

**SEC/BSE/17/2022-23**

July 20, 2022

**The Manager**  
**Corporate Relationship Department,**  
BSE Limited, Rotunda Building,  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai- 400 001

**Kind Attn** : Mr. Abhay Mungekar/ Mr. Amol Hosalkar  
**Scrip Code** : **517449**

Dear Sir,

**Submission of Annual Report 2021-22**

We enclose herewith a copy of Annual Report of Magna Electro Castings Limited for the financial year 2021-22 pursuant to Regulation 34 (1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

Thanking you

**For Magna Electro Castings Limited**

  
**Sangeetha C**  
**Company Secretary**  
**ACS - 34056**

**MAGNA**

MAGNA  
ELECTRO  
CASTINGS  
LIMITED

**Annual Report  
2021 - 2022**



<b>Board of Directors</b>	Sri.J.Vijayakumar -DIN:00002530
	Sri.K.Gnanasekaran -DIN:00133645
	Smt.R.Nandini -DIN:00002223
	Dr.Jairam Varadaraj -DIN:00003361
	Sri. G. D. Rajkumar -DIN:00197696 - w.e.f.31.01.2022
	Sri.C.R.Swaminathan -DIN:00002169 - till 14.12.2021
<b>Managing Director</b>	Sri.N.Krishna Samaraj -DIN:00048547
<b>Executive Director</b>	Sri. M. Malmarugan -DIN:09610329 - w.e.f. 30.05.2022
<b>Chief Financial Officer</b>	Sri.R.Ravi
<b>Company Secretary</b>	Smt.Sangeetha.C
<b>Auditors</b>	
<b>Statutory Auditors</b>	M/s. VKS Aiyer & Co., Firm Reg.No. 000066S Chartered Accountants Coimbatore
<b>Internal Auditors</b>	M/s S.Krishnamoorthy & Co Firm Reg.No.001496S Chartered Accountants Coimbatore
<b>Secretarial Auditors</b>	M/s.MDS & Associates Company Secretaries Coimbatore
<b>Cost Auditors</b>	M/s.SBK & Associates Firm Reg.No.000342 Cost Accountants Chennai
<b>Bankers</b>	1. Union Bank of India, Industrial Finance Branch 1604 Trichy road Coimbatore 641 018  2. Axis Bank Trichy Road Voltas Tower Coimbatore 641 018
<b>Registrars &amp; Share Transfer Agents</b>	S.K.D.C.Consultants Limited "Surya" 35, Mayflower Avenue Behind Senthil Nagar, Sowripalayam Road,Coimbatore - 641028
<b>Listing with Stock Exchange</b>	BSE Limited, Mumbai

**Corporate Identification No.**

L31103TZ1990PLC002836

**Registered Office**

43, (Old No.62) Balasundaram Road  
Coimbatore 641 018  
Phone: 91 422 2240109  
Fax : 91 422 2246209

**Factory**

**A. FOUNDRY DIVISION**

SF No.34 and 35(Part) Coimbatore Pollachi Main Road  
Mullipadi Village,Tamaraikulam Post Pollachi Taluk,  
Coimbatore District 642 109  
Phone: 91 4259 259316 ; Fax : 91 4259 259451

**B. WIND ENERGY DIVISION**

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

**Internet**

e-mail : [info@magnacast.com](mailto:info@magnacast.com)

Website : [www.magnacast.com](http://www.magnacast.com)

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**NOTICE TO MEMBERS:**

NOTICE is hereby given that the 32nd Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. Indian Standard Time (IST) on Friday, 26th August, 2022 through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") without the in-person presence of members to transact the following business(es):-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements including Balance Sheet as on 31st March, 2022, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flow for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend for the year ended 31st March, 2022.
3. To appoint a Director in place of Sri.J.Vijayakumar (DIN: 00002530), who retires by rotation and being eligible, offers himself for reappointment.

**SPECIAL BUSINESS:**

4. **To consider, and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) M/s. SBK & Associates (Firm Registration No: 000342), Cost Accountants, Chennai, who were appointed as Cost Auditors by the Board of Directors of the Company on the recommendation of the Audit Committee, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2023 on a remuneration of ₹ 1,00,000 (Rupees One Lakh only) plus applicable taxes and re-imbursment of travelling and out of pocket expenses incurred by them for the purpose of audit be and are hereby ratified and confirmed.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

5. **To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:**

**RESOLVED THAT** in accordance with the provisions of Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, Sri. M Malmarugan (DIN: 09610329), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 30th May, 2022 and who holds office up to the date of this General Meeting in accordance with the provisions of Section 161(1) of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Sri. M Malmarugan as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.

**6. To consider and if thought fit, to pass the following resolution as a Special Resolution:**

**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or reenactment thereof for the time being in force), and pursuant to the Articles of Association and Nomination and Remuneration Policy of the Company, the consent of the members be and is hereby accorded for the appointment of Sri. M Malmarugan (DIN: 09610329) as Executive Director of the Company for a period of 5 (Five) years and remuneration payable thereof for a period of 3 (Three) years with effect from 30th May, 2022 on the following terms and conditions as recommended by the Nomination and Remuneration Committee at its meeting held on 24th May, 2022 and approved by the Audit Committee and Board of Directors at their respective meetings held on 30th May, 2022

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

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

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

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

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

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

**ITEM NO. 4**

The Board of Directors of the Company based on the recommendations of the Audit Committee of the Company, appointed M/s. SBK & Associates (Firm Registration No. 000342), Cost Accountants, Chennai, to conduct the audit of the cost records of the Company for the financial year 2022-23 and fixed the remuneration of ₹ 1,00,000 (Rupees One Lakh only) along with the payment of applicable taxes

and reimbursement of travelling and out-of pocket expenses incurred by them during the course of the audit, payable to them.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors of the Company shall be recommended by the Audit Committee and approved by the Board of Directors and has to be ratified by the Members at the Annual General Meeting of the Company. Accordingly, the consent of the members is being sought for the ratification of the remuneration to be paid to the Cost Auditors of the Company for the financial year 2022-23.

The Board recommends the resolution set out in Item No. 4 of the Notice for the approval of the members of the Company.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested financially or otherwise in the resolution as set out under Item No.4.

#### **ITEM NO. 5 & 6**

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

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

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

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

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

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

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



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

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

The details as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, brief bio-data of Sri. M. Malmarugan and other disclosures as per Secretarial Standard 2 are furnished and forms a part of this notice.

## **Statement of disclosures pursuant to Section II (A) of Part II of Schedule V to the Companies Act, 2013 in relation to Item No. 6 above:**

### **1. General Information:**

#### **1. Nature of Industry**

The Company is engaged in the manufacture and sales of SG Ductile iron and Grey iron castings. The Company has two divisions, namely, Foundry division and Wind Energy Generation division.

#### **2. Date of commencement of commercial production**

30.01.1995

#### **3. In case of new companies expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

Not Applicable

#### **4. Financial performance**

(₹ in lakhs)

Details	2022	2021	2020	2019	2018
Total income	13747.47	9901.87	9847.19	12587.59	9462.99
Net Profit before tax	1034.90	701.43	850.10	1501.68	787.54
Dividend paid	105.80	63.48	114.56	229.11	91.64
Rate of dividend in %	25	15	25	50	20
Net profit after tax	772.90	517.86	668.66	1,139.72	686.18
Paid-up equity capital	423.21	423.21	458.22	458.22	458.22
Reserves and surplus	7407.98	6,710.53	6,891.59	6,620.94	5,605.90
Earnings per share	18.26	11.67	14.59	24.87	14.97

#### **5. Foreign Investments or collaborations:**

The Company has not incurred any expenditure in foreign exchange on account of foreign investments or collaborations during the last five years as the Company has neither made any foreign investments nor entered into any foreign collaboration agreement.

#### **6. Export Performance:**

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

(₹ in lakhs)

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

**II Information about the appointee:**

**1. Background details:**

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

**2. Past remuneration:**

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

**3. Recognition of awards**

Nil

**4. Job profile & his suitability**

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

**5. Remuneration proposed**

As set out in Item No. 6 of the Notice

**6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)**

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

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

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

**III. Other information:**

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

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

**2. Steps taken or proposed to be taken for improvement**

Upgradation of technology, improving R&D activities,

**3. Expected increase in productivity and profits in measurable terms**

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

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

- (i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors:
- (ii) Details of fixed component and performance linked incentives along with the performance criteria.
- (iii) Service contracts, notice period, severance fees.
- (iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable.

**In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Secretarial Standards on General Meetings, brief profile of the Directors, who are proposed to be re-appointed, nature of their expertise in specific functional areas, other directorships and Committee memberships, their shareholding and relationship with other Directors of the Company are given below:**

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

Name of the Directors	Sri.J.Vijayakumar	Sri.M.Malmarugan
No. of Board Meetings attended during the year	4	Not Applicable
List of Directorships held in other Companies	Veejay Terry Products Limited	Nil
Details of Membership in Committees of Other Companies	Veejay Terry Products Limited -Stakeholders Relationship Committee (Member)	Nil
Names of listed entities in which the person has resigned in the past three years	Nil	Nil

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

Place : Coimbatore  
Date : 30.05.2022

N. Krishna Samaraj  
Managing Director  
DIN: 00048547

**NOTES**

- In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020, 13th April, 2020, 15th June, 2020, 28th September, 2020, 31st December, 2020, 13th January, 2021, 14th December, 2021 and 5th May, 2022 (collectively referred to as “MCA Circulars”) permitted the conduct of the Annual General Meeting (“AGM”) through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”), without the physical presence of the Members at a common venue. The same has been acknowledged by the Securities and Exchange Board of India vide their circulars dated 12th May, 2020, 15th January, 2021 and 13th May, 2022 (collectively referred to as “SEBI Circulars”). The deemed venue for the AGM shall be the Registered Office of the Company. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) MCA Circulars and SEBI Circulars the AGM of the Company is being held through VC / OAVM. Members desirous of participating in the meeting through VC/ OAVM, may refer to the procedures mentioned below.
- Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to mds@mdsassociates.in with a copy marked to the Company at info@magnacast.com and to its RTA at info@skdc-consultants.com.
- In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the financial year 2021-22 is being sent only through electronic mode to those

Members whose email addresses are registered with the RTA/Company/Depositories. Members may note that the physical copy of the Notice of the AGM along with the Annual Report will not be sent. Members may note that the Notice and Annual Report for the financial year 2021-22 will also be available on the Company's website [www.magnacast.com](http://www.magnacast.com), websites of Stock Exchange i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and on the website of Link Intime India Private Limited at [instavote.linkintime.co.in](http://instavote.linkintime.co.in). Members can attend and participate in the Annual General Meeting through VC/OAVM facility only. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.

5. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
6. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
7. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by ICSI in respect of the Director seeking re-appointment/appointment at the Annual General Meeting is furnished and forms a part of the Notice.
8. The Company has paid the annual listing fees for the financial year 2022-23 to the Stock Exchange, BSE Limited, Mumbai.
9. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members of the Company will remain closed during the period from 20th August, 2022 to 26th August, 2022 (both days inclusive) for determining the names of the members eligible for Annual General Meeting.
10. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within 30 days from the date of declaration to those Members whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Friday, 19th August, 2022.
11. a. Members are requested to notify immediately any change in their address:
  - i. to their Depository Participant(s) ("DPs") in respect of the shares held in electronic form, and
  - ii. to the Company or its RTA, in respect of the shares held in physical form together with a proof of address viz, Aadhar Card /Electricity Bill/ Telephone Bill/Ration Card/Voter ID Card/ Passport etc.
- b. In case the registered mailing address is without the Postal Identification Number Code ("PIN CODE"), Members are requested to kindly inform their PIN CODE immediately to the Company/ RTA/ DPs.
12. As per the provisions of Section 72 of the Act, facility for making nominations is now available to INDIVIDUALS holding shares in the Company, Members holding shares in physical form may obtain the Nomination Form from the RTA of the Company or can download the form from the Company's website namely [www.magnacast.com](http://www.magnacast.com). Members holding shares in electronic form must approach their Depository Participant(s) for completing the nomination formalities.
13. Members who are holding shares in identical order of names in more than one folio are requested to send to the Registrar and Share Transfer Agent ("RTA"), the details of such folios together with the share certificates for consolidating their holdings into one folio.

14. Soft copies, the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members on the website of the Company at [www.magnacast.com](http://www.magnacast.com) during the time of the AGM.
15. Non-Resident Indian (“NRI”) Members are requested to inform the Company or its RTA or to the concerned Depository Participants, as the case may be, immediately:
  - a) the change in the residential status on return to India for permanent settlement or
  - b) the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.
16. 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 revalidation of such instruments.
17. Members who wish to claim dividends, which remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents of the Company. Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company’s Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund (“IEPF”). The details of unpaid dividend can be viewed on the Company’s website [www.magnacast.com](http://www.magnacast.com).

As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company will be transferring unclaimed shares on which the beneficial owner has not encashed any dividend warrant continuously for seven years to the IEPF Account as identified by the IEPF Authority. Details of shares transferred during the year 2021-22 are available at the Company’s website [www.magnacast.com](http://www.magnacast.com).

The shareholders, whose unclaimed shares or unpaid amount has been transferred to the IEPF Authority Account, may claim the same from the IEPF Authority by filing Form IEPF-5 along with requisite documents. Smt. Sangeetha C, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.

18. We invite all our members to visit our website at [www.magnacast.com](http://www.magnacast.com) for a virtual tour of our factory and a review of our products and services.
19. Shareholders holding shares in Demat form and who have not yet registered their e-mail address are requested to register their email address with their respective Depository Participant (DP) immediately. Shareholders holding shares in physical form are requested to dematerialize their shares and register their email address with our Registrars & Share Transfer Agents, SKDC Consultants Ltd., “Surya” 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028; email id: [green@skdc-consultants.com](mailto:green@skdc-consultants.com).
20.
  - A. Securities and Exchange Board of India (“SEBI”) had earlier mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrar and Share Transfer Agents with effect from 1st April 2019.

- B. Further, SEBI had mandated the listed entities to issue shares only in dematerialized mode, with effect from 25th January, 2022 to Shareholder(s)/ claimant(s) holding shares in physical mode, as against their service requests including for transmission or transposition of shares

As per the said circular, the Company has opened a separate Escrow Demat Account for the purpose of crediting the shares of the Shareholders who fail to submit the letter of confirmation with the respective Depository Participant within the prescribed timeline.

- C. Further, SEBI vide its circular dated 3rd November, 2021 has also mandated that the Shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before 1st April, 2023, failing which the securities held by such Shareholder will be frozen by the RTA. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the dividend payments will be processed only upon receipt of requisite KYC details and credited to the bank account of the Shareholder electronically.
- D. Further, SEBI vide its circular dated 3rd November, 2021 has also mandated that the Shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked have been frozen by the RTA. The securities which have been frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities.

Necessary prior intimation(s) in this regard was provided to the Shareholders on 15th February, 2022. Therefore, Members holding share(s) in physical form are requested to immediately update their KYC details / dematerialize their shareholding in the Company. A copy of the said circular(s) is available on the Company's website [www.magnacast.com](http://www.magnacast.com).

21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.
22. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
23. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
24. Members are advised to utilize the National Electronic Clearing System (NECS) for receiving dividends by filling the ECS Mandate Form as annexed at the end this Annual Report.
25. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company or its Registrars and Share Transfer Agents, M/s. SKDC Consultants Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of Dividend are requested to write to the Company or its Registrar and Share



Transfer Agents.

26. The Company has entered into agreements with National Securities Depository Limited (“NSDL”) and Central Depository Services (India) Limited (“CDSL”). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holdings and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode
27. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Shareholders with effect from 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. Detailed communication regarding the prescribed TDS rates for various categories, conditions for Nil/preferential TDS and details / documents required thereof are being sent to the members. Members are requested to submit the documents using Company’s mail id [investorscell@magnacast.com](mailto:investorscell@magnacast.com) on or before 26th August, 2022
38. Members holding shares in electronic form may please note that as per the regulations of National Security Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the details on the Dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their respective Depository Participants (DPs) and furnish the particulars of any changes desired by them.
29. Members are requested to forward their share related queries and communications directly to the Registrars and Share Transfer Agents of the Company – SKDC Consultants Ltd., “Surya” 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore – 641028, TN, India, email id: [info@skdc-consultants.com](mailto:info@skdc-consultants.com) or the Company Secretary of the Company; email id: [investorscell@magnacast.com](mailto:investorscell@magnacast.com).

## **VOTING THROUGH ELECTRONIC MEANS**

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended) (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS - 2), the Company is providing its members the facility to cast their vote electronically from a place other than venue of the Annual General Meeting (“remote e-voting”) using an electronic voting system provided by Link Intime India Private Ltd (‘LIIPL’), for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting. The instructions to e-voting, as given below, explain the process and manner for casting of vote(s) in a secure manner.

- i) Any person, who acquires shares of the Company and becomes Member of the Company after



dispatch of Annual General Meeting Notice and holding shares as on the cut off date i.e. Friday, 19th August, 2022, may refer to this Notice of the Annual General Meeting, posted on Company's website [www.magnacast.com](http://www.magnacast.com) for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.

- ii) The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- iii) The voting period begins on 23rd August, 2022 at 9.00 AM (IST) and ends on 25th August, 2022 at 5.00 PM (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Friday, 19th August, 2022 may cast their vote electronically. The e-voting module shall be disabled by LINK INTIME for voting thereafter.

**Instructions for members for voting electronically are as under:-**

**Remote e-Voting Instructions for shareholders**

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

**Login method for Individual shareholders holding securities in demat mode is given below:**

1. Individual Shareholders holding securities in demat mode with NSDL
  1. Existing IDeAS user can visit the e-Services website of NSDL viz... <https://eservices.nsd.com> either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period.
  2. If you are not registered for IDeAS e-Services, option to register is available at <https://eservices.nsd.com> Select "Register Online for IDeAS Portal" or click at <https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp>
  3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://eservices.nsd.com> either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period.

2. Individual Shareholders holding securities in demat mode with CDSL
  1. Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <https://web.cdslindia.com/myeasi/home/login> or [www.cdslindia.com](http://www.cdslindia.com) and click on New System Myeasi.
  2. After successful login of Easi/Easiest the user will be able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to “InstaVote” website for casting your vote during the remote e-Voting period.
  3. If the user is not registered for Easi/Easiest, option to register is available at <https://web.cdslindia.com/myeasi/Registration/EasiRegistration>.
  4. Alternatively, the user can directly access e-Voting page by providing demat account number and PAN No. from a link in [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to “InstaVote” website for casting your vote during the remote e-Voting period.

3. Individual Shareholders (holding securities in demat mode) login through their depository participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to “InstaVote” website for casting your vote during the remote e-Voting period.

**Login method for Individual shareholders holding securities in physical form is given below:**

Individual Shareholders of the company, holding shares in physical form as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

1. Open the internet browser and launch the URL: <https://instavote.linkintime.co.in>
2. Click on “**Sign Up**” under ‘**SHARE HOLDER**’ tab and register with your following details: -
  - A. **User ID:** Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company.
  - B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
  - C. **DOB/DOI:** Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)
  - D. **Bank Account Number:** Enter your Bank Account Number (last four digits), as recorded with your DP/Company.

\*Shareholders/ members holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above

- Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter).
  - Click “confirm” (Your password is now generated).
3. Click on ‘Login’ under ‘SHARE HOLDER’ tab.
  4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.

### **Cast your vote electronically:**

1. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.
2. E-voting page will appear.
3. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).
4. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.

### **Guidelines for Institutional shareholders:**

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘Custodian / Mutual Fund / Corporate Body’. They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘Custodian / Mutual Fund / Corporate Body’ login for the Scrutinizer to verify the same.

### **Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:**

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 – 4918 6000.

### **Helpdesk for Individual Shareholders holding securities in demat mode:**

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

<b>Login type</b>	<b>Helpdesk details</b>
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22- 23058542-43

### **Individual Shareholders holding securities in Physical mode has forgotten the password:**

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the “Forgot Password” option available on the

e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

o Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'

o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. The password should contain minimum 8 characters, at least one special character (@!#\$%&\*), at least one numeral, at least one alphabet and at least one capital letter.

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

**Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:**

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular "Event".

**Process and manner for attending the Annual General Meeting through InstaMeet:**

Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>

Select the "Company" and 'Event Date' and register with your following details: -

A. **Demat Account No. or Folio No:** Enter your 16 digit Demat Account No. or Folio No

Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID

Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID

Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company

B. **PAN:** Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.

C. **Mobile No.:** Enter your mobile number.

D. **Email ID:** Enter your email id, as recorded with your DP/Company.

*Click "Go to Meeting" (You are now registered for InstaMeet and your attendance is marked for the meeting).*

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

## **Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:**

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the specific email id created for the general meeting.
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive **“speaking serial number”** once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

## **Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting **“Cast your vote”**
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on **‘Submit’**.
3. After successful login, you will see **“Resolution Description”** and against the same the option **“Favour/ Against”** for voting.
4. Cast your vote by selecting appropriate option i.e. **“Favour/Against”** as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under **‘Favour/Against’**.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on **“Save”**. A confirmation box will be displayed. If you wish to confirm your vote, click on **“Confirm”**, else to change your vote, click on **“Back”** and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected

through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or contact on: - Tel: 022-49186175.

**InstaMeet Support Desk  
Link Intime India Private Limited**

**Annexure**

Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

- a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>  
or
- b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1	Enter your First Name, Last Name and Email ID and click on Join Now.
1 (A)	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
1 (B)	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application.
	Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now

**INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:**

- 1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
- 2. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

**INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

- 1. Members can join the AGM in the VC/OAVM mode 15 (Fifteen) minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial

Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date, viz. 19th August, 2022.
- V. The Company has appointed Sri. M D Selvaraj, FCS of MDS & Associates, Company Secretaries in Practice, Coimbatore as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting, will first count the votes casted during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company not later than 48 hours of the conclusion of the AGM.
- VII. The Results shall be declared within 2 days of the conclusion of the Annual General Meeting. The results declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website [www.magnacast.com](http://www.magnacast.com) and on the website of LINK INTIME within two (2) days of passing of the resolutions at the AGM of the Company and communicated to BSE Limited where the Company's shares are listed.



**DIRECTORS' REPORT**

Dear Shareholders,

Your Directors have pleasure in presenting the 32nd Annual Report and Audited Accounts of the Company for the year ended 31st March, 2022.

**FINANCIAL RESULTS**

The highlights of the performance of your Company during the financial year 2021-22 are given hereunder;

(₹ in lakhs)

<b>For the Financial year ended</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Total Revenue	<b>13747.47</b>	9901.87
Gross Profit before interest, depreciation, exceptional, extraordinary items and income tax	<b>1526.10</b>	1126.11
Finance Cost	<b>32.32</b>	7.50
Depreciation	<b>458.88</b>	417.18
Profit before Exceptional & Extra-ordinary items	<b>1034.90</b>	701.43
Exceptional Items(Income)	-	-
Profit before tax	<b>1034.90</b>	701.43
Provision for Income tax	<b>300.00</b>	211.49
for Deferred tax	<b>(38.00)</b>	(27.92)
Profit for the period	<b>772.90</b>	517.86

**COVID 19 IMPACT:**

The Covid 19 Pandemic has impacted the businesses across the globe including India and has emerged as a global challenge to mankind. During the second wave of Covid-19 Pandemic, there was a mild disruption in the operations of the Company for a period of two months from April to May 2021, when the Government imposed total lockdown measures and various restrictions were put in place to mitigate the Covid 19 impact.

The Company took various measures to mitigate the ill effects of the Pandemic and ensured the wellbeing of its employees at all levels.

Our Company assessed the impact of the pandemic and concluded that there was no material impact on the carrying value of assets and liabilities of the Company based on various inputs from both internal and external sources.

The Company will continue to take various adequate steps to ensure the wellbeing of the employees and other stakeholders by maintaining protocols suggested by the Central and State Governments.

**FINANCIAL HIGHLIGHTS**

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



## OPERATIONS

The Operating Revenue of the Company has increased by 38% from ₹ 9780.72 Lakhs in the previous year to ₹ 13502.74 Lakhs in the current year. Further the Profit Before Tax has also increased by 48% from ₹ 701.43 Lakhs in the previous year to ₹ 1034.90 Lakhs in the current year. The increase in operating revenue and profitability was due to the pickup in the domestic market, which was affected earlier by the Covid-19 Pandemic. The Export Revenue has also registered an increase of 24% over the previous year.

The above results were achieved in spite of an impact in material cost due to highly volatile raw material market and a mild disruption in the operations of the Company due to Covid-19 lockdown.

The Wind Energy Division generated a revenue of ₹ 461.13 Lakhs during the year as against ₹ 460.72 Lakhs, in the previous year.

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

## DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the shareholders, a dividend of ₹ 2.50 per share, i.e. at the rate of 25% for the year on the paid-up equity share capital of the Company as on the reporting date. The dividend, if approved, will absorb an amount of ₹ 105.80 Lakhs and will be paid to shareholders on approval, subject to deduction of tax at source.

## NEW PROJECTS IMPLEMENTED DURING THE YEAR

During the year under review, the Company has installed a new 1 Ton Capacity induction melting furnace to enhance its existing furnace capacity. This will balance the capacities between melting and moulding of castings. The Company hopes to reap the benefits of the installation in the coming years. Apart from this, the Company has also installed various balancing equipments/machinery which will enhance the productivity in the coming years.

## FUTURE PLANS

The Company is establishing itself as a sustainable ESG Company. The Company is well on its way towards ESG compliance. With this in mind, the following activities are planned:

### Environment:

- i. The Company is investing in additional Sand Reclamation facilities which will enable it to recycle/reuse 90% of the sand used in the foundry. Since, the availability of sand will be restricted in the future, the Company is taking action to reduce the usage of sand.
- ii. Green Energy-About 45% of the power used by the Company for its operations is generated from the Windmill owned by the Company. Further, the Company is planning to invest in Solar Power Project which facilitates additional availability of power upto 45%. This will be made available during the 4th quarter of this year, thereby resulting in generation of 90% of total power from renewable sources.

**Social:** In order to meet the social obligations especially during the pandemic, the Company has donated an Oxygen Plant with 30,000 Litres per hour to the Government Hospital, Pollachi Coimbatore on 19th

January, 2022. This oxygen plant will benefit the citizens located in the areas nearby the Company.

**Governance:** The Company operates transparently at all levels by complying with all environmental, labour and other statutory laws by providing pollution free environmental activities, considering employees safety during operations, not allowing any child labour etc.,

### **QUALITY RECOGNITIONS**

The Company undertakes various quality improvement initiatives. During the year the Company obtained re-certification of the following standards – IATF 16949 & ISO 9001 Certification, Pressure Equipment Directive (PED) requirements as per 2014/68/EU & AD 2000 W0, Transportation & Power Generation (TPG) requirements. Further the Company has received EMS ISO 14001 Environmental System certification and Marine Certification as per DNV Rules for Classification of Ships. In addition to this, the Company also complies with Supplier Assessment Audits conducted by its customers.

### **FINANCE**

The Company incurred a finance cost of ₹ 32.32 Lakhs during the year. The Company had to resort to avail the cash credit facilities from its bankers to meet the abnormal increase in raw material costs in a very short term. As on the date of this report, there is no long term debt obligation for the Company.

### **TRANSFER TO RESERVES**

The Company has transferred a sum of ₹ 200 Lakhs out of retained earnings to the General Reserves during the year and an amount of ₹ 3,555.37 lakhs is retained in the Statement of Profit & Loss.

### **SHARE CAPITAL**

The paid-up capital of the Company as at 31.03.2022 stood at ₹ 4,23,21,040/- divided into 42,32,104 equity shares of ₹ 10/- each. During the year under review, the Company has not made any fresh issue of shares.

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

In terms of Section 124 & 125 of the Companies Act, 2013, any unclaimed or unpaid Dividend relating to the Financial Year 2014-15 is due for remittance on 30th October, 2022 to the Investor and Education and Protection Fund established by the Central Government.

Further, pursuant to Section 124(6) of the Companies Act, 2013 read with Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, 3600 Equity Shares of ₹ 10/- each on which dividend had remained unclaimed for a period of 7 years have been transferred to the credit of Demat Account identified by the IEPF Authority during the year under review.

### **WEB LINK OF ANNUAL RETURN**

The Annual Return of the Company for the financial year 2021-22 as required under Section 92(3) of the Companies Act, 2013 is available on the website of the Company and can be accessed on the Company's website at the link <https://www.magnacast.com>.

### **BOARD AND ITS COMMITTEE MEETINGS CONDUCTED DURING THE PERIOD UNDER REVIEW**

The details of the composition of the Board and its Committees namely Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility

Committee and of the Meetings held and attendance of the Directors at such Board / Committee Meetings are provided in the Corporate Governance Report under relevant heads which forms a part of this Report.

## **STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS**

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on meeting of the Board of Directors (SS-1) and General Meetings (SS-2).

## **DIRECTORS' RESPONSIBILITY STATEMENT**

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

- a) In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departure from those standards;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f) The Directors had devised proper system to ensure compliance with the provisions of all the applicable laws and such systems were adequate and operating effectively;

## **DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OF THE COMPANIES ACT, 2013 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT**

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

## **DECLARATION OF INDEPENDENT DIRECTORS**

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

Based on the confirmation / disclosures received from the Directors and on evaluation of the relationships disclosed, the following Non-Executive Directors are Independent:

Sri. K Gnanasekaran, Dr. R Nandini, Dr. Jairam Varadaraj and Sri. G D Rajkumar.

Pursuant to Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014, the independent directors have submitted necessary declaration of compliance with Rule 6(1) and Rule 6(2) of the said Rules. They have confirmed that their names have been included in the data bank of the Indian Institute of Corporate Affairs.

**STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR**

The Board of Directors have evaluated the Independent Directors appointed/ re-appointed during the year 2021-22 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors are satisfactory.

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

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy on nomination, appointment and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company including criteria for determining qualifications, positive attributes, independence of a director and other matters pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations. The detailed Remuneration Policy can be accessed on the Company's website at the link <https://www.magnacast.com/uploads/invsbpdf/nomination-and-remuneration-policy-31012022-amended-subd62d0ea3371161.pdf>

**COMMENTS ON AUDITORS' REPORT**

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. VKS Aiyer & Co, Statutory Auditors and M/s. MDS & Associates, Secretarial Auditors in their respective reports.

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

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

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

All transactions entered into with related parties as defined under the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) during the financial year 2021-22 were in the ordinary course of business and on an arm's length basis. The particulars of material related party transactions is provided in the Form AOC-2 and annexed to the Board's Report as **Annexure-B**.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website and may be accessed through the link at <https://www.magnacast.com/uploads/invsbpdf/rpt-policy-revised-01042022-i08w626a42626c262.pdf>

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

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial year ended 31st March, 2022 relate and the date of the report.

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

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

## **STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Company continues to focus attention on the risk areas identified and in case of any adverse situation, suitable mitigation steps are taken. The Company has adopted a comprehensive and integrated risk appraisal, mitigation and management process. The risk mitigation measures and procedures of the Company are placed before the Audit Committee/ Board periodically for review and improvement. The Company does not have any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal.

## **DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

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

As part of the initiatives under CSR for the year 2021-22, the Company has undertaken project of supply of oxygen plant to Government Hospital Pollachi for the welfare of local people during the Covid-19 Pandemic. This project is in accordance with Schedule VII of the Companies Act, 2013.

The details of CSR activities for the year are furnished separately vide **Annexure D** to this Report. The policy relating to CSR has been displayed on the Company's website and can be accessed at [https://www.magnacast.com/uploads/invsbpdf/csr-policy-tzos608aa07b65155 .pdf](https://www.magnacast.com/uploads/invsbpdf/csr-policy-tzos608aa07b65155.pdf)

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

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

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

## **DIRECTORS & KEY MANAGERIAL PERSONNEL**

Your Directors record their profound grief on the sad demise of Sri. C. R. Swaminathan, Director on 14th December, 2021. Sri. C. R Swaminathan had a rare ability to envision, lead and get to work on ground and had an omnipresence in the areas of commerce, social work, community building and education. His wise counsel and vast experience and knowledge of the foundry industry was an invaluable asset to the Company. His demise will be a great loss to the Company.

The Company has obtained necessary approval of the members through a special resolution for appointment of Sri. G. D Rajkumar (DIN: 00197696) as an Independent Director of the Company with effect from 31st January, 2022 for a term of five consecutive years through postal ballot on 16th March, 2022.

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

Sri. M. Malmarugan (DIN: 09610329) was appointed as Additional Director of the Company in the capacity of Executive Director, by the Board of Directors with effect from 30th May, 2022 and holds office up to the date of this Annual General Meeting. Accordingly, necessary resolutions proposing the appointment of Sri. M. Malmarugan as Director / Executive Director of the Company has been included in the Agenda of the Notice convening the Annual General Meeting for the approval of the members.

Consequent to his appointment as Executive Director of the Company, he has resigned from the post of Chief Executive Officer (CEO) of the Company with effect from 30th May, 2022.

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

Sri. N. Krishna Samaraj	- Managing Director,
Sri. M. Malmarugan	- Executive Director,
Sri. R. Ravi	- Chief Financial Officer and
Smt. Sangeetha. C	- Company Secretary.

## **SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

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

## **FIXED DEPOSITS**

Since the Company has not accepted any fixed deposit covered under Chapter V of the Companies Act, 2013, there are no deposits remaining unclaimed or unpaid as on 31st March, 2022 and accordingly, the question of default in repayment of deposits or payment of interest thereon during the year does not arise.

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

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

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

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

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

## **AUDITORS**

### **STATUTORY AUDITORS**

M/s. VKS Aiyer & Co, (FRN 000066S) Chartered Accountants, Coimbatore were appointed as the Statutory Auditors of the Company for a period of five years at 31st Annual General Meeting of the Company held on 23rd September, 2021. The Company has received a certificate from the Statutory Auditor to the effect that their appointment as the Statutory Auditors of the Company, would be within the limits prescribed under Section 139 of the Companies Act, 2013.

### **SECRETARIAL AUDITORS**

The Board has appointed M/s. MDS & Associates, Company Secretaries in Practice, Coimbatore as the Secretarial Auditors of the Company for the year 2022-23 to carry out the Secretarial Audit, pursuant to the provisions of Section 204 of the Companies Act, 2013.

The report of the Secretarial Auditors for the financial year 2021-22 is annexed as **Annexure E** to this Report.

### **COST AUDITORS**

The Board of Directors on the recommendation of the Audit Committee, has appointed M/s.SBK & Associates, Cost Accountants as the Cost Auditors of the Company for the financial year 2022-23. Pursuant to Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Accounts) Rules, 2014, the remuneration payable for the year 2022-23 to the Cost Auditors of the Company is subject to ratification by the Shareholders at the ensuing Annual General Meeting. The Board recommends their remuneration.

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

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

### **DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR**

No applications have been made and no proceedings are pending against the Company under the Insolvency and Bankruptcy Code, 2016.



**DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF**

The disclosure under this clause is not applicable as the Company is debt free and has not undertaken any one-time settlement with the banks or financial institutions.

**INDUSTRIAL RELATIONS**

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

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

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to define the policy and redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is the summary of sexual harassment complaints received and disposed of during the year 2021-22:

- i. Number of complaints received - Nil
- ii. Number of complaints disposed of – NA

**PARTICULARS OF EMPLOYEES**

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

**CORPORATE GOVERNANCE**

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

**AUDIT COMMITTEE**

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



## CEO/CFO CERTIFICATION

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

## VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has provided for adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behavior or any violation of the Company's Code of Conduct. During the year under review, there were no complaints received under this mechanism. The policy can be accessed on the Company's website at <https://www.magnacast.com/uploads/invsubpdf/invsubpdf2020-02-10-9q3i5e4127030df7c.pdf>

## ACKNOWLEDGEMENT

The Directors wish to place on record their appreciation of the support and co-operation extended by the Company's Bankers M/s. Union Bank of India and M/s. Axis Bank, the various Government Agencies and in particular the Tamil Nadu Electricity Board and the employees of the Company at all levels. The Directors would also like to thank all the stakeholders for continuing to repose faith in the Company and its future.

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

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

Place : Coimbatore  
Date : 30.05.2022

K Gnanasekaran  
Director  
DIN: 00133645

N. Krishna Samaraj  
Managing Director  
DIN: 00048547

**FINANCIAL HIGHLIGHTS**

Financial year ended 31st March	5 Year Highlights					(₹ In Lakhs)
	2018	2019	2020	2021	2022	
<b>Operating Results</b>						
Sales and Other Income	9462.99	12587.59	9847.19	9901.87	13747.47	
Operating Profit	1291.08	2093.18	1320.74	1147.27	1546.45	
Finance Cost	31.56	29.03	11.58	7.50	32.32	
Gross Profit	1259.53	2064.15	1309.16	1139.77	1514.13	
Depreciation	454.08	543.22	436.45	417.18	458.88	
Taxation	101.36	361.96	181.44	183.57	262.00	
CSR Expenditure	17.90	19.25	22.61	21.16	20.35	
<b>Net Profit</b>	686.18	1139.72	668.66	517.86	772.90	
Dividend (including dividend tax)	110.48	276.20	138.10	63.48	105.80	
Retained Profit	575.70	863.52	530.56	454.38	667.10	
<b>Performance Parameters</b>						
Net Fixed Assets	3495.90	3149.20	3136.06	2950.34	3081.45	
Share Capital	458.22	458.22	458.22	423.21	423.21	
Reserves	5605.90	6620.94	6891.59	6710.53	7407.98	
Net Worth	6064.12	7079.16	7349.81	7133.74	7831.19	
Return on Net Worth %	11.32	16.10	9.10	7.26	9.87	
Borrowings	-	-	-	-	491.29	
Debt Equity Ratio	-	-	-	-	0.06	
Dividend (%)	20	50	25	15	25	
Earnings per share (₹ )	14.97	24.87	14.59	11.67	18.26	

**FORM NO. AOC -2****(Pursuant to clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.**

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

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

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

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

<b>Particulars</b>	<b>Details</b>
Name (s) of the related party & nature of relationship	M/s. Samrajyaa and Company
Nature of contracts/arrangements/transaction	Rendering/ receiving of services or purchase/ sale of materials/ components.
Duration of the contracts/arrangements / transaction	3 Years ( w.e.f 01.04.2021)
Salient terms of the contracts or arrangements or transaction including the value, if any	Transaction Price shall be based on the prevailing market price and shall not be less than the price charged for such transactions to unrelated third parties having such dealings or transactions with them.
Date of approval by the Board	01.06.2020
Date of approval at AGM	23.09.2020
Amount paid as advances, if any	NIL

For and on behalf of the Board  
**N Krishna Samaraj**  
 Managing Director  
 (DIN:00048547)

Place : Coimbatore  
 Date : 30.05.2022

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

**A. Conservation of Energy:**

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

The Company is constantly taking effective steps to conserve energy wherever possible.

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

YEAR	2022	2021	2020	2019	2018
Number of Units per Ton of good castings	*2023	*2033	1912	1666	1680

\*The increase in consumption of power is due to product mix, additional environmental controls and power interruptions.

Power Consumption	2021-22		2020-21	
	No of Units	%	No of units	%
Total Electricity	1,41,31,896	100.00	1,13,45,153	100.00
Own Generation – Windmill	63,20,756	44.73	59,48,805	52.43
Purchased from TNEB	63,59,339	45.00	8,07,529	7.12
Third Party Purchase	14,51,801	10.27	45,88,819	40.45

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

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

The Company has also invested in a Solar Power Project as a Captive User for generation of Solar Power. This Project is being implemented at Sivaganga District, Tamilnadu in collaboration with First Energy Private Limited and is expected to go on stream by October, 2022. The project will facilitate the Company to reduce its Power Cost substantially. The generation from this Solar Project as well as from the existing Wind Energy Generators will meet almost 90% of the Company's power demand at its existing capacity limits.

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

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

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

The feedback from Customers' for usage of new material grade has been quite encouraging and hence it will be used in the regular production. The various technical improvements have also been introduced to improve the life of the materials.

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

a) Technology Imported None

b) Year of Import N.A.

c) Technology absorption N.A.

- 3) Expenditure incurred on Research & Development:

(₹ in Lakhs)

<b>Expenditure on R&amp;D</b>	<b>2021-22</b>	<b>2020-21</b>
Capital (amount in ₹ lakhs)	30.23	10.50
Revenue (amount in ₹ lakhs)	29.44	30.96
Total (amount in ₹ lakhs)	59.67	41.46
R&D Expenditure as a percentage of Turnover	0.44	0.43

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

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

(₹ in Lakhs)

<b>Particulars</b>	<b>2021-22</b>	<b>2020-21</b>
Foreign Exchange Earnings	5966.70	4764.63
Foreign Exchange Outgo	262.98	209.26

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

Place : Coimbatore  
Date : 30.05.2022

K Gnanasekaran  
Director  
DIN: 00133645

N. Krishna Samaraj  
Managing Director  
DIN: 00048547

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES****01. Brief outline on CSR Policy of the Company**

As a responsible Corporate Citizen, Magna believes the shared value model is based on the idea that corporate success and social welfare are interdependent. With due respect to society at large, every business decision of Magna is taken not only considering the interest of its stakeholders but also the society at large.

Magna has long history of spending reasonable amount toward social welfare activities especially in healthcare activities even before mandating corporate social responsibility activities of the Company by statutory authorities.

**02. Composition of CSR Committee**

The CSR Committee of the Board of Directors is optimally balanced between Independent and Non-Independent Directors. The current Committee comprises of the following members:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Dr. R. Nandini	Independent Director (Chairperson of the Committee)	2	2
2	Sri. N. Krishna Samaraj	Managing Director (Member)	2	2
3	Sri. G D Rajkumar#	Independent Director (Member)	-	-
4	Sri. C. R. Swaminathan*	Independent Director (Chairman of the Committee)	2	2

#- Appointed as Member w.e.f 31.01.2022 \*Ceased to be the Member w.e.f 14.12.2021

**03. The web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:**

The web-link where the Composition of the CSR Committee is disclosed on the website of the Company is <https://www.magnacast.com/uploads/invsubpdf/invsubpdf2022-02-07-521c6200c96caaec2.pdf>

The web-link where the CSR policy is disclosed on the website of the Company is <https://www.magnacast.com/uploads/invsubpdf/csr-policy-tzos608aa07b65155.pdf>.

The web-link where the CSR projects approved by the board are disclosed on the website of the Company is <https://www.magnacast.com/uploads/invsubpdf/csr-policy-tzos608aa07b65155.pdf>.

**04. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable:**

The Company has not carried out Impact assessment of CSR projects in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 as the same is not applicable to the Company.

**05. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any - NIL****06. Average Net Profit of the Company as per Section 135(5): ₹ 1017.74 Lakhs****07. (a) Two percent of average net profit of the Company as per Section 135(5): ₹ 20.35 Lakhs**

**(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: NIL**

**(c) Amount required to be set off for the financial year, if any: NIL**

**(d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 20.35 Lakhs**

**08. (a) CSR amount spent or unspent for the financial year:**

Total Amount Spent for the Financial Year. (in ₹)	Amount Unspent (in ₹)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
₹ 61,61,644/-	NIL	Not Applicable	Not Applicable	NIL	Not Applicable

**(b) Details of CSR amount spent against ongoing projects for the financial year:**

The Company has not spent any amount against ongoing projects during the financial year under review.

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation – Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR registration number
1.	Healthcare facilities	Item I of Schedule VII	Yes	Tamilnadu	Pollachi, Coimbatore	61,61,644	Yes	NA	NA
	Total					61,61,644			

**(d) Amount spent in Administrative Overheads: Nil****(e) Amount spent on Impact Assessment, if applicable: Nil****(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 61.62 Lakhs****(g) Excess Amount for set off, if any:**

Sl. No	Particular	Amount ( ₹ In Lakhs)
(i)	Two percent of average net profit of the Company as per Section 135(5)	20.35
(ii)	Total amount spent for the Financial Year 2021-22	61.62
(iii)	Excess amount spent for the financial year [(ii)-(i)]	41.26
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	41.26



**09. (a) Details of Unspent CSR amount for the preceding three financial years:**

The Company does not have any unspent CSR amount in any of the preceding three financial years and hence disclosure under this clause does not arise.

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

The Company does not have any ongoing projects in any of the preceding financial years and hence disclosure under this clause does not arise.

**10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:**

The Company has not created or acquired any capital asset through CSR spending in the financial year and hence reporting under this clause does not arise.

**11. Reason if the Company has failed to spend 2% of the average net profits as per Section 135(5):**

The Company has spent the required amount on CSR activities as per Section 135(5) and hence reporting under this clause does not arise.

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

Place : Coimbatore  
Date : 30.05.2022

**R. Nandini**  
Chairperson of CSR Committee  
DIN: 00002223

**N. Krishna Samaraj**  
Member of CSR Committee  
DIN: 00048547

**FORM NO. MR-3  
SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members,

**MAGNA ELECTRO CASTINGS LIMITED**

(CIN: L31103TZ1990PLC002836)

Old No.62, New No.43,

Balasundaram Road

Coimbatore – 641 018.

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

Based on my verification of **M/s.Magna Electro Castings Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2022**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2022 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
- iv) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; and
  - e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

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

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

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

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

- a. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021;
- d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- f. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; and
- g. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021.

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

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

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

### **I further report that**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

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

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

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

I further report that during the audit period, the Company has obtained necessary approval of the members through a special resolution for appointment of Sri. G. D Rajkumar (DIN: 00197696) as an Independent Director of the Company with effect from 31st January, 2022 for a term of five consecutive years through postal ballot on 16th March, 2022.

Other than the above, there were no instances of

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

Place : Coimbatore

Date : 30.05.2022

**M D SELVARAJ**  
**MDS & Associates**  
**Company Secretaries**  
**FCS No.: 960; C P No.: 411**  
**UDIN: F000960D000373244**  
**Peer Review No. 985/2020**

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

**ANNEXURE TO SECRETARIAL AUDIT REPORT ISSUED BY  
COMPANY SECRETARY IN PRACTICE**

To

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

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

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

Place : Coimbatore  
Date : 30.05.2022

**M D SELVARAJ**  
**MDS & Associates**  
**Company Secretaries**  
**FCS No.: 960; C P No.: 411**  
**UDIN: F000960D000373244**  
**Peer Review No. 985/2020**

## ANNEXURE - F

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

1.	Ratio of remuneration of the Managing director to the median remuneration of the employees of the Company for the financial year	28:1
2.	Percentage increase in remuneration of the Managing Director, Chief Financial Officer and Company Secretary	
	a. Managing Director	#18%
	b. Chief Financial Officer	7%
	c. Company Secretary	12%
3.	Percentage increase in median remuneration of employees in the financial year	9%
4.	No of permanent employees on the rolls of the Company	185 (last year 170)
5.	Average percentile increase in employees remuneration (other than managerial remuneration) in the last financial year	9%
6.	Percentage increase in managerial remuneration	18%

# Managing Director had voluntarily given up 40% of his salary due to Covid-19 Pandemic for 6 months in FY 2020-21, hence in FY 2021-22 it shows an increase of 18% over the previous year even though there was no increase in remuneration.

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

Name, Designation & Age of the Employee	Gross Remuneration paid (₹ in Lakhs)	Date of Commencement of Employment in the Company (Experience in years)	Qualification & Previous Employment
N. Krishna Samaraj* Managing Director 67 Years	82.04	22.08.1990 (32)	B.E., MBA.,(USA)
M. Malmarugan Chief Executive Officer 51 Years	49.81	17.10.2011 (10)	B.E.,MBA., Sanmar Foundries Limited
V . Mohanraj Sr.General Manager- Marketing 52 Years	37.54	22.09.1994 (28)	B.E., PGDMM., PGDSCM, MBA(Marketing) Lucas TVS Limited

Name, Designation & Age of the Employee	Gross Remuneration paid (₹ in Lakhs)	Date of Commencement of Employment in the Company (Experience in years)	Qualification & Previous Employment
R. Ravi Chief Financial Officer 64 Years	35.95	01.09.2004 (18)	B.Com.,ACA.,ACS., Textool Company Limited
Nevillie Gnanaraj V Sr. Manager- Design 49 Years	22.79	21.03.1996 (26)	B.E., PSG Foundry
Thiruppathi Pandian R Asst. General Manager- Maintenance 49 Years	22.79	06.12.2018 (03)	DME., Caparo Engineering India Limited
Babukrishnan S Sr. Manager- Product Development 43 Years	16.14	02.05.2019 (03)	BE., MBA., Sakthi Auto Ancillary
Shivakumar S Manager-QMS & Training 53 Years	13.69	12.06.2020 (02)	B.Sc., Knorr-Bremse Commercial Vehicle Systems India
M Sampathkumar Manager(Electrical) 48 Years	13.17	06.02.2012 (10)	DEEE., Vakash Steel Private Limited
Maruthachalam M Sr. Manager- Human Resources 55 Years	12.14	17.08.1994 (28)	B.Sc., PGDPM PSG Foundry

During the financial year 2021-22, there were no employees in the Company who was in receipt of remuneration exceeding in aggregate ₹ 1.02 Crores, if employed for the whole year and ₹ 8.50 Lakhs per month, if employed for any part of the year.

**Note:**

- \*Employment is Contractual
- No employee is relative (in terms of the Companies Act, 2013) of any Director of the Company. Further no employee of the Company is covered by the Rule 5(2)(iii) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, that is employee, holding by himself or with his family, shares of 2% or more in the Company and drawing remuneration in excess of a Managing Director.
- The remuneration details are for the year 2021-22 and all other particulars are as on 31st March, 2022.

## REPORT ON CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2022, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

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

The corporate vision of Magna is to best align the interests of individual, Company and society at large. Magna has consistently encouraged the efficient use of resources and attributes accountability for the stewardship of those resources. As a good corporate citizen, it is the best endeavor of Magna to improve its focus on Corporate Governance by increasing transparency as detailed below.

### 2. Board of Directors

The Company's Board of Directors presently comprises of seven (7) Directors including two (2) Executive and five (5) Non-Executive Directors (out of which three (3) are Independent Directors, one (1) is a Woman Independent Director and one (1) is a Non-Executive Non-Independent Director). The Executive Directors of the Company are Sri. N.Krishna Samaraj Managing Director and Sri. M. Malmarugan, Executive Director. The Directors are professionals who have expertise in their respective functional areas and bring a wide range of skills and experience to the Board.

The Board met four times during the Financial Year on 25th June, 2021; 30th July, 2021; 30th October, 2021 and 31st January, 2022. The details of composition of Board, no. of other directorships in other public companies, chairmanship and membership in Committees of other public companies as held by the directors of the Company, attendance of directors at board meetings and last annual general meetings are given below:

Name of the Director	Category	Attendance Particulars		No. of Directorships in other Public Companies#	No. of Committee positions held in all Companies \$ (Member/ Chairman)
		Board Meeting	Last AGM		
Sri.J.Vijayakumar (DIN: 00002530)	Non-Executive/ Non- Independent	4	Yes	1	3/1
Sri. N. Krishna Samaraj (DIN: 00048547)	Managing Director Promoter	4	Yes	2	2/0
Sri.K.Gnanasekaran (DIN: 00133645)	Non-Executive/ Independent	4	Yes	1	4/3
Dr.R.Nandini (DIN: 00002223)	Non-Executive/ Independent	3	Yes	1	1/0
Dr.Jairam Varadaraj (DIN: 00003361)	Non-Executive/ Independent	4	Yes	9	6/1
Sri. G. D. Rajkumar (DIN: 00197696) w.e.f.31.01.2022	Non-Executive/ Independent	1	NA	1	1/0



Sri. M. Malmarugan (DIN: 09610329) w.e.f.30.05.2022	Executive Director	NA	NA	0	0/0
Sri.C.R.Swaminathan (DIN: 00002169) Upto 14.12.2021	Non-Executive/ Independent	3	Yes	0	1/1

# Excludes directorships in Private Companies, Foreign Companies, Section 8 Companies & Govt. Companies.

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

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

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

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

#### Other Directorships:

Directors	Details of the other listed entities where the Directors hold directorship	
	Name of the listed entity	Designation
Sri.J.Vijayakumar (DIN: 00002530)	Nil	Nil
Sri. N. Krishna Samaraj (DIN:00048547)	Shanthi Gears Limited	Non-Executive - Independent Director
Sri.K.Gnanasekaran (DIN: 00133645)	Kovilpatti Lakshmi Roller Flour Mills Limited	Non-Executive - Independent Director
Dr.R.Nandini (DIN: 00002223)	Nil	Nil
Dr. Jairam Varadaraj (DIN No.00003361)	Precot Limited	Non-Executive-Independent Director
	Elgi Rubber Company Limited	Non-Executive - Non-Independent Director
	Thermax Limited	Non-Executive-Independent Director
	Elgi Equipments Limited	Managing Director- Promoter
Sri.C.R.Swaminathan (DIN: 00002169)	Nil	Nil
Sri.G.D. Rajkumar (DIN: 00197696)	L G Balakrishnan & Bros Limited	Non-Executive-Independent Director
Sri. M. Malmarugan (DIN: 09610329) w.e.f.30.05.2022	Nil	Nil

**Statement showing number of Equity Shares held by the Non-Executive Directors as on 31st March, 2022:**

<b>S. No.</b>	<b>Name of Director</b>	<b>No. of equity Shares held (as on March 31, 2022)</b>
1.	Sri.J.Vijayakumar	10,100
2.	Sri.K.Gnanasekaran	-
3.	Dr.R.Nandini	-
4.	Dr.Jairam Varadaraj	-
5.	Sri.G. D. Rajkumar	-

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

The Company has not issued any type of convertible instruments to non-executive directors.

**INDEPENDENT DIRECTORS**

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, the Independent Directors of the Company have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

**Independent Director Databank Registration:**

Pursuant to a notification dated October 22, 2019 issued by the Ministry of Corporate Affairs amending the Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2019 all Independent Directors must have completed the registration with the Independent Directors Databank. Requisite disclosures/ documents have been received from the Directors in this regard.

**Familiarization Program for Independent Directors:**

The Company through its Managing Directors/ Executive Directors / Key Managerial Personnel conducts programs and presentations to familiarize the Independent Directors of their roles, rights, responsibilities in the Company, nature of the Industry in which the Company operates, business model of the Company, strategy, operations and functions of the Company as and when required.

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

The Familiarization Program for Independent Directors have been posted on the Company's website at <https://www.magnacast.com/uploads/invsubpdf/invsubpdf2022-04-29-zxt7626bc405389ad.pdf>

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

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

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

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

<b>Name of the Director</b>	<b>Area of Expertise</b>
<b>Sri. J Vijayakumar</b>	Financial, General Administration, Strategic Planning
<b>Sri. N. Krishna Samaraj</b>	Financial, General Administration, Strategic Planning, Technology, Global Business, Social Responsibility
<b>Sri. K. Gnanasekaran</b>	Financial, Strategic Planning
<b>Dr. R. Nandini</b>	Financial, General Administration, Strategic Planning, Social Responsibility
<b>Dr. Jairam Varadaraj</b>	Financial, General Administration, Strategic Planning, Technology, Global Business, Social Responsibility
<b>Sri. G D Rajkumar</b>	Financial, General Administration, Strategic Planning, Technology, Global Business, Social Responsibility
<b>Sri. M. Malmarugan</b>	Financial, General Administration, Strategic Planning, Technology, Global Business, Social Responsibility

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

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

#### **Resignation of Independent Directors before expiry of tenure**

During the year under review, none of the Independent Directors has resigned before the expiry of the tenure. However, Sri.C.R.Swaminathan was ceased to be an Independent Director of the Company with effect from 14th December, 2021 due to demise.

**Separate Meeting of the Independent Directors:**

Pursuant to Schedule IV of the Companies Act, 2013, the Independent Directors met on 31st January, 2022 without the presence of Non-Independent Directors and Members of the Management. The Independent Directors, inter alia, evaluated the performance of the Non-Independent Directors and the Board of Directors as a whole considering views of Executive and Non-Executive Directors and discussed aspects relating to the quality, quantity and timeliness of the flow of information between the Company, the Management and the Board.

**COMMITTEES OF THE BOARD****3. Audit Committee****Brief Description and Terms of Reference**

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

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

During the year under review, the Committee met five times on 13th April, 2021; 25th June, 2021; 30th July, 2021; 30th October, 2021 and 31st January, 2022. The Composition of the Audit Committee and the attendance of each member of the Committee is given below;

**Composition of the Committee, meetings and attendance:**

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Sri.J.Vijayakumar (Member)	Non-Executive/ Non-Independent	5	5
Sri.K.Gnanasekaran (Chairman)	Non-Executive/ Independent	5	5
Dr.R.Nandini (Member)	Non-Executive/ Independent	5	4
Sri. G. D. Rajkumar # (Member)	Non-Executive/ Independent	5	NA
Sri.C.R.Swaminathan @ (Chairman)	Non-Executive/ Independent	5	4

# Appointed as Member w.e.f.31.01.2022 @ Ceased to be a Member w.e.f. 14.12.2021

Smt.C.Sangeetha, Company Secretary of the Company acts as the Secretary to the Audit Committee. The minutes of the Audit Committee meetings were circulated to the Board, where it was discussed and taken note of. The Audit Committee considered and reviewed the accounts for the Financial Year 2021-22, before it was placed in the Board.

The Chairman of the Audit Committee had attended the Annual General Meeting held on 23rd September, 2021.

#### 4. Nomination and Remuneration Committee

##### Brief Description and Terms of Reference

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

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

During the year under review, the Committee met two times on 29th May, 2021 and 31st January, 2022.

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

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

The Chairman of the Nomination and Remuneration Committee had attended the Annual General Meeting held on 23rd September, 2021.

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

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

The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a policy for recommendation, appointment and fixing/revising remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and employees of the Company

including criteria for determining qualifications, positive attributes, independence of a director and other matters. The salient features of Remuneration policy of the Company is annexed to the Board's Report and the detailed policy can also be accessed on the Company's website at the link <https://www.magnacast.com/uploads/invsubpdf/nomination-and-remuneration-policy-31012022-amended-subd62d0ea3371161.pdf>

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

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

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

Accordingly, pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance.

#### **DETAILS OF REMUNERATION TO DIRECTORS:**

Remuneration and sitting fees paid to Executive and Non-Executive Directors during the year ended 31st March, 2022 are as follows:

(₹ In Lakhs)

Name	Salary	Perquisites	Sitting Fees	Commission	Total
Sri.J.Vijayakumar	-	-	2.00	-	2.00
Sri.K.Gnanasekaran	-	-	2.00	-	2.00
Dr.R.Nandini	-	-	1.05	-	1.05
Dr.Jairam Varadaraj	-	-	0.80	-	0.80
Sri. G. D. Rajkumar@	-	-	0.20	-	0.20
Sri.N.Krishna Samaraj	80.64	-	1.40	-	82.04
Sri.C.R.Swaminathan #	-	-	1.05	-	1.05

@ Appointed as Member w.e.f. 31.01.2022 # Ceased to be a Director w.e.f 14.12.2021

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

The criteria of making payments to Non - Executive Directors is appearing on the website of the Company at <https://www.magnacast.com/uploads/invsubpdf/nomination-and-remuneration-policy-31012022-amended-subd62d0ea3371161.pdf>

The Company currently does not have any Stock Option Scheme.

**5. Stakeholders Relationship Committee:****Brief Description and Terms of Reference**

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

The Stakeholders Relationship Committee comprises of three Directors. The Committee is chaired by Sri.J.Vijayakumar, Non-Executive Non-Independent Director. During the year under review, the Committee met four times on 25th June, 2021; 30th July, 2021; 30th October, 2021 and 31st January, 2022.

**Composition of the Committee, Meetings and attendance**

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Meetings held during the year</b>	<b>No. of Meetings attended</b>
Sri.J.Vijayakumar (Chairman)	Non-Executive/ Non-Independent	4	4
Sri.N.Krishna Samaraj (Member)	Managing Director- Promoter	4	4
Sri.K.Gnanasekaran (Member)	Non-Executive/ Independent	4	4

The Chairman of the Stakeholders Relationship Committee had attended the Annual General Meeting held on 23rd September, 2021.

Smt. Sangeetha C, Company Secretary of the Company serves as the Compliance Officer.

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

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

The total number of complaints received and replied to the satisfaction of shareholders during the year ended on 31st March, 2022 were Nil. There were no pending/ outstanding complaints as on 31st March, 2022.

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

**Unclaimed Suspense Account:**

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



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

Pursuant to Section 124(6) of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has transferred 3,600 shares to IEPF Authority Account during the financial year.

The voting rights on the outstanding unclaimed shares as on 31st March, 2022 shall remain frozen till the rightful owner of such shares claims the shares by submission of the requisite documentary proof of their identity to the Company's Registrar & Share Transfer Agent

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

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

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

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

During the year under review, the Committee met two times on 29th May, 2021 and 7th July, 2021.

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

<b>Name of the Member</b>	<b>Category</b>	<b>No. of Meetings held during the year</b>	<b>No. of Meetings attended</b>
Dr. R Nandini (Chairperson)	Non-Executive/ Independent	2	2
Sri.N.Krishna Samaraj (Member)	Managing Director- Promoter	2	2
Sri.G D Rajkumar# (Member)	Non-Executive/ Independent	2	NA
Sri. C R Swaminathan@ (Chairman)	Non-Executive/ Independent	2	1

# Appointed as Member w.e.f. 31.01.2022, @ Ceased to be a Member w.e.f. 14.12.2022



**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

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

**7. General Body Meetings**

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

Year	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
2020-21	23.09.2021	3.30 pm	<i>Video Conference Mode</i> Deemed Venue: 43, Balasundaram Road, Coimbatore-641018	a. Re-appointment of Sri. N. Krishna Samaraj as Managing Director.
2019-20	23.09.2020	3.30 pm	<i>Video Conference Mode</i> Deemed Venue: 43, Balasundaram Road, Coimbatore-641018	NIL
2018-19	19.08.2019	3.30 pm	Ardra Conference Center, North Huzur Road, Coimbatore 641 018	a. Re-appointment of Sri. C. R. Swaminathan as Independent Director b. Re-appointment of Sri. K. Gnanasekaran as an Independent Director c. Re-appointment of Dr. R. Nandini as an Independent Director d. Re-appointment of Dr. Jairam Varadaraj as an Independent Director e. Approval for payment of remuneration to Sri. N. Krishna Samaraj, Managing Director

**b. Extra Ordinary General Meeting:**

During the year under review no Extra Ordinary General Meeting was held

**c. Postal Ballots:**

During the year, the Company conducted Postal Ballot vide Notice dated 31st January, 2022 for obtaining the approval of the members for the resolutions as detailed below.

The details of resolutions passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

Particulars of Resolution	Type of resolution	No. of valid votes polled	Votes cast in favour		Votes cast against		Invalid votes cast
			No. of votes	% of votes	No. of votes	% of votes	
Approval for appointment of Sri.G.D. Rajkumar (DIN: 00197696) as an Independent Director of the Company with effect from 31st January, 2022 for a term of five consecutive years	Special Resolution	23,54,602	23,54,601	100	1	Negligible	0

Sri. M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, was appointed as the scrutinizer for carrying on the postal ballot process in a fair and transparent manner for both the postal ballots conducted during the year.

**d. Postal Ballot proposed to be conducted:**

As on date of this report, the Company does not foresee the need for postal ballot to pass any resolution in the financial year 2022-23.

**e. Procedure for Postal Ballot:**

Pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 31st January, 2022 was transacted through Postal Ballot / e-voting.

The Company had engaged the services of Link Intime India Private Limited (LIPL) for providing e-voting facility to the members.

In respect of the Postal Ballot Notice dated 31st January, 2022, the members holding shares as on the cut-off date of Friday, 4th February, 2022 were provided the option of exercising their right to vote on the said resolution(s) through postal ballot / e-voting during the period commencing from Tuesday, February 15, 2022 and ends at 5.00 PM (IST) on Wednesday, March 16, 2022 (both days inclusive). Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to the Managing Director. The results of the voting were declared on Thursday, March 17, 2022 and displayed on the website of the Stock Exchange, Company and LIPL.

**8. Means of Communication**

The Company is regularly publishing quarterly unaudited and audited financial results and notice advertisements in Financial Express and Malai Malar (vernacular language). The Company is posting the quarterly results and other statutory information in the Company's website [www.magnacast.com](http://www.magnacast.com). The Company does not display any official news releases in the website of the Company and also it has not made any presentations to the institutional investors or to the analysts during the year.

**9. General shareholder information:**

i.

i.	32nd Annual General Meeting date, time and venue	26th August, 2022 at 3.30 P.M. Through Video Conference Mode Deemed Venue: 43, Balasundaram Road, Coimbatore-641018
ii.	Financial calendar	1st April, 2021 to 31st March, 2022
iii.	Dividend payment date	Within 30 days from the date of AGM
iv.	Date of Book Closure	20th August, 2022 to 26th August, 2022 (Both days inclusive)
v.	Listing on Stock Exchanges	BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Fort, Mumbai – 400 001.
vi.	Scrip Code Scrip Name ISIN No.	517449 MAGNAELQ INE437D01010
vii.	Registrars and Share Transfer Agents for both Dematerialised and physical shares	M/s SKDC Consultants Limited “Surya” 35, Mayflower Avenue Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028
viii.	Details of Compliance Officer	Smt. Sangeetha C Company Secretary 43 (Old No.62) Balasundaram Road Coimbatore – 641 018. Ph: 0422 2240109 Fax: 0422 2246209 Email: sangeetha.c@magnacast.com
ix.	Share Transfer system	The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system and there is no physical transfers are allowed as per SEBI's Instructions. Shares in physical form for transmission/ transposition are being processed by the Registrar and Share Transfer Agents, SKDC Consultants Limited and approved by the Share Transfer Committee of the Company . The Share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by SKDC Consultants Limited, if the documents are complete in all respects. All requests for dematerialization of shares are processed and confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets quarterly and acknowledges the Share Transfer Committee's activities.

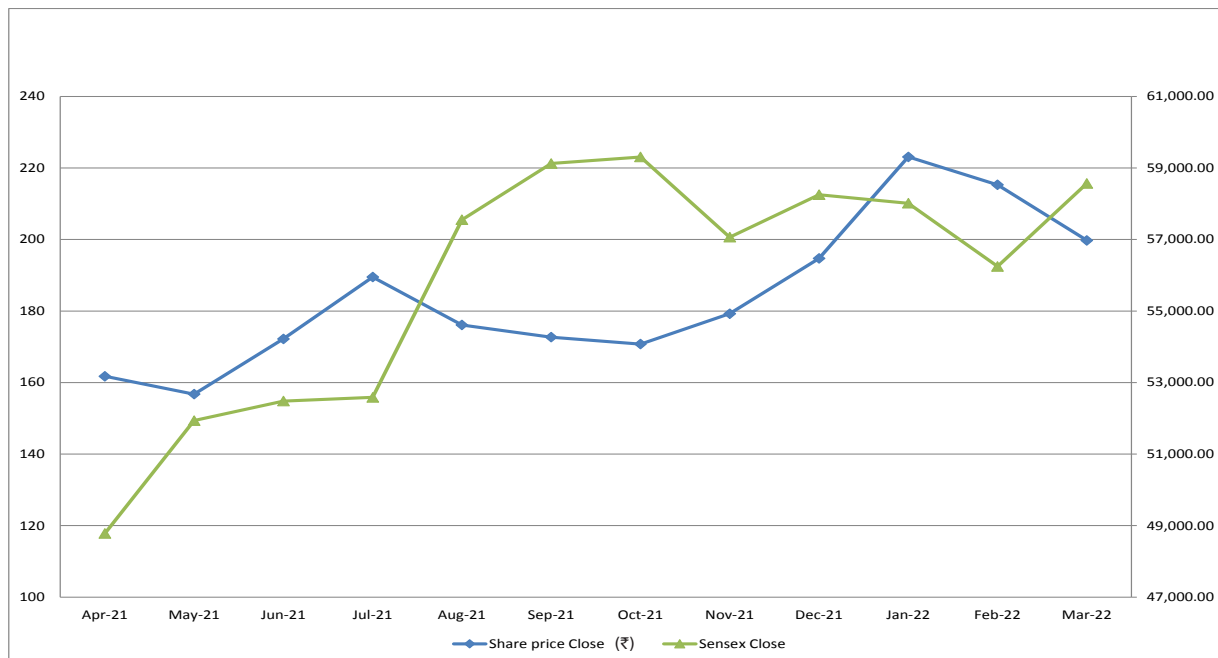
x.The Company has paid the Listing Fees for the financial year 2021-2022 to the above Stock Exchange.

## ii. The Stock Price Data during the year at BSE Limited, Mumbai is furnished below (in Rupees):

Month	High (₹)	Low (₹)
Apr - 2021	179.00	147.05
May - 2021	165.95	152.00
Jun - 2021	188.00	150.00
Jul - 2021	198.50	171.00
Aug - 2021	193.00	165.05
Sep - 2021	181.00	165.75
Oct - 2021	177.95	162.00
Nov - 2021	194.65	170.00
Dec - 2021	197.90	171.05
Jan - 2022	264.00	177.05
Feb - 2022	246.45	192.10
Mar - 2022	230.00	195.00

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

Month	Magna Electro Castings Limited	S&P BSE Sensex
	Share price- Close (₹)	Sensex- Close
Apr - 2021	161.75	48,782.36
May - 2021	156.75	51,937.44
Jun - 2021	172.20	52,482.71
Jul - 2021	189.50	52,586.84
Aug - 2021	176.10	57,552.39
Sep - 2021	172.70	59,126.36
Oct - 2021	170.75	59,306.93
Nov - 2021	179.25	57,064.87
Dec - 2021	194.70	58,253.82
Jan - 2022	223.10	58,014.17
Feb - 2022	215.30	56,247.28
Mar - 2022	199.75	58,568.51



#### (iv) Shareholding pattern as on 31.03.2022

Category	No of shares	% of Share Holding
Indian Promoters	22,59,176	53.38
Private Corporate bodies	1,57,810	3.73
Indian Public	14,17,510	33.49
HUF	41,411	0.98
NRIs/ OCBs	2,57,992	6.10
Directors & Relatives	7,600	0.18
IEPF Authority	87,615	2.07
Institutions	200	0.00
Trusts	690	0.02
NBFC	2,100	0.05
<b>Grand Total</b>	<b>42,32,104</b>	<b>100.00</b>

## (v) Distribution of shareholding as on 31st March, 2022

Shareholding (Range)	No. of Share Holders	% of Share Holders	No. of Shares	% of Share Holding
1 - 500	3203	85.10	395112	9.34
501 - 1000	227	6.03	177078	4.18
1001 - 2000	119	3.16	176054	4.16
2001 - 3000	113	3.00	286795	6.78
3001 - 4000	30	0.80	108005	2.55
4001 - 5000	11	0.29	51532	1.22
5001 - 10000	26	0.69	187276	4.43
10001 and above	35	0.93	2850252	67.34
<b>Total</b>	<b>3764</b>	<b>100.00</b>	<b>4232104</b>	<b>100.00</b>

vi.	Dematerialisation of shareholding and liquidity	Number of shares dematerialized :40,09,378 Percentage : 94.74 % (Promoters have completely dematerialized their shareholdings)  With effect from 1st April, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity / Registrar and Share Transfer Agent, except in case or transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
vii.	Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	Not Applicable
viii.	Plant location	SF No.34 and 35 (Part) Coimbatore Pollachi Main Road Mullipadi village, Tamaraikulam Post Pollachi Taluk, Coimbatore District Pin: 642 109
ix.	Address for Correspondence / Contact address for shareholder:	43 (Old No.62), Balasundaram Road Coimbatore 641 018, Tamil Nadu.

**10. Disclosures****a. Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large:**

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

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

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

**b. Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years:**

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

**c. Details of establishment of vigil mechanism / whistle blower policy, and affirmation that no personnel has been denied access to the audit committee:**

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

The Whistle Blower policy can be accessed on the Company's website at <https://www.magnacast.com/uploads/invsubpdf/invsubpdf2020-02-10-9q3i5e4127030df7c.pdf>

**d. Details of compliance with mandatory requirements and adoption of the non-mandatory requirements:**

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

**e. Web link where policy for determining 'material' subsidiaries is disclosed:**

The Company does not have a subsidiary Company and hence the requirement of disclosing the web link of policy for determining 'material' subsidiaries is not applicable

**f. Web link where policy on dealing with related party transactions is disclosed:**

The policy on dealing with related party transactions can be accessed on the Company's website at <https://www.magnacast.com/uploads/invsubpdf/rpt-policy-revised-01042022-i08w626a42626c262.pdf>

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

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

**h. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A):**

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

- i. Certificate from a Company secretary in practice that none of the directors on the board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority:**

The certificate on non-disqualification of directors that none of the directors of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been obtained by the Company from Sri. M.D.Selvaraj, FCS of M/s. MDS & Associates, Practising Company Secretaries and is annexed to this report.

- j. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year, the same to be disclosed along with reasons thereof:**

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

- k. Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part:**

The Company has paid a sum of ₹ 10.80 Lakhs as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them.

- l. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- i. Number of complaints filed during the financial year – NIL
- ii. Number of complaints disposed of during the financial year – NIL
- iii. Number of complaints pending as on end of the financial year - NIL

- m. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/companies in which directors are interested by name and amount: NIL**

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

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

- o. Disclosure on accounting treatment:**

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

- p. Disclosure on risk management:**

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



**q. Credit Rating:**

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

**r. Other disclosures**

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

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

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

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

**12. Code of Conduct:**

As provided under Securities and Exchange Board of India ( Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company have laid down the Code of Conduct for the Directors and the Senior Management Personnel.

A declaration has been received from the Managing Director to the effect that the Directors and Senior Management Personnel have confirmed compliance with the said Code of Conduct.

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

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

The Company has also formulated “The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSII)” in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same has been displayed on the Company’s official website <https://www.magnacast.com/uploads/invsubpdf/invsubpdf2020-01-29-r6la5e315e9e67790.pdf>

**DECLARATION**

I, N. Krishna Samaraj, Managing Director of Magna Electro Castings Limited, declare that all the members of the Board of Directors and Senior Management have, for the year ended March 31, 2022 affirmed compliance with the Code of Conduct laid down by the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By order of the Board

**For MAGNA ELECTRO CASTINGS LIMITED**

**N. Krishna Samaraj**

Managing Director

DIN: 00048547

Place : Coimbatore

Date : 30.05.2022

**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

**To**

**The Members of**

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

Dear Sir,

I have examined the compliance of the conditions of Corporate Governance by M/s. Magna Electro Castings Limited ("the Company") for the financial year ended March 31, 2022 as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2022.

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

Place : Coimbatore

Date : 30.05.2022

**M D SELVARAJ**  
**MDS & Associates**  
**Company Secretaries in Practice**  
**FCS No.: 960, C P No.: 411**  
**UDIN: F000960D000373519**  
**Peer Review No. 985/2020**

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
**(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI**  
**(Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To

**The Members of**  
**M/s. MAGNA ELECTRO CASTINGS LIMITED**  
(CIN: L31103TZ1990PLC002836)  
Old no 62 New No.43  
Balasundaram Road  
Coimbatore - 641018

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

<b>Sr. No.</b>	<b>Name of Director</b>	<b>DIN</b>	<b>Date of appointment in Company</b>
1	Sri. Krishna Samaraj Narayanaswamy (Managing Director)	00048547	22/08/1990
2	Mr. Vijayakumar Naidu Janardhana	00002530	22/08/1990
3	Mr. Karuppuswamy Gnanasekaran	00133645	19/09/2001
4	Mrs. Nandini Rangaswamy	00002223	27/10/2003
5	Mr. Jairam Varadaraj	00003361	28/10/2004
6	Mr. Rajkumar Doraisamy Gopaldasamy	00197696	31/01/2022

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

Place : Coimbatore  
Date : 30.05.2022

**M D SELVARAJ**  
**MDS & Associates**  
**Company Secretaries**  
**FCS No.: 960; C P No.: 411**  
**UDIN: F000960D000373387**  
**Peer Review No. 985/2020**

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:****Overview:**

Magna's corporate vision is to provide a business model which will enable it to build an inclusive, equitable, sustainable growth for all its stakeholders at large. This is sought to be achieved by empowering and prioritizing its focus on continuous process developments and conforming to ethical business standards.

The financial statements presented here have been prepared in accordance with the various regulatory enactments in force.

**Industry structure and Development:**

Global economy has started to see signs of rebound in growth, inspite of total lockdown for a period of two months from April to May 2021 during the early part of the financial year due to COVID-19 Pandemic. The order booking had seen an improvement across all industries though few customer segments had an impact of chip shortages due to lock down and delay in container transportation time. Due to disruptions in raw material supplies, the prices of key raw materials have gone up significantly and was volatile. Many of the prices were varying on daily basis and there was a time lag in recovering the price increased from customers.

Our foundry industry also saw a steep decline in growth as sectors like Auto, which is its biggest consumer, had registered a sharp decline in volumes during FY 21. Further the switch over to the BS VI norms as well as advent of Electric Vehicles (EV) in the coming years poses a threat to the foundry industry.

The global iron casting market size has been valued at \$101.17 billion in 2021 and is expected to expand at a compound annual growth rate (CAGR) of 6.1% from 2022 to 2030. The factors including favourable government policies toward the manufacturing sector and investment in rail infrastructure are anticipated to propel the market growth.

The growing demand for castings has boosted competition in the country, which is compelling the market players to adopt initiatives such as capacity expansions and mergers & acquisitions. However, the global vehicle production has been witnessing a consistent decline in the past few years, which will pose a huge challenge for the foundry industry.

**Operations:**

It may be noted that all industries were impacted by total lockdown announced by the State Government during April and May 2021 due to Covid 19 Pandemic. Consequently, this had an impact on the operations and business of the industries.

The Operating Revenue of the Company has increased by 38% from ₹ 9780.72 Lakhs in the previous year to ₹ 13502.74 Lakhs in the current year. Further the Profit Before Tax has also increased by 48% from ₹ 701.43 Lakhs in the previous year to ₹ 1034.90 Lakhs in the current year. The increase in operating revenue and profitability was due to the pickup in the domestic market, which was affected earlier by the Covid-19 Pandemic. The Export Revenue has also registered an increase of 24% over the previous year.

The above results were achieved inspite of an impact in material cost due to highly volatile raw material market and a mild disruption in the operations of the Company due to Covid-19 lockdown.

The Wind Energy Division generated a revenue of ₹ 461.13 Lakhs during the year as against ₹ 460.72 Lakhs, in the previous year.

After Covid 19 Pandemic, there was a huge shortage of skilled manpower and hence, the post processing operations were significantly affected and delayed. To overcome the delay, our foundry has done lot of improvements in the fettling process, by creating manufacturing cells for high volume family of parts to ease out the bottlenecks and to reduce the product movement within the organization for different operations, which has resulted in the lead time reduction from a week to a couple of days.

## **Opportunities and Threats:**

### **Opportunities:**

The focus and main thrust of the government is to improve the infra structure which will present opportunities to the foundry sector. Austenitic Castings for Automotive Turbochargers which were proven to have increased demand in the forthcoming years last year which is expected to have increased demand in the forthcoming years.

During the year under review, the iron casting segment in the foundry industry is the largest source of revenue having a growth rate of 6.4%. The increased demand in manufacturing tractors, implement parts, switch boxes, electrical fittings, pipes & fittings have anticipated to drive the segment growth across the foundry industry. The railway is another vital application segment of the market and the foundry industry is expected to register growth by investing in railway segments in the future.

### **Threats:**

The economic uncertainty presents a large threat as the basic raw material costs as well as prices of commodities are highly volatile.

The costs of freight across countries have almost doubled in the last year, thereby resulting in huge increase in the landed cost of the product to the customer. This will impact the competitive edge compared to the domestic sourcing for international customers. To overcome the impact, the Company is working on adding more value to the parts which are supplied to the customers.

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

As stated elsewhere in this report, the Company is focusing its attention on environment, social, governance, energy and safety areas. The Company is investing in additional Sand Reclamation Plant and Solar Power Project to reduce the usage of non- renewable resources. The Company is also monitoring the safety aspects of the Company and conducting various activities and preventive measures in this regard.

### **Risks and concerns:**

Cost of production is highly dependent on material and labour cost which is a major part of the expenses. Value addition is one of the few solutions to mitigate the risk. The risk mitigation measures are placed before the Audit Committee and the Board for its periodical review and improvements.

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

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

**Personnel:**

Magna concentrates on employees' safety measures, good infrastructures, healthy food and sanitation facilities etc., at its workplace. Further the Company ensures utmost care for employees' safety at workplace by providing necessary equipments and safety measures and guidelines at regular intervals. During the pandemic period, the Company took various measures to protect the life of employees.

**Key Financial Ratios:**

There is significant change in some key financial ratios when compared with previous year and below are ratios;

Particulars	2021-22	2020-21
Debtors Turnover Ratio	3.95	3.67
Trade Payables Turnover Ratio	5.64	4.90
Inventory Turnover Ratio	14.34	11.43
Working Capital Turnover Ratio	2.97	2.47
#Interest Coverage Ratio	43.78	67.07
Current Ratio	2.73	3.33
#Debt Equity Ratio	0.06	NIL
Operating Profit Margin	11.25%	11.59%
Net Profit Margin	5.72%	5.29%
Return on Net worth	9.87%	7.26%
Return on Capital Employed	13.63%	9.94%

#utilized cash credit facilities during the year. The reason for change in financial ratios are explained and forming part of financial statement and refer Note No: 54.

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

**Cautionary Statement:**

The statements in this Management Discussion and Analysis Report describing the Company's views, projections, estimates and expectations may constitute "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ materially from those either expressed or implied. Any investment by shareholders/ investors should therefore be based on their individual analysis.

**INDEPENDENT AUDITORS REPORT****TO THE MEMBERS OF MAGNA ELECTRO CASTINGS LIMITED****Report on the Audit of the Financial Statements Opinion**

We have audited the accompanying financial statements of Magna Electro Castings Limited (“the Company”), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “Financial Statements”)

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“IND AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

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

The Company’s management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual report, for example, Directors’ Report and Management Analysis including Annexures thereon but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

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



**Management's and Board of Director's responsibility for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under Section 133 of the Act, read with relevant rules issued thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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



inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

## **Other Matter**

The corresponding figures and financial information of the Company for the year ended 31st March, 2021 included in these financial statements are based on the previously issued financial statements audited by the Predecessor auditor whose report for the year ended 31st March, 2021 dated 25th June, 2021 expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of this matter.

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

(1) As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(2)

(A) As required by Section 143(3) of the Act, we report that:

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books ;
- c. The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;
- d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder;
- e. On the basis of the written representations received from the directors as on March 31, 2022, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act;

- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, we give our separate report in “Annexure 2”.
- (B) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The Company does not have any pending litigations which would impact its financial position;
  - (ii) The Company did not have any long-term contracts including derivative contracts. Hence, the question of any material foreseeable losses does not arise;
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv)
- a) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - b) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (a) & (b) above contain any material misstatement.
- v)
- a) The final dividend paid by the Company during the year in respect of the same declared for the previous year is in accordance with Section 123 of the Companies Act 2013 to the extent it applies to payment of dividend.
  - b) As stated in note 15 to the financial statements, the Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The amount of dividend proposed is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.
- (C) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended;

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act;

Place : Coimbatore  
Date : 30.05.2022

**For VKS Aiyer & Co.**  
Chartered Accountants  
ICAI Firm Registration No. 000066S

**C.S.Sathyanarayanan**  
Partner  
Membership No.028328  
UDIN: 22028328AJWOOE2634

## ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT

**[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditor's Report of even date to the members of Magna Electro Castings Limited on the financial statements for the year ended 31st March, 2022]**

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that

- (i) In respect of the Company's Property, Plant and Equipment and Intangible Assets:
- (a)
- (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment, capital work-in-progress, investment properties and relevant details of right-of-use assets
- (B) The Company has maintained proper records showing full particulars, including quantitative details and situation of Intangible assets.
- (b) The Property, Plant and Equipment, capital work-in-progress, investment properties and relevant details of right-of-use assets were physically verified during the year by the Management which, in our opinion, provides for physical verification at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such physical verification.
- (c) Based on our examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements (included in property, plant and equipment, capital work-in-progress and investment property) are held in the name of the Company as at the balance sheet date.
- (d) The Company has not revalued any of its property, plant and equipment (including Right of Use assets) and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii)
- (a) The inventories were physically verified during the year by the Management at reasonable

intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of ₹ 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly statements (comprising stock statements, book debt statements, credit monitoring arrangement reports, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.
- iii) The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year, and hence reporting under clause (iii) of the Order is not applicable.
- (iv) The Company has not granted any loans, made investments or provided guarantees or securities which are of the nature covered by Section 185 and 186 of the Companies Act, 2013. Hence reporting under clause (iv) of the Order is not applicable.
- (v) The Company has not accepted or is not holding any deposit or amounts which are deemed to be deposits during the year. Hence reporting under clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the Company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii)
- (a) In respect of statutory dues, in our opinion, the Company has been regular in depositing undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, cess and other material statutory dues applicable to it with the appropriate authorities in all cases during the year.
- There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
- (b) There are no statutory dues referred in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2022.
- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

- (ix)
- (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
  - (b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
  - (c) The Company has not taken any term loan during the year and there are no unutilized term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
  - (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
  - (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)(e) of the Order is not applicable.
  - (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- (x)
- (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
  - (b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)
- (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
  - (b) To the best of our knowledge, no report under Sub-Section (12) of Section 143 of the Companies Act, 2013 has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
  - (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year (and upto the date of this report).
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the IND AS financial statements etc. as required by the applicable accounting standards.
- (xiv)
- (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
  - (b) We have considered, the internal audit reports for the year under audit, issued to the

Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

- (xv) In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi)
- (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, There is no core investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, (Asset Liability Maturity (ALM) pattern) other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx)
- (a) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there is no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of Sub-Section (6) of Section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.
- (b) In respect of ongoing projects, the Company does not have any unspent Corporate Social Responsibility (CSR) amount as at the end of the previous financial year. Hence reporting under this clause is not applicable.

**For VKS Aiyer & Co.**  
Chartered Accountants  
ICAI Firm Registration No. 000066S

Place : Coimbatore  
Date : 30.05.2022

**C.S.Sathyanarayanan**  
Partner  
Membership No.028328  
UDIN: 22028328AJWOOE2634



**ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT**

**[Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ in the Independent Auditor’s Report of even date to the members of Magna Electro Castings Limited on the financial statements for the year ended 31.03.2022]**

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

We have audited the internal financial controls over financial reporting of **Magna Electro Castings Limited** (“the Company”) as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

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

**Auditor’s Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

**Meaning of Internal Financial Controls over Financial Reporting**

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

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

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

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

**Opinion**

In our opinion, to the best of information and explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria of internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

Place : Coimbatore

Date : 30.05.2022

**For VKS Aiyer & Co.**  
Chartered Accountants  
ICAI Firm Registration No. 000066S

**C.S.Sathyanarayanan**  
Partner  
Membership No.028328  
UDIN: 22028328AJWOOE2634



**BALANCE SHEET AS AT 31ST MARCH, 2022**

(₹ in lakhs)

Particulars	Notes	31.03.2022	31.03.2021
<b>I. ASSETS</b>			
<b>Non-current assets</b>			
Property, Plant and Equipment	2	3,081.45	2,950.34
Right-of-Use Assets	3	4.72	10.26
Capital Work-in-progress	4	72.41	226.44
Investment Property	5	160.53	168.24
Other Intangible Assets	6	0.80	0.80
Financial assets			
i. Other Financial Assets	7	150.02	92.33
Other non-current assets	8	62.28	16.81
<b>Total non-current assets</b>		<b><u>3,532.21</u></b>	<b><u>3,465.22</u></b>
<b>Current assets</b>			
Inventories	9	1,151.07	731.80
Financial assets			
i. Trade receivables	10	3,916.17	2,916.09
ii. Cash and cash equivalents	11	26.21	71.73
iii. Bank balances other than (ii) above	12	1,465.20	1,464.62
iv. Other financial assets	13	41.71	9.11
Other current assets	14	566.27	461.42
<b>Total current assets</b>		<b><u>7,166.63</u></b>	<b><u>5,654.77</u></b>
<b>TOTAL ASSETS</b>		<b><u>10,698.84</u></b>	<b><u>9,119.99</u></b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	15	423.21	423.21
Other equity	16	7,407.98	6,710.53
<b>Total equity</b>		<b><u>7,831.19</u></b>	<b><u>7,133.74</u></b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
i) Borrowings	17		
ia) Lease liabilities		-	7.71
Employee Benefit Obligations	18	38.05	25.11
Deferred Tax Liabilities (Net)	19	208.10	250.10
Government Grants	20	-	4.92
<b>Total Non-Current Liabilities</b>		<b><u>246.15</u></b>	<b><u>287.84</u></b>

## BALANCE SHEET AS AT 31ST MARCH, 2022

(₹ in lakhs)

Particulars	Notes	31.03.2022	31.03.2021
<b>Current Liabilities</b>			
Financial Liabilities			
i) Borrowings	21	491.29	-
ia) Lease Liabilities		7.71	5.74
ii) Trade Payables	22		
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises		239.58	258.61
(b) Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises		936.72	650.52
iii) Other Financial Liabilities	23	835.88	730.53
Employee Benefit Obligations	24	5.16	6.18
Government Grant	25	-	3.12
Other Current Liabilities	26	38.04	29.98
Current Tax Liabilities (Net)	27	67.12	13.71
<b>Total Current Liabilities</b>		<b>2,621.50</b>	<b>1,698.41</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,698.84</b>	<b>9,119.99</b>

Significant Accounting Policies and Notes form an integral part of the financial statements.

**For and on behalf of the Board**

As per report of even date attached

**K. Gnanasekaran**

Director

DIN :00133645

**R Ravi**

Chief Financial Officer

for **For VKS Aiyer & Co.**

Chartered Accountants

ICAI Firm Regn. No. 000066S

**N Krishna Samaraj**

Managing Director

DIN : 00048547

**Sangeetha C**

Company Secretary

Membership No. A34056

**CS Sathyanarayanan**

Partner

Membership No. 028328

Coimbatore

30.05.2022

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022**

(₹ in lakhs)

Particulars	Notes	31.03.2022	31.03.2021
<b>Income</b>			
Revenue from Operations	28	13,502.74	9,780.72
Other Income	29	244.73	121.15
<b>Total Income</b>		<b>13,747.47</b>	<b>9,901.87</b>
<b>Expenses</b>			
Cost of Materials Consumed	30	5,718.29	3,367.82
Changes in inventories of Finished Goods and Work in progress	31	(161.38)	273.42
Employee Benefits Expense	32	1,465.96	1,255.57
Finance Costs	33	32.32	7.50
Depreciation and Amortization Expenses	34	458.88	417.18
Other Expenses	35	5,198.50	3,878.95
<b>Total Expenses</b>		<b>12,712.57</b>	<b>9,200.44</b>
<b>Profit before tax</b>		<b>1,034.90</b>	<b>701.43</b>
<b>Tax expense</b>			
Current tax		300.00	211.49
Deferred tax	36	(38.00)	(27.92)
<b>Profit for the year</b>		<b>772.90</b>	<b>517.86</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
Remeasurement of Post Employment Benefit Obligations		(15.97)	17.75
Income Tax relating to these items		4.00	(4.47)
Other Comprehensive Income for the year after tax		(11.97)	13.28
<b>Total comprehensive income for the year</b>		<b>760.93</b>	<b>531.14</b>
<b>Earnings per equity share of ₹ 10 each</b>			
Basic earnings per share	37	18.26	11.67
Diluted earnings per share		18.26	11.67

Significant Accounting Policies and Notes form an integral part of the financial statements.

**For and on behalf of the Board**

As per report of even date attached

**K. Gnanasekaran**Director  
DIN :00133645**R Ravi**

Chief Financial Officer

for **For VKS Aiyer & Co.**Chartered Accountants  
ICAI Firm Regn. No. 000066S**N Krishna Samaraj**Managing Director  
DIN : 00048547**Sangeetha C**Company Secretary  
Membership No. A34056**CS Sathyanarayanan**Partner  
Membership No. 028328Coimbatore  
30.05.2022

## STATEMENT OF CHANGES IN EQUITY

(₹ in lakhs)

## A) Equity Share Capital

## (1) For the year ended 31st March, 2022

Balance as at 1st April, 2021	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the current period	Changes in equity share capital during the current year	Balance as at 31st March, 2022
423.21	-	423.21	-	423.21

## (2) For the year ended 31st March, 2021

Balance as at 1st April, 2020	Changes in equity share capital due to prior period errors	Restated balance at the beginning of the previous period	Changes in equity share capital during the previous year	Balance as at 31st March, 2021
423.21	-	423.21	-	423.21

## B) Other Equity

## (1) For the year ended 31st March, 2022

Particulars	General Reserve	Retained Earnings	Capital Redemption Reserve	Other items of Other Comprehensive Income	Total
Balance as at 1st April, 2021	3,600.00	3,045.95	35.01	29.57	6,710.53
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the year	3,600.00	3,045.95	35.01	29.57	6,710.53
Profit for the year	-	772.90	-	-	772.90
Other Comprehensive Income	-	-	-	(11.97)	(11.97)
Dividends	-	(63.48)	-	-	(63.48)
Transfer to retained earnings	200.00	(200.00)	-	-	-
Any other change (to be specified)	-	-	-	-	-
<b>Balance as at 31st March, 2022</b>	<b>3,800.00</b>	<b>3,555.37</b>	<b>35.01</b>	<b>17.60</b>	<b>7,407.98</b>

**(2) For the year ended 31st March, 2021**

<b>Particulars</b>	<b>General Reserve</b>	<b>Retained Earnings</b>	<b>Capital Redemption Reserve</b>	<b>Other items of Other Comprehensive Income</b>	<b>Total</b>
Balance as at 1st April, 2020	3,400.00	3,475.30	-	16.29	6,891.59
Changes in accounting policy or prior period errors	-	-	-	-	-
Restated balance at the beginning of the previous reporting period	3,400.00	3,475.30	-	16.29	6,891.59
Profit for the year		517.86	-	-	517.86
Other Comprehensive Income	-	-	-	13.28	13.28
General Reserve Appropriation	200.00	(200.00)	-	-	-
Buyback of Shares and Taxes on Buyback	-	(712.20)	-	-	(712.20)
Transfer to Capital Redemption Reserve	-	(35.01)	35.01	-	-
<b>Balance as at 31st March, 2021</b>	<b>3,600.00</b>	<b>3,045.95</b>	<b>35.01</b>	<b>29.57</b>	<b>6,710.53</b>

Significant Accounting Policies and Notes form an integral part of the financial statements.

**For and on behalf of the Board**

As per report of even date attached

**K. Gnanasekaran**  
Director  
DIN :00133645

**R Ravi**  
Chief Financial Officer

for **For VKS Aiyer & Co.**  
Chartered Accountants  
ICAI Firm Regn. No. 000066S

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

**Sangeetha C**  
Company Secretary  
Membership No. A34056

**CS Sathyanarayanan**  
Partner  
Membership No. 028328

Coimbatore  
30.05.2022

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>Cash flow from operating activities</b>		
<b>Profit before income tax</b>	1,034.90	701.43
Adjustments for :		
Depreciation and Amortization Expenses	458.88	417.18
"(Profit) / Loss on sale / disposal of Property, Plant and Equipment (Net)"	-	(2.56)
Amortization of government grant	(8.04)	(3.80)
Interest Received	(109.14)	(62.69)
Finance Costs	32.32	7.50
<b>Change in Assets and Liabilities</b>		
Other Bank balances	(0.59)	(301.72)
Trade receivables and Unbilled Revenue	(1,000.08)	(503.65)
Inventories	(419.26)	248.48
Trade payables	267.86	438.92
Other Financial Assets	(90.28)	84.95
Other Non-Current Assets	(45.47)	36.56
Other Current Assets	(104.85)	10.27
Provisions		
Employee Benefit Obligations	(4.06)	17.28
Other Financial Liabilities	105.35	34.99
Other Current Liabilities	8.06	(3.07)
<b>Cash generated from operations</b>	<u>125.60</u>	<u>1,120.08</u>
Income taxes paid	(246.59)	(196.70)
<b>Net cash generated by operating activities</b>	<u>(120.99)</u>	<u>923.38</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(423.42)	(445.18)
Sale of property, plant and equipment	-	3.09
Interest Received	109.14	62.69
<b>Net cash (used in) / from investing activities</b>	<u>(314.28)</u>	<u>(379.39)</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>Cash flows from financing activities</b>		
Proceeds from / (Repayment of) Current Borrowings (Net)	491.29	-
Finance Costs Paid	(32.32)	(7.50)
Repayment of Lease Liability	(5.74)	(5.10)
Dividends paid to Company's shareholders	(58.29)	-
Dividend Tax paid	(5.19)	-
Buy Back of Shares	-	(612.67)
Buy Back Taxes paid	-	(134.55)
<b>Net cash from / (used in) financing activities</b>	<b>389.75</b>	<b>(759.81)</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(45.52)</b>	<b>(215.82)</b>
Cash and cash equivalents at the beginning of the financial year	71.73	287.55
<b>Cash and cash equivalents at end of the year</b>	<b>26.21</b>	<b>71.73</b>

Significant Accounting Policies and Notes form an integral part of the financial statements.

<b>For and on behalf of the Board</b>		As per report of even date attached
<b>K. Gnanasekaran</b> Director DIN :00133645	<b>R Ravi</b> Chief Financial Officer	for <b>For VKS Aiyer &amp; Co.</b> Chartered Accountants ICAI Firm Regn. No. 000066S
<b>N Krishna Samaraj</b> Managing Director DIN : 00048547	<b>Sangeetha C</b> Company Secretary Membership No. A34056	<b>CS Sathyanarayanan</b> Partner Membership No. 028328
Coimbatore 30.05.2022		

**NOTES TO THE FINANCIAL STATEMENTS:****I SIGNIFICANT ACCOUNTING POLICIES****A CORPORATE INFORMATION**

Magna Electro Castings Limited is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The address of its registered office and principal place of business are disclosed in the introduction to the Annual report. Its shares are listed on the Bombay Stock Exchange- BSE Limited. The Company is engaged in the manufacturing and selling of Cast Iron Components. The Company caters to both domestic and international markets. The financial statements are approved for issue by the Company's Board of Directors on 30th May, 2022.

**B GENERAL INFORMATION AND STATEMENT OF COMPLIANCE WITH IND AS**

These Financial Statements ('financial statements') of the Company have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs ('MCA') under Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Act. The Company has uniformly applied the accounting policies during the periods presented. The financial statements for the year ended 31st March, 2022 were authorised and approved for issue by the Board of Directors on 30th May, 2022.

**C BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

The financial statements have been prepared on going concern basis in accordance with accounting principles generally accepted in India. The presentation of financial statement is based on Ind AS Schedule III of the Companies Act, 2013.

The Financial Statements have been prepared & presented on the historical convention and on accrual basis, except for the following materials in the Balance Sheet:

- Financial assets are measured either at fair value or at amortised cost depending on their classification;
- Employee defined benefit assets/ liabilities are recognised as the net total of fair value of plan assets, adjusted for actuarial gains/losses and the present value of defined benefit obligations;
- Right-of-use of Assets are recognised at the present value of lease payments that are not paid as on that date.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis stated above and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use under Ind AS 36. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:



- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## **(i) USE OF ESTIMATES:**

The preparation of Financial Statements is in conformity with Generally Accepted Accounting Principles which require the management of the Company to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these Financial Statements have been disclosed separately under the heading "Significant accounting Judgements, estimates and assumptions.

## **(ii) CURRENT AND NON-CURRENT CLASSIFICATION**

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

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## **(iii) PROPERTY, PLANT AND EQUIPMENT**

Property, Plant and Equipment (PPE), being fixed assets are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used for more than a period of twelve months.

Land is carried at cost. All other items of Property, Plant and Equipment (PPE) are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

**Initial Cost:** Initial cost of an item of PPE comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its location and working condition necessary for it to be capable of operating in the manner intended by the Management and estimated costs of dismantling and removing the item and restoring the site on which it is located.

Items such as spare parts, stand-by equipment and servicing equipment are capitalized when they meet the definition of Property, Plant and Equipment.

If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

**Subsequent costs and disposal:** Subsequent expenditure related to an item of PPE is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance/life.

All other expenses on existing PPE, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

**Derecognition:** The carrying amount of an item of PPE is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on disposal of an item of PPE are determined by comparing the proceeds from disposal with the carrying amount of PPE, and are recognized net within other income/other expenses in statement of profit and loss.

**Capital-work-in-progress:** Assets in the course of construction are capitalized in capital-work-in-progress account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of Property, Plant and Equipment. Costs (net of income) associated with the commissioning of an asset are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

**Depreciation:** Depreciation on PPE are provided under Straight line method as per the useful lives and manner prescribed under Schedule II to the Companies Act, 2013

The Management believes that the estimated useful lives as per the provisions of Schedule II to the Companies Act, 2013, wherever adopted, are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**The Company has used the following information to provide depreciation on its Property, Plant and Equipment:**

<b>Class of Assets</b>	<b>Useful Lives</b>
Buildings - Factory	30 Years
Plant & Machinery	
- Power Generation Plant	22 Years
- Other than Power Generation Plant – Triple Shift	7.5 Years
Furniture & Fittings	10 Years
Office Equipment	5 Years
Air Conditioner	5 Years
Computer	3 Years
Computer Server	6 Years
Vehicles - Two Wheelers	10 Years
Vehicles – Other than Two Wheelers	8 Years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, if there has been a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, depreciation is charged prospectively to reflect the changed pattern.

## INTANGIBLE ASSETS AND AMORTISATION

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are recognised only if it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

### (iv) LEASES

**The Company as a lessor:** Assets subject to operating leases are included in PPE. Lease income on an operating lease is recognised in the statement of profit and loss on a straight line basis over the term of the relevant lease except to the extent that the lease payments are structured to compensate for the expected inflationary cost. Costs including depreciation are recognised as an expense in the statement of profit and loss.

**The Company as a lessee:** The Company's lease asset classes primarily consist of lease for buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses

whether:

- (i) the contract involves the use of an identified asset
- (ii) the Company has substantially all of the economic benefits from the use of the asset throughout the period of the lease and
- (iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use (ROU) asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of 12 months or less (short-term leases) and low value leases. For these short term and low-value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

Lease liability and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

**(v) IMPAIRMENT OF NON FINANCIAL ASSETS:**

The Company periodically assesses whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the amount of asset does not exceed the net book value that would have been determined if no impairment loss had been recognized.

**(vi) INVENTORIES**

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

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

Cost of Finished Goods and Work in Progress is taken as cost of the materials and other cost of manufacture upto various stage of completion. Stores and spares are valued at cost on First in First out basis.

The Net realisable value of work-in-progress is determined with reference to the selling prices of related finished products.

Raw Material, components and other supplies held for use in the production of finished products are not written down below cost except in cases where material prices have declined and it is estimated that the cost of the finished products will exceed their net realisable value. The comparison of cost and net realisable value is made on item-by-item basis.

Stores & Spares which do not meet the definition of PPE are accounted as inventories.

**(vii) CASH AND CASH EQUIVALENTS:**

Cash and cash equivalents comprise cash at bank and on hand and short-term, highly liquid deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## (viii) GOVERNMENT GRANTS

Grants and subsidies from the government are recognised when there is reasonable assurance that

- (i) the Company will comply with the conditions attached to them, and
- (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in profit or loss over the periods necessary to match them with the related costs, which they are intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income. When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

## (ix) FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

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

### a. Financial Assets

**Initial Recognition and Measurement:** The Company initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

**Classification of financial assets:** On initial recognition, a financial asset is classified to be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL). A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- i) The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL;

- i) The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Equity investments (other than investments in subsidiaries and joint ventures):**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- a) The Company's right to receive the dividends is established,
- b) It is probable that the economic benefits associated with the dividends will flow to the entity,
- c) The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**Investment in Subsidiaries, Associates and Joint ventures:**

The Company's investment in equity instruments of Subsidiaries, Associates and Joint venture are accounted for at cost as per Ind AS 27.

**Derecognition of financial assets:** The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an

associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

**Impairment:** The Company assesses at each reporting date whether a financial asset (or a group of financial assets) is impaired based on evidence or information that is available without undue cost or effort. Expected credit losses are assessed and loss allowances recognised if the credit quality of the financial asset has deteriorated significantly since initial recognition. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

## **b. Financial liabilities and equity instruments**

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

### **Recognition and initial Measurement**

A financial liability is classified as held for trading if:

- i) It has been incurred principally for the purpose of repurchasing it in the near term; or
- ii) on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- iii) it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is



managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii) it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss. The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

### **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

#### **Loans and borrowings**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are de-recognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

#### **Trade and other payables**

These amounts represent liabilities for goods or services provided to the Company which are unpaid at the end of the reporting period. Trade and other payables are presented as current liabilities when the payment is due within a period of 12 months from the end of the reporting period. For all trade and other payables classified as current, the carrying amounts approximate fair value due to the short maturity of these instruments. Other payables falling due after 12 months from the end of the reporting period are presented as non-current liabilities and are measured at amortized cost unless designated as fair value through profit and loss at the inception.

#### **Other financial liabilities at fair value through profit or loss:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognized in the profit or loss.

#### **Other financial liabilities:**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

#### **Derecognition of financial liabilities:**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is



accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

### **c. Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

### **d. Fair value measurement**

The Company measures financial instruments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, or
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

## **(x) REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, goods and services tax and amount collected on behalf of third parties.

**Revenue from contracts with customers** is recognized when control of the goods and services are transferred to the customer at an amount that reflects the consideration which the Company expects to be entitled in exchange for those goods or services.

**Revenue from sale of goods** is recognized at the point of time when the control of the goods is transferred to the customer, which generally coincides with the delivery of the goods.

The Company considers any other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the goods, the Company considers the effect of variable consideration, the existence of significant financing components, non-cash consideration and consideration payable to the customer, if any. Revenue is recognized when the performance obligation is satisfied either over time or at a point of time.

Unbilled revenue is recorded for the goods that have been dispatched and supplementary invoices are yet to be raised. Revenue is measured at the fair value of the consideration received or receivable.

**Other Operating Revenues** comprise of income from ancillary activities incidental to the operations of the Company and is recognised when the right to receive the income is established as per the terms of the contract.

**Dividend income** from investments is recognised when the Company's right to receive payment has been established.

**Interest Income** from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or shorter period, where appropriate to the gross carrying amount of the financial asset or to the amortized cost of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss. The expected cash flows are reassessed on a yearly basis and changes, if any, are accounted prospectively.

## **(xi) FOREIGN CURRENCY TRANSACTIONS**

### **Functional and presentation currency**

The Financial Statements are presented in Indian Rupee (₹) which is also the functional and presentation currency of the Company.

#### **(a) Initial recognition**

Transactions in foreign currencies are translated into the functional currency (i.e., ₹) of the Company at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transactions.

#### **(b) Conversion**

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

## **(xii) EMPLOYEE BENEFITS**

### **Retirement benefit costs and termination benefits:**

- (i) **Defined Contribution Plan:** A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company makes specified monthly contributions towards Provident Fund and Employee State Insurance. The Company's contribution is recognized as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
- (ii) **Defined Benefit Plan:** The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognised in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- a) service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- b) net interest expense or income; and
- c) re-measurement

The Company presents the first two components of defined benefit costs in profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. The Company presents the above liability/(asset) as current and non-current in the Balance Sheet as per actuarial valuation by the independent actuary and also considering whether the Company will contribute this amount to the gratuity fund within the next twelve months.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### **Short term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related

service are recognized in respect of employees' services upto the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**Other long term employee benefit**

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

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

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

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

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

**(xiii) BORROWING COST**

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(xiv) EARNINGS PER SHARE**

Basic earnings per share is computed by dividing the profit / (loss) after tax attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving

basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

## **(xv) TAXATION**

Income tax expense represents the sum of the current tax and deferred tax.

- (i) Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in other comprehensive income / equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.
- (ii) Deferred tax is provided, using the balance sheet method, on all deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes and on carry forward of unused tax credits and unused tax loss. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside profit or loss is recognised outside profit or loss (either in other comprehensive income or equity).

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets (including Minimum Alternate Tax credit available) is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

### **Presentation of current and deferred tax:**

Current and deferred tax are recognized as income or an expense in the Statement of Profit and Loss, except when they relate to items that are recognized in Other Comprehensive Income, in which case, the current and deferred tax income/expense are recognized in Other Comprehensive Income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

## **(xvi) PROVISIONS**

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the

present value of those cash flows (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(xvii) CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Financial Statements.

Contingent assets are not recognised but disclosed in the Financial Statements when an inflow of economic benefits is probable.

**D SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

In the course of applying the policies outlined in all notes under Section C above, the Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

**Assumptions and Estimation Uncertainty:**

**(i) Useful Lives of Property, Plant and Equipment:**

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly, depreciable lives are reviewed annually using the best information available to the Management.

**(ii) Impairment:**

Determining whether the assets are impaired requires an estimate in the value in use of the assets. The value in use calculation requires the Management to estimate the future cash flows expected to arise from the asset and a suitable discount rate in order to calculate present value. When the actual cash flows are less than expected, a material impairment loss may arise.

**(iii) Provisions and Contingencies:**

Provisions and liabilities are recognized in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## **(iv) Fair Value Measurement:**

When the fair values of financial assets or financial liabilities recorded or disclosed in the Financial Statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 39.

## **(v) Taxes:**

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

## **(vi) Defined Benefit Obligation:**

The costs of providing Gratuity and other post-employment benefits are charged to the Statement of Profit and Loss in accordance with Ind AS 19 'Employee benefits' over the period during which benefit is derived from the employees' services. The costs are assessed on the basis of assumptions selected by the management. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates. The same is disclosed in Note. 38, 'Employee benefits'.

## **E RECENT ACCOUNTING PRONOUNCEMENTS:**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below

**Ind AS 16 – Property Plant and equipment** - The amendment clarifies that excess of net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its financial statements.

**Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets** – The amendment specifies that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.



(₹ in lakhs)

## NOTES TO THE FINANCIAL STATEMENTS:

## 2 Property, Plant and Equipment

Particulars	Land	Buildings	Plant and Equipment	Furniture and Fixtures	Vehicles	Office Equipment	Computer	Total
<b>Gross carrying value</b>								
<b>As at 31st March, 2021</b>	189.31	1,221.58	3,606.43	31.19	64.49	85.72	47.73	5,246.45
Additions during the year	-	38.50	527.45	0.39	-	4.23	6.88	577.45
Deletions during the year	-	-	-	-	-	0.71	-	0.71
<b>As at 31st March, 2022</b>	<b>189.31</b>	<b>1,260.08</b>	<b>4,133.88</b>	<b>31.58</b>	<b>64.49</b>	<b>89.24</b>	<b>54.61</b>	<b>5,823.19</b>
<b>Accumulated Depreciation</b>								
As at 31st March, 2021	-	254.45	1,937.67	16.96	29.40	21.46	36.17	2,296.11
Depreciation for the year	-	51.19	369.05	1.71	10.51	6.24	6.93	445.63
Withdrawn during the year	-	-	-	-	-	-	-	-
<b>As at 31st March, 2022</b>	<b>-</b>	<b>305.64</b>	<b>2,306.72</b>	<b>18.67</b>	<b>39.91</b>	<b>27.70</b>	<b>43.10</b>	<b>2,741.74</b>
<b>Net Carrying value</b>								
As at 31st March, 2021	189.31	967.13	1,668.76	14.23	35.09	64.26	11.56	2,950.34
As at 31st March, 2022	<b>189.31</b>	<b>954.44</b>	<b>1,827.16</b>	<b>12.91</b>	<b>24.58</b>	<b>61.54</b>	<b>11.51</b>	<b>3,081.45</b>

(i) The title deeds of immovable property (other than immovable properties where the Company is the lessee, and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.

(ii) The Company has not revalued its Property, Plant and Equipment.



Particