

MAGNA

MAGNA
ELECTRO
CASTINGS
LIMITED

**Annual Report
2011 - 2012**

Board of Directors

Sri. V. Rajendran
Sri. J. Vijayakumar
Sri. K. Gnanasekaran
Smt. R. Nandini
Dr. Jairam Varadaraj
Sri. C.R. Swaminathan
Sri. N. Krishna Samaraj (Managing Director)

Auditors

M/s. S.Krishnamoorthy & Co
Chartered Accountants,
(Registration No. 001496S)
Coimbatore 641 006.

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
Kanapathy Towers, III Floor,
1391/A-1, Sathy Road, Ganapathy,
Coimbatore - 641 006.

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,
Tamaraiikulam Post,
Pollachi Taluk,
Coimbatore District 642 109.
Phone : 91 4259 259316
Fax : 91 4259 259451

B. WIND ENERGY DIVISION

1. Windmill 1 at Andhiyur Village, Pollachi Taluk
2. Windmill 2 at Ganapathipalayam village, Pollachi Taluk
3. Windmill 3 at Kolumamkondan Village, Palani Taluk
4. Windmill 4 at Thotathurai, Palani Taluk

Internet

E-mail : info@magnacast.com

Website : www.magnacast.com

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NOTICE

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. on Wednesday, 29th August 2012, 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, 2012 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 Dr.Jairam Varadaraj, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri.J.Vijayakumar, 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 the following resolution as an Ordinary Resolution:

Resolved that Sri.C.R.Swaminathan be and is hereby appointed as a Director of the Company.

By order of the Board

Coimbatore
21st May 2012

N.Krishna Samaraj
Managing Director

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT:

ITEM NO :6

Sri.C.R.Swaminathan was appointed as an Additional Director by the Board of Directors at its Meeting held on 25th January 2012. Sri.C.R.Swaminathan holds office upto the date of the ensuing Annual General Meeting. As required by Section 257 of the Companies Act, 1956, a nomination along with requisite deposit has been received from a member signifying his intention to propose the name of Sri.C.R.Swaminathan for appointment as a Director of the Company.

Sri.Swaminathan is an eminent Academician and an able Administrator. He had been associated with the PSG group of institutions as its Chief Executive Officer. He is actively associated with various industrial organisations, occupying several important positions. Sri.C.R.Swaminathan is well experienced in the Foundry Industry and is the Past President of the Institute of Indian Foundrymen. He is also the Past President of the Confederation of Indian Industry (Southern Region). Sri.C.R.Swaminathan has extensive

National and International relationships, both in the Industry and Government. He is on the Board of number of companies. The Board of Directors is of the view that his induction as a Director on the Board of the Company will be of immense benefit to the Company. The Board, therefore, commends the resolution as set out in the Notice for the approval of the Members. Sri.C.R.Swaminathan does not hold any shares of the Company.

None of the Directors except Sri.C.R.Swaminathan may be deemed to be concerned or interested in this resolution.

By order of the Board

Coimbatore
21st May 2012

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 17th August 2012 to 29th August 2012 (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 29th August 2012. 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 16th August 2012.
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 2012-2013 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.)
2004-2005	2,34,388
2005-2006	2,92,821
2006-2007	2,84,820
2007-2008	2,02,244
2008-2009	1,81,560
2009-2010	2,49,360
2010-2011	2,79,502

The unclaimed dividend on Equity shares upto the year ended 31st March 2004 have been transferred to the Investor Education and Protection Fund Account .

Shareholders who have still not encashed their dividend warrants are requested to claim the dividend from the Company at the earliest.

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 22nd Annual Report and Audited Accounts of the Company for the year ended 31st March 2012.

FINANCIAL RESULTS

(Rs. in lakhs)

	31-03- 2012	31-03-2011
Total Revenue	8558.96	6275.54
Profit before Finance costs, Depreciation and Income Tax	1402.70	1212.72
Finance costs	232.84	174.33
Depreciation & Amortisation	549.47	479.02
Profit before tax	620.39	559.37
Provision for Income tax	275.00	112.00
for Deferred tax	(80.62)	97.68
for Prior Year Tax	8.02	9.92
MAT Credit Entitlement	-	(35.76)
Net Profit after tax	417.99	375.52
Proposed transfer to General Reserve	200.00	200.00
Proposed dividend	91.64	91.64
Provision for Corporate tax on Dividend	14.87	14.87
Balance brought forward	258.04	189.03
Surplus carried over	369.52	258.04

DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the shareholders, a dividend at the rate of Rs 2.00 per share, (20%) on the paid-up Equity share capital. The dividend is being maintained at the same rate as in the previous two years in order to conserve funds for the proposed expansion/modernisation plans and additional working capital requirements. The dividend, if approved, will absorb an amount of Rs 106.51 lakhs, inclusive of Corporate tax on Distribution of dividends.

OPERATIONS

The total turnover for the year increased by 37% over the previous year. The demand for castings has increased consequent upon the improvement in market conditions, both in the international and domestic markets. The net turnover (exclusive of taxes and duties) has increased from Rs. 6077.79 lakhs to Rs. 8321.74 lakhs. The export turnover also showed a substantial improvement at Rs. 5059.55 lakhs during the current year, an increase of 60% over the previous year. This can be attributed to the all round improvement in global business economies across all industries.

The availability of power was a major issue during the financial year and the severe power cut imposed by the Tamil Nadu Electricity Board of more than 70% affected the operations of the Company during the last quarter of the financial year under review. In order to honour its commitments to the customers, the Company resorted to purchase of third party private power, use of extensive diesel based fuel and also had to bear substantial air freight during the last quarter. In spite of the severe controls in operations due to the power cut, the Company was able to break even during the last quarter of the year under review.

The Profit before tax at Rs. 620.39 lakhs shows an increase of 11 % over the previous year's profit of Rs.559.37 lakhs.

OUTLOOK FOR CURRENT YEAR

The general industrial climate in both international and domestic markets looks very promising. Even though the rate of growth appears to be slow, the volumes are picking up and this augurs well for the industries. The demand for castings is also increasing across all industries. Hence we are confident of posting a decent growth rate in the current year 2012-13 and it is anticipated that the turnover will cross Rs.100 crore mark for the first time since the inception of the Company and commencement of commercial production in 1995, subject to improved power position in the State.

PROJECTS IMPLEMENTED :

The Company installed/commissioned during the year the Automatic Grinding cell which was imported from Italy for fettling operations. This machine has been helpful in achieving a better quality finish for the castings, apart from reducing the lead time in the operations and inventory levels.

During the year under review, the Company also commissioned the additional factory building measuring about 30,000 Sq.Ft. which will accommodate the machining activities of the Company.

FUTURE EXPANSION PLANS:

The Company had originally planned to expand the capacity from 900 MT per month to 1200 MT per month to be implemented with the financial year 2011-12. Due to the emerging power scenario during the second half of the FY 2012, the Company decided to push back this expansion to the first half of the FY 2013. This is in conjunction with the improving power scenario in Tamil Nadu. This expansion project will be implemented at a cost of Rs 5 crores as against Rs.3 crores planned earlier and which will be funded by a mix of debt and internal generations.

FINANCE

The Company has been sanctioned by Indian Bank a Term Loan of Rs.425 lakhs to part finance its modernisation program for the current financial year and additional working capital of Rs.500 lakhs.

