

MAGNA

The logo consists of a dark square with a thin white border. Inside the square, the words "MAGNA", "ELECTRO", "CASTINGS", and "LIMITED" are stacked vertically in a white, serif, all-caps font.

**MAGNA
ELECTRO
CASTINGS
LIMITED**

Annual Report 2008 - 2009

Board of Directors

(late)Sri.L.G.Ramamurthi (Chairman till 13/05/2008)
Sri.V.Rajendran
Sri.J.Vijayakumar
Sri.K.Gnanasekaran
Smt.R.Nandini
Dr.Jairam Varadaraj
Sri.N.Krishna Samaraj (Managing Director)

Auditors

M/s. S.Krishnamoorthy & Co
Chartered Accountants,
Coimbatore 641 012.

Bankers

1. Corporation Bank
Industrial Finance Branch,
1604, Trichy Road,
Coimbatore 641 018.
2. Indian Bank
31, Variety Hall Road,
Coimbatore 641 001.

Company Secretary

Sri. R. Ravi

Registrars & Share Transfer Agents

S.K.D.C.Consultants Limited
PB No.2979, No.11, S.N.Das Layout,
Street No.1, Tatabad,
Coimbatore - 641 012.

Listing with Stock Exchanges

Coimbatore Stock Exchange Ltd.
The Stock Exchange, Mumbai.

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

Internet

E-mail : magnacast@vsnl.com / info@magnacast.com

Website : www.magnacast.com

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NOTICE

NOTICE is hereby given that the 19th Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. on Wednesday, 19th August 2009, at Ardra Conference Center, North Huzur Road, Coimbatore -641 018, to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Smt.R.Nandini., who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Dr.Jairam Varadaraj, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration. The present Auditors, M/s S.Krishnamoorthy & Co., are eligible for re-appointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution:
 - A) RESOLVED that in accordance with the provisions of Sections -198,269,309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto; as amended and subject to such other approvals as may be necessary, consent of the Company be and is hereby accorded to the payment of the following remuneration to Sri. N.Krishna Samaraj , Managing Director of the Company for the remainder period of his present term of office with effect from 1st April 2009 to 16th January 2012 :
 1. Salary
Rs.1,75,000 per month
 2. Benefits : As detailed below:
 - a) Provident Fund :
Contribution to Provident Fund not exceeding 12% of salary
 - b) Contribution to Pension /Super annuation Fund:
Such contribution together with contribution to Provident Fund shall not exceed 27% of the salary.

c) Gratuity:

Gratuity payable shall not exceed half a month salary for each completed year of Service.

d) Use of Company's car and telephone at residence:

Provision of car for use on Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for personal use shall be billed by the Company.

3. Commission : Commission not exceeding 3 % of the Net Profits.

- B) Resolved Further, where in any financial year, during the currency or tenure of the Managing Director, the Company has no profits or its profits are inadequate, the Managing Director shall be paid a minimum remuneration by way of salary and benefits as specified in items (1) and (2) in Para A above.

Resolved Further that the Board 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 under Section 173 (2) of the Companies Act, 1956.

Item no 6 :

At the 16th Annual General Meeting held on 31st July 2006, Sri. N.Krishna Samaraj was re-appointed as Managing Director of the Company for a further term of five years effective from 17.01.2007 and the remuneration payable to him was approved for a period of three years with effect from 1st August 2006, within the limits provided in Part II of Schedule XIII to the Companies Act, 1956.

The Company has witnessed a phenomenal growth under the stewardship of Sri.N.Krishna Samaraj over the past few years. The Company has also implemented the Phase I of the expansion increasing the capacity from 600 MT to 900 MT per month and the second phase would be undertaken in the near future. Despite the severe global recession and economic slow down, the Company has been able to post decent growth rates even during the current year, after considering the exceptional item of forex loss, as explained in the Directors' Report. It is anticipated that the Company will be able to improve its profitability in the financial year 2009-10 due to improved productivity as a result of increase in efficiencies and better financial and production planning.

The Board of Directors, after taking into account the current situation and based on the proposal of the Remuneration Committee, recommend the remuneration payable to Sri. N.Krishna Samaraj for the remaining period of his present term of office, i.e. from 1st April 2009 to 16th January 2012, as set out in Item no.6 of the Notice for the approval of the Members. Considering the difficult working conditions prevalent now, the remuneration payable has been fixed at the existing salary of Rs.1,75,000 per month and other benefits for the period 1st April 2009 till the remainder period of his current tenure of office.

The remuneration proposed to be paid to him, as set out in the Notice, which has been determined by the Remuneration Committee, is within the limits specified in Part II of Schedule XIII to the Companies Act, 1956.

The remuneration payable to Sri. N.Krishna Samaraj as Managing Director is subject to the approval of the members at the ensuing Annual General Meeting. Hence the resolution. Your Directors commend the resolution for your approval.

This may also be treated as an abstract under Section 302 of the Companies Act, 1956.

Directors Sri.N.Krishna Samaraj, and Sri. J.Vijayakumar, who is related to Sri.N.Krishna Samaraj, may be deemed to be interested or concerned in the resolution.

Statement of disclosures pursuant to Section II (1)(B) of Part II of Schedule XIII to the Companies Act, 1956 in relation to Item no. 6 above:

1. General Information:

1. Nature of Industry : The Company is engaged in the manufacture and sale of SG iron and Gray iron castings. The Company has two divisions, namely the 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: (Rs in lacs)

Details	2009	2008	2007	2006	2005
Total income	6405.29	5621.55	4798.06	4606.39	3105.80
Net Profit before tax	367.66	651.50	730.97	750.70	368.81
Dividend paid/recommended	80.41	112.58	160.83	161.97	109.72
Rate of dividend in %	15	21	30	31	21

5. Export Performance:

The Company has not incurred any expenditure in foreign exchange on account of collaboration during the last five years as the Company has not entered into any foreign collaboration agreement.

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

(Rs. in lacs)

Year	2009	2008	2007	2006	2005
Export Earnings	4089.29	3792.68	3257.07	3263.78	1808.28

6. Foreign investments or collaborators : Nil

II Information about the appointee:

1. Background details : Sri.N.Krishna Samaraj, aged 54, 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 is a Director on the board of several Companies. He has been the Managing Director since inception of the Company.

2. Past remuneration: (Amount in Rs)

Particulars	31.03.2009	31.03.2008	31.03.2007
Annual Remuneration	21,80,810	34,51,158	38,56,863

3. Recognition of awards : Nil
4. Job profile and suitability : Sri.N.Krishna Samaraj is in charge of the day to day operations of the Company and is assisted by a team of qualified and experienced professionals. With the educational qualifications he possesses and the vast experience in the field, and with his administrative capabilities, Sri.Krishna Samaraj is best suited for the position.
5. Remuneration proposed : As set out in Item no . 6 of the Notice
6. Comparative remuneration profile 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, expansion of capacities. |
| 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 and also an abstract of terms of remuneration is being sent as per Section 302 of the Companies Act, 1956 |
| 2. The following disclosures shall be mentioned in the Board of Directors' report under the heading Corporate Governance, if any, attached to the Annual Report. | |
| i) All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc. of all the Directors | Except Mr.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 | Fixed salary of Rs. 1,75,000 per month; 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 |

By order of the Board

Coimbatore
29th May 2009**N.Krishna Samaraj**
Managing Director

NOTES

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY.** THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.
2. The Register of Members of the Company will remain closed during the period from 1st August 2009 to 19th August 2009 (both days inclusive).
3. Dividend when approved will be paid to such of the members whose names appear in the Register of Members of the Company as on 19th August 2009. 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 31st July 2009.
4. 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).
5. The Company has paid the annual listing fees for the period 2009-2010 to the Stock Exchange, Mumbai while in respect of Coimbatore Stock Exchange, fees has not been paid, since the demand notice has not been received as yet.
6. 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 issue of fresh Demand drafts.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, such dividend which remain unpaid/unclaimed for a period of seven years will be transferred to Investor Education and Protection Fund constituted by the Central Government under Section 205C of the Act. The amount lying in the unpaid dividend account of earlier years is furnished below:

Year	Amount (Rs.)
2001-2002	2,59,221
2002-2003	2,19,611
2003-2004	2,05,535
2004-2005	2,34,275
2005-2006	2,95,301
2006-2007	2,92,020
2007-2008	2,22,299

The unclaimed dividend on Equity shares for the year ended 31st March 2001 has been transferred to the Investor Education and Protection Fund Account during August 2008.

Shareholders who have not encashed their dividend warrants for the year 2001-02 are requested to claim the dividend from the Company at the earliest, since the amount lying to the credit of the account will be transferred before August 2009 to the Investor Education and Protection Fund Account. Thereafter, no claim shall lie against the Company or the Central Government against such unclaimed dividend for the year 2001-02.

8. We invite all our members to visit our website at www.magnacast.com for a virtual tour of our factory and a review of our products and services.
9. 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.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 19th Annual Report and Audited Accounts of the Company for the year ended 31st March 2009.

FINANCIAL RESULTS

For the year ended 31st March	2009	2008
	(Rs. in lakhs)	(Rs. in lakhs)
Total Revenue	6405.29	5621.55
Gross Profit before interest, depreciation, tax and loss on Foreign currency fluctuation	1324.15	1190.95
Interest	200.59	176.03
Depreciation	390.69	363.42
Profit from Operations	732.87	651.50
Loss on Forex rate fluctuation	365.21	-
Profit before tax	367.66	651.50
Provision for Income tax	175.00	225.00
for Deferred tax	33.56	27.39
for Fringe Benefit Tax	4.00	4.00
Net Profit after tax	155.10	395.11
Proposed transfer to General Reserve	150.00	250.00
Proposed dividend	68.73	96.23
Provision for Corporate tax on Dividend	11.68	16.35
Balance brought forward	295.13	262.60
Surplus carried over	185.26	295.13

DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the shareholders, a dividend at the rate of Rs.1.50 per share, i.e. at 15 % for the year on the paid-up equity share capital of the Company as against 21 % dividend paid last year. This will absorb an amount of Rs 80.41 lakhs, inclusive of Corporate Distribution tax on dividends.

OPERATIONS

The total revenues of the Company increased by 13.94% to Rs.6405.29 lakhs from Rs. 5621.55 lakhs in the previous year. Profit from Operations for the current year increased by 12% to Rs.732.87 lakhs from Rs.651.50 lakhs in the previous year. However, the Profit after exceptional items has declined by 43.57 % to Rs 367.66 lakhs from Rs. 651.50 lakhs. The Operations were also affected due to various adverse situations prevailing during the year under review.

Prices of crucial raw materials like Steel Scrap, Pig Iron, Ferro Alloys and other consumables increased by 25% to 45% during the last quarter of the financial year. The frequent disruptions in power affected the production schedule, especially during the end of the financial year.

The rapid depreciation of the Indian Rupee against the US Dollar, particularly in the second half of the financial year, adversely impacted the profitability as the Company had hedged a portion of its foreign currency receivables based on the situation existing initially as well as the expert opinion received in this regard. Further this unexpected change in the foreign currency rates has increased the Company's liability in respect of the foreign currency loans/borrowings for acquisition of assets.

The Directors, after due consideration, have not opted to exercise the option given under the amended AS 11 and instead decided to adopt a uniform and consistent accounting policy and hence the resultant loss has been written off as per the applicable Accounting Standards.

Taking into account all the above factors, the performance of the Company during a difficult year could not have been better.

OUTLOOK FOR CURRENT YEAR

The outlook for the current year appears to be subdued as the global economy is going through a severe recessionary phase. The overseas markets, especially the US and European markets where the Company is at presently selling its products, have been badly hit and it will take some time before things improve. However the Directors are taking all efforts in exploring other markets, including the domestic market.

PROJECTS IMPLEMENTED AND FUTURE PLANS :

During the year the Company commissioned the Sand Pre-Processing Plant, which was completely designed and fabricated in-house, and which will enable in removing moisture and organic and inorganic impurities from the sand and grade the sand to the required grain size, thus ensuring that the right quality of sand is programmed and made available to the requirement of different processes. This plant will also ensure the optimum usage of sand, thus resulting in conservation of critical natural resources.

As reported in the previous report, the Company had planned to implement the Phase II of the expansion for increasing the capacity from 900 MT per month to 1500 MT per month in 2009-10. However since the market conditions are not favourable at the moment, the Directors decided to defer the expansion plans, though various alternate technologies are being evaluated to firm up the expansion plans.

FINANCE

The total long term debt of the Company now stands at Rs.858 lakhs, out of which Rs 345 lakhs is for the foundry division and the balance Rs.513 Lakhs is for the Wind Energy Division.

The Company has been sanctioned a Term Loan of Rs.200 lakhs by Corporation Bank for acquiring certain fixed assets but the Company has not availed the same because of the high cost of funds and hence the purchase of capital assets during the current year has been met from own funds.

QUALITY CERTIFICATION AND AWARDS

The Company was awarded the Sustained Supplier Award by one of its prestigious export customer for better relationship of more than 14 years.

LABOUR

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

DIRECTORS

Smt.R.Nandini and Dr.Jairam Varadaraj, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-election.

The Directors of the Company have furnished necessary declarations required in terms of Section 274(1)(g) of the Companies Act, 1956 and the same have been taken on record.

CORPORATE GOVERNANCE

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the report on Management Discussion and Analysis, Corporate Governance as well as Auditor's Certificate regarding compliance of conditions of Corporate Governance forms part of this Annual Report.

INFORMATION PURSUANT TO SEC.217(1)(e) OF THE COMPANIES ACT,1956

The information required under Sec.217(1)(e) of the Companies Act,1956 is appended hereto in Annexure I and forms part of this Report.

INFORMATION PURSUANT TO SEC.217(2A) OF THE COMPANIES ACT, 1956

None of the employees were in receipt of remuneration in excess of the limits prescribed in this regard.

DIRECTORS RESPONSIBILITY STATEMENT

In terms of Section 217(2AA) of the Companies Act, 1956, the Directors state that

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were 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 the year under review.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts on a going concern basis.

CEO/CFO CERTIFICATION

As required under Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director and the Head of Finance function have furnished necessary certificate to the Board on the financial statements presented.

AUDITORS

M/s S.Krishnamoorthy & Co, Chartered Accountants, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The certificate required under Section 224(1B) of the Companies Act, 1956 has been furnished by them.

ACKNOWLEDGEMENT

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 Indian Bank, the various Government Agencies and in particular the Tamilnadu 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.

On behalf of the Board of Directors

Place : Coimbatore
Date : 29th May 2009

J.VIJAYAKUMAR
Chairman of the Meeting

ANNEXURE-I TO DIRECTORS' REPORT FOR THE YEAR 2008-2009

PARTICULARS PURSUANT TO SEC. 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Conservation of Energy:

Your Company continues to focus its attention on conserving energy. The details of electricity consumed per metric tonne of good castings produced is given below:

YEAR	2001	2002	2003	2004	2005	2006	2007	2008	2009
Number of units per Tonne of good castings	2166	1997	1979	1800	1680	1680	1700	1750	1630

Power Consumption (no of units)**2008-09****2007-08**

Total Electricity	91,34,168	100%	1,12,64,382	100%
Own Generation-Windmill	52,02,916	57%	47,44,293	42%
Purchased from TNEB	39,31,252	43%	65,20,089	58%

Technology absorption & Research & Development

The Company is committed to pursuing its research activities and is constantly developing new products by using the latest technology.

Technology Absorption, Adaptation and Innovation:

- 1) Efforts made towards technology absorption, adaptation and innovation: Nil
- 2) Benefits derived as a result of the above efforts : Not Applicable
- 3) 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.

Foreign Exchange earnings & outgo

- a) Earnings : Rs. 4089.29 lakhs
- b) Outgo : Rs. 465.04 lakhs

ANNEXURE 2 TO DIRECTORS' REPORT**5 Year Highlights**

(Rs. in lakhs)

Operating Results	2005	2006	2007	2008	2009
Sales and Other Income	3125.62	4606.39	4798.06	5621.55	6405.29
Operating Profit	550.34	1163.73	1207.35	1190.95	958.94
Interest	80.79	145.61	156.78	176.03	200.59
Gross Profit	469.55	1018.12	1050.57	1014.92	758.35
Depreciation	100.76	267.42	319.59	363.42	390.69
Taxes - Current	29.00	63.25	238.00	225.00	175.00
- Deferred	105.68	263.51	(88.01)	27.39	33.56
- Fringe Benefit Tax		5.25	3.95	4.00	4.00
Net Profit	234.14	418.69	577.04	395.11	155.10
Dividend (including dividend tax)	109.73	161.96	160.83	134.02	80.41
Retained Profit	124.41	256.73	416.21	261.09	74.69
Performance Parameters					
Net Fixed Assets	1821.37	2652.98	3065.08	3075.39	2905.75
Share Capital	458.22	458.22	458.22	458.22	458.22
Reserves	608.72	862.22	1278.38	1560.91	1601.05
Net Worth	1066.94	1320.44	1736.60	2019.13	2059.27
Return on Net Worth %	21.95	31.71	33.23	19.57	7.53
Borrowings	498.60	1085.50	1144.58	1037.40	858.66
Debt Equity Ratio	0.47	0.82	0.66	0.55	0.47
Dividend (%)	21	31	30	21	15
Earnings per share (Rs.)	5.11	9.14	12.59	8.62	3.39

ANNEXURE 3 TO DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

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

The objective of the Company is to enhance shareholder value, which is sought to be achieved through good Corporate Governance. Magna also strives to maintain absolute transparency in all its dealings with the various stakeholders, and as a responsible corporate citizen, share the benefits with all its stakeholders and the society at large. Your Company confirms compliance of Corporate Governance as contained in clause 49 of the Listing Agreement, the details of which are furnished below:

Board of Directors

The composition of the Board of Directors of the Company is as under:

Sl.No.	Name	Director/ Chairman	Promoter/ Executive/ Non Executive/ Independent/ Non-Independent	No. of other companies in which he/she is a Director	Committee in which he/she is a member/ Chairman in other companies
1	Sri.V.Rajendran	Director	Non-Executive/ Independent	2	Nil / Nil
2	Sri.J.Vijayakumar	Director	Non-Executive/ Non Independent	4	2 / Nil
3	Sri. N. Krishna Samaraj	Managing Director	Promoter & Executive/ Non Independent	7	2 / Nil
4	Sri. K.Gnanasekaran	Director	Non executive/ Independent	4	1 / Nil
5	Smt.R.Nandini	Director	Non Executive/ Independent	3	1 / Nil
6	Dr.Jairam Varadaraj	Director	Non Executive/ Independent	10	5 / 1

b. Number of Board meetings held and attended by the Directors:

- Four Meetings of the Board of directors were held during the year ended 31st March 2009 on (i) May 30, 2008; (ii) July 24, 2008; (iii) October 30, 2008; (iv) January 29, 2009. Attendance recorded of each of the Directors at the Board Meetings during the year ended 31st March 2009 as also of the Annual General Meeting is as follows:

Name of the Director	No of Board Meetings attended	Attendance at the last AGM
Sri. V.Rajendran	3	Yes
Sri. N.Krishna Samaraj	4	Yes
Sri. J.Vijayakumar	4	Yes
Sri. K.Gnanasekaran	3	Yes
Smt. R.Nandini	3	No
Dr. Jairam Varadaraj	4	Yes

Brief Note on Directors seeking appointment / reappointment at the ensuing AGM

Smt.R.Nandini, aged 46 years, hails from a family of industrialists from Coimbatore and has more than 23 years of industrial experience. She is associated with one of the leading educational institutions in Coimbatore. Apart from being the Managing Director of Chandra Textiles Pvt Ltd, Coimbatore, she is also a Director on the Board of other companies.

Dr.Jairam Varadaraj, aged 48 years, is a leading industrialist from Coimbatore. He is the Managing Director of Elgi Equipments Limited, Coimbatore. He is also on the board of several well known companies. Dr.Jairam Varadaraj has vast experience in management and finance areas.

c. Audit Committee

The Audit Committee consists of four Directors and is chaired by Sri. V.Rajendran. The Audit committee meetings were held on (i) May 30, 2008; (ii) July 24, 2008; (iii) October 30, 2008; (iv) January 28, 2009.

The Company Secretary acts as the Secretary to the Audit Committee.

The terms of reference of the Audit Committee covers the various matters specified in Clause 49 of the Listing Agreement.

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

Name of the member	No of meetings held	Attendance
Sri. V.Rajendran (Chairman)	4	2
Sri.J.Vijayakumar	4	4
Sri.K.Gnanasekaran	4	3
Smt.R.Nandini	4	4

d. Shareholders Grievance Committee:

The Shareholders Grievance Committee comprises of three directors. The Committee is chaired by Mr.J.Vijayakumar. Mr. R.Ravi, Company Secretary is the Compliance Officer. The Committee meetings were held on (i) May 30, 2008; (ii) July 24, 2008; (iii) October 30, 2008; (iv) January 29, 2009.

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

Name of the member	No of meetings held	Attendance
Sri.J.Vijayakumar	4	4
Sri.V.Rajendran	4	3
Sri.N.Krishna Samaraj	4	4
Sri.R.Ravi	4	4

e. Remuneration Committee

The Remuneration Committee was re-constituted by the Board and the Committee now comprises of Mr.V.Rajendran, Chairman of the Committee, Mr.K.Gnanasekaran and Dr. Jairam Varadaraj. The Remuneration Committee did not meet during the period under review.

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 Board Meetings/Committee Meetings.

f. Disclosure

- a. Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc that may have potential conflict with the interest of the company at large.

None of the transactions with any of the related parties were in conflict with the interest of the company.

- b. Details of non-compliance by the company, penalties, 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 : None.

g. General Body Meetings

Location and time, where the last three AGM's held.

Year	Location	Date	Time
2006	Hotel Residency, Avanashi Road, Coimbatore	31.7.2006	10.00 A.M.
2007	Hotel Residency, Avanashi Road, Coimbatore	30.7.2007	10.00 A.M.
2008	Hotel Residency, Avanashi Road, Coimbatore	21.8.2008	10.00 A.M.

h. Details of Special Resolution passed in the last three AGM's

Year	Special Resolutions
2006	Appointment and payment of remuneration to the Managing Director
2007	Nil
2008	Nil

i. Means of Communication

The Company is regularly publishing quarterly unaudited and audited financial results and notice advertisements in *The Business Line* and *Malaimalar* (vernacular language). The Company is posting the quarterly results and other statutory information in the Company's website www.magnacast.com.

j. General shareholder information

i. AGM date, time and venue	19th August 2009 at 3.30 P.M. Ardra Conference Center, North Huzur Road, Coimbatore 641 018
ii. Financial calendar	1st April to 31st March
iii. Book Closure date	1st August 2009 to 19th August 2009 (Both days inclusive)
iv. Dividend payment date	On or after 19th August 2009 within 30 days from the date of AGM
v. Listing on Stock Exchanges	Coimbatore and Mumbai

vi. Stock Code Coimbatore Stock Exchange Stock Exchange, Mumbai	21/ 065 517449
vii. Registrars and Share Transfer Agents for both Dematerialised and physical shares	M/s SKDC Consultants Limited Post Box No: 2979 No.7, Seth Narayandas Layout, Street No.1, Tatabad P.O. Coimbatore 641 012
viii.Share Transfer system	Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects, by the Share Transfer Committee which meets at regular intervals.

ix. The Stock market during the year at the Stock Exchange, Mumbai is furnished below. (in rupees)

Month	High	Low
Apr 2008	86.95	66.00
May 2008	84.00	69.25
Jun 2008	78.30	53.00
Jul 2008	77.00	52.25
Aug 2008	81.00	65.00
Sep 2008	80.00	67.10
Oct 2008	70.00	45.55
Nov 2008	52.50	46.10
Dec 2008	55.00	46.00
Jan 2009	50.00	41.05
Feb 2009	52.50	42.50
Mar 2009	48.30	40.60

x. Shareholding pattern as on 31st March, 2009

Category	No of shares held	% of share holding
Indian Promoters	14,28,014	31.16
Mutual Funds and UTI	1,00,600	2.19
Private Corporate bodies	3,41,662	7.46
Indian Public	21,85,773	47.70
NRIs/ OCBs	4,66,376	10.18
Directors & Relatives	59,775	1.31
	-	-
Grand Total	45,82,200	100.00

xi. Distribution of shareholding as on 31st March, 2009

Share holding (Range)	No. of Holders	% of Holders	No. of Shares	% of Shares
Upto 500	3593	84.74	532465	11.62
500-1000	176	4.15	144133	3.15
1001-2000	144	3.40	219078	4.78
2001-3000	175	4.12	440678	9.61
3001-4000	19	0.45	68511	1.50
4001-5000	22	0.52	105758	2.31
5001-10000	42	0.99	315660	6.89
10001 and above	69	1.63	2755917	60.14
Total	4240	100.00	4582200	100.00

xii. Dematerialisation of shareholding and liquidity	Number of shares dematerialized Percentage : 53.23%
xiii. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	Not Applicable
xiv. Plant location	SF No.34 and 35 Part Coimbatore Pollachi Main Road, Mullipadi Village, Tamaraikulam Post, Pollachi Taluk, Coimbatore District, Pin: 642 109
xv. Address for Correspondence and Registered office	43 (Old No.62), Balasundaram Road Coimbatore 641 018, Tamil Nadu

k) Code of Conduct:

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, 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.

Coimbatore
29th May 2009

By order of the Board
J.VIJAYAKUMAR
Chairman of the Meeting

Compliance certificate from the Auditors of the Company

To
The Members of M/s. Magna Electro Castings Limited

We have examined the compliance of conditions of Corporate Governance by Magna Electro Castings Limited for the year ended 31.03.2009, as stipulated in clause 49 of the listing agreement of the said company, with the stock exchanges.

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 implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and 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 clause 49 of the above mentioned listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the representation given by the Registrars of **the Company** to the Investors' Grievance Committee as on 31.03.2009, there were no investors' grievance matters against the Company remaining pending for more than 30 days.

We further state that, such compliances is neither an assurance as to the future viability of the Company, nor the efficiency or effectiveness, with which, the management has conducted the affairs of the Company.

For **S. Krishnamoorthy & Co.**
Chartered Accountants

Place: Coimbatore
Date : 29.05.2009

K.N. Sreedharan
Partner, Auditor
Membership No. 12026

MANAGEMENT DISCUSSION AND ANALYSIS

Overview:

Magna is engaged in the manufacture and sale of ductile iron and grey iron castings. Magna has also installed Wind Energy Generators for generation of eco-friendly power and plans to become self-sufficient in clean energy.

Magna aims to provide its customers products and services consistently conforming to clearly established customer requirements at the right time and at the right cost.

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and the Generally Accepted Accounting Principles. There are no material deviations from the prescribed accounting standards.

Industry structure and developments

The Indian foundry industry is the 5th largest in the world and is expected to occupy the third position in a couple of year's time. There are about 5000 foundry units in the country, out of which about 80% are in the small scale segment and the balance 20% in the medium and large scale sectors. About 500 units are having International Quality Accreditation.

Opportunities and Threats

The demand for castings is growing every year, both in the domestic and export markets. In fact the domestic market is growing at the rate of 15%, year on year basis. Besides this, the export market is also growing. India's share in the global market for castings is less than 5%, thereby there is a vast potential to be tapped in the international market.

The on going global recession has hit the Indian foundry industry hard. Exports have dropped by 50% (in tonnage terms) during the second half of the financial year under review. This slow down has led to closure of as many as 10% of the foundry units in the country. However, it is expected that the markets will recover during the last quarter of the calendar year 2009.

The availability, quality and volatile prices of critical raw materials like steel scrap and pig iron have affected the margins during the year. Further the steep curtailment in power affected production substantially.

Environment, Safety and Energy Conservation Policy:

The Company is conscious of its responsibility towards protecting the environment. Adequate measures are taken to install equipments to avoid pollution of any type.

The employees are also given training on various safety aspects , since there is lot of risk attached in a foundry environment .

The Company, as part of its Corporate Social Responsibilities, has adopted a Government Higher Secondary School at Kinathukadavu near the factory premises, where a lot of children of its employees are studying and is committed to maintaining the same.

Risks and concerns

Risk is an integral part of business process. Your Company is aware of the risks associated with the business process and suitable risk mitigation measures are being taken from time to time.

Internal control systems and their adequacy

The Company has an adequate system of internal controls to ensure proper recording of financial transactions, operating functions and compliance with rules and regulations. The Company periodically reviews the adequacy of the internal control systems.

Personnel

The aim of the Company is to achieve highest manpower productivity by utilizing the human resources effectively. Adequate training of manpower in various skills is accorded the highest priority. The Company has been engaging outside consultants, including foreign experts, for imparting training for the employees.

Cautionary statement

The views 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.

AUDITORS' REPORT

To

The Members of MAGNA ELECTRO CASTINGS LIMITED,

1. We have audited the attached Balance Sheet of M/s MAGNA ELECTRO CASTINGS LIMITED as at March 31st, 2009 and the Profit & Loss Account and the cash flow statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies' (Auditor's Report) Order, 2003, as amended, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash flow statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors individually as on March 31, 2009 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified from being appointed as director in terms of Section 274(1)(g) of the Companies Act 1956.
 - f) In our opinion and to the best of our information, and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2009 and
 - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **S.Krishnamoorthy & Co.**
Chartered Accountants**K.N. SREEDHARAN**
Partner, Auditor
Membership No.12026Place: Coimbatore
Date: 29.05.2009

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management at periodic intervals. Verification of Fixed Assets, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verification.
- (c) There is no disposal of substantial part of fixed assets during the year.
- ii. (a) Physical verification of inventory has been conducted at reasonable intervals by the management. In respect of inventory lying with the third parties, these have been confirmed by them. In our opinion the frequency of verification is reasonable.
- (b) The procedure of physical verification of the inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) The company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to book records.
- iii. During the year, the company has neither granted loans to nor taken any loans from companies, firms or other parties covered in the Register maintained under sec.301 of the Companies Act.
- iv. There is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. (a) To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.
- (b) The transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The company has not accepted any deposit from the public during the year.
- vii. The company has an adequate Internal Audit system commensurate with the size and nature of its business.
- viii. We have been informed by the management, that no cost records have been prescribed under section 209(1)(d) of the Companies Act 1956.in respect of products manufactured by the company.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees state insurance, Incometax, Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues. According to the Information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2009 for a period of more than six months from the date they become payable.
- (b) According to the records of the company, there are no statutory dues which have not been deposited on account of any dispute.

- x. There are no accumulated losses at the end of the financial year 31st March 2009. The company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of its dues to financial institution or bank.
- xii. During the year, the company has not granted any loans and advances on the basis of security or by way of pledge of shares, debentures or other securities.
- xiii. The provisions of Special Statutes applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.
- xiv. The company is not dealing or trading in shares, securities, debentures or other investments.
- xv. The company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. The term loan obtained by the company have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Source and Application of the funds of the company, we report that funds raised on short-term basis have not been used for long-term investments by the company.
- xviii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. In our opinion and according to the information and explanations given to us the company has not issued any secured debentures during the period covered by our report.
- xx. The company has not raised any funds through public issue during the year.
- xxi. To the best of knowledge and belief and according to the information and explanations given to us no frauds on or by the company has been noticed or reported during the year.

For **S.Krishnamoorthy & Co.**
Chartered Accountants

K.N.Sreedharan
Partner, Auditor
Membership No.12026

Place: Coimbatore
Date: 29.05.2009

BALANCE SHEET AS AT 31st MARCH 2009

Particulars	Schedule No.	As at March 31, 2009 Rs.	As at March 31, 2008 Rs.
SOURCES OF FUNDS:			
Share Capital	1	4,58,22,000	4,58,22,000
Reserves & Surplus	2	16,01,05,266	15,60,90,971
		<u>20,59,27,266</u>	<u>20,19,12,971</u>
Loan Funds:			
Secured Loans	3	9,70,37,287	10,96,72,476
Unsecured Loans	3	1,04,30,778	1,30,85,889
		<u>10,74,68,065</u>	<u>12,27,58,365</u>
Deferred Tax	4	5,32,07,068	4,98,51,155
		<u>36,66,02,399</u>	<u>37,45,22,491</u>
TOTAL			
APPLICATION OF FUNDS:			
Fixed Assets:	5		
Gross Block		46,29,08,280	44,37,95,443
Less : Depreciation		17,23,33,109	13,62,56,126
Net Block		<u>29,05,75,171</u>	<u>30,75,39,317</u>
Current Assets, Loans & Advances			
Inventories	6	4,25,35,850	5,56,68,685
Sundry Debtors	7	3,82,66,265	7,68,19,178
Cash & Bank Balances	8	2,96,61,523	99,45,023
Loans & Advances	9	6,03,18,018	6,17,15,483
	(A)	<u>17,07,81,656</u>	<u>20,41,48,369</u>
Less:			
Current Liabilities & Provisions			
Current Liabilities	10	6,88,13,011	10,28,83,947
Provisions	10	2,59,41,417	3,42,81,248
	(B)	<u>9,47,54,428</u>	<u>13,71,65,195</u>
Net Current Assets	(A-B)	7,60,27,228	6,69,83,174
TOTAL		<u>36,66,02,399</u>	<u>37,45,22,491</u>

Schedule 1 to 10 and notes on accounts form part of this Balance Sheet

As per our report annexed
for **S.Krishnamoorthy & Co.**
Chartered Accountants

J. Vijayakumar
Director

K.N.Sreedharan
Membership No. : 12026
Partner
Auditor

R. Ravi
Company Secretary

N.Krishna Samaraj
Managing Director

Coimbatore
29th May 2009

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2009

Particulars	Schedule No.	As at March 31,2009 Rs.	As at March 31,2008 Rs.
INCOME			
Gross Sales		64,27,02,824	56,54,77,060
Less:Excise Duty Paid		2,14,23,275	2,19,17,495
Less:Educational Cess		6,52,704	6,57,954
Net Sales		<u>62,06,26,845</u>	<u>54,29,01,611</u>
Export Incentive		1,72,16,866	1,45,16,633
Other Income	11	<u>26,85,494</u>	<u>47,36,732</u>
		<u>1,99,02,360</u>	<u>1,92,53,365</u>
		64,05,29,205	56,21,54,976
EXPENDITURE			
Goods Consumption	12	29,04,08,113	22,77,24,517
Manufacturing Expns	13	16,76,91,633	16,06,89,572
Int & Finance Charges	14	2,00,58,982	1,76,03,063
Other Expenses	15	8,65,34,439	5,46,45,784
Depreciation	5	<u>3,90,69,191</u>	<u>3,63,42,460</u>
		<u>60,37,62,358</u>	<u>49,70,05,396</u>
Profit before Tax		<u>3,67,66,847</u>	<u>6,51,49,580</u>
Provision for Income Tax		1,75,00,000	2,25,00,000
Provision for Fringe Benefit Tax		4,00,000	4,00,000
Provision for Deferred Tax Liability		<u>33,55,913</u>	<u>27,39,076</u>
Profit after Tax		<u>1,55,10,934</u>	<u>3,95,10,504</u>
Balance Brought forward		<u>2,95,12,971</u>	<u>2,62,60,451</u>
		4,50,23,905	6,57,70,955
Appropriations			
Prior year Expenses		53,455	0
Prior year Taxation		34,01,767	0
Proposed Dividend		68,73,300	96,22,620
Corporate Tax on Dividend		11,68,117	16,35,364
Transfer to General Reserve		<u>1,50,00,000</u>	<u>2,50,00,000</u>
Surplus Carried Over		<u>1,85,27,266</u>	<u>2,95,12,971</u>
Earning per share of Rs. 10/- each as per Notes on Accounts No. 19		3.39	8.62

Schedule 11 to 15 and notes on accounts form part of this Profit & Loss Account

As per our report annexed
for **S.Krishnamoorthy & Co.**
Chartered Accountants

J. Vijayakumar
Director

K.N.Sreedharan
Membership No. : 12026
Partner
Auditor

R. Ravi
Company Secretary

N.Krishna Samaraj
Managing Director

Coimbatore
29th May 2009

Schedules

Particulars	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.
1. Share Capital.		
Authorised Share Capital 50,00,000 Equity shares of Rs.10/- Each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued,Subscribed & Paid up: 45,82,200 Equity Shares of Rs.10/- Each	<u>4,58,22,000</u>	<u>4,58,22,000</u>
2. Reserves & Surplus		
i) Capital Reserve Subsidy from Government of Tamilnadu	15,78,000	15,78,000
ii) General Reserve Balance brought forward	12,50,00,000	10,00,00,000
Add : Transfer from Profit & Loss A/c	<u>1,50,00,000</u>	<u>2,50,00,000</u>
iii) Surplus Balance in Profit & Loss A/c	<u>14,00,00,000</u> <u>1,85,27,266</u> <u>16,01,05,266</u>	<u>12,50,00,000</u> <u>2,95,12,971</u> <u>15,60,90,971</u>
3. Secured Loans		
Loans & Advances from Banks Term Loan from Corporation Bank	6,46,91,956	7,01,78,170
Letter of Credit - Corporation Bank	1,20,03,622	1,75,15,567
Cash Credit A/c - Corporation Bank	1,11,71,159	59,32,171
Term Loan from Indian Bank	88,85,793	1,57,05,583
Interest Accrued on Term Loan (Secured by equitable mortgage of land and buildings and hypothecation of plant and machinery and other assets)	2,84,757	3,40,985
	<u>9,70,37,287</u>	<u>10,96,72,476</u>
Unsecured Loans		
Other Loans : Hire Purchase instalments Payable	2,31,300	1,22,293
Interest free Sales Tax loan	<u>1,01,99,478</u>	<u>1,29,63,596</u>
	<u>1,04,30,778</u>	<u>1,30,85,889</u>
4. Deferred Tax		
Balance brought forward	4,98,51,155	4,71,12,079
Transfer from Profit & Loss Account	33,55,913	27,39,076
	<u>5,32,07,068</u>	<u>4,98,51,155</u>

5. Fixed Assets

Particulars	Gross Block				Depreciation				Net Block	
	As on 1.4.2008	Additions During the year	Sales during the year	Total	As on 1.4.2008	For the Year	Withdrawn	As on 31.03.2009	As on 31.03.2009	As on 31.03.2008
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	26,54,866	0	0	26,54,866	0	0	0	0	26,54,866	26,54,866
Buildings	9,74,61,475	33,58,886	0	10,08,20,361	1,29,80,018	33,24,742	0	1,63,04,760	8,45,15,601	8,44,81,457
Plant & Machinery	31,03,45,931	1,77,46,350	48,01,478	32,32,90,803	10,99,79,780	3,20,02,637	29,51,609	13,90,30,808	18,42,59,995	20,03,66,151
Electrical Installation	1,15,51,295	1,15,912	0	1,16,67,207	39,55,897	12,02,170	0	51,58,067	65,09,140	75,95,398
Borewell Equipment	34,532	0	0	34,532	14,603	1,153	0	15,756	18,776	19,929
Office Equipments	22,70,101	3,53,416	0	26,23,517	8,99,280	1,19,496	0	10,18,776	16,04,741	13,70,821
Furniture	51,45,524	17,53,164	0	68,98,688	12,57,019	3,55,280	0	16,12,299	52,86,389	38,88,505
Vehicles	44,70,748	4,01,380	34,249	48,37,879	19,05,798	4,44,273	40,599	23,09,472	25,28,407	25,64,950
Computers	98,60,971	2,19,456	0	100,80,427	52,63,731	16,19,440	0	68,83,171	31,97,256	45,97,240
Total	44,37,95,443	2,39,48,564	48,35,727	46,29,08,280	13,62,56,126	3,90,69,191	29,92,208	17,23,33,109	29,05,75,171	30,75,39,317
Figures for Previous year	35,03,96,539	9,93,28,377	59,29,473	44,37,95,443	10,34,83,439	3,63,42,460	35,69,773	13,62,56,126	30,75,39,317	24,69,13,100

Schedules Contd.

Particulars	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.	
6. Inventories (As Certified by Managing Director and valued)			
Raw Materials at Cost	1,06,34,144	2,25,15,104	
Stores & Spares at Cost	61,23,935	79,12,944	
WIP at Estimated Cost	1,45,62,400	1,86,18,061	
Finished Goods at Cost	1,12,15,371	66,22,576	
	4,25,35,850		5,56,68,685
7. Sundry Debtors Unsecured and Considered Good			
Outstanding for more than Six Months	60,62,806	1,10,70,169	
Other Debts	3,22,03,459	6,57,49,009	
	3,82,66,265		7,68,19,178
8. Cash & Bank Balances			
Cash balance on Hand	949	2,438	
Bank Balances			
a) With Scheduled Banks			
in Current Accounts	9,89,919	36,51,333	
in Term Deposit Accounts	2,66,67,900	44,55,779	
In Unpaid Dividend A/c	17,28,262	17,01,938	
b) With Others			
Citibank in Current A/c	2,74,493	1,33,535	
	2,96,61,523		99,45,023
9. Loans & Advances Unsecured and Considered Good			
Advances recoverable in cash or in kind or for value to be received	1,67,03,969	1,75,10,863	
Advance payment of tax	1,47,25,649	1,75,31,282	
Balance with Central Excise	1,82,99,444	1,75,94,536	
Earnest & Security Deposits	1,05,88,956	90,78,802	
	6,03,18,018		6,17,15,483
10. Current Liabilities			
a) Sundry Creditors			
Dues to Micro, Small and Medium Enterprises	50,08,281	61,61,052	
Dues to Others	6,07,04,351	9,37,43,449	
b) Investor Education and Protection Fund Shall be credited by the following amounts namely (a) Unpaid Dividend A/c	17,28,262	17,01,938	
c) Other Liabilities			
Liability for Taxes	9,24,183	6,62,453	
Liability for Other Finance	2,64,221	3,86,014	
Advance from Customers	1,83,713	2,29,041	
	6,88,13,011		10,28,83,947
Provision(s)			
i) For Income Tax	1,75,00,000	2,25,64,556	
ii) For Fringe Benefit Tax	4,00,000	4,58,708	
iii) For Dividend	68,73,300	96,22,620	
iv) For Corporate Tax on Dividend	11,68,117	16,35,364	
	2,59,41,417		3,42,81,248

Schedules Contd.

Particulars	As at 31st March, 2009 Rs.	As at 31st March, 2008 Rs.	
11. Other Income			
Interest on Bank Deposits (TDS Rs.2,60,679/- previous year Rs.51,806/-)	11,87,877	2,45,049	
Interest on Security Deposit (TDS Rs.1,24,970/- previous year Rs.1,10,097/-)	5,51,502	4,85,867	
Sale of Waste & Scrap	46,093	266,421	
Technical Development Charges	0	1,00,000	
Others	6,20,936	7,00,605	
Foreign Exchange Fluctuation	0	27,42,060	
Profit on Sale of Fixed Assets	2,79,086	1,96,730	
	26,85,494		47,36,732
12. Goods Consumption			
I. Raw Materials Consumed:			
Opening Stock	2,25,15,104	87,11,592	
Add:Purchases	24,89,00,409	22,25,30,902	
	27,14,15,513	23,12,42,494	
Less:Sales	3,06,000	0	
Less:Closing Stock	1,06,34,144	2,25,15,104	
	26,04,75,369		20,87,27,390
(Increase) / Decrease in Work-in-progress	40,55,661	(1,83,93,129)	
(Increase) / Decrease in Finished Goods	(45,92,795)	52,96,507	
	(5,37,134)		(1,30,96,622)
II. Stores & Spares Consumed	3,04,69,878	3,20,93,749	
	29,04,08,113	22,77,24,517	
13. Manufacturing Expenses:			
Power & Fuel*	2,66,56,171	3,72,77,197	
Salaries, Wages & Bonus	3,40,97,259	2,89,20,799	
Labour Charges	99,31,102	1,15,31,973	
Contribution to PF	16,44,930	15,33,585	
Processing Charges	8,92,19,188	7,56,84,084	
Welfare Expenses	61,42,983	57,41,934	
	16,76,91,633		16,06,89,572
* Refer Note No. 20 in the Notes on Accounts			
14. Interest & Finance Charges			
Interest on Fixed Loans	94,22,064	94,08,260	
Interest on Others	66,36,269	49,64,830	
Bank Charges	40,00,649	32,29,973	
	2,00,58,982		1,76,03,063
15. Other Expenses:			
Rent	4,20,000	3,00,000	
Insurance	26,46,188	22,02,672	
Licence, Fees & Taxes	5,17,928	5,40,883	
Repairs to Buildings	20,20,919	25,62,939	
Repairs to Plant & Machinery	1,75,38,209	2,05,61,004	
Auditors Remuneration	1,95,783	1,51,686	
Sitting Fees-Directors	1,02,000	71,000	
Managerial remuneration	21,80,810	34,51,158	
Miscellaneous Expenses	83,05,281	74,68,714	
Commission & Brokergae	14,23,319	10,85,796	
Packing & Forwarding	83,83,999	82,79,072	
Carriage Outwards	55,43,453	68,83,430	
Charity & Donation	7,35,570	7,36,000	
Loss on Sale of Fixed Asset	0	3,51,430	
Foreign Exchange Fluctuation	3,65,20,980	0	
	8,65,34,439		5,46,45,784

NOTES ON ACCOUNTS**1. SIGNIFICANT ACCOUNTING POLICIES:****i) Method of Accounting:**

The accounts of the company are prepared under the historical cost convention and on mercantile basis as a going concern in accordance with the applicable accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

ii) Revenue Recognition:

Sales are accounted net of Sales Tax. Other receipts are accounted on accrual basis. Material consumption is net of Cenvat. Excise duty in respect of goods manufactured other than what is in stock at the close of the year is accounted at the time of removal of goods from the factory for sale.

iii) Accounting for Fixed Assets:

- a. Fixed Assets are stated at cost net of Cenvat including all direct and indirect expenses and allocable borrowing costs relating thereto.
- b. Depreciation has been provided under Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 prorated to the number of days used during the year in accordance with the provisions of Section 205 (2)(b) of Act. In respect of assets costing less than Rs.5,000/- hundred percent depreciation is provided.

iv) Valuable of Inventories:

Valued at lower of cost and net realizable value

- a) Raw Material and Components are valued using Weighted Average Cost.
- b) Cost of finished goods are determined as cost of raw material and other manufacturing cost on historical basis inclusive of excise duty wherever applicable.
- c) In respect of semi-finished goods cost is taken as cost of the materials and other cost of manufacture upto the various stages of completion.
- d) Stores and spares are valued at cost on First in First Out basis.

v) Foreign currency transactions:

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of respective transactions. Resultant gain or loss at the time of realization/payment/restatement is charged to Profit & Loss A/c. The carrying value of foreign currency assets and liabilities are restated at the year end rates.

vi) Impairment of Assets :

Impairment in the value of fixed assets is recognized to the extent that the recoverable amount of an asset is less than its carrying value and will be charged to Profit & Loss account as prescribed by ICAI in AS 28.

vii) a) The Company has set up an Employees Group Gratuity Trust Fund under Group Gratuity (Cash Accumulation) Scheme of Life Insurance Corporation of India. Provision has been made for Gratuity upto 31.03.2009 based on actuarial valuation received from LIC of India.

- b) The Company also provides benefits in the form of leave encashment and medical reimbursement. Necessary provision has been made in the books of account.

viii) Taxation:

Provision for taxation is made in terms of the Income tax Act, 1961 in respect of Income liable to tax at either special or normal rates. In accordance with the Accounting Standard 22, the deferred tax for the timing differences between the book profits and taxable income for the year is accounted for, using the tax rates substantively enacted as of the balance sheet date.

- ix) The value of Power Generated by Wind Energy Generators and exported to the Grid is treated as reduction in the power charges to the extent it is adjusted in the bills by the TNEB and the excess, if any as sale of electricity.

x) Lease Rent:

The Company's leasing arrangements are operating lease and cancelable in future. The lease rentals paid or received under such agreements are accounted in Profit and Loss Account.

2. STATUTORY AND OTHER INFORMATION:

STATUTORY AND OTHER INFORMATION:		2008-2009		2007-2008
	MT	Rs.	MT	Rs.
1. Raw Materials Consumed:				
Steel scrap	5,266.29	14,74,95,202	5,378.33	10,82,58,517
Fe Si Mg	128.78	1,28,22,148	157.18	97,85,709
Pigiron	766.88	2,43,01,887	1,655.63	3,53,67,924
Graphite Granules	201.76	88,85,734	221.60	72,44,758
Others		6,69,70,398		4,80,70,482
		26,04,75,369		20,87,27,390

The figures given above are in respect of goods consumed, the value of which is 10% or more of the total value of goods consumed.

2. Value and Percentage of consumption:

a. Raw materials		
Imported	4,32,07,921 (16.59%)	3,06,97,317 (14.71%)
Indigenous	21,72,67,448 (83.41%)	17,80,30,073 (85.29%)
b. Stores consumables		
Imported	6,95,131 (2.28%)	22,86,139 (7.12%)
Indigenous	2,97,74,747 (97.72%)	2,98,07,610 (92.88%)
c. Machinery spares imported and consumed has been charged to Repairs to Machinery account.		

3. Value of Imports calculated on C.I.F.basis

Plant & Machinery	18,02,973	2,09,180
Machinery spares	6,95,131	22,86,139
Raw materials	4,32,07,921	3,06,97,317

4. Capacity and Production:

	Castings in MT	
Licensed Capacity	31200.000	31200.000
Installed Capacity	10800.000	10800.000
Production	6217.716	6403.859
Opening Stock	412.414	202.501
Closing Stock	423.833	412.414
Turnover	6206.297	6193.946
Wind Electric Generator		
Power Generated in Units	52,02,916	47,44,293

5. Interest payments includes interest on Term loan from Bank Rs.94,22,064/- (Previous year Rs. 94,08,260/-)

6. Bills Discounted and outstanding as on 31.03.2009 amounts to Rs.4,98,31,895/- (Previous year Rs.7,44,10,125/-)

7. Amount of Excise duty included in the value of Closing stock of Finished goods **Rs. 3,53,685/-** Rs.4,69,001/-

8. a. Miscellaneous expenses include

Travelling expenses Rs.22,19,673/- (Travelling expenses by Directors Rs.10,55,327/-) (Previous Year Rs.10,17,380/- which includes Travelling Expenses of Directors Rs.1,92,909/-)

b. Audit Fees includes payment towards

i) Audit Fees Rs.1,75,000/- (Previous year Rs.1,35,000/-)

ii) On Taxation matters Rs.2,500/- (Previous year Rs. Nil) and

iii) Service Tax on Audit Fees Rs.18,025/- and on Taxation Rs.258/- (Prev year Rs.16,686/-)

9. The details of remuneration to Managing Director:

Salary	19,25,000	21,00,000
Other allowances	24,810	19,200
Contribution to Provident Fund	2,31,000	2,52,000
Commission	-	10,79,958
Total	<u>21,80,810</u>	<u>34,51,158</u>

Computation of Net Profit u/s 349 of the Companies Act, 1956.

Net Profit as per Profit & Loss Account	3,67,66,847	6,51,49,580
Add: Depreciation	3,90,69,191	3,63,42,460
Managerial remuneration	21,80,810	34,51,158
Sitting Fees to Directors	1,02,000	71,000
Loss on sale of Fixed Assets	0	3,51,430
	<u>7,81,18,848</u>	<u>10,53,65,628</u>

Less: Depreciation as per Sec.350	3,90,69,191	3,63,42,460
Prior year Expenditure	53,455	0

Net Profit as per Sec.349	<u>3,89,96,202</u>	<u>6,90,23,168</u>
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Commission on Net Profit @ 3% (restricted to)	Nil	10,79,958
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10. Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the Company)

Sl. No.	Particulars	Rs.
1.	Principal Amount due as at 31 March 2009	50,08,281
2.	Interest due on (1) above and unpaid as at 31 March 2009	-
3.	Interest paid to the supplier	-
4.	Payments made to the supplier beyond the appointed day during the year	-
5.	Interest due and payable for the period of delay.	-
6.	Interest accrued and remaining unpaid as at 31 March 2009	-
7.	Amount of further interest remaining due and payable in succeeding year.	-

11. Earnings in Foreign exchange
 FOB Value of Exports Rs. **40,46,37,461** 37,63,05,104
 Sale of patterns Rs. **42,90,867** 29,63,293
12. Expenditure in Foreign currency
 Travelling Expenses Rs. **7,22,859** 70,625
 Subscription Rs. **74,852** 90,176
13. Details of dividend remitted during the year in foreign currency.
 a. Amount in Rupees Rs. **9,51,300** 13,59,000
 b. No. of Non-residents **14** 14
 c. No. of equity shares held by above **4,53,000** 4,53,000
14. The Company has carried out an exercise to ascertain the impairment, if any, in the carrying values of its fixed assets. This has not revealed any impairment during the year.
15. Deferred tax:

Deferred Tax Workings

Particulars	Op.Balance	Provided	Reversed	Cl.Balance
		during the year		
Deferred Tax Liability-Depn.	5,05,65,407	33,72,548	0	5,39,37,955
Deferred Tax Asset-Bonus	(7,14,252)	(7,30,887)	7,14,252	(7,30,887)
Total	4,98,51,155	26,41,661	7,14,252	5,32,07,068

17. Segment information:

PRIMARY - BUSINESS SEGMENT	2008-09			2007-08		
Particulars	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.
Segment Results						
1. REVENUE						
Sales	62,06,26,845		62,06,26,845	54,29,01,611	0	54,29,01,611
Wind Energy Generation		1,82,10,209	1,82,10,209	0	1,66,05,026	1,66,05,026
Other Income	1,99,02,360	0	1,99,02,360	1,92,53,365	0	1,92,53,365
Total Revenue	64,05,29,205	1,82,10,209	65,87,39,414	56,21,54,976	1,66,05,026	57,87,60,002
Less : Inter Segment Revenue			1,82,10,209			1,66,05,026
Net Revenue from operations			64,05,29,205			56,21,54,976
2. EXPENDITURE						
Interest	1,52,57,014	48,01,968	2,00,58,982	1,13,67,873	62,35,190	1,76,03,063
Depreciation	2,58,73,973	1,31,95,218	3,90,69,191	2,31,47,242	1,31,95,218	3,63,42,460
Other Expenses	54,17,39,909	28,94,276	54,46,34,185	44,05,49,245	25,10,628	44,30,59,873
Total Expenditure	58,28,70,896	2,08,91,462	60,37,62,358	47,50,64,360	2,19,41,036	49,70,05,396

PRIMARY - BUSINESS SEGMENT	2008-09			2007-08		
Particulars	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.
Profit before Tax			3,67,66,847			6,51,49,580
Less :						
Income Tax (Current)			1,75,00,000			2,25,00,000
Deferred Tax			33,55,913			27,39,076
Fringe Benefit Tax			4,00,000			4,00,000
Net Profit after Tax			1,55,10,934			3,95,10,504
3. SEGMENT ASSETS	38,52,68,447	7,60,88,380	46,13,56,827	42,21,40,646	8,95,47,040	51,16,87,686
Segment Liabilities	7,36,23,809	10,26,57,267	17,62,81,076	12,29,85,048	10,26,57,265	22,56,42,313
Unallocable Liabilities			7,91,48,485			8,41,32,402
4. TOTAL LIABILITIES			25,54,29,561			30,97,74,715
5. CAPITAL EXPENDITURE	2,39,48,564		2,39,48,564	9,93,28,377		9,93,28,377

SECONDARY-GEOGRAPHICAL SEGMENT

Geographical segment has been identified as secondary segment based on segment revenue.

Domestic Sales	21,16,98,516	16,36,33,214
Export Sales to USA	37,05,03,715	34,79,45,470
Export Sales to Europe	3,84,24,614	3,13,22,927
Total	62,06,26,845	54,29,01,611

Note : All the Fixed assets are located in India and are as detailed in Schedule 5.

18. Related party disclosures:

A. Names of the related parties and Descriptions of relationship

- | | |
|------------------------------------------|--------------------------------------------------------------------------------------------|
| 1. Key management personnel | Mr.N. Krishna Samaraj, Managing Director |
| 2. Relatives of Key Management personnel | Mrs.N.Muthulakshmi - Mother |
| 3. Other related parties | 1. Samrajyaa and company
2. Elgi Electric and Industries Ltd
3. Elgi Equipments Ltd. |

B. Transactions with related parties:

Particulars	Key Management Personnel Rs.	Relatives of key Management Personnel Rs.	Other Related parties Rs.	Total Rs.
(Figures inside brackets represent figures of last year)				
Managerial remuneration	21,80,810 (34,51,158)	-	-	21,80,810 (34,51,158)
Purchase of goods			10,40,335 (13,38,523)	10,40,335 (13,38,523)
Machining charges paid			3,70,42,214 (3,14,54,307)	3,70,42,214 (3,14,54,307)
Rent paid and amenities		4,20,000 (3,00,000)		4,20,000 (3,00,000)
Rent received			1,14,000 (1,14,000)	1,14,000 (1,14,000)
Outstandings				
Payables	-	38,047	1,62,65,319	1,63,96,050
Receivables	-		33,576	33,576

19. Earnings per share

(a) Net profit after tax	Rs.	1,55,10,933	3,95,10,504
(b) Weighted average no. equity shares of Rs. 10 each outstanding during the year		45,82,200	45,82,200
(c) Basic or diluted earnings per share (a/b)	Rs.	3.39	8.62

20. The Power Generated by the Wind Energy Generators during the year and fed into the TNEB Grid are as detailed below.

	2008-09	2007-08
No. of Units Generated	52,02,916	47,44,293
Value in Rs.	1,82,10,206	1,66,05,026

21. Letter of Credit includes Liability on account of Capital Expenditure amounting to Rs.1,20,03,622/- (Previous year Rs.93,81,926/-)

22. The Company has not entered into any foreign exchange derivative transactions.

23. a) Loss on account of fluctuations in Foreign Exchange Rate comprises

- i) On account of Export receivables/Import of raw materials Rs.2,20,67,874/-
- ii) On account of Letter of Credit/Liability in respect of machinery acquired from outside India - Rs.23,83,321/-
- iii) On Account of Foreign Currency Term Loan for machinery acquired within India - Rs.1,20,69,785/-

b) The Company has not opted to exercise the option in terms of notification dt.31.03.2009 issued by the Ministry of Corporate Affairs in respect of the amendment in AS 11 and is following a consistent policy in this regard.

24. Lease Rentals :

a) Future Minimum Lease rental receivable under operating income

i)	Not later than one year	Rs.	1,14,000	Rs.1,14,000
ii)	Between 1 and 3 years	Rs.	3,42,000	Rs.3,42,000

b) As lessee, lease rental charged to revenue for right to use the following assets

Office Building	Rs.	4,20,000	Rs.3,00,000
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The agreement is for a period of 11 months with the option of renewal and also provides for termination by either party by giving adequate notice.

25. Figures for the previous year have been reclassified/regrouped wherever necessary.

26. Employee Benefits :

1. Company's contribution during the year towards :

- 1) Provident Fund : Rs.16,44,930
- 2) ESI : Rs. 5,96,067

2. Defined Benefit Plans: Gratuity:

a) Liability recognized in the Balance Sheet

i) Present Value of obligations		
as at 01.04.2008	36,46,932	28,27,568
Interest cost	2,91,755	2,12,068
Current service cost	4,58,550	4,83,166
Benefit paid	(3,91,112)	(82,208)
Actuarial (gain) / loss on obligations	(11,25,939)	2,06,338
Present value of obligations		
As at 31.03.2009	28,80,186	36,46,932

b. Fair value of plan assets

As at 01.04.2008	22,18,014	21,13,070
Expected return on plan assets	2,20,410	1,87,152
Contributions	6,30,420	nil
Benefits paid	(3,91,112)	82,208
Actuarial gain (loss)	nil	nil
Fair value of plan assets	22,18,014	22,18,014
Funded Status	(2,02,454)	(14,28,918)
Net Asset / (Liability) recognized in balance sheet	(2,02,454)	(14,28,918)

c. Actuarial gain / loss recognised 31.03.2009

Actuarial gain (loss) - obligations	11,25,939	2,06,338
Actuarial gain (loss) - plan assets	nil	nil
Total (gain) / loss for the year	(11,25,939)	2,06,338
Actuarial (gain) / loss recognised	(11,25,939)	2,06,338

d. Expenses during the year

Current service cost	4,58,550	4,83,166
Interest cost	2,91,755	2,12,068
Expected return on plan assets	(2,20,410)	1,87,152
Net actuarial (gain) / loss	(11,25,939)	2,06,338
Total		

e. Principal actuarial assumptions

Discounting rate	8.00%	8.00%
Salary escalation	6.50%	7.00%

The above figures are based on valuation done by the Life Insurance Corporation of India.

As per our report annexed
for **S.Krishnamoorthy & Co.**
Chartered Accountants

J. Vijayakumar
Director

K.N.Sreedharan
Membership No. : 12026
Partner
Auditor

R. Ravi
Company Secretary

N.Krishna Samaraj
Managing Director

Coimbatore
29th May 2009

CASH FLOW STATEMENT

	2008-09 Rs.	2007-08 Rs.
A: Cash flow from operating activities:		
Net Profit before tax and extra ordinary items	8,93,46,160	6,51,49,580
Adjustments for:		
Depreciation	3,90,69,191	3,63,42,460
Interest received	(17,39,379)	(7,30,916)
Interest paid	0	1,43,73,090
Loss on Sale of Fixed Asset	0	3,51,430
Profit on Sale of Fixed Asset	(2,79,086)	(1,96,730)
Operating profit before working capital changes	<u>3,70,50,726</u>	<u>5,01,39,334</u>
Adjustments for:	<u>12,63,96,886</u>	<u>11,52,88,914</u>
Trade & Other receivables	3,71,44,745	(3,53,94,793)
Inventories	1,31,32,835	(2,63,87,739)
Trade payables	(3,40,70,936)	3,08,04,018
	<u>1,62,06,644</u>	<u>(3,09,78,514)</u>
Cash generated from operations	14,26,03,530	8,43,10,400
Direct taxes paid	(2,36,19,398)	(2,14,81,631)
Cash flow before extra ordinary items	11,89,84,132	6,28,28,769
Extra ordinary items	0	0
Prior year Expenses	(53,455)	0
Net cash from operating activities (A)	<u>11,89,30,677</u>	<u>6,28,28,769</u>
B: Cash flow from investing activities:		
Purchase of fixed assets	(2,39,48,564)	(3,97,33,090)
Sale of fixed assets	21,22,605	22,05,000
Interest received	17,39,379	7,30,916
Net cash used in investing activities (B)	<u>(2,00,86,580)</u>	<u>(3,67,97,174)</u>
C: Cash flow from financing activities		
Proceeds from long term borrowings	(1,52,90,300)	(70,84,490)
Dividends paid	(1,12,57,984)	(1,60,82,835)
Interest paid	(1,60,58,333)	(1,43,73,090)
Loss on Foreign Exchange Fluctuation	(3,65,20,980)	0
Net cash used in financing activities (C)	<u>(7,91,27,597)</u>	<u>3,75,40,415</u>
Net increase/decrease in cash and cash equivalents (A)+(B)+(C)	1,97,16,500	(1,15,08,820)
Cash and cash equivalents (Opening balance)	99,45,023	2,14,53,843
Cash and cash equivalents (Closing balance)	2,96,61,523	99,45,023

As per our report annexed
for **S.Krishnamoorthy & Co.**
Chartered Accountants

J. Vijayakumar
Director

K.N.Sreedharan
Membership No. : 12026
Partner
Auditor

R. Ravi
Company Secretary

N.Krishna Samaraj
Managing Director

Coimbatore
29th May 2009

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE:**I. Registration Details**

Registration No. 1 8 1 - 2 8 3 6 / 1 9 9 0

State Code: 1 8

Balance sheet date: 3 1 3 2 0 0 9

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue Rs. Nil

Rights Issue Rs. Nil

Bonus Issue Rs. Nil

Private placement Rs. Nil

III. Position of mobilization and deployment of funds (Amount in Rs. Thousands)

Total Liabilities 4 6 1 3 5 6

Total Assets 4 6 1 3 5 6

Sources of funds

Paid up Capital 4 5 8 2 2

Secured Loans 9 7 0 3 7

Reserves and surplus 1 6 0 1 0 5

Unsecured Loans 1 0 4 3 1

Deferred tax 5 3 2 0 7

Application of funds

Net Fixed Assets 2 9 0 5 7 5

Net Current Assets 7 6 0 2 7

Accumulated losses Nil

Investments Nil

Misc. Expenditure Nil

IV. Performance of the company (Amount in Rs. Thousands)

Turnover/other income 6 4 0 5 2 9

Profit/Loss before tax 3 6 7 6 6

Earnings per share 3 . 3 9

(in rupees Annualized)

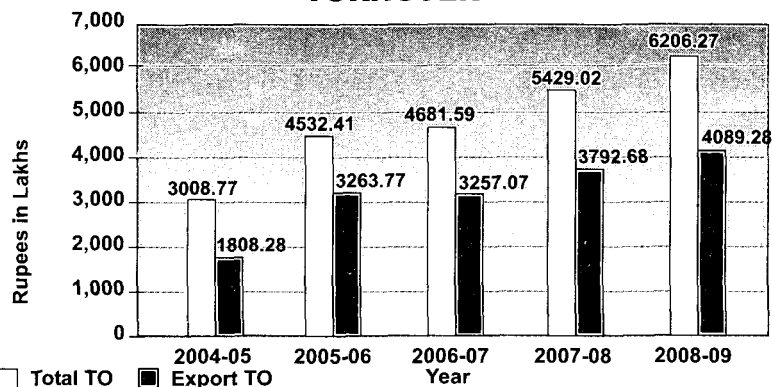
Total expenditure 6 0 3 7 6 3

Profit/Loss after tax 1 5 5 1 0

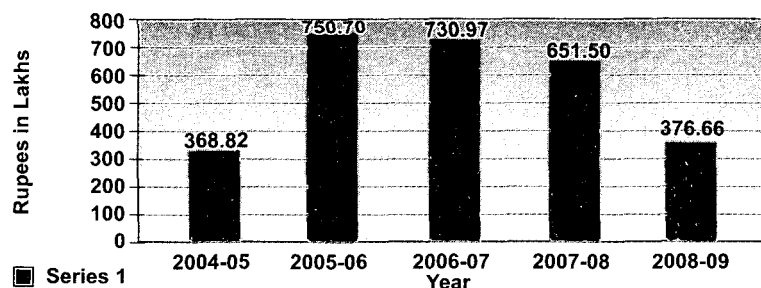
Dividend % 1 5

V. Generic names of three principal products/servicesItem code No. (ITC Code) : 73251000, 84129000, 85480000
: 87080000, 87169000, 73083000, 84801000Product description : Iron castings including Grey iron, SG iron and other iron alloy
castings - Machined and Un-machined and steel componentsAs per our report annexed
for **S.Krishnamoorthy & Co.**
Chartered Accountants**J. Vijayakumar**
Director**K.N.Sreedharan**
Membership No. : 12026
Partner
Auditor**R. Ravi**
Company Secretary**N.Krishna Samaraj**
Managing DirectorCoimbatore
29th May 2009

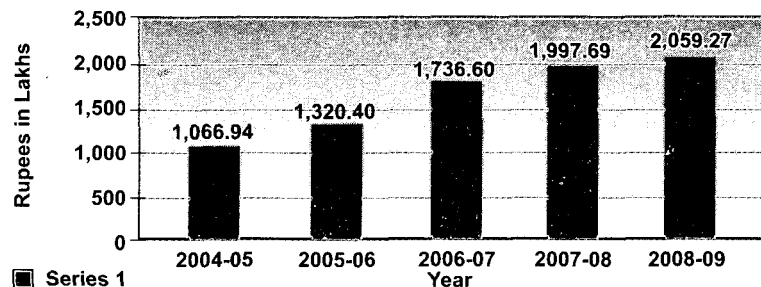
TURNOVER



PROFIT BEFORE TAX



NETWORTH



BOOK VALUE

