Dr.Jairam Varadaraj	-
Sri.C.R.Swaminathan	-

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year

#### **INDEPENDENT DIRECTORS**

##### **Familiarization Program for Independent Directors:**

The Company through its Managing Directors/ Executive Directors / Key Managerial Personnel conducts programs and presentations to familiarize the Independent Directors with the strategy, operations and functions of the Company as and when required.

In order to provide the Independent Directors with a thorough understanding of the activities of the Company and the various initiatives taken with regard to safety, quality, CSR, sustainability, etc., the Independent Directors are provided with an opportunity to visit the Company's plants, where the plant heads apprise them of the operational and sustainability aspects.

At the time of appointment of an Independent Director, a meeting is set-up with the Key Managerial Personnel in order to discuss the functioning's of the Board and the nature of operations of the Company.

The Familiarization Program for Independent Directors have been posted on the Company's website at <http://www.magnacast.com/financial/378.pdf>

**Key Board Qualifications, expertise and attributes:**

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its committees and the management.

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's Business Vertical(s) and those already available with the Board are as follows:

<b>Core Skill/Expertise/ Competencies</b>	<b>Description</b>
FINANCIAL	<i>Experience in Financial Management and reporting process and expertise in Taxation, principal accounting, Auditing or performing similar functions.</i>
GENERAL ADMINISTRATION	<i>Leadership experience in managing companies and associations including General Management</i>
STRATEGIC PLANNING	<i>Industry experience including its entire value chain and indepth experience in Corporate Strategy and Planning, Organization Process and Risk Management.</i>
TECHNOLOGY	<i>Knowledge of how to anticipate technological trends, innovations, create new business models.</i>
GLOBAL BUSINESS	<i>Multiple geography and cross-cultural experience, with an understanding of diverse business environments, economic conditions to secure market opportunities</i>
SOCIAL RESPONSIBILITY	<i>Relevant experience and knowledge in the matters of Corporate Social Responsibility including Environment, Sustainability, Healthcare, Education and Values</i>

**Confirmation on the fulfillment of the conditions of independence:**

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

**Separate Meeting of the Independent Directors:**

The independent Directors' meeting was held on 18<sup>th</sup> January, 2019 without the attendance of Non-Independent Directors and members of Management and they inter alia, reviewed the performance of the Non-Independent Directors and the Board as a whole and accessed the quality, quantity and timeliness of flow of information between the Company and the Board.

## COMMITTEES OF THE BOARD

### 3. Audit Committee

The Board has constituted a well-qualified Audit Committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of the Audit Committee have knowledge of finance, accounts and engineering industry. The quorum for an audit committee meeting is a minimum of two Directors.

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act, 2013 and the guidelines set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with Part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions, and other related matters. The Committee is empowered to recommend the appointment and remuneration payable to the Statutory Auditors. The Committee meets once in every quarter to carry out its business.

During the year under review, the Committee met four times on 30<sup>th</sup> May, 2018; 4<sup>th</sup> August, 2018; 3<sup>rd</sup> November, 2018; 2<sup>nd</sup> February, 2019. The Composition of the Audit Committee and the attendance of each member of the Committee is given below;

#### Composition, name of members, meetings and attendance during the year:

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Sri.C.R.Swaminathan (Chairman)	Non-Executive/ Independent	4	4
Sri.J.Vijayakumar (Member)	Non-Executive/ Non-Independent	4	4
Sri.K.Gnanasekaran (Member)	Non-Executive/ Independent	4	4
Dr.R.Nandini (Member)	Non-Executive/ Independent	4	3

The Company Secretary acts as the Secretary to the Audit Committee. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the Financial Year 2018-19, before it was placed in the Board.

The Chairman of the Audit Committee had attended the Annual General Meeting.

### 4. Nomination and Remuneration Committee

The Nomination and Remuneration Committee is constituted in compliance with the requirements of Regulation 19 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act 2013.



The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013

During the year under review, the Committee met on 30<sup>th</sup> May, 2018 and 18<sup>th</sup> January, 2019.

**Composition, name of members, meetings and attendance during the year:**

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Sri.K.Gnanasekaran (Chairman)	Non-Executive/ Independent	2	2
Dr.Jairam Varadaraj (Member)	Non-Executive/ Independent	2	2
Dr. R. Nandini (Member)	Non-Executive/ Independent	2	2

The Chairman of the Nomination and Remuneration Committee had attended the Annual General Meeting.

The Company pays remuneration to Managing Director by way of salary, perquisites and commission as approved by the members of the Company. The Non-executive Directors are not paid any remuneration except by way of sitting fees for attending the Meetings of the Board / Committee(s).

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every Director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independent of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for fixing and revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company. The salient features of Remuneration policy of the Company is annexed to the Board's Report and the detailed policy can also be accessed on the Company's website at the link <http://www.magnacast.com/financial/383.pdf>

**Performance evaluation of Non-Executive Directors and Independent Directors:**

The Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017 had issued a guidance note on Board Evaluation specifying the criteria for evaluation of performance of (i) Board as a whole (ii) individual Directors (including Independent Directors & Chairperson) and (iii) various Committees of the Board.

Based on the parameters suggested, the Nomination and Remuneration Committee has adopted suitable criteria to evaluate the Non- Executive Directors and Independent Directors of the Company.

Accordingly, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance.

**DETAILS OF REMUNERATION**

Remuneration and sitting fees paid to Executive and Non-Executive Directors during the year ended 31<sup>st</sup> March, 2019:

(₹ In Lakhs)

Name	Salary	Perquisites	Sitting Fees	Commission	Total
Sri.J.Vijayakumar	-	-	1.40	-	1.40
Sri.K.Gnanasekaran	-	-	1.10	-	1.10
Dr.R.Nandini	-	-	0.75	-	0.75
Dr.Jairam Varadaraj	-	-	0.30	-	0.30
Sri.C.R.Swaminathan	-	-	1.00	-	1.00
Sri.N.Krishna Samaraj	67.20	0.19	1.00	14.33	82.72

The Company does not pay remuneration to any of its Non-Executive Directors except sitting fees for attending the Board/Committee Meeting(s).

The Company currently does not have any Stock Option Scheme.

**5. Stakeholders Relationship Committee:**

The Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Stakeholders Relationship Committee comprises of three Directors. The Committee is chaired by Sri.J.Vijayakumar. The Committee meetings were held on 30<sup>th</sup> May, 2018, 4<sup>th</sup> August, 2018, 3<sup>rd</sup> November, 2018 and 2<sup>nd</sup> February, 2019.

**Composition, name of members, meetings and attendance during the year:**

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Sri.J.Vijayakumar (Chairman)	Non-Executive/ Non-Independent	4	4
Sri.N.Krishna Samaraj (Member)	Executive/ Non- Independent	4	4
Sri.K.Gnanasekaran (Member) (w.e.f 03.11.2018)	Non-Executive/ Independent	4	1

The Chairman of the Stakeholders Relationship Committee had attended the Annual General Meeting. Smt. Sangeetha .C, Company Secretary of the Company serves as the Compliance Officer.

The Stakeholders Relationship Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfer, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transfers and transmission of shares and other miscellaneous complaints. The committee also approved transfer, transmission, transposition, name deletion and issue of duplicate share certificates.

In addition, the Committee looks into other issues including status of dematerialization / re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31<sup>st</sup> March, 2019 was Nil. There were no outstanding complaints as on 31<sup>st</sup> March, 2019.

Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

#### **Unclaimed Suspense Account:**

Since there are no unclaimed shares, the Company has not opened unclaimed suspense account.

#### **Unclaimed Shares Transferred to Investor Education and Protection Fund Authority:**

Pursuant to Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 8,624 shares to IEPF Authority Account during the financial year.

The voting rights on the outstanding unclaimed shares as on 31<sup>st</sup> March, 2019 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent.

### **6. Corporate Social Responsibility (CSR) Committee:**

In compliance with the provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has constituted the Corporate Social Responsibility Committee.

The terms of reference of this Committee, assigned by their Board encompasses:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII:
- To recommend the amount of expenditure to be incurred on the activities referred to in clause A:
- To monitor the CSR policy of the Company from time to time:
- Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India:

During the year under review, the Committee met on 3<sup>rd</sup> May, 2018 and 30<sup>th</sup> May, 2018.

#### **Composition, name of members, meetings and attendance during the year:**

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Meetings held during the year</b>	<b>No. of Meetings attended</b>
Sri. C R Swaminathan (Chairman)	Non-Executive/ Independent	2	2
Dr. R Nandini (Member)	Non-Executive/ Independent	2	2
Sri.N.Krishna Samaraj (Member)	Executive/ Non- Independent	2	2

The Chairman of the Corporate Social Responsibility Committee had attended the Annual General Meeting.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report forms a part of this Annual Report.

### 7. General Body Meetings

Location and time for last three AGMs held and the special resolutions, if any, passed thereat, are as given below:

Year	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
2017-18	19.09.2018	03.30 pm	Ardra Conference Center, North Huzur Road, Coimbatore 641 018	Approval for Adoption of new set of Articles of Association of the Company.
2016-17	11.09.2017	03.30 pm	Ardra Conference Center, North Huzur Road, Coimbatore 641 018	-Nil-
2015-16	15.09.2016	10.30 am	Ardra Conference Center, North Huzur Road, Coimbatore 641 018	Appointment and payment of remuneration to Sri. N. Krishna Samaraj, Managing Director of the Company.

### 8. EGM and POSTAL BALLOT:

During the year no EGM was held. No resolutions were put through postal ballot last year. No Special resolution requiring postal ballot is being proposed.

### 9. Means of Communication

The Company is regularly publishing quarterly unaudited and audited financial results and notice advertisements in The Business Line/ Financial Express and Malaimalar (vernacular language). The Company is posting the quarterly results and other statutory information in the Company's website [www.magnacast.com](http://www.magnacast.com). The Company has not made any presentations to the institutional investors or to the analysts.

### 10. General shareholder information:

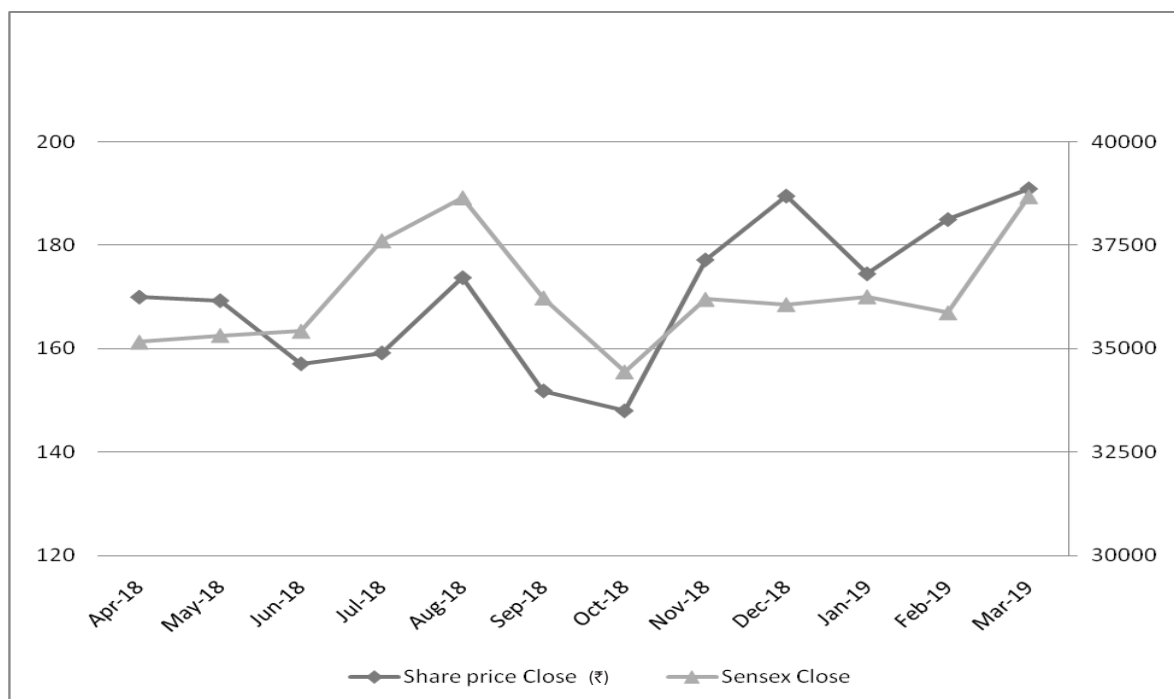
i.	i.	AGM date, time and venue	19 <sup>th</sup> August, 2019 at 3.30 P.M. Ardra Conference Center North Huzur Road Coimbatore 641 018.
	ii.	Financial calendar	1 <sup>st</sup> April, 2018 to 31 <sup>st</sup> March, 2019
	iii.	Date of Book Closure	13 <sup>th</sup> August, 2019 to 19 <sup>th</sup> August, 2019 (Both days inclusive)
	iv.	Dividend payment date	On or after 19 <sup>th</sup> August, 2019 within 30 days from the date of AGM
	v.	Listing on Stock Exchanges	BSE Limited, Mumbai
	vi.	Scrip Code	517449

	Scrip Name	MAGNAELQ
	ISIN No.	INE437D01010
vii.	Registrars and Share Transfer Agents for both Dematerialised and physical shares	M/s SKDC Consultants Limited Kanapathy Towers, III Floor 1391/A-1, Sathy Road, Ganapathy Coimbatore 641 006.
viii.	Details of Compliance Officer	Smt. Sangeetha C Company Secretary 43 (Old No.62) Balasundaram Road Coimbatore – 641 018. Ph: 0422 2240109 Fax: 0422 2246209 Email: <a href="mailto:sangeetha.c@magnacast.com">sangeetha.c@magnacast.com</a>
ix.	Share Transfer system	The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form are processed by the Registrar and Share Transfer Agents, SKDC Consultants Limited and approved by the Share Transfer Committee of the Company . The Share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by SKDC Consultants Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets and acknowledges the Share Transfer Committee's activities.

**ii. The Stock market during the year at BSE Limited, Mumbai is furnished below (in rupees):**

Month	High	Low
Apr-2018	190.00	158.00
May-2018	175.80	148.10
Jun-2018	171.00	140.00
Jul-2018	180.00	143.90
Aug-2018	185.00	155.00
Sep-2018	179.00	151.45
Oct-2018	161.00	136.50
Nov-2018	197.00	148.00
Dec-2018	203.00	172.25
Jan -2019	198.00	167.25
Feb -2019	189.80	170.10
Mar-2019	205.00	180.25

## iii.Share Price Performance in comparison with BSE Sensex:



Month	Magna Electro Castings Limited	BSE Sensex
	Share price- Close (₹)	Sensex- Close
Apr-18	170.00	35160.36
May-18	169.30	35322.38
Jun-18	157.10	35423.48
Jul-18	159.20	37606.58
Aug-18	173.75	38645.07
Sep-18	151.85	36227.14
Oct-18	148.00	34442.05
Nov-18	177.20	36194.30
Dec-18	189.55	36068.33
Jan-19	174.50	36256.69
Feb-19	185.00	35867.44
Mar-19	190.95	38672.91

**iv. Shareholding pattern as on 31st March, 2019**

Category	No of shares held	% of Share Holding
Indian Promoters	21,16,020	46.18
Mutual Funds and UTI	-	-
Foreign Portfolio Investors- Corporate	65,057	1.42
Private Corporate bodies	2,67,655	5.84
Indian Public	17,59,212	38.39
NRIs/ OCBs	2,54,386	5.55
Directors & Relatives	51,005	1.12
IEPF Authority	68,865	1.50
<b>Grand Total</b>	<b>45,82,200</b>	<b>100.00</b>

**v. Distribution of shareholding as on 31<sup>st</sup> March, 2019**

Shareholding (Range)	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 500	3369	85.23	445777	9.73
501 - 1000	203	5.14	162862	3.55
1001 - 2000	144	3.64	214064	4.67
2001 - 3000	125	3.16	316826	6.91
3001 - 4000	21	0.53	75025	1.64
4001 - 5000	18	0.46	85827	1.87
5001 - 10000	29	0.73	214011	4.67
10001 and above	44	1.11	3067808	66.96
<b>Total</b>	<b>3953</b>	<b>100.00</b>	<b>4582200</b>	<b>100.00</b>

vi.	Dematerialisation of shareholding and liquidity	Number of shares dematerialized :41,79,574 Percentage : 91.21 % (Promoters have completely dematerialized their shareholdings)
		With effect from 1 <sup>st</sup> April, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity / Registrar and Share Transfer Agent, except in case of transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
vii.	Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	Not Applicable

viii.	Plant location	SF No.34 and 35 (Part) Coimbatore Pollachi Main Road Mullipadi village, Tamaraikulam Post Pollachi Taluk, Coimbatore District PIN: 642 109
ix.	Address for Correspondence and Registered office	43 (Old No.62), Balasundaram Road Coimbatore 641 018, Tamil Nadu.

## 11. Disclosure

### a. Disclosures on materially significant Related Party Transactions that may have potential conflict with the interest of the Company at large:

All the Related Party Transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Regulations. There are no materially significant Related Party Transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large.

The details of the transactions with Related Party are provided in the Company's Financial Statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all the Related Party Transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions.

### b. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock exchange or SEBI or any statutory authority, on any matter related to capital market during the last three years:

No penalties, strictures was imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

### c. Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee:

The Company has provided for adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behaviour or any violation of the Company's code of conduct. The Audit Committee has been authorized to review the cases received under the Whistle Blower Policy of the Company and address the grievances of all the personnel in the Company.

The Whistle Blower policy can be accessed on the Company's website at <http://www.magnacast.com/financial/379.pdf>

### d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

The Company has complied with all the mandatory requirements of Corporate Governance norms as enumerated in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.



**e. Details on the compliance of non-mandatory requirements:**

The Company has adopted the non-mandatory requirement relating to Reporting of internal Auditors to Audit Committee as recommended in terms of Regulation 27(1) read with Part E of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

**f. Disclosure of commodity price risks and commodity hedging activities:**

During the financial year ended, the Company did not engage in commodity hedging activities.

**g. Disclosure on accounting treatment:**

In the preparation of the financial statements, the Company has followed the accounting standards referred to in Section 133 of the Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

**h. Disclosure on risk management:**

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board.

**i. Credit Rating:**

The Company does not have any Debt instruments or fixed deposit programme or any scheme or proposal involving mobilization of funds either in India or abroad that requires Credit Rating.

**j. Other disclosures:**

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report

During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.

The Company has paid a sum of ₹ 9.82 Lakhs as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them.

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2018-19, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

There has been no instance of non-compliance of any requirement of Corporate Governance Report as stated above.

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**12. Certificate from CEO and CFO:**

The Managing Director and CFO certification of the Financial Statements for the year has been submitted to the Board of Directors, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**13. Code of Conduct:**

As provided under Securities and Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have laid down the Code of Conduct for the Directors and the Senior Management Personnel. A declaration has been received from the Managing Director to the effect that the Directors and Senior Management Personnel have confirmed compliance with the said Code of Conduct.

**14. Code for prevention of Insider Trading:**

The Company has framed a code of conduct to regulate, monitor and report trading by Insiders based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all Directors / Officers /Designated Employees.

The Company has also formulated "The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSII)" in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same has been displayed on the Company's official website <http://www.magnacast.com/financial/377.pdf>

**Declaration for code of conduct**

I, N. Krishna Samaraj, Managing Director of Magna Electro Castings Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended March 31, 2019 affirmed compliance with the Code of Conduct laid down by the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By order of the Board  
For **MAGNA ELECTRO CASTINGS LIMITED**

Place : Coimbatore.  
Date : 30<sup>th</sup> May, 2019

**N. Krishna Samaraj**  
Managing Director  
(DIN: 00048547)

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI  
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To

**The Members of**

**M/s. MAGNA ELECTRO CASTINGS LIMITED**

(CIN: L31103TZ1990PLC002836)

Old no 62 New No.43

Balasundaram Road

Coimbatore - 641018

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s. MAGNA ELECTRO CASTINGS LIMITED** having CIN:L31103TZ1990PLC002836 and having registered office at Old no 62 New No.43, Balasundaram Road, Coimbatore – 641018 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31<sup>st</sup> March 2019** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Krishna Samaraj Narayanaswamy (Managing Director)	00048547	22/08/1990
2	Mr. Vijayakumar Naidu Janardhana	00002530	22/08/1990
3	Mr. Karuppuswamy Gnanasekaran	00133645	19/09/2001
4	Mrs. Nandini Rangaswamy	00002223	27/10/2003
5	Mr. Jairam Varadaraj	00003361	28/10/2004
6	Mr. Cherukoori Ramaswamy Naidu Swaminathan	00002169	25/01/2012

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**M D SELVARAJ**

MDS & Associates

Company Secretaries

FCS No.: 960, C P No.: 411

Place : Coimbatore

Date : 30.05.2019

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**MANAGEMENT DISCUSSION AND ANALYSIS**

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**Overview:**

Magna's corporate vision is to ensure a sustainable business model, provide customers with products and services consistently conforming to customer requirements at the right time, cost and quality and maintain a leadership position in the segments in which it is operating. This objective is sought to be achieved through total employee involvement, plant improvements, continuous process developments and conforming to ethical business practices.

The financial statements presented here have been prepared in compliance with the requirements of the Companies Act, 2013, various statutory enactments and Indian Accounting Standards.

**Industry structure and developments:**

The Indian Foundry Industry is the most vital industrial segment of the manufacturing sector and hence called 'Mother of all Industries'. Globally, the Indian Foundry Industry has been ranked Second. On an average the castings produced annually is about 10 million tonnes, which is capable of being increased 20 million tonnes given the fact that there is a lot of emphasis being given to railways, defence and infrastructure sectors.

It has been estimated that more than 40% of the Castings are for the automobile sector and it is expected to record growth for another couple of years. The industry is bullish of doubling growth rates, spurred by imminent demand from emerging sectors such as automotive, railways, defence, agriculture, infrastructure etc.,

**The Company's performance during the year 2018-19:****Foundry Division:**

The Operating Revenue of the Company has increased by about 30% from ₹ 9424.01 Lakhs to ₹ 12292.39 Lakhs. The market, both domestic and export recorded substantial growth both in terms of tonnage and value. This is possible due to good market condition prevailing across all sectors, both locally and on the export front.

Consequent upon the increase in turnover from ₹ 9424.01 Lakhs to ₹ 12292.39 Lakhs, the Profit Before Tax has recorded a substantial increases from ₹ 787.54 in the previous year to ₹ 1501.68 Lakhs in the current year. This was achieved inspite of spiralling raw material cost sand other overheads. But strict control on costs and a favourable forex market enable the Company to register an increase 91% in Profit Before Tax.

**Wind Energy Division:**

The Wind Energy Division generated an income of ₹ 520.79 Lakhs as against ₹ 507.89 Lakhs in the Previous year.

**Outlook:**

The Company has developed 148 new products which includes proto parts and other regular parts. Consequent upon this, the Company expects substantial increase in sales during the current year as stated in Board's Report.

The Company has also entered into new customer segments which will help to increase sales in the coming years

**Opportunities and Threats:**

The ongoing trade and tariff war between the US and China may come as a boon to the Indian Foundry Industry sector and India is expected to have an edge on the export front with close to 40-45 percent of

total exports to the US. This will boost the opportunities in exports for next couple of years.

The increase in sales volume shall be expected in coming years based on the new products developed during previous 2 years.

In order to grow and remain competitive, we need to upgrade the technology from time to time.

The major threats in the foundry industry is increase in raw material prices and secondly availability of quality materials.

The introduction of BS VI compliant vehicles by Government will also have an impact on castings industry in the short run. The phased introduction of electric vehicles will also have an impact on the Foundry Industry in the long run.

#### **Environment, Safety and Energy Conservation Policy:**

Magna is continuously focusing on preserving natural resources through non-polluting, energy efficiency and providing workers friendly environment, as one of our missions is keeping our foundry Clean and Green. Several safety awareness programmes are being conducted for workers at various levels to avoid even minor injuries to the Employees through Safety Committee.

Efficient Energy Conservation targeted by introducing new technologies and automations for foundry process and using existing resources in most efficient manner. As stated in the Board's Report, the Company, instead of wasting natural resources like sand., has installed machines to manufacture bricks and pavered stone out of the waste sand. This apart from meeting captive needs, will also help to generate additional sources of revenue.

#### **Risks and concerns:**

Magna has adopted a comprehensive and integrated risk mitigation and management process. The risk mitigation measures are placed before the Audit Committee and the Board for its periodical review and improvements.

#### **Internal control systems and their adequacy:**

Magna is having well established and adequate Internal Control Systems commensurate to the size of the business. The actual performances are reviewed and compared with budget, the deviations from there is addressed regularly. Magna is also having established internal audit team, statutory audit teams and Audit Committee of Board of Directors to control internal systems adequately.

#### **Personnel:**

Magna value its employees and continuously provides training and skill development to improve their quality. The Company also focuses on employees' safety at work place and strives to provide good and healthy environment. Necessary policies were framed during the year for their long term benefits.

#### **Key Financial Ratios:**

There is no significant change in key financial ratios when compared with previous year and below are ratios;

Particulars	2018-19	2017-18
Debtors Turnover Ratio	94 days	112 days
Inventory Turnover Ratio	14 times	13 times
Interest Coverage Ratio	103 times	27 times
Current Ratio	3.38	2.39

Particulars	2018-19	2017-18
Debt Equity Ratio	NIL	NIL
Operating Profit Margin	16.51%	13.63%
Net Profit Margin	9.05%	7.25%
Return on Networth	16.10%	11.32%

Further the Company confirms that there is no different accounting treatment has been followed than prescribed in accounting standard while preparing financial statements

#### **Cautionary Statement:**

The view expressed herein may be forward looking within the legal frame-work, but the actual results may differ from what has been expressed due to various factors. The information given herein is based on information available with the Company and its judgement. This judgement depends upon the Company's perception. Any investment by shareholders/ investors should therefore be based on their individual analysis.

#### **COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To the members of **Magna Electro Castings Limited**

1. We have examined the compliance conditions of Corporate Governance by Magna Electro Castings Limited for the financial year ended 31st March, 2019 as stipulated in Regulations 17 to 27 and Clause (b) to (i) of Regulation 46(2), Schedule II and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our Examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clause (b) to (i) of Regulation 46(2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.
4. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Srikishen & Co.**

Chartered Accountants

( Reg.No.004009S)

Place : Coimbatore

Date : 30.05.2019

**K Murali Mohan**

Proprietor

Membership No.14328

**INDEPENDENT AUDITOR'S REPORT****To the Members of Magna Electro Castings Limited****Report on the Financial Statements****Opinion**

We have audited the Financial Statements of Magna Electro Castings Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the Profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have no key audit matter to communicate in our report.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the Financial Statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.



If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events



or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in

- (i) planning the scope of our audit work and in evaluating the results of our work; and
- (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid Financial Statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure " B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act and is within the limit specified under the said Section.

- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**For Srikishen & Co.**  
Chartered Accountants  
( Reg.No.004009S)

Place : Coimbatore  
Date : 30.05.2019

**K Murali Mohan**  
Proprietor  
Membership No.14328

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT****(Referred to in Paragraph 1 of Report on Other Legal and Regulatory Requirements)**

According to the information and explanations sought by us and given by the Company and the books and records examined by us during the course of our Audit and to the best of our knowledge and belief we report the following:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) The fixed assets have been physically verified in a phased periodical manner, by the management, which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies have been noticed on such physical verification.
- (c) The title deeds of all the immovable properties of land and building which are freehold are held in the name of the Company as at the Balance Sheet date.
- (ii) The physical verification of inventory has been conducted by the management at reasonable intervals. The Company has maintained proper record of inventory and no material discrepancies were noticed on the physical verification of inventories as compared to the book records.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) The Company has not advanced any loans to its Directors or any other person in whom the Directors are interested or given any guarantee or provided any security in connection with any loan taken by the Directors or such other person as contemplated under Section 185 of the Act.
- (v) The Company has not accepted any deposits from the public. Therefore the provisions of clause (v) of para 3 of the order are not applicable to the Company.
- (vi) The Central Government has prescribed the maintenance of cost records under Section 148(1) of the Act. We have broadly reviewed the accounts and records of the company in this connection and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however carried out a detailed examination of the same.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employee's state insurance, income-tax, goods and service tax, duty of customs, duty of excise, cess and other material statutory dues with the appropriate authorities. There are no undisputed arrears of statutory dues which were outstanding as at 31 March, 2019 for a period of more than six months from the date they became payable.
- (b) There are no dues of income-tax, goods and service tax, duty of customs, duty of excise or Value Added Tax that have not been deposited on account of any dispute.
- (viii) The Company has not defaulted in the repayment of dues to banks. The Company has not borrowed from financial institutions or Government and has not issued any debentures till date.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. The Company has not availed any new term loans during the year. Accordingly clause 3(ix) of the order is not applicable.

- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion the managerial remuneration has been paid in accordance with the requisite approval mandated by the provisions of Section 197, read with Schedule V of the Act.
- (xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) The Company has not made preferential allotment or private placement of shares or fully or partly paid convertible debentures during the year and hence reporting under paragraph 3 clause (xiv) of the Order is not applicable to the Company.
- (xv) The Company has not entered into non-cash transactions with Directors or persons connected with the Directors and hence provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

**For Srikishen & Co.**  
Chartered Accountants  
( Reg.No.004009S)

**K Murali Mohan**  
Proprietor  
Membership No.14328

Place : Coimbatore  
Date : 30.05.2019

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT****(Referred to in Paragraph 2(f) of Report on Other Legal and Regulatory Requirements)**

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Magna Electro Castings Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining Internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

**Meaning of Internal Financial Controls Over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and Directors of the Company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Srikishen & Co.**

Chartered Accountants  
( Reg.No.004009S)

**K Murali Mohan**

Proprietor

Membership No.14328

Place : Coimbatore

Date : 30.05.2019

**BALANCE SHEET AS AT 31ST MARCH, 2019**

(₹ In Lakhs)

Particulars	Notes	31.03.2019	31.03.2018
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	3,149.20	3,495.90
Capital work in progress	3	6.69	-
Other intangible assets	3	0.80	2.10
Investment properties	4	183.66	191.38
Financial assets			
i. Other Financial Assets	5	146.98	148.60
Other non-current assets	6	26.73	29.05
<b>Total non-current assets</b>		<b>3,514.06</b>	<b>3,867.03</b>
<b>Current assets</b>			
Inventories	7	914.31	806.82
Financial assets			
i. Trade receivables	8	3,091.67	2,846.35
ii. Cash and cash equivalents	9	144.17	70.72
iii. Bank balances	10	531.80	35.51
iv. Other financial assets	11	758.82	534.48
Other current assets	12	58.79	58.86
<b>Total current assets</b>		<b>5,499.56</b>	<b>4,352.74</b>
<b>TOTAL ASSETS</b>		<b>9,013.62</b>	<b>8,219.77</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	13	458.22	458.22
Other equity	14	6,620.94	5,605.90
<b>TOTAL EQUITY</b>		<b>7,079.16</b>	<b>6,064.12</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
i. Borrowings	15	-	-
ii. Other Financial Liabilities		-	-
Deferred Tax Liabilities	17	293.52	311.56
Government Grants	18	11.85	19.09
<b>Total Non-Current Liabilities</b>		<b>305.37</b>	<b>330.65</b>

**BALANCE SHEET AS AT 31ST MARCH, 2019**

(₹ In Lakhs)

Particulars	Notes	31.03.2019	31.03.2018
<b>Current Liabilities</b>			
Financial Liabilities			
i. Borrowings	15	-	346.23
ii. Trade payables	19	1,458.88	1,294.41
iii. Other financial liabilities	20	44.45	28.20
Employee Benefit Obligations	16	59.34	42.45
Government Grants	18	7.24	9.04
Current Tax Liabilities	21	23.05	25.07
Other Current Liabilities	22	36.13	79.60
<b>Total Current Liabilities</b>		<b>1,629.09</b>	<b>1,825.00</b>
<b>TOTAL LIABILITIES</b>		<b>1,934.46</b>	<b>2,155.65</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,013.62</b>	<b>8,219.77</b>

See Accompanying Notes to Financial Statements 32-42

**For and on behalf of the Board**

As per our report annexed

**C R Swaminathan**  
Director  
DIN:00002169

**R Ravi**  
Chief Financial Officer

for **Srikishen & Co.**  
Chartered Accountants  
(Reg No.004009S)

**N Krishna Samaraj**  
Managing Director  
DIN:00048547

**Sangeetha C**  
Company Secretary

**K Murali Mohan**  
Proprietor, Auditor  
Membership No.14328

Coimbatore  
30.05.2019



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

(₹ In Lakhs)

Particulars	Notes	31.03.2019	31.03.2018
<b>Income</b>			
Revenue from Operations	23	12,292.39	9,424.01
Other Income	24	295.20	38.98
<b>Total Income</b>		<b>12,587.59</b>	<b>9,462.99</b>
<b>Expenses</b>			
Cost of Material Consumed	25	4,399.59	3,313.24
Changes in Inventories of Finished Goods, Stock-in-Trade and Work in Progress	26	(107.91)	(113.88)
Excise duty		-	116.65
Employee benefit Expense	27	1,099.77	951.17
Finance Costs	28	29.03	31.56
Depreciation and Amortisation Expense	29	543.22	454.08
Other Expenses	30	5,122.21	3,922.63
<b>Total Expenses</b>		<b>11,085.91</b>	<b>8,675.45</b>
<b>Profit before exceptional items and tax</b>		<b>1,501.68</b>	<b>787.54</b>
Exceptional Items		-	-
<b>Profit before tax</b>		<b>1,501.68</b>	<b>787.54</b>
Income tax expense			
Current tax		374.17	158.61
Deferred tax		(12.21)	(57.25)
Tax Expense		<b>361.96</b>	<b>101.36</b>
<b>Profit for the period</b>		<b>1,139.72</b>	<b>686.18</b>
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Remeasurement of post employment benefit obligations		(20.03)	(13.80)
Income tax relating to these items		5.83	3.84
<b>Other comprehensive income for the period, net of tax</b>		<b>(14.20)</b>	<b>(9.96)</b>
<b>Total comprehensive income for the period</b>		<b>1,125.52</b>	<b>676.22</b>
Earnings per Equity Share of ₹ 10 each			
Basic earnings per share		24.87	14.97
Diluted earnings per share		24.87	14.97

See Accompanying Notes to Financial Statements 32-42

**For and on behalf of the Board**

**C R Swaminathan**  
Director  
DIN:00002169

**R Ravi**  
Chief Financial Officer

**N Krishna Samaraj**  
Managing Director  
DIN:00048547

**Sangeetha C**  
Company Secretary

Coimbatore  
30.05.2019

As per our report annexed

for **Srikishen & Co.**  
Chartered Accountants  
(Reg No.004009S)

**K Murali Mohan**  
Proprietor, Auditor  
Membership No.14328

## STATEMENT OF CHANGES IN EQUITY AS AT 31ST MARCH, 2019

(₹ In Lakhs)

## I Equity Share Capital

	Notes	Amount
<b>Balance as at March 31, 2018</b>		<b>458.22</b>
Changes in equity share capital during the year	14	-
<b>Balance as at March 31, 2019</b>		<b>458.22</b>

## II Other Equity

	Notes	General Reserve	Retained earnings	Total
<b>Balance as at March 31, 2018</b>		<b>3,000.00</b>	<b>2,605.90</b>	<b>5,605.90</b>
Profit for the period	15	-	1,139.72	1,139.72
Other comprehensive income	15	-	(14.20)	(14.20)
General reserve appropriation	15	200.00	(200.00)	-
Dividends and taxes thereon	15	-	(110.48)	(110.48)
<b>Balance as at March 31, 2019</b>		<b><u>3,200.00</u></b>	<b><u>3,420.94</u></b>	<b><u>6,620.94</u></b>

For and on behalf of the Board

As per our report annexed

**C R Swaminathan**  
Director  
DIN:00002169

**R Ravi**  
Chief Financial Officer

for **Srikishen & Co.**  
Chartered Accountants  
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**N Krishna Samaraj**  
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**Sangeetha C**  
Company Secretary

**K Murali Mohan**  
Proprietor, Auditor  
Membership No.14328

Coimbatore  
30.05.2019

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>Cash flow from operating activities</b>		
<b>Profit before income tax</b>	1,501.68	787.54
Adjustments for		
Depreciation and amortisation expense	543.22	454.08
Deferred revenue - Advance against Depreciation	-	-
(Gain)/loss on disposal of property, plant and equipment	(0.84)	(0.04)
Compensation on acquisition	(22.69)	-
Amortisation of government grants	(9.04)	(9.25)
Receipt of government grants	-	-
Unwinding of discount on security deposits	-	-
Dividend and interest income classified as investing cash flows	(24.53)	(8.76)
Finance costs	29.03	31.56
FERV (gain)/loss	-	-
<b>Change in operating assets and liabilities</b>		
(Increase)/Decrease in Other Bank balances	(496.29)	(0.87)
(Increase)/Decrease in trade receivables	(245.32)	(785.21)
(Increase) in inventories	(107.49)	(230.20)
Increase in trade payables	164.47	313.46
(Increase) in other financial assets	(222.72)	(4.44)
(Increase)/decrease in other non-current assets	2.32	47.14
(Increase)/decrease in other current assets	0.07	(53.38)
Increase/(decrease) in provisions	-	-
Increase in employee benefit obligations	(3.13)	5.57
Increase in other financial liabilities	16.25	(108.19)
Increase in other current liabilities	(43.47)	54.43
<b>Cash generated from operations</b>	1,081.51	493.45
Income taxes paid	(376.19)	(189.10)
<b>Net cash inflow from operating activities</b>	<b>705.32</b>	<b>304.34</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(194.49)	(244.97)
Loans to employees and subsidiaries	-	-
Receipts of government grants	-	-
Compensation on compulsory acquisition	22.81	-
Proceeds from sale of property, plant and equipment	1.02	0.76
Repayment of loans by employees and subsidiaries	-	-
Dividends received	-	-
Interest received	24.53	8.76
<b>Net cash outflow from investing activities</b>	<b>(146.13)</b>	<b>(235.45)</b>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>Cash flows from financing activities</b>		
Borrowings	(346.23)	(27.52)
Interest paid	(29.03)	(31.56)
Dividends paid to Company's shareholders	(91.64)	(91.64)
Dividend Tax paid	(18.84)	(18.66)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(485.74)</b>	<b>(169.38)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>73.45</b>	<b>(100.49)</b>
Cash and cash equivalents at the beginning of the financial year	70.72	171.21
<b>Cash and cash equivalents at end of the year</b>	<b>144.17</b>	<b>70.72</b>

**For and on behalf of the Board**

As per our report annexed

**C R Swaminathan**

Director

DIN:00002169

**R Ravi**

Chief Financial Officer

for **Srikishen & Co.**

Chartered Accountants

(Reg No.004009S)

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DIN:00048547

**Sangeetha C**

Company Secretary

**K Murali Mohan**

Proprietor, Auditor

Membership No.14328

Coimbatore

30.05.2019

**NOTES TO THE FINANCIAL STATEMENTS:****1. Company overview****Corporate Information:**

Magna Electro Castings Limited is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on the Bombay Stock Exchange- BSE Limited. The Company is engaged in the manufacturing and selling of Cast Iron Components. The Company caters to both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 30th May, 2019.

**2. Significant accounting policies****2.1 Statement of compliance**

The financial statements have been prepared as a going concern in accordance with Indian Accounting Standards (Ind AS) notified under the Section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

**2.2 Basis of preparation and presentation**

The financial statements have been prepared in accordance with Ind AS on the historical cost convention on accrual basis except for certain financial instruments which are measured at fair value at the end of each reporting period, as explained in the accounting policies mentioned below. Historical cost is generally based on the fair value of the consideration given in exchange of goods or services. The principal accounting policies are set out below:

All assets and liabilities have been classified as current or noncurrent according to the Company's operating cycle and other criteria set out in the Act. Based on the nature of products and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and noncurrent classification of assets and liabilities.

**2.3 Use of estimates and judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amount of revenues and expenses for the years presented. Actual results may differ from the estimates.

Estimates and underlying assumptions are reviewed at each balance sheet date. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods affected. Below are the significant estimates made

- 1) Estimation of employee benefit obligation Note No: 16

**2.4 Revenue recognition**

The Company recognizes revenue when the amount of revenue and its related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria in relation to significant risk.

The applicability of Ind AS 115, Revenue Recognition is effective from 1st April 2018 which provides for a single model of accounting revenue from contracts with customers based on the identification and satisfaction of performance obligations.

The company recognizes revenue when the amount of revenue and its related cost can be reliably measured and it is probable that future economic benefits will flow to the entity and specific criteria in relation to significant risk.

#### **2.4.1 Sale of goods**

Revenue from sale of products is recognized when the products are delivered to the customer or when delivered to the carrier, when risks and rewards of ownership pass to the customer, as per terms of contract.

Revenue is measured at the fair value of the consideration received or receivable and net of returns, trade allowances and rebates. It includes excise duty but excludes Value Added Tax, Sales Tax and Goods and Services Tax (GST).

#### **2.4.2 Income from service**

Income from services is accounted over the period of rendering of services.

### **2.5 Foreign currencies**

#### **2.5.1 Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee, which is the Company's functional and presentation currency.

#### **2.5.2 Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

### **2.6 Employee Benefits**

#### **2.6.1 Short term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

#### **2.6.2 Other long term employee benefit**

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of the expected future payments to be made in respect of services provided by employee upto the end of reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Measurements as a result of experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as Short term employee benefit.

The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the period-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

### **2.6.3. Post-employment obligation**

The Company operates the following post-employment schemes:

- a) Defined benefit plans such as gratuity for its eligible employees, and
- b) Defined contribution plans such as Provident fund.

#### **Defined contribution plan:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme and pension scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid.

#### **Defined benefit plan:**

The Company has a gratuity defined benefit plans for its employees. The costs of providing benefits under these plans are determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and the balance sheet. The Company has funded this with Life Insurance Corporation of India ('LIC'). The contributions made to the LIC are treated as plan assets. The defined benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as reduced by the fair value of plan assets.

### **2.6.4 Bonus plans**

The Company recognizes a liability and an expense for bonus. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## **2.7 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

### **2.7.1. Current tax**

The income tax expenses or credit is based on taxable profit for the year. Taxable profit differs from profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted.

### **2.7.2. Deferred tax**

Deferred tax is provided in full, using the balance sheet approach, on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and incurred tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### **2.7.3 Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the income taxes are also recognised in other comprehensive income or directly in equity respectively.

## **2.8 Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. The other repairs and maintenance of revenue nature are charged to profit or loss during the reporting period in which they are incurred.



The company records profit arising on compulsory acquisition on receipt basis. Profit is recognized after deduction of the carrying value of the asset from the sale consideration.

### **2.8.1 Investment Property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and where applicable borrowing costs.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred.

When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

### **2.9. Intangible assets**

Intangible assets are stated at cost of acquisition or construction less accumulated depreciation less accumulated impairment, if any.

### **2.10. Impairment of tangible and intangible assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

### **2.11. Inventories**

Inventories are valued at the lower of cost and net realizable value. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and appropriate proportion of variable and fixed overhead expenditure. Overhead expenditures are being allocated on the basis of normal operating capacity.

Raw materials are valued at weighted average cost. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Semi finished goods cost is taken as cost of the materials and other cost of manufacture upto various stage of completion. Stores and spares are valued at cost on First in First out basis .

### **2.12. Provisions and contingencies**

**Provisions:** Provisions are recognised when there is a present obligation or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are determined by discounting the expected future cash flows at a pre tax rate

that reflects current market assessment of the time value of money and the risks specific to the liability.

**Contingent Liabilities:** Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

## 2.13. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial instruments (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss. Subsequently, financial instruments are measured according to the category in which they are classified.

## 2.14. Financial assets

### 2.14.1. Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and those measured at amortised cost.

### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which The company classifies its debt instruments:

**Amortised cost :** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

**Fair value through other comprehensive income (FVOCI) :** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative

gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit or loss : Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

### **Equity Instruments**

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss.

Dividends from such investments are recognised in profit or loss as other income when the company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain or losses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### **2.14.2. Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment.

#### **2.14.3. Cash and cash equivalents**

In the cash flow statement, cash and cash equivalents includes cash in hand, cheques and drafts in hand, balances with bank and deposits held at call with financial institutions, short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet and forms part of financing activities in the cash flow statement. Book overdraft are shown within other financial liabilities in the balance sheet and forms part of operating activities in the cash flow statement.

#### **2.14.4. Impairment of financial assets**

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortized cost
- Financial assets measured at fair value through other comprehensive income
- Expected credit loss are measured through a loss allowance at an amount equal to :
- The twelve month expected credit losses (expected credit losses that result from those default events on the financial instruments that are possible within twelve months after the reporting date); or

- Full life time expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument). For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

## **2.15. Financial liabilities**

All financial liabilities are subsequently measured at amortised cost using the effective interest rate method or at fair value through profit or loss.

### **2.15.1. Trade and other payables**

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

### **2.15.2. Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### **2.15.3. Foreign exchange gains or losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the exchange rate at the end of the reporting period. For financial liabilities that are measured as at fair value through profit or loss, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

## **2.16. Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker.

## **2.17. Leases**

Leases of property, plant and equipment where the Company, as a lessee has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. Contingent rents are payable as per the agreed terms.

Where Company is lessor in case of an operating lease the lease income is recognised on a straight line basis over the tenor.

## **2.18. Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

## **2.19. Government grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to income are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in noncurrent liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented with in other income.

## **2.20. Earnings Per Share**

Basic earnings per share have been computed by dividing the net income by the weighted average number of shares outstanding during the year. Diluted earnings per share has been computed using the weighted average number of shares and diluted potential shares, except where the result would be anti-dilutive.

### **New Amendments issued yet not effective:**

#### **1) Ind AS 116, Leases**

On March 30th, 2019, Ministry of Corporate Affairs has notified Ind As 116, Leases. Ind AS 116 will replace the existing Leases standard Ind AS 17, Leases, and related interpretations. The Standard sets out the principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e, the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to require assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit and Loss. The Standard also contains enhanced disclosure requirement for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods commencing on or after April 1, 2019. The Company is in the process of evaluating the impact of the Standard.

## NOTES TO THE FINANCIAL STATEMENTS

## 3 Property, Plant and Equipment, Capital Work in Progress &amp; Intangible Assets

(₹ In Lakhs)

Particulars	Land- Free Hold	Building - own	Plant & Machinery	Office Equipments	Furniture and Fixtures	Vehicle	Computer Equipment	Total	Intangible Assets- Computer Software acquired	Capital Work in Progress (Buildings)
<b>Year ended 31.03.2019</b>										
Gross Carrying amount as at 01.04.2018	184.05	1,002.13	3,137.23	31.81	22.14	57.18	14.91	<b>4,449.45</b>	3.55	-
Additions	-	-	115.67	36.68	0.83	15.68	18.94	<b>187.80</b>	-	6.69
Deletions/ Adjustment	(0.08)	(0.04)	-	-	-	(0.18)	-	<b>(0.30)</b>	-	-
<b>Closing Gross Carrying Amount</b>	<b>183.97</b>	<b>1,002.09</b>	<b>3,252.90</b>	<b>68.49</b>	<b>22.97</b>	<b>72.68</b>	<b>33.85</b>	<b>4,636.95</b>	<b>3.55</b>	<b>6.69</b>
<b>Accumulated Depreciation</b>										
Opening accumulated depreciation	-	99.10	813.93	5.66	11.90	13.69	9.27	<b>953.55</b>	1.46	-
For the year	-	49.35	464.92	3.25	1.39	10.98	4.31	<b>534.20</b>	1.29	-
Deletions	-	-	-	-	-	-	-	-	-	-
<b>Closing Accumulated Depreciation</b>	<b>-</b>	<b>148.45</b>	<b>1,278.85</b>	<b>8.91</b>	<b>13.29</b>	<b>24.67</b>	<b>13.58</b>	<b>1,487.75</b>	<b>2.75</b>	<b>-</b>
<b>Net Block as at 31.03.2019</b>	<b>183.97</b>	<b>853.64</b>	<b>1,974.05</b>	<b>59.58</b>	<b>9.68</b>	<b>48.01</b>	<b>20.27</b>	<b>3,149.20</b>	<b>0.80</b>	<b>6.69</b>
<b>Net Block as at 31.03.2018</b>	<b>184.05</b>	<b>903.03</b>	<b>2,323.30</b>	<b>26.15</b>	<b>10.24</b>	<b>43.49</b>	<b>5.64</b>	<b>3,495.90</b>	<b>2.10</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>4 Investment property</b>		
<b>Building on Lease</b>		
<b>Gross carrying amount</b>		
Opening gross carrying amount / Deemed cost	206.79	206.79
Additions	-	-
<b>Closing gross carrying amount</b>	<b>206.79</b>	<b>206.79</b>
<b>Accumulated depreciation</b>		
Opening accumulated depreciation	15.41	7.71
Depreciation charge	7.72	7.70
<b>Closing accumulated depreciation</b>	<b>23.13</b>	<b>15.41</b>
<b>Net carrying amount</b>	<b>183.66</b>	<b>191.38</b>
<b>Fair value</b>		
Investment property	207.72	217.52
<b>Estimation of fair value</b>		
The fair value of investment property has been determined with reference to the guideline value as determined by the Government for the location at which the property is situated and adjusted for the depreciated value of buildings.		
<b>5 Other Financial Assets</b>		
<b>Non-Current</b>		
Security deposits*	146.98	148.60
<b>Total other financial Assets</b>	<b>146.98</b>	<b>148.60</b>
*Security deposits comprises of deposits given for service providers such as electricity, telephone, etc.,		
<b>6 Other non-current assets</b>		
Capital advances	26.73	29.05
<b>Total other non-current assets</b>	<b>26.73</b>	<b>29.05</b>
<b>7 Inventories (Valued at Cost)</b>		
Raw Materials & Bought Out Components	199.80	148.67
Work in Progress	440.04	339.22
Finished Goods	71.68	64.59
Stores, Consumables and Spares	202.79	254.34
<b>Total Inventories</b>	<b>914.31</b>	<b>806.82</b>
<b>8 Trade receivables</b>		
Unsecured, considered good	3,091.67	2,846.35
<b>Total trade receivables</b>	<b>3,091.67</b>	<b>2,846.35</b>

## NOTES TO THE FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>9 Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	75.06	13.34
- Cash Credit	68.72	57.17
Cash on hand	0.39	0.21
<b>Total cash and cash equivalents</b>	<b>144.17</b>	<b>70.72</b>
<b>10 Bank balances other than those above</b>		
Unpaid dividends	19.61	19.75
Bank Guarantee Deposit	16.72	15.76
Term Deposit	495.47	-
<i>(Original Maturity of more than 3 months but less than 12 months)</i>		
<b>Total other Bank balances</b>	<b>531.80</b>	<b>35.51</b>
<b>11 Other Financial assets-Current</b>		
Export Incentive Receivable	11.11	35.69
Interest Receivable	1.44	-
Receivable from statutory authorities	746.27	498.79
<b>Total current financial assets</b>	<b>758.82</b>	<b>534.48</b>
<b>12 Other current assets</b>		
Advance to Suppliers	5.37	18.43
Employee Advances	1.86	2.43
Prepaid expenses	51.56	38.00
<b>Total other current assets</b>	<b>58.79</b>	<b>58.86</b>
<b>13 Equity share capital</b>		
Authorised equity share capital	<b>Number of shares(in lakhs)</b>	<b>Amount</b>
As at 1 April 2018	50.00	500.00
Increase during the year	-	-
<b>As at 31 March 2019</b>	<b>50.00</b>	<b>500.00</b>
<b>(i) Movements in equity share capital</b>		
	<b>Number of shares(in lakhs)</b>	<b>Equity share capital (par value)</b>
As at 1 April 2018	45.82	458.22
Increase during the year	-	-
<b>As at 31 March 2019</b>	<b>45.82</b>	<b>458.22</b>



**Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹10/- each. All these equity shares have the same rights and preferences with respect to payment of dividend, repayment of capital and carries one vote for every such class of shares held. In the event of liquidation, the excess assets shall be distributed amongst the members in proportion to the capital.

(ii) Details of shareholders holding more than 5% shares in the Company

	March 31, 2019		March 31, 2018	
	Number of shares (in Lakhs)	% holding	Number of shares (in Lakhs)	% holding
Sri.N Krishna Samaraj	7.99	17.43%	7.99	17.43%
Smt.N.Muthulakshmi	7.85	17.13%	6.13	13.39%
<b>Total</b>	<b>15.84</b>	<b>34.56%</b>	<b>14.12</b>	<b>30.82%</b>

( ₹ In Lakhs)

**31.03.2019**

**31.03.2018**

**14 Other Equity**

General reserve	3,200.00	3,000.00
Retained earnings	3,420.94	2,605.90
<b>Total other equity</b>	<b>6,620.94</b>	<b>5,605.90</b>

**a) General reserve**

Opening balance	3,000.00	2,800.00
Additions during the year	200.00	200.00
Deductions/Adjustments during the year	-	-
<b>Closing balance</b>	<b>3,200.00</b>	<b>3,000.00</b>

**b) Retained earnings**

Opening balance	2,605.90	2,239.98
Net profit for the period	1,139.72	686.18
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post-employment benefit obligation, net of tax	(14.20)	(9.96)
- Transfer to retained earnings of FVOCI equity investments, net of tax	-	-
Appropriations		
- General Reserve	(200.00)	(200.00)
Dividends and taxes thereon	(110.48)	(110.30)
<b>Closing balance</b>	<b>3,420.94</b>	<b>2,605.90</b>

## NOTES TO THE FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
-------------	------------	------------

**15 Borrowings****Current borrowings***Secured*

From Banks

Corporation Bank -Purchase bills discounted

- 346.23

(Secured by paripassu charge on the entire current assets viz, Inventories and Book Debts Repayable on Demand.

Rate of Interest - 10.75%.Period &amp; amount of default - NIL)

**Total current borrowings**- **346.23**

\*There are no non-cash transaction in borrowings, for cash transaction refer cash flow statement

**16 Employee benefit obligations**

	March 31, 2019	
	Current	Non-current
Compensated absences	28.76	-
Gratuity	30.58	-
<b>Total employee benefit obligations</b>	<b>59.34</b>	<b>-</b>

**Employee benefit obligations**

	March 31, 2018	
	Current	Non-current
Compensated absences	25.80	-
Gratuity	16.65	-
<b>Total employee benefit obligations</b>	<b>42.45</b>	<b>-</b>

**(i) Compensated absences**

Current leave obligations expected to be settled within the next 12 months

28.76 25.80

**(ii) Defined Benefit Plan :****a) Gratuity**

Type of plan

Gratuity(Funded)

**A.Expense recognised in Income Statement**

1. Current Service cost	13.40	11.21
2. Past Service Cost	-	12.88
3. Interest expense	9.61	7.35
4. Interest (Income on plan asset)	(9.10)	(8.51)
5. Net interest	0.50	(1.16)
6. Immediate recognition of (gain) / losses	-	-
7. Defined Benefits cost included in P&L	13.90	22.93

**NOTES TO THE FINANCIAL STATEMENTS**

	( ₹ In Lakhs)	
Particulars	31.03.2019	31.03.2018
<b>B.Expense recognised in Other Comprehensive Income</b>		
1. Actuarial (gain) / Losses on DBO	19.82	13.46
2. Return on plan assets (Greater) / Less than Discount rate	0.21	0.34
3. Total actuarial (gain) / loss included in OCI	20.03	13.80
<b>C.Net Asset / (Liability) recognised in the Balance Sheet</b>		
1. Present value of benefit obligation	164.41	132.88
2. Fair value of plan assets	133.83	116.23
3. Funded Status (Surplus / Deficit)	(30.58)	(16.65)
4. Net Asset / (Liability) recognised in Balance Sheet	(30.58)	(16.65)
<b>D. Change in Present value of the obligation during the year</b>		
1. Present value of the obligation at beginning year	132.88	95.84
2. Current service cost	13.40	11.21
3. Past Service Cost	-	12.88
4. Interest cost	9.61	7.35
5. Benefits paid	(11.30)	(7.86)
6. Actuarial (gain) / loss on obligation	19.82	13.46
7. Present value of obligation at end of the year	164.41	132.88
<b>E. Reconciliation of opening &amp; closing values of Plan Assets</b>		
1. Fair value of plan assets at the beginning of the year	116.23	104.64
2. Expected Return on plan assets	9.10	8.51
3. Contributions made	20.01	11.28
4. Benefits paid	(11.30)	(7.86)
5. Actuarial gain / (loss) on plan assets	(0.21)	(0.34)
6. Fair value of plan assets at the end of the year	133.83	116.23
<b>F. Actuarial Assumptions</b>		
1. Discount rate	7.46%	7.55%
2. Salary escalation	7.00%	7.00%
3. Attrition rate	7.00%	10.00%
4. Expected rate of return on plan assets	7.46%	7.55%
<b>b) Compensated Absence</b>		
Type of plan		
<b>A. Expense recognised in Income Statement</b>		
1. Current Service cost	4.23	4.07
2. Past Service Cost	-	-
3. Interest expense	1.87	1.58
4. Interest (Income on plan asset)	-	-
5. Net interest	1.87	1.58
6. Immediate recognition of (gain) / losses	-	-
7. Defined Benefits cost included in P&L	6.10	5.65

## NOTES TO THE FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>B. Expense recognised in Other Comprehensive Income</b>		
1. Actuarial (gain) / Losses on DBO	(1.20)	(0.68)
2. Return on plan assets (Greater) / Less than Discount rate	-	-
3. Total actuarial (gain) / loss included in OCI	(1.20)	(0.68)
<b>C. Net Asset / (Liability) recognised in the Balance Sheet</b>		
1. Present value of benefit obligation	28.76	25.80
2. Fair value of plan assets	-	-
3. Funded Status (Surplus / Deficit)	(28.76)	(25.80)
4. Net Asset / (Liability) recognised in Balance Sheet	(28.76)	(25.80)
<b>D. Change in Present value of the obligation during the year</b>		
1. Present value of the obligation at beginning year	25.80	23.08
2. Current service cost	4.23	4.07
3. Past Service Cost	-	-
4. Interest cost	1.87	1.58
5. Benefits paid	(1.94)	(2.25)
6. Actuarial (gain) / loss on obligation	(1.20)	(0.68)
7. Present value of obligation at end of the year	28.76	25.80
<b>E. Reconciliation of opening &amp; closing values of Plan Assets</b>		
1. Fair value of plan assets at the beginning of the year	-	-
2. Expected Return on plan assets	-	-
3. Contributions made	2.25	1.94
4. Benefits paid	(2.25)	(1.94)
5. Actuarial gain / (loss) on plan assets	-	-
6. Fair value of plan assets at the end of the year	-	-
<b>F. Actuarial Assumptions</b>		
1. Discount rate	7.46%	7.55%
2. Salary escalation	7.00%	7.00%
3. Attrition rate	7.00%	10.00%
4. Expected rate of return on plan assets	7.46%	7.55%
<b>17 Deferred tax Liabilities (Net)</b>		
The balance comprises temporary differences attributable to :		
Depreciation	306.75	334.43
Others	-	-
Total deferred tax liabilities	306.75	334.43
Set-off of deferred tax liabilities pursuant to set-off provisions	-	-
Tax Reduction available on payment Basis	(13.23)	(22.87)
Total deferred tax assets	(13.23)	(22.87)
<b>Net deferred tax liabilities</b>	<b>293.52</b>	<b>311.56</b>

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
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**Movement in deferred tax liabilities and assets**

	Depreciation	Tax Reduction available on payment Basis	Total
At April 1, 2018	334.43	(22.87)	311.56
(Charged)/credited:			
- to profit or loss	(27.68)	15.47	(12.21)
- to other comprehensive income	-	(5.83)	(5.83)
<b>At March 31, 2019</b>	<b>306.75</b>	<b>(13.23)</b>	<b>293.52</b>

**18 Government grants**

Deferred Income	19.09	28.13
<b>Total Government grants</b>	<b>19.09</b>	<b>28.13</b>
Non-current portion	11.85	19.09
Current portion	7.24	9.04

**19 Trade payables**
**Current**

Dues to Micro and Small Enterprises **	28.76	8.08
Dues to enterprises other than Micro and Small Enterprises	1,430.12	1,286.33
<b>Total trade payables</b>	<b>1,458.88</b>	<b>1,294.41</b>

\*\* Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. The entire closing balance represents the principal and interest amount payable to these enterprises.

**20 Other financial liabilities**
**Non-current**

Capital creditors	-	-
<b>Total other non-current financial liabilities</b>	<b>-</b>	<b>-</b>

**Current**

Unpaid dividends	19.61	19.75
Capital creditors	24.84	8.45
<b>Total other current financial liabilities</b>	<b>44.45</b>	<b>28.20</b>

**21 Current tax liabilities (Net)**

Opening balance	-	55.55
Add: Current tax payable for the year	370.00	158.62
Less: Taxes paid	(346.95)	(189.10)
<b>Total Current Tax Liabilities</b>	<b>23.05</b>	<b>25.07</b>

## NOTES TO THE FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>22 Other current liabilities</b>		
Advance from Customers	8.67	58.85
Statutory liabilities	27.46	20.75
<b>Total other current liabilities</b>	<b>36.13</b>	<b>79.60</b>
<b>23 Revenue from operations</b>		
Sale of Products	12,045.74	9,238.10
Other Operating Revenue	246.65	185.91
<b>Total revenue</b>	<b>12,292.39</b>	<b>9,424.01</b>
<b>24 Other income</b>		
Interest income from financial assets mandatorily measured at fair value through profit or loss	24.53	8.76
Rental Income	21.00	20.50
Profit on sale of Assets	0.84	0.04
Compensation on acquisition (Refer Note No. 41)		22.69
- Effect of exchange differences	170.17	-
Prior period adjustments (Refer Note No. 42)	46.52	-
Government Grants	9.04	9.25
Miscellaneous income	0.13	0.43
Agriculture income	0.28	-
<b>Total other income</b>	<b>295.20</b>	<b>38.98</b>
<b>25 Cost of materials consumed</b>		
Raw materials at the beginning of the year	148.67	97.47
Add: Purchases	4,450.73	3,364.44
Less: Raw materials at the end of the year	199.81	148.67
<b>Total Cost of materials consumed</b>	<b>4,399.59</b>	<b>3,313.24</b>
<b>26 Changes in Inventories of finished goods and work in progress</b>		
<b>Opening Balance</b>		
Work-in-progress	339.22	178.11
Finished goods	64.59	111.82
<b>Total Opening Balance</b>	<b>403.81</b>	<b>289.93</b>
<b>Closing Balance</b>		
Work-in-progress	440.04	339.22
Finished goods	71.68	64.59
<b>Total Closing Balance</b>	<b>511.72</b>	<b>403.81</b>
<b>Total changes in Inventories of finished good and work in progress</b>	<b>(107.91)</b>	<b>(113.88)</b>

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>27 Employee Benefit Expense</b>		
Salaries, wages and bonus	952.89	809.12
Contribution to provident and other funds	48.82	49.44
Gratuity	13.91	22.94
Staff welfare expenses	84.15	69.67
<b>Total Employee Benefit Expense</b>	<b>1,099.77</b>	<b>951.17</b>
<b>28 Finance costs</b>		
Interest on CC	1.04	4.30
Interest on Discounting of Bills	13.69	25.84
Other borrowing cost	14.30	1.42
<b>Finance costs expenses in profit or loss</b>	<b>29.03</b>	<b>31.56</b>
<b>29 Depreciation and Amortisation Expense</b>		
Depreciation of property, plant and equipment	534.21	445.09
Depreciation of investment property	7.72	7.70
Amortisation of intangible assets	1.29	1.29
<b>Total Depreciation and Amortisation expense</b>	<b>543.22</b>	<b>454.08</b>
<b>30 Other expenses</b>		
Labour Charges	234.64	188.03
Machining Charges	1,874.03	1,362.57
Processing Charges	535.83	366.13
Pattern Making Charges	177.05	208.21
Consumption of Stores and Spare Parts	295.84	216.91
Repairs to Machinery	144.39	134.80
Repairs to Building	164.66	111.39
Power & Fuel	823.45	602.28
<i>(Net of WTG Generation ₹ 520.79 lakhs Previous Year ₹ 507.89 lakhs)</i>		
Rent	3.72	3.64
Insurance	48.86	56.29
Rates & Taxes	5.30	6.57
Clearing & Forwarding	48.58	56.02
Packing Material	334.58	250.22
Payment to Statutory Auditor		
(a) Audit Fee	8.00	7.50
(b) Taxation matters	1.50	0.10
(c) for Other services	0.32	-
Effect of Exchange differences	-	2.75
CSR Expenses (Refer Note No. 40)	19.25	17.90
Miscellaneous Expenses	402.21	331.32
<b>Total other expenses</b>	<b>5,122.21</b>	<b>3,922.63</b>

## NOTES TO THE FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>31 Income tax expense</b>		
<b>(a) Income Tax Expense</b>		
Current tax on profits for the year	370.00	170.00
Adjustments for current tax of prior periods	4.17	(11.39)
Deferred Tax	(12.21)	(57.25)
<b>Total current tax expense</b>	<b>361.96</b>	<b>101.36</b>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before income tax expense	1,501.68	787.54
<b>Tax at the Indian tax rate of 29.12%</b>	<b>437.29</b>	<b>260.38</b>
<b>(Previous year - 33.063%)</b>		
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Corporate social responsibility expenditure	5.61	5.99
Income exempt from tax	(96.95)	(111.47)
Adjustments for current tax of prior periods	4.17	11.39
Change in rate	(13.36)	(59.09)
Others	25.20	(5.84)
<b>Income tax expense</b>	<b>361.96</b>	<b>101.36</b>
<b>32 Fair value measurements</b>		
<b>Financial instruments by category</b>	<b>Amortised Cost</b>	
<b>Financial assets</b>		
Trade receivables	3,091.67	2,846.35
Cash and cash equivalents	144.17	70.72
Security deposits	146.98	148.60
Other Bank Balances	531.80	35.51
Export Incentive Receivable	11.11	35.69
Interest receivable	1.44	-
<b>Total financial assets</b>	<b>3,927.17</b>	<b>3,136.87</b>
<b>Financial Liabilities</b>		
Short - term borrowings	-	346.23
Unpaid dividends	19.61	19.75
Trade payables	1,458.88	1,294.41
Capital creditors	24.84	8.45
<b>Total financial liabilities</b>	<b>1,503.33</b>	<b>1,668.84</b>



**NOTES TO THE FINANCIAL STATEMENTS****(i) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no investments in equity instruments.

There are no transfers between levels 1 and 2 during the year.

The company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

**(ii) Fair value of financial assets and liabilities measured at amortised cost**

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other current financial liabilities are considered to be the same as their fair values, due to their short-term nature.

**33 Financial risk management**

The Company's activities expose it to market risk, liquidity risk and credit risk.

**(A) Credit risk**

The Company faces credit risk from cash and cash equivalents, deposits with banks and financial institutions and unsecured trade receivables. The Company does not face any credit risk with other financial assets

**Credit risk management**

Credit risk on deposit is mitigated by depositing the funds in reputed scheduled bank.

For trade receivables, the primary source of credit risk is that these are unsecured. The Company sells the products to customers only when the collection of trade receivables is certain and whether there has been a significant increase in the credit risk on an on-going basis is monitored throughout each reporting period. As at the balance sheet date, based on the credit assessment the historical trend of low default is expected to continue. An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment. Historical trends showed as at 31st March, 2019 and 31st March, 2018 the Company had no significant credit risk.

**(B) Liquidity risk**

Objective of liquidity risk management is to maintain sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these balance sheet liquidity ratios against internal requirements.

**NOTES TO THE FINANCIAL STATEMENTS***(i) Financing arrangements*

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

	31 March, 2019	31 March, 2018
(₹ In Lakhs)		
<b>Floating rate</b>		
Expiring within one year (Cash Credit)	2,000.00	1,653.77

The bank cash credit facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time in INR and have an average maturity of 1 year.

*(ii) Maturities of financial liabilities*

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying immaterial balances as the impact of discounting is

**Contractual maturities of financial liabilities:**

31st March 2019				
(₹ In Lakhs)				
	Maturing within 3 months	Maturing after 3 months but within a year	Maturing after a year	Total
<b>Non-derivatives</b>				
Borrowings	-	-	-	-
Unpaid Dividend	2.71	-	16.90	19.61
Trade payables	1,436.32	22.56	-	1,458.88
Capital Creditors	24.84	-	-	24.84
<b>Total non-derivative liabilities</b>	<b>1,463.87</b>	<b>22.56</b>	<b>16.90</b>	<b>1,503.33</b>

31st March 2018				
(₹ In Lakhs)				
	Maturing within 3 months	Maturing after 3 months but within a year	Maturing after a year	Total
<b>Non-derivatives</b>				
Borrowings	346.23	-	-	346.23
Unpaid Dividend	-	2.51	17.24	19.75
Trade payables	1,228.18	66.23	-	1,294.41
Capital Creditors	8.45	-	-	8.45
<b>Total non-derivative liabilities</b>	<b>1,582.86</b>	<b>68.74</b>	<b>17.24</b>	<b>1,668.84</b>

**(C) Market risk***(i) Foreign currency risk*

The Company activities exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO. Foreign exchange risk arises from future commercial transactions

and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follow : (₹ In Lakhs)

	31st March 2019		
	USD	EUR	GBP
<i>Financial assets</i>			
Trade receivables	1,126.13	114.96	28.89
<b>Exposure to foreign currency risk (assets)</b>	<b>1,126.13</b>	<b>114.96</b>	<b>28.89</b>
<i>Financial liabilities</i>			
Trade payables	-	-	-
<b>Exposure to foreign currency risk (liabilities)-</b>	<b>-</b>	<b>-</b>	
<b>Net exposure to foreign currency risk</b>	<b>1,126.13</b>	<b>114.96</b>	<b>28.89</b>

	31st March 2018		
	USD	EUR	GBP
<i>Financial assets</i>			
Trade receivables	1,285.08	112.08	38.93
<b>Exposure to foreign currency risk (assets)</b>	<b>1,285.08</b>	<b>112.08</b>	<b>38.93</b>
<i>Financial liabilities</i>			
Trade payables	6.79	-	-
<b>Exposure to foreign currency risk (liabilities)</b>	<b>6.79</b>	<b>-</b>	<b>-</b>
<b>Net exposure to foreign currency risk</b>	<b>1,278.29</b>	<b>112.08</b>	<b>38.93</b>

### Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Impact on profit after tax		
<i>USD Sensitivity</i>	31 March 2019	31 March 2018
INR/USD Increases by 5%	39.91	42.78
INR/USD Decreases by 5%	(39.91)	(42.78)

Impact on profit after tax		
<i>EUR sensitivity</i>	31 March 2019	31 March 2018
INR/Euro Increases by 5%	4.07	3.75
INR/Euro Decreases by 5%	(4.07)	(3.75)

Impact on profit after tax		
<i>GBP sensitivity</i>	31 March 2019	31 March 2018
INR/GBP Increases by 5%	1.02	1.30
INR/GBP Decreases by 5%	(1.02)	(1.30)

\* Holding all other variables constant

## NOTES TO THE FINANCIAL STATEMENTS

## 34 Capital management

## (a) Risk management

The Company's objectives when managing capital are to

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt (total borrowings net of cash and cash equivalents) divided by Total 'equity' (as shown in the balance sheet).

	( ₹ In Lakhs)	
	March 31, 2019	March 31, 2018
Net debt	-	-
Total equity	7,079.16	6,064.12
<b>Net debt to equity ratio</b>	-	-

## (b) Dividends

( ₹ In Lakhs)

	Amount
Dividend paid for the year ended 31.03.2018	91.64
Tax paid thereon u/s 115 O of the Income Tax Act, 1961	18.84

## Proposed Dividend

The Board of Directors have recommended to pay a dividend of ₹ 2.50/- per share Final Dividend and in addition, as a Special Dividend of ₹ 2.50/- per share to mark 25 years of Operations of the Company for the year ended March 31, 2019 subject to approval of share holders in Annual General Meeting, thus the total dividend payment will be ₹ 5.00/- per share for the financial year ended 31st March, 2019, thus the total dividend payable shall be ₹ 276 Lakhs inclusive of Dividend Distribution Tax for the financial year ended 31st March, 2019 and it has not been included as a liability in these financial statements.

## 35 Related Party Disclosures:

## A. Related Party Relationships:

1.Key Management Personnel	Sri. N. Krishna Samaraj- Managing Director
2.Relatives of Key Management Personnel	Smt. N. Muthulakshmi - Mother
3.Other Related Parties	1. Samrajyaa & Company
	2. Magna Digitech India LLP (erstwhile Magna Digitech India Private Limited)
	3. Elgi Equipments Limited

**NOTES TO THE FINANCIAL STATEMENTS**

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>B.Transactions with Related Parties:</b>		
<b>Sri.N.Krishna Samaraj</b>		
Managerial Remuneration	81.72	67.39
Sitting Fees	1.00	1.00
<b>Smt.N.Muthulakshmi</b>		
Rent & Amenities	7.44	7.28
<b>Samrajyaa And Company</b>		
Machining Charges Paid	973.28	687.43
Rent Received	21.00	20.50
<b>Magna Digitech India LLP</b>		
Data Conversion Paid	20.65	20.50
Purchase of Cores	99.95	15.75
Sale of Castings	14.50	3.16
Sale of Other Items	8.72	1.35
<b>Elgi Equipments Limited</b>		
Purchase of Goods & Services	2.01	1.76
Sale of Service	-	0.10
<b>Outstandings</b>		
Payables	82.77	254.97
Receivables	-	-

**36 Earnings per share**
**(a) Basic earnings per share**

Profit attributable to the equity holders of the Company	1,139.72	686.18
Number of equity shares (in lakhs) of INR 10 each	45.82	45.82
Basic earnings per share	24.87	14.97

**(b) Diluted earnings per share**

Profit attributable to the equity holders of the Company	1,139.72	686.18
Number of equity shares (in lakhs) of INR 10 each	45.82	45.82
Diluted earnings per share	24.87	14.97

**37 Contingent liabilities and contingent assets**
**Contingent liabilities**

On Account of Capital Expenditure	17.23	30.22
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**NOTES TO THE FINANCIAL STATEMENTS****38 Disclosure on dues to Micro, Small and Medium Enterprises:**

As defined under Micro, Small and Medium Enterprises Development Act, 2006, the disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	28.76	8.08
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the year	0.03	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	Nil	Nil

**39 Leasing arrangements**

The Company holds one property on lease for operating purposes and the future minimum lease payments are as under:

a) Not later than one year	3.72	3.72
b) Later than one year and not later than five years	0.62	4.34
c) Later than five years	-	-
d) Lease payments recognised in the statement of profit and loss	3.72	3.64

Maintenance expenses payable to the lessor as per the lease agreement is ₹ 31,000/- per month

**40 CSR Expenditure**

Amount spent through trusts / Implementing Agencies	16.65	16.80
Amount spent directly	2.60	1.10
<b>Total</b>	<b>19.25</b>	<b>17.90</b>
Amount required to be spent as per Sec. 135 of the Companies Act, 2013	17.53	17.85
Actual amount spent during the year		
i) Construction/acquisition of an asset	-	-
ii) On purposes other than (i) above		
1) Healthcare	13.50	11.00
2) Environmental sustainability and protection	2.60	1.10
3) Women and Children Welfare	3.15	0.15
4) Education	-	5.65
<b>Total</b>	<b>19.25</b>	<b>17.90</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 41 Compulsory acquisition

The NHAI in the course of widening and development of highway between Coimbatore and Pollachi has acquired 268 sq. metres of land and buildings situated therein vide proceedings dated 28.09.2018.

In this connection, the Company has received a compensation of ₹ 22,80,826/- which is disclosed under other income (net of the carrying value).

### 42 Prior period adjustment

An error in accounting for restatement of exchange rate under Ind AS, during the year ended 31.03.2018 and relating to earlier years has been rectified and shown as prior period adjustments under other income.

### 43 Segment Information

#### A. Operating Segment

The Company is organised into two main reportable segments viz.,

(1) Manufacture and Sale of Castings Division - Foundry

(2) Wind Energy Division

( ₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
<b>Segment Revenue:</b>		
1. Foundry Division	12,292.39	9,424.01
2. Wind Energy Division	520.79	507.89
	<b>12,813.18</b>	<b>9,931.90</b>
Less: Inter Segment revenue	520.79	507.89
<b>Net Sales/Income from operations</b>	<b>12,292.39</b>	<b>9,424.01</b>
<b>Segment Result:</b>		
1. Foundry Division	1,222.21	504.64
2. Wind Energy Division	308.50	314.46
<b>Total Profit before Interest</b>	<b>1,530.71</b>	<b>819.10</b>
Less: Finance Costs		
1. Foundry Division	29.03	31.56
2. Wind Energy Division	-	-
<b>Profit before Tax and Exceptional items</b>	<b>1,501.68</b>	<b>787.54</b>
<b>Segment Assets</b>		
1. Foundry Division	7,574.55	7,089.20
2. Wind Energy Division	1,439.07	1,130.57
3. Unallocable Assets	-	-
<b>Total</b>	<b>9,013.62</b>	<b>8,219.77</b>
<b>Segment Liabilities</b>		
1. Foundry Division	1,640.94	1,844.09
2. Wind Energy Division	-	-
3. Unallocable Assets	293.52	311.56
<b>Total</b>	<b>1,934.46</b>	<b>2,155.65</b>

## NOTES TO THE FINANCIAL STATEMENTS

(₹ In Lakhs)

Particulars	31.03.2019	31.03.2018
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**B. Geographical Segment**

The Company operates in two principal geographical areas, India (Country of Domicile) and outside India

1. Inside India	6,029.92	4,863.82
2. Outside India	6,015.82	4,374.28

Previous years figures have been regrouped wherever necessary to conform with the current period's presentation.

<b>For and on behalf of the Board</b>	As per our report annexed
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**C R Swaminathan**  
Director  
DIN:00002169

**R Ravi**  
Chief Financial Officer

for **Srikishen & Co.**  
Chartered Accountants  
(Reg No.004009S)

**N Krishna Samaraj**  
Managing Director  
DIN:00048547

**Sangeetha C**  
Company Secretary

**K Murali Mohan**  
Proprietor, Auditor  
Membership No.14328

Coimbatore  
30.05.2019





# MAGNA ELECTRO CASTINGS LIMITED

Regd. Office: 43, BALASUNDARAM ROAD, COIMBATORE - 641 018

## ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To

S.K.D.C. Consultants Limited,  
"Kanapathy Towers", 3<sup>rd</sup> Floor,  
1391/A-1, Sathy Road,  
Ganapathy,  
Coimbatore- 641 006.

Dear Sirs,

### FORM FOR ELECTRONIC CLEARING SERVICE FOR PAYMENT OF DIVIDEND

Please fill-in the information in capital Letters in English only. Please ☒ whichever is applicable.

#### For shares held in physical form

Master Folio No.

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FOR OFFICE USE ONLY

ECS

Ref. No.

--

Name of the  
First Holder

Bank Name

Branch Name

Bank Address

Branch Code

--	--	--	--	--	--	--	--	--	--

(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank).  
Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for  
ensuring accuracy of the banks name, branch name and code number.

Account type



Savings

--

Current

--

Cash Credit

--

A/c. No. (as appearing  
in the cheque book)

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Effective Date of this  
mandate

--	--	--	--	--	--	--	--	--	--

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, SKDC Consultants Limited will not be held responsible. I agree to avail the ECS facility provided by RBI, as and when implemented by RBI/Magna Electro Castings Limited.

I further undertake to inform the Company any change in my Bank / branch and account number.

Date :

(Signature of the First holder)

- Note :
1. Shareholders holding shares in Demat form and wish to avail ECS facility are requested to contact their Depository Participants.
  2. In case the Scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of Warrants.



**MAGNA ELECTRO CASTINGS LIMITED**  
**Regd. Office: 43, BALASUNDARAM ROAD, COIMBATORE - 641 018**  
**E-MAIL ADDRESS REGISTRATION FORM**

To

S.K.D.C. Consultants Limited,  
"Kanapathy Towers", 3<sup>rd</sup> Floor,  
1391/A-1, Sathy Road,  
Ganapathy,  
Coimbatore- 641 006.

Dear Sirs,

FORM FOR REGISTRATION OF E-MAIL ADDRESS FOR SERVING THE DOCUMENTS  
(For shares held in physical form only)

Please fill-in the information in capital Letters in English only.

**Master Folio No.**

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FOR OFFICE USE ONLY

Ref. No.

--

<b>Name of the First Holder</b>	
<b>Name of Joint Holder(s)</b>	
<b>E-mail Address</b>	

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, Company will not be held responsible.

I further undertake to inform the Company any change in my e-mail address

Date :

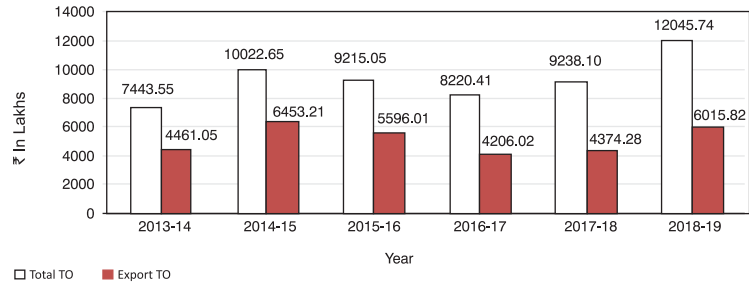
\_\_\_\_\_  
Signature of the first holder

Note :

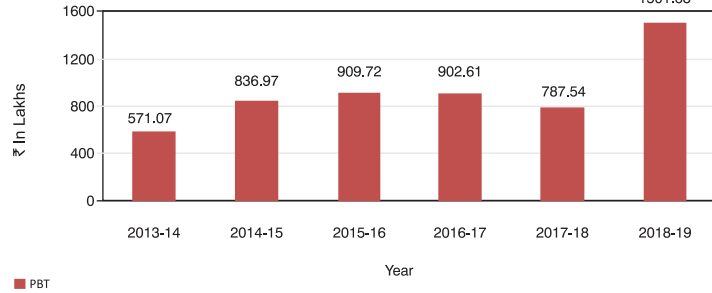
1. Shareholders holding their shares in physical form are requested to inform to the Registrars and Share Transfer Agents i.e., SKDC Consultants Limited their e-mail address / change in their email address.
2. Shareholders holding their shares in demat form are requested to update their e-mail Address with their respective Depository Participants.



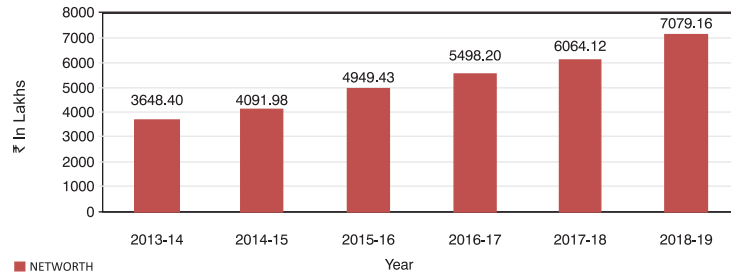
## TURNOVER



## PROFIT BEFORE TAX



## NETWORTH



## BOOK VALUE