The Company's long term debt stands at Rs.1030 lakhs out of which Rs.519 lakhs pertains to the Wind Energy Division and the balance Rs. 511 lakhs pertains to the Foundry Division.

LABOUR

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

DIRECTORS

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

Sri. C.R.Swaminathan was co-opted as an Additional Director by the Board of Directors at its Meeting held on 25th January 2012. He holds office until the date of the ensuing Annual General Meeting. Nomination along with necessary deposit has been received from a shareholder proposing the name of Sri. C.R.Swaminathan for appointment as a Director of the Company.

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.

COST AUDITOR:

The Company has appointed Sri.K.Suryanarayanan, Cost Accountant, as the Cost Auditor in terms of Section 233B(2) of the Companies Act, 1956 to audit the cost records and submit his compliance report for the year under review to the Central Government.

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 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.

On behalf of the Board of Directors

Place: Coimbatore
Date : 21st May, 2012

R. Nandini
Director

N.Krishna Samaraj
Managing Director

ANNEXURE-I TO DIRECTORS' REPORT

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:

Conservation of energy continues to be the focus of the Company. The details of electricity consumed per metric tonne of good castings produced over a ten year period is given below:

Year	2008	2009	2010	2011	2012
Number of units per Tonne of good castings	1750	1630	1650	1650	1743*

(* The increase in consumption of units is due to frequent power-shut downs)

Power Consumption (no of units)	2011-12		2010-11	
Total Electricity	1,20,69,040	100%	96,83,015	100%
Own Generation-Windmill	75,12,317	62%	77,82,516	80%
Purchased from TNEB	10,48,845	9%	13,98,565	14%
Third party purchase	35,07,878	29%	5,01,934	6%

Technology absorption & Research & Development

The Company is in the process of installing robotic machines for some of its critical operations like fettling where availability of skilled labour is not available. This will enable the Company to improve the quality of castings with better finish and aesthetics.

Technology Absorption, Adaptation and Innovation:

- 1) Efforts made towards technology absorption, adaptation and innovation:
Only indigenous technology is being used , supported by in-house R& D activities.
- 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:

The global economy showed a remarkable recovery during the last two years and this is evident from the fact that the export turnover has increased by about 60% during the year under review. The export market is quite robust and it is expected that the export turnover during the current financial year will also increase substantially.

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

a) Earnings	:	Rs. 5059.55 lakhs
b) Outgo	:	Rs 764.17 lakhs

ANNEXURE 2 TO DIRECTORS' REPORT

5 Year Highlights

(Rs. in lakhs)

Operating Results	2008	2009	2010	2011	2012
Sales and Other Income	5621.55	6405.29	4076.38	6274.20	8558.96
Operating Profit	1190.95	958.94	1102.11	1212.72	1402.70
Interest	176.03	200.59	134.00	174.33	232.84
Gross Profit	1014.92	758.35	968.11	1038.39	1169.86
Depreciation	363.42	390.69	413.67	479.02	549.47
Taxation	256.39	212.56	224.94	183.85	202.39
Net Profit	395.11	155.10	329.50	375.52	418.00
Dividend (including dividend tax)	134.02	80.41	106.86	106.51	106.51
Retained Profit	261.09	74.69	222.64	269.01	311.76
Performance Parameters					
Net Fixed Assets	3075.39	2905.75	3040.02	3519.48	3766.41
Share Capital	458.22	458.22	458.22	458.22	458.22
Reserves	1560.91	1601.05	1804.81	2073.82	2385.31
Net Worth	2019.13	2059.27	2263.03	2532.04	2843.53
Return on Net Worth %	19.57	7.53	14.56	14.83	14.70
Borrowings	1037.40	858.66	780.34	900.96	651.53
Debt Equity Ratio	0.55	0.47	0.34	0.36	0.23
Dividend (%)	25	15	20	20	20
Earnings per share (Rs.)	8.62	3.38	6.78	8.20	9.12

REPORT ON CORPORATE GOVERNANCE

a. 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 and that the corporate obligations are met in a fair and transparent manner. This is sought to be achieved through good Corporate Governance, which the Company is continuously improving upon to meet the standards and by being committed to ethical values in all its business activities.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the report containing the details of Corporate Governance at Magna 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 is a Director	Committee in which he 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	4	Nil / Nil
4	Sri. K.Gnanasekaran	Director	Non executive/ Independent	4	2 / 2
5	Smt.R.Nandini	Director	Non Executive/ Independent	2	Nil / Nil
6	Dr.Jairam Varadaraj	Director	Non Executive/ Independent	14	6 / Nil
7	Sri. C.R. Swaminathan	Director	Non Executive/ Independent	4	Nil / Nil

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 2012 on (i) May 30, 2011(ii) July 30, 2011 (iii) October 31, 2011; (iv) January 25, 2012 ; Attendance recorded of each of the Directors at the Board Meetings during the year ended 31st March 2012 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	4	Yes
Sri. N.Krishna Samaraj	4	Yes
Sri. J.Vijayakumar	3	Yes
Sri. K.Gnanasekaran	4	No
Smt. R.Nandini	3	No
Dr. Jairam Varadaraj	4	No
Sri. C.R. Swaminathan (appointed wef 25/01/2012)	1	NA

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

Dr.Jairam Varadaraj, 51, is a leading industrialist and is associated with many industries. He is the Managing Director of Elgi Equipments Limited, Coimbatore. He is also on the Board of various other companies. A Doctorate in International Business from the University of Michigan, USA, Dr.Jairam Varadaraj, has vast experience in management and finance areas. He does not hold any shares of the Company.

Sri.J.Vijayakumar,59, is the Managing Director of Veejay Terry Products Ltd. and Veejay Tool & Die Pvt. Ltd. Sri. J. Vijayakumar holds a Masters Degree in Business Administration from USA. He has vast experience in administration and finance areas. He holds 10,100 shares of the Company.

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, 2011;(ii) July 30, 2011;(iii) October 31, 2011; (iv) January 25, 2012.

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	4
Sri.J.Vijayakumar	4	3
Sri.K.Gnanasekaran	4	4
Smt.R.Nandini	4	3

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, 2011; (ii) July 30, 2011; (iii) October 31, 2011 ; (iv) January 25, 2012.

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

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

e. Remuneration Committee

The Remuneration Committee comprises of Mr.V.Rajendran, Chairman of the Committee, Mr.K.Gnanasekaran and Dr. Jairam Varadaraj. There was one meeting of the Committee 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
2009	Ardra Conference Centre, Coimbatore	19.8.2009	3.30 P.M.
2010	Ardra Conference Centre, Coimbatore	22.9.2010	3.30 P.M.
2011	Ardra Conference Centre, Coimbatore	24.8.2011	3.30 P.M.

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

Year	Special Resolutions
2009	Payment of remuneration to the Managing Director
2010	Nil
2011	Appointment and payment of remuneration to the Managing Director

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	29th August 2012 at 03.30 P.M. Ardra Conference Center North Huzur Road Coimbatore 641 018
ii. Financial calendar	1st April to 31st March
iii. Book Closure date	17th August 2012 to 29th August 2012 (Both days inclusive)
iv. Dividend payment date	On or after 29th August 2012, 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 Kanapathy Towers, III Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006
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 2011	89.00	74.00
May 2011	84.00	61.25
Jun 2011	70.00	52.00
Jul 2011	66.70	52.20
Aug 2011	60.00	41.15
Sep 2011	79.55	44.00
Oct 2011	78.00	62.60
Nov 2011	82.45	55.15
Dec 2011	75.00	51.60
Jan 2012	67.00	57.10
Feb 2012	67.90	56.40
Mar 2012	64.95	49.80

x. Shareholding pattern as on 31st March, 2012

Category	No of shares held	% of share holding
Indian Promoters		
- persons holding 5% or more	9,01,100	19.96
- others	6,54,955	14.30
Mutual Funds and UTI	600	0.01
Private Corporate bodies	4,23,443	9.24
Indian Public	20,85,843	45.53
NRI/ OCBs	4,60,754	10.05
Directors & Relatives	55,505	1.21
	-	-
Grand Total	45,82,200	100.00

xi. Distribution of shareholding as on 31st March, 2012

Share holding (Range)	No. of Holders	% of Holders	No. of Shares	% of Shares
Upto 500	3,374	85.87	4,95,883	10.82
500-1000	150	3.82	1,21,938	2.66
1001-2000	115	2.93	1,78,347	3.89
2001-3000	158	4.02	3,96,283	8.65
3001-4000	19	0.48	68,109	1.49
4001-5000	24	0.61	1,13,513	2.48
5001-10000	29	0.74	2,20,144	4.80
10001 and above	60	1.53	29,87,983	65.21
Total	3,929	100.00	45,82,200	100.00

xii. Dematerialisation of shareholding and liquidity	Number of shares dematerialized : 40,22,478 Percentage : 79.96%
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.

By order of the Board

Coimbatore
21st May 2012

R. Nandini
Director

N. KRISHNA SAMARAJ
Managing Director

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 31.03.2012, 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 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 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 March 31, 2012, there were no investors' grievance matters against the Company remaining pending for more than 30 days.

We further state that, such compliance 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
(Registration No. 001496S)

Place: Coimbatore
Date : 21st May 2012

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview:

Magna has been constantly investing its resources in new technologies and new initiatives which enable the Company to keep abreast of the changing technologies in the field. Magna's mission is to provide assured quality, cost effective and timely delivered products meeting the requirements of its customers. This is sought to be achieved by a clear understanding of the requirements of the customers, by being the best cost producer and by providing quality Engineering and Warehousing services.

The financial statements presented here 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

After the global industrial recession witnessed during 2009-11, the industrial growth has gained momentum, with India becoming the nerve centre for supply of complex industrial precision castings. The infrastructure industries like power are witnessing rapid growth and this in turn will result in more orders for the foundry sector.

Opportunities and Threats

The global export and the local markets are witnessing increased activity over the last few months. This will lead to increased flow of orders to the Company. Magna already has a niche market for its castings. With constant up gradation of manufacturing technology, adoption of new initiatives along with a strong brand image, continuous training of its employees both within the country and abroad and strong supply chain management, Magna has the opportunity to cater a bigger market share.

In order to cater to the increasing market, the challenges like continuous increase in input costs, energy shortages, availability of skilled man-power and infrastructure bottle-necks will have to be addressed.

Environment, Safety and Energy Conservation Policy:

The Company, aware of its responsibility towards protecting the environment in order to sustain its business development, is committed to developing and implementing an eco-friendly environment. The Company has planted saplings over a wide area to nurture a healthy environment. Suitable measures are being taken to minimize the detrimental effect on environment and precious natural resources.

The Company devotes a greater attention on the safety issues inside the campus. A separate safety committee team has been formed, which meets at frequent intervals, to review the various safety measures instituted and any improvements to be made thereon. The Committee also ensures that applicable legal requirements are adhered to.

Risks and concerns

The Company has an integrated risk management policy, which is reviewed from time to time. The Company gives utmost importance for the risk concerns.

Internal control systems and their adequacy

The Company has a comprehensive and adequate system of internal controls in place, commensurate to its size and volume of business. The internal control systems are reviewed periodically and covers all functional areas and activities of the Company.

The Audit Committee of the Board of Directors of the Company also meets every quarter to review the reports of the Internal Audit and ensure that the internal control and systems are adequate and that all statutory requirements are complied with. The Committee also suggests if any remedial measures are to be taken.

Corporate Social Responsibility:

The Company, aware of its responsibility to the society as a Corporate citizen, is constantly engaged in CSR initiatives. The Company has adopted a Government Primary School near the factory. It has also adopted another Government School where it maintains the Sports facility. The Company has plans to develop this facility into a separate Sports Complex for about 6000 school children. The Company also provides text books and uniforms for the poor and needy children.

Apart from the above, the Company also aids in conducting medical camps in the nearby surrounding villages.

Personnel

The Company enjoys the support of a well knit and committed team of employees. The Company continuously monitors initiatives so as to increase the productivity and efficiency of its employees at all levels. The Company has in place a good HR platform to achieve its objectives on Human Resources.

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 MAGNAELECTRO CASTINGS LIMITED,

1. We have audited the attached Balance Sheet of M/s MAGNA ELECTRO CASTINGS LIMITED as at March 31st, 2012, the Profit & Loss statement 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, 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 statement 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 statement 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, 2012 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, 2012 and
 - ii) In the case of the Profit & Loss statement, of the Profit 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
(Registration No. 001496S)

Place: Coimbatore
Date: 21.5.2012

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

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) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of such contract or arrangement 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, Income-Tax, 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, 2012 for a period of more than six months from the date they become payable.
- (b) According to the records of the company, the following are disputed statutory dues remaining unpaid:

S I . No.	Name of the Statute	Period to which the Amount relates	Nature of the Demand	Amount disputed Rs.	Amount paid	Forum where dispute is pending
1	Income Tax Act, 1961	Asst Year 2007-08	Regular	4,03,920	Nil	ITAT CIT (Appeals)
2	Income Tax Act, 1961	Asst Year 2008-09	Regular	20,65,720	Nil	CIT (Appeals)
3	Income Tax Act, 1961	Asst Year 2009-10	Regular	68,48,860	7,00,000	CIT (Appeals)
4	Central Excise Act, 1944	Nov'05 to Dec'06	Excise duty	8,07,267	Nil	Assistant Commissioner of Central Excise

- x. There are no accumulated losses at the end of the financial year 31st March 2012. 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 loans 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
(Registration No. 001496S)

Place: Coimbatore
Date: 21.05.2012

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

BALANCE SHEET AS AT 31st MARCH 2012

(Amount in Rs.)

Particulars	Note No.	31.03.2012	31.03.2011
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	4,58,22,000	4,58,22,000
(b) Reserves and surplus	2	23,85,30,938	20,73,81,781
		28,43,52,938	25,32,03,781
2 Share application money pending allotment		-	-
3 Non-current liabilities			
(a) Long-term borrowings	3	6,51,53,012	9,00,96,319
(b) Deferred tax liabilities (Net)	4	5,69,06,868	6,49,69,823
		12,20,59,880	15,50,66,142
4 Current liabilities			
(a) Short-term borrowings	5	1,36,98,400	1,23,40,751
(b) Trade payables	6	9,81,78,811	8,36,34,746
(c) Other current liabilities	7	5,20,32,173	3,30,62,026
(d) Short-term provisions	8	2,56,39,550	2,63,12,455
		18,95,48,934	15,53,49,978
TOTAL		59,59,61,752	56,36,19,901
II. ASSETS			
1 Non-current assets			
(a) Fixed assets	9		
(i) Tangible assets		37,66,41,752	33,01,92,862
(ii) Intangible assets		-	2,17,55,528
(iii) Capital work-in-progress		-	-
(b) Long-term loans and advances	10	1,13,29,703	52,63,846
(c) Other non-current assets		-	-
		38,79,71,455	35,72,12,236
2 Current assets			
(a) Inventories	11	5,30,55,825	6,22,93,717
(b) Trade receivables	12	10,32,52,746	9,12,17,469
(c) Cash and cash equivalents	13	77,02,692	61,20,137
(d) Short-term loans and advances	14	3,54,45,330	3,86,76,348
(e) Other current assets	15	85,33,704	80,99,994
		20,79,90,297	20,64,07,665
TOTAL		59,59,61,752	56,36,19,901

See accompanying notes to the financial statements

As per our report annexed
for **S.Krishnamoorthy & Co.**
Chartered Accountants
Registration No. 001496S

R. Nandini
Director

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

R. Ravi
Company Secretary

N.Krishna Samaraj
Managing Director

Coimbatore
21st May 2012

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

(Amount in Rs.)

Particulars	Note No.	31.03.2012	31.03.2011
I Revenue from operations	1	85,07,35,672	62,56,00,654
II Other Income	2	51,60,213	19,54,083
III Total Revenue		85,58,95,885	62,75,54,737
IV Expenses:			
Cost of materials consumed	3	31,87,43,453	24,48,42,292
Purchases of Stock - In - Trade		-	-
Changes in inventories of finished goods, work in progress and Stock - In - Trade	4	1,11,34,593	(73,12,385)
Employee benefits expenses	5	5,66,51,242	4,40,29,026
Finance Costs		2,32,84,006	1,74,33,427
Depreciation and amortization expense		5,49,47,289	4,79,01,825
Other expenses		32,90,96,460	22,47,23,972
Total expenses		79,38,57,043	57,16,18,157
V Profit before exceptional and extraordinary items and tax		6,20,38,842	5,59,36,580
VI Exceptional items		-	-
VII Profit before extraordinary items and tax		6,20,38,842	5,59,36,580
VIII Extraordinary items		-	-
IX Profit before Tax		6,20,38,842	5,59,36,580
X Tax expenses:			
1 Current Tax		2,75,00,000	1,12,00,000
Less : MAT credit entitlement		-	35,75,647
Net Current Tax		2,75,00,000	76,24,353
2 Prior Year Income Tax		8,01,544	9,92,086
3 Deferred Tax Liability - Reversed		(80,62,955)	97,68,576
XI Profit for the period from continuing operations		4,18,00,253	3,75,51,565
XII Profit from discontinuing operation (after tax)		-	-
XIII Profit for the period		4,18,00,253	3,75,51,565
XIV Earnings per equity share of Rs.10 each			
(1) Basic		9.12	8.20
(2) Diluted		9.12	8.20
<i>See accompanying notes to the financial statements</i>			

As per our report annexed
for **S.Krishnamoorthy & Co.**
Chartered Accountants
Registration No. 001496S

R. Nandini
Director

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

R. Ravi
Company Secretary

N.Krishna Samaraj
Managing Director

Coimbatore
21st May 2012

Particulars	31.03.2012	31.03.2011
I. Share holder's Funds:		
1. Share Capital		
Authorised		
50,00,000 Equity Shares of Rs.10/- each (Previous year 50,00,000 Equity Shares)	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued, Subscribed and Paid Up:		
45,82,200 Equity Shares of Rs.10/- each fully paid up (Previous year 45,82,200 Equity Shares)	<u>4,58,22,000</u>	<u>4,58,22,000</u>
Reconciliation of number of shares outstanding		
Opening Balance	45,82,200 Shares	45,82,200 Shares
Changes during the year	Nil	Nil
Closing Balance	45,82,200 Shares	45,82,200 Shares
Shareholders holding more than 5 % shares:		
Mr. N Krishna Samaraj	4,65,100 Shares	4,63,159 Shares
Mr. Ajeaya Vel Narayanaswamy	4,36,000 Shares	4,05,000 Shares
2. Reserves and Surplus		
Capital Reserve (Subsidy from Government of Tamilnadu)		
Opening Balance	<u>15,78,000</u>	<u>15,78,000</u>
General Reserve		
Opening Balance	18,00,00,000	16,00,00,000
Additions during the year	<u>2,00,00,000</u>	<u>2,00,00,000</u>
	20,00,00,000	18,00,00,000
Surplus: Balance in Statement of Profit & Loss		
Opening Balance	2,58,03,781	1,89,03,311
Add : Net profit for the year	<u>4,18,00,252</u>	<u>3,75,51,565</u>
	6,76,04,033	5,64,54,876
Less : Transfer to General Reserve	2,00,00,000	2,00,00,000
Proposed Dividend	91,64,400	91,64,400
Tax on Dividend	14,86,695	14,86,695
	<u>3,69,52,938</u>	<u>2,58,03,781</u>
	<u>23,85,30,938</u>	<u>2,07,,81,781</u>
II. Non-current Liabilities:		
3. Long Term Borrowings:		
i) Secured Loan		
Term Loan - From Banks :		
a) Indian Bank : Rs.320 Lakhs	1,55,92,300	3,23,32,041
Security : Secured by paripassu charge by hypothecation of the entire fixed assets and current assets of the Company along with Corp Bank. Repayment : 48 monthly installments of Rs.6,67,000/- each, commencing from March 2011. Rate of Interest - 12.75%.		
b) Corporation Bank : Rs.87 Lakhs	-	41,99,989
Security : Secured by paripassu charge by hypothecation of the entire fixed assets and current assets of the Company along with Indian Bank. Repayment : 60 monthly installments of Rs.6,67,000/- each, commencing from October 2007. Rate of Interest 13.90%		

NOTES TO THE FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars	31.03.2012	31.03.2011
c) Corporation Bank : Rs.290.85 Lakhs	33,23,428	1,49,54,086
Security : Secured by paripassu charge by hypothecation of the entire fixed assets and current assets of the Company along with Indian Bank. Repayment : 36 monthly installments of Rs.2,40,000/- each, commencing from April 2011. Rate of Interest - 13.90%		
d) Corporation Bank : Rs.550 Lakhs	3,15,50,511	3,54,11,592
Security : Secured by paripassu charge by hypothecation of the entire fixed assets and current assets of the Company along with Indian Bank. Repayment : 20 quarterly installments of Rs.27,50,000/- each, commencing from September 2011. Rate of Interest - 14.10%		
	5,04,66,239	8,68,97,708
ii) Unsecured Loan:		
a) Deferred payment liabilities		
Deferred Sales Tax	-	31,55,232
(Interest free and payable over a period of nine years commencing from April 2004 onwards.)		
b) Other Loans & advances :		
Supplier's Credit	1,42,38,984	-
(Supplier's credit in Foreign currency is for purchase of machinery from Italy. The total principal amount is Euro 3,39,150/-. The loan carries a weighted average interest rate of 1.75% per annum. The loan with interest is repayable in six half yearly installments commencing from 18/02/2012.)		
Hire purchase Loan	-	43,379
i) Kotak Mahindra Bank Ltd -Car -Rs. 7,00,000/-		
(Secured on the hypothecation of Car. Repayable in 30 monthly installments of diminishing value, commencing from June 2010. Period & amount of default - NIL)		
ii) Kotak Mahindra Bank Ltd -Tempo - Rs. 6,50,000/-	2,73,401	-
(Secured on the hypothecation of Tempo. Repayable in 36 monthly installments of diminishing value, commencing from October 2011. Period & amount of default - NIL)		
iii) Kotak Mahindra Bank Ltd -Car -Rs. 5,00,000/-	1,74,388	-
(Secured on the hypothecation of Car. Repayable in 36 monthly installments of diminishing value, commencing from January 2012. Period & amount of default - NIL)		
	1,46,86,773	31,98,611
	6,51,53,012	9,00,96,319

Particulars	31.03.2012	31.03.2011
4. Deferred Tax Liabilities (Net)		
Opening	6,49,69,823	5,52,01,247
Add / (Less): Provided / (Reversed) during the year	(80,62,955)	97,68,576
Closing	<u>5,69,06,868</u>	<u>6,49,69,823</u>
III. Current Liabilities:		
5. Short Term Borrowings		
i) Secured Loan:		
a) Corporation Bank CC A/c (Secured by paripassu charge on the entire current assets viz, Inventories and Book Debts of the company along with Indian Bank. Repayable on Demand. Rate of Interest - 13.50%.	1,36,98,400	53,15,591
b) Corporation Bank - Letter of Credit (Secured by paripassu charge on the entire current assets viz, Inventories and Book Debts of the company along with Indian Bank. Due Date is 180 days from the date of shipment of raw materials. Period & amount of default - NIL)	-	70,25,160
	<u>1,36,98,400</u>	<u>1,23,40,751</u>
6. Trade Payables:		
Due to Micro, Small and Medium Enterprises	23,06,360	94,33,046
Due to Others	9,58,72,451	7,42,01,700
	<u>9,81,78,811</u>	<u>8,36,34,746</u>
7. Other current liabilities		
i) Current maturities of long term debt	4,20,07,175	1,63,21,196
ii) Unpaid Dividends :	17,24,695	16,61,575
iii) Other payables :		
a) Statutory Liabilities Payable:	15,73,517	21,02,686
b) Advance from customers	4,98,231	56,41,127
c) Provision for employee benefits	35,00,431	29,48,879
d) Capital Goods Suppliers	27,28,124	43,86,563
	<u>5,20,32,173</u>	<u>3,30,62,026</u>
8. Short-term provisions		
a) Provision for employee benefits		
Provision for Gratuity	15,62,007	30,85,361
Provision for Leave Benefits	15,34,727	13,75,999
b) Others		
Proposed Dividend	91,64,400	91,64,400
Tax on Dividend	14,86,695	14,86,695
Provision for Income Tax (Net)	1,18,91,721	1,12,00,000
	<u>2,56,39,550</u>	<u>2,63,12,455</u>

9. Fixed Assets

Particulars	Gross Block				Depreciation			Net Block	
	As on 1.4.2011 Rs.	Additions during the year Rs.	Sales during the year Rs.	Total Rs.	As on 1.4.2011 Rs.	For the Year Rs.	Withdrawn Rs.	As on 31.03.2012 Rs.	As on 31.03.2011 Rs.
I Tangible Assets									
Land	30,54,866	-	-	30,54,866	-	-	-	30,54,866	30,54,866
Buildings	10,18,79,332	4,55,45,606	-	14,74,24,938	2,31,06,296	34,70,592	-	2,65,76,888	7,87,73,036
Plant & Machinery	46,08,10,481	5,25,74,161	-	51,33,84,642	22,13,23,832	4,91,06,454	-	27,04,30,286	23,94,86,649
Office Equipments	34,15,686	3,02,626	-	37,18,312	12,63,411	1,75,193	-	14,38,604	21,52,275
Furniture & Fixtures	71,38,585	2,34,731	-	73,73,316	24,99,646	4,59,953	-	29,59,599	46,38,939
Vehicles	45,52,837	14,56,398	-	60,09,235	26,78,216	5,06,215	-	31,84,431	18,74,621
Computers	1,03,86,063	12,82,654	-	1,16,68,717	1,01,73,587	12,28,879	-	1,14,02,466	2,12,476
Total	59,12,37,850	10,13,96,176		69,26,34,026	26,10,44,988	5,49,47,286	-	37,66,41,752	33,01,92,862
II Intangible Assets								-	-
III Capital Work in Progress								-	2,17,55,528
								37,66,41,752	35,19,48,390
Previous year	51,74,68,557	7,47,12,494	9,43,201	59,12,37,850	21,34,66,069	4,79,01,826	3,22,907	35,19,48,390	30,40,02,488

Particulars	31.03.2012	31.03.2011
IV. Non - Current Assets:		
10. Long-term loans and advances (Unsecured, considered good)		
a) Capital Advances	35,16,237	5,76,192
b) Security Deposits	78,13,466	46,87,654
	<u>1,13,29,703</u>	<u>52,63,846</u>
V. Current Assets:		
11. Inventories		
a) Raw materials & bought out components at cost	1,88,48,090	1,88,44,571
b) Work in progress at cost	1,64,47,002	2,49,71,973
c) Finished goods at cost	29,71,762	55,81,384
d) Stores, consumables and spares at cost	1,47,88,971	1,28,95,789
	<u>5,30,55,825</u>	<u>6,22,93,717</u>
12. Trade Receivables - (Unsecured, considered good)		
i) Outstanding for a period exceeding six months	55,15,243	58,07,269
ii) Others.	9,77,37,503	8,54,10,200
	<u>10,32,52,746</u>	<u>9,12,17,469</u>
13. Cash & cash equivalents:		
i) Balance with banks:		
In current account	3,74,092	14,05,675
ii) Cash on hand	3,746	9,388
iii) Others:		
In Unpaid Dividend account	17,24,695	16,61,575
In Term Deposit with Banks	56,00,159	30,43,499
	<u>77,02,692</u>	<u>61,20,137</u>
14. Short term Loans & Advances: (Unsecured, considered good)		
i) Loans & Advances to Related Parties:	-	-
ii) Others:		
a) Advance Income Tax, IT Refund Due & TDS	1,21,057	91,34,784
b) MAT Credit entitlement	-	35,75,647
c) Recoverable from Government Agencies	2,50,78,894	1,48,36,747
d) Prepaid Expenses	19,33,125	16,19,453
e) Advance to suppliers	72,19,091	86,80,669
f) Staff advance	10,93,163	8,29,048
	<u>3,54,45,330</u>	<u>3,86,76,348</u>
15. Other current Assets:		
Export Incentive Receivable - DEPB	42,18,687	78,83,800
Export Incentive Receivable - Duty Draw Back	18,13,932	-
Electricity Charges Receivable	25,01,085	2,16,194
	<u>85,33,704</u>	<u>80,99,994</u>

NOTES TO THE FINANCIAL STATEMENTS

(Amount in Rs.)

Particulars	31.03.2012	31.03.2011
1. Revenue from Operations		
a) Sale of products:		
Export Sales:		
Castings	50,44,47,760	31,30,64,391
Patterns	15,07,073	38,60,757
	<u>50,59,54,833</u>	<u>31,69,25,148</u>
Domestic Sales:		
Castings	35,66,06,603	31,30,73,368
Patterns	21,39,820	31,07,429
	<u>35,87,46,423</u>	<u>31,61,80,797</u>
	<u>86,47,01,256</u>	<u>63,31,05,945</u>
b) Other operating revenues:		
Sale of Scrap	18,83,138	12,18,974
Electricity Generation	25,01,085	
Export incentive -DEPB	82,60,192	1,54,93,547
Export incentive -Duty Draw Back	59,16,808	
Insurance Claim	-	11,09,212
	<u>1,85,61,223</u>	<u>1,78,21,733</u>
	<u>88,32,62,479</u>	<u>65,09,27,678</u>
Less: Excise Duty	3,15,80,010	2,45,87,579
Education cess	9,46,797	7,39,445
	<u>3,25,26,807</u>	<u>2,53,27,024</u>
Total	<u><u>85,07,35,672</u></u>	<u><u>62,56,00,654</u></u>
2. Other Income:		
Interest Income		
Received from Bank	1,34,996	6,89,853
Received from Others	3,08,246	2,23,463
Rent Received	1,14,000	1,14,000
Agricultural Income	800	8,200
Net Gain on foreign currency translation:		
Exchange rate fluctuation	46,02,171	9,18,567
	<u>51,60,213</u>	<u>19,54,083</u>
3. Cost of materials consumed:		
Raw Material Consumed		
Opening Stock	1,88,44,571	1,59,05,215
Purchases of Raw Materials	31,04,04,145	24,02,15,048
Freight & Cartage	83,42,827	75,66,600
	<u>33,75,91,543</u>	<u>26,36,86,863</u>
Less: Closing Stock	1,88,48,090	1,88,44,571
	<u>31,87,43,453</u>	<u>24,48,42,292</u>
4. Changes in inventories of WIP & Finished goods.		
Opening Stock of WIP	2,49,71,973	1,72,06,159
Less: Closing Stock of WIP	1,64,47,002	2,49,71,973
	<u>85,24,971</u>	<u>(77,65,814)</u>
Opening Stock of Finished goods	55,81,384	60,34,813
Less: Closing Stock of Finished goods	29,71,762	55,81,384
	<u>26,09,622</u>	<u>4,53,429</u>
Changes in inventories (Finished goods and WIP)	<u>1,11,34,593</u>	<u>(73,12,385)</u>
5. Employee benefits expense:		
Salary, Wages & Bonus	4,38,48,166	3,32,28,451
Staff & Labour Welfare	1,00,22,534	65,35,624
Employer's Contribution to ESI	8,92,224	5,45,249
Employer's Contribution to PF	13,60,791	10,40,236
Gratuity Contribution	5,27,527	26,79,466
	<u>5,66,51,242</u>	<u>4,40,29,026</u>

Particulars	31.03.2012	31.03.2011
6. Finance Costs:		
Interest on Bank Loans	1,39,76,533	1,04,44,006
Interest on Bills Discounting	53,91,444	46,02,962
Hire Purchase Charges	5,70,365	30,513
Bank Charges	31,28,885	23,55,946
Net (Gain) / Loss on foreign currency translation:		
Exchange rate fluctuation	2,16,779	-
	2,32,84,006	1,74,33,427
7. Other expenses:		
Labour Charges	1,27,82,287	1,02,46,961
Machining Charges	9,01,95,288	5,89,07,936
Processing Charges	4,18,97,192	2,86,71,467
Pattern Making Charges	20,28,928	37,98,596
Consumption of stores and spare parts:		
Opening Stock	1,28,95,789	69,74,186
Purchases of Stores	2,96,45,092	2,34,40,669
	4,25,40,881	3,04,14,855
Less: Closing Stock	1,47,88,971	1,28,95,789
Total	2,77,51,910	1,75,19,066
Power & fuel :		
Electricity charges	4,28,89,536	3,00,91,324
(Net of WTG Generation Rs 3,36,82,170/- Previous Year Rs. 2,89,02,423/-)		
Fuel Expenses	2,03,76,428	1,32,96,477
	6,32,65,964	4,33,87,801
Rent	5,83,131	5,72,400
Repairs to Buildings	21,15,710	20,24,217
Repairs to Machinery	2,94,16,100	2,36,43,743
Insurance	27,88,648	20,34,913
Rates & Taxes, excluding taxes on income	3,72,548	8,18,415
Carriage Outwards	95,13,384	40,67,678
Packing Material	2,13,31,090	1,24,01,014
Payment to Auditors		
Audit fees	3,00,000	2,00,000
Taxation matters	24,000	7,500
Service Tax	39,552	21,373
	3,63,552	2,28,873
Miscellaneous Expenses	2,46,90,728	1,64,00,892
Total	32,90,96,460	22,47,23,972

As per our report annexed
for **S.Krishnamoorthy & Co.**
Chartered Accountants
Registration No. 001496S

R. Nandini
Director

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

R. Ravi
Company Secretary

N.Krishna Samaraj
Managing Director

Coimbatore
21st May 2012

NOTES TO THE FINANCIAL STATEMENTS

8. OTHER INFORMATION

8.1 Corporate Information:

Magna Electro Castings Limited is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The equity shares of the Company are listed on the BSE and Coimbatore (no longer functional) stock exchanges. The Company is engaged in the manufacture and selling of ductile, grey and SiMo castings in the weight range of 800 grams to 500 kgs per piece. The Company also supplies machined castings. The Company caters to both the domestic as well as the export markets.

8.2 Basis of preparation

The financial statements of the Company have been prepared under the historical cost convention and on mercantile basis as a going concern in accordance with the applicable accounting standards notified under the Companies (Accounting Standards) and the relevant provisions of the Companies Act, 1956.

The accounting policies adopted in the preparation of the financial statements are consistent with those of the previous year.

2.1 Summary of significant accounting policies

(a) Fixed Assets :

Fixed Assets are stated at cost, net of cenvat, and includes all direct indirect expenses and allocable borrowing costs relating thereto .

Depreciation on fixed assets has been calculated on straight line basis at the rates prescribed under 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 the Act. In respect of assets costing Rs. 5000/- or less, hundred percent depreciation is provided.

(b) Borrowing Costs

Borrowing costs directly attributable to the acquisition of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs includes interest and other ancillary costs, if any, that the Company incurs in connection with the borrowing of funds for acquisition of assets.

(c) Inventories

Inventories are valued at lower of cost and net realisable value

Cost is determined as under:

Raw materials and components are valued using Weighted Average Cost.

Finished goods Cost inclusive of excise duty, wherever applicable

Semi finished goods cost is taken as cost of the materials and other cost of manufacture upto the various stages of completion.

Stores and spares are valued at cost on First in First out basis.

(d) Revenue recognition:

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of goods have been passed on to the buyer, usually on delivery of goods. Sales are accounted net of duties and taxes. 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.

NOTES TO THE FINANCIAL STATEMENTS

Value of Power generated by Wind Energy Generators and exported to to the Grid is treated as reduction in power charges to the extent it is adjusted in the bills by the TNEB and the excess, if any, as sale of energy to the TNEB.

(e) 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 realisation /payment /restatement is charged to the statement of Profit and Loss. The carrying value of foreign currency assets and liabilities are restated at the year end rates.

(f) Impairment of Assets:

includes cost of raw materials and other manufacturing costs,
Impairment in the value of fixed assets is recognised to the extent that the recoverable amount of an asset is less than its carrying value and is charged to the statement of Profit and Loss, as prescribed in AS 28.

(g) Retirement and other employee benefits:

Contributions to the provident fund are charged to the statement of Profit and Loss for the year when the contributions are due for payment.

The Company has set up an Employees Group Gratuity Trust Fund under Group Gratuity (cash accumulation) Scheme of Life Insurance Corporation of India. The cost of providing benefits under this plan is determined on the basis of actuarial valuation at each year end.

The Company also provides benefits in the form of leave encashment and medical reimbursement which are recognised in the statement of Profit and Loss.

(h) Taxation:

Tax expense comprises of current and deferred tax.

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.

Deferred income taxes reflects the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing difference for the earlier years. Deferred tax is measured using the tax rates as at the reporting date.

Minimum Alternate tax (MAT) paid in a year is charged to the statement of Profit and Loss as current tax. MAT credit is recognised as an asset only to the extent that the Company will pay normal income tax during the specified period. The said asset is created by way of a credit to the statement of Profit and loss and shown as MAT credit Entitlement. The Company reviews the MAT credit entitlement asset every year and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(i) Segment reporting:

Identification of segments

The Company's operating businesses are organised and managed separately according to the nature of business. The Company at present has two operating segments namely Foundry division and Wind Energy division.

Inter segment transfers

The Company generally accounts for intersegment transfers at cost.

(j) Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period.

8.3 STATUTORY AND OTHER INFORMATION:**2011-2012
Rs.****2010-2011
Rs.**

1. Value and Percentage of consumption:

a. Raw materials

Imported

**3,78,98,926
(11.89%)**3,31,90,560
(13.56%)

Indigenous

**28,08,44,527
(88.11%)**21,15,16,882
(86.44%)

b. Stores consumables

Imported

**29,34,166
(10.57%)**11,77,603
(3.82%)

Indigenous

**2,48,17,744
(89.43)**2,96,37,940
(96.18%)

c. Machinery spares imported and consumed has been charged to Repairs to Machinery account.

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

Plant & Machinery

3,12,21,367

96,30,786

Machinery spares

33,49,040

14,41,717

Raw materials

3,95,88,489

3,59,56,758

3. Contingent Liabilities :

i. Bills Discounted and outstanding as on 31.03.2012 amounts to Rs.8,90,49,698/- (Prev. year Rs.6,59,39,465/-)

ii. On account of Capital Contracts to be executed Rs.474 Lakhs

iii. The Income Tax Department has raised demand for Rs.4,32,198/- for the Assessment year 2007-08 and penalty of Rs.4,03,920/- for the Assessment year 2007-08. The Department has also raised a demand for Rs.20,65,720/- for the Assessment year 2008-09 and Rs.68,48,860/- for the Assessment year 2009-10. The Company has gone on appeal in respect of the above demands. No Provision has been made in the books of accounts, as the Company is confident of getting a favorable verdict in its favour.

iv. The Central Excise Department has raised a demand for Rs.4,03,633/- towards penalty for alleged wrong availment of Cenvat Credit. The Company has gone on appeal disputing the claim of the department. No provision has been made in the books of accounts.

4. Disclosure pertaining to Micro, Small and Medium Enterprises (as per information available with the Company)

Sl. No. Particulars

Rs.**Rs.**

1. Principal Amount due as at 31 March 2012

23,06,360

94,33,046

2. Interest due on (1) above and unpaid as at 31 March 2012

-

-

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 2012

-

-

7. Amount of further interest remaining due and payable in succeeding year.

-

-

5. Earnings in Foreign exchange

FOB Value of Exports

Rs. **50,59,54,833**

31,69,25,147

6. Expenditure in Foreign currency

Travelling Expenses

Rs. **14,08,347**

Rs. 4,56,025

Subscription

Rs. **6,901**

Rs. 15,236

7. Details of dividend remitted during the year in foreign currency.
- | | | | | |
|---------------------------------------|-----|-----------------|-----|----------|
| a. Amount in Rupees | Rs. | 8,43,600 | Rs. | 9,06,000 |
| b. No. of Non-residents | | 13 | | 14 |
| c. No. of equity shares held by above | Rs. | 4,21,800 | Rs. | 4,53,000 |
8. 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.
9. Deferred tax:

Deferred Tax Workings

Particulars	Op.Balance	Provided	Reversed	Cl. Balance
		during the year		
Deferred Tax Liability-Depreciation Claimed	6,68,78,651	-	87,78,528	5,81,00,123
Deferred Tax Asset-Adjusted U/s. 43B of Income Tax Act	(19,08,828)	-	(7,15,573)	(11,93,255)
Total	6,49,69,823	-	80,62,955	5,69,06,868

10. Segment information:

PRIMARY - BUSINESS SEGMENT	2011-12			2010-11		
Particulars	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.
Segment Results						
1. REVENUE						
Sales	85,07,35,672		85,07,35,672	60,77,78,920	-	60,77,78,920
Wind Energy Generation		3,36,82,170	3,36,82,170	-	2,89,02,423	2,89,02,423
Other Income	51,60,213	-	51,60,213	1,96,40,968	-	1,96,40,968
Total Revenue	85,58,95,885	3,36,82,170	88,95,78,055	62,74,19,888	2,89,02,423	65,63,22,311
2. EXPENDITURE						
Finance Costs	1,56,39,039	76,44,967	2,32,84,006	1,30,76,191	43,57,236	1,74,33,427
Depreciation	3,25,77,302	2,23,69,987	5,49,47,289	3,00,73,509	1,78,28,317	4,79,01,826
Other Expenses	74,23,36,760	69,71,159	74,93,07,919	52,89,87,299	60,63,180	53,50,50,479
Total Expenditure	79,05,53,100	3,69,86,113	82,75,39,214	57,21,36,999	2,82,48,733	60,03,85,732
Profit before Tax	6,53,42,785	(33,03,943)	6,20,38,842	5,52,82,889	6,53,691	5,59,36,580
Less :						
Prior year Taxation			8,01,544			9,92,086
Provision for Income Tax			2,75,00,000			1,12,00,000
MAT Credit Entitlement			-			(35,75,647)
Deferred Tax Liability / (Asset)			(80,62,955)			97,68,576
Net Profit after Tax			4,18,00,253			3,75,51,565

PRIMARY - BUSINESS SEGMENT	2011-12			2010-11		
Particulars	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.
3. SEGMENT ASSETS	47,64,93,489	21,61,40,540	69,26,34,029	39,68,52,838	21,61,40,540	61,29,93,378
Segment Liabilities	17,40,54,808	5,37,95,041	22,78,49,849	15,72,17,927	6,68,11,098	22,35,95,203
Unallocable Liabilities			9,93,67,244			8,68,20,918
4. Total Liabilities			32,72,17,093			31,04,16,121
5. Capital Expenditure	10,13,81,703	-	10,13,81,703	2,99,12,494	4,68,00,000	7,47,12,494

11. SECONDARY-GEOGRAPHICAL SEGMENT

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

Domestic Sales	32,62,19,617	29,08,53,772
Export Sales to USA	45,69,64,866	27,79,09,855
Export Sales to Europe	4,89,89,946	3,90,15,293
Total	83,21,74,449	60,77,78,920

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

12. 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. Ranba Castings Ltd.
3. Elgi Equipments Ltd.
4. Magna Digitech India Pvt. Ltd. |

B. Transactions with related parties :

Particulars	Key Management Personnel	Relatives of Key Management Personnel	Other Related Parties	Total
(Figures inside brackets represent figures of last year)				
Managerial Remuneration Sri.N.Krishna Samaraj	33,04,699 (29,56,581)	-	-	33,04,699 (29,56,581)
Rent paid and Amenities Smt.N.Muthulakshmi		5,83,131 (5,72,400)		5,83,131 (5,72,400)
Purchase of Goods Elgi Equipments Ltd.			2,87,791 (4,30,090)	2,87,791 (4,30,090)
Ranba Castings Ltd.			4,86,555 -	4,86,555 -
Sale of Rawmaterials Ranba Castings Ltd.			2,33,338 -	2,33,338 -
Data Conversion Charges paid Magna Digitech India Pvt Ltd.			8,86,074 (14,66,990)	8,86,074 (14,66,990)
Machining Charges Paid Samrajyaa And Company			6,62,56,385 (4,04,59,417)	6,62,56,385 (4,04,59,417)
Rent Received Samrajyaa And Company			1,14,000 (1,14,000)	1,14,000 (1,14,000)
Outstandings				
Payables	1,54,739	49,368	1,43,87,786	1,45,91,893
Receivables			4,343	4,343
13. Earnings per share				
(a) Net profit after tax		Rs.	4,18,00,252	3,75,51,565
(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.	9.12	8.20
14. The Power Generated by the Wind Energy Generators during the year and fed into the TNEB Grid are as detailed below.				
			2011-12	2010-11
No. of Units Generated			82,82,832	77,82,516
Value in Rs.			3,36,82,170	2,89,02,423
15. The Company has not entered into any foreign exchange derivative transactions.				

16. Employee Benefits:

Defined Benefit Plans : Gratuity :

Liability recognized in the Balance Sheet	31.03.2012	31.03.2011
---	-------------------	-------------------

a) Present Value of Obligations as at 01.04.2011	42,83,190	30,04,309
--	------------------	-----------

Interest Cost	3,42,655	2,40,305
---------------	-----------------	----------

Current Service Cost	4,31,646	2,62,544
----------------------	-----------------	----------

Benefit Paid	(4,58,815)	(10,64,994)
--------------	-------------------	-------------

Actuarial (gain)/loss on obligations	4,66,521	18,40,986
--------------------------------------	-----------------	-----------

Present value of obligations as at 31.03.2012	50,65,197	42,83,190
--	------------------	-----------

b) Fair Value of Plan Assets

As at 01.04.2011	22,41,585	27,39,559
------------------	------------------	-----------

Expected return on plan assets	2,49,122	2,05,024
--------------------------------	-----------------	----------

Contributions	20,00,000	3,61,996
---------------	------------------	----------

Benefit paid	(4,58,815)	(10,64,994)
--------------	-------------------	-------------

Actuarial gain (loss)	nil	nil
-----------------------	------------	-----

Fair value of plan assets	40,31,892	22,41,585
---------------------------	------------------	-----------

Funded Status	(10,33,305)	(20,41,605)
---------------	--------------------	-------------

Net Asset/(Liability) recognized in balance sheet	40,31,892	20,41,605
--	------------------	-----------

c) Actuarial gain/loss recognised as on 31.03.2012

Actuarial gain (loss) - Obligations	(4,66,521)	18,40,986
-------------------------------------	-------------------	-----------

Actuarial gain (loss) - Plan Assets	nil	nil
-------------------------------------	------------	-----

Total (gain) / loss for the year	4,66,521	(18,40,986)
----------------------------------	-----------------	-------------

Actuarial (gain) / loss recognised	4,66,521	(18,40,986)
------------------------------------	-----------------	-------------

d) Expenses during the year

Current Service Cost	40,31,646	2,62,544
----------------------	------------------	----------

Interest Cost	3,42,655	2,40,345
---------------	-----------------	----------

Expected Return on Plan Assets	(2,49,122)	(2,05,024)
--------------------------------	-------------------	------------

Net Actuarial (Gain)/Loss	4,66,521	(18,40,986)
---------------------------	-----------------	-------------

e) Principal Actuarial Assumptions

Discounting Rate	8.00%	8.00%
------------------	--------------	-------

Salary Escalation	6.50%	6.50%
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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
Registration No. 001496S

R. Nandini
Director

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

R. Ravi
Company Secretary

N. Krishna Samaraj
Managing Director

Coimbatore
21st May 2012

CASH FLOW STATEMENT

(Rs. in lakhs)

	2011-12 Rs.	2010-11 Rs.
A: Cash flow from operating activities:		
Net Profit before tax and extra ordinary items	6,20,38,842	5,59,36,580
Adjustments for:		
Depreciation	5,49,47,289	4,79,01,825
Interest received	(4,43,242)	(9,13,316)
Finance Costs	2,30,67,227	1,74,33,427
Loss of foreign currency translation	2,16,782	0
Loss on sale of Fixed Assets	0	1,15,486
Operating profit before working capital changes	7,77,88,055	6,45,37,422
Adjustments for:	13,98,26,896	12,04,74,002
Trade & Other receivables	(1,88,79,477)	(1,91,84,369)
Inventories	92,37,892	(1,61,73,343)
Trade payables	(64,00,486)	3,95,78,496
	(1,60,42,071)	42,20,784
Cash generated from operations	12,37,84,825	12,46,94,786
Direct taxes paid	(1,13,23,745)	(24,11,75,99)
Cash flow before extra ordinary items	11,24,61,080	10,05,77,187
Prior year Expenses	0	
Net cash from operating activities (A)	11,24,61,080	10,05,77,187
B: Cash flow from investing activities:		
Purchase of fixed assets	(7,96,40,648)	(9,64,68,021)
Sale of fixed assets	0	5,04,808
Interest received	4,43,242	9,13,316
Net cash used in investing activities (B)	(7,91,97,405)	(9,50,49,897)
C: Cash flow from financing activities		
Proceeds from long term borrowings	21,00,322	1,66,27,949
Dividend paid	(1,07,14,215)	(1,06,86,492)
Finance Costs	(2,30,67,227)	(1,74,33,427)
Loss on Foreign Exchange Fluctuation	0	0
Net cash used in financing activities (C)	(3,16,81,120)	(1,14,91,970)
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	15,82,555	(59,64,680)
Cash and cash equivalents (Opening balance)	61,20,137	1,20,84,817
Cash and cash (C) balance	77,02,692	61,20,137

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

As per our report annexed
for **S. Krishnamoorthy & Co.**
Chartered Accountants
Registration No. 001496S

R. Nandini
Director

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

R. Ravi
Company Secretary

N. Krishna Samaraj
Managing Director

Coimbatore
21st May 2012

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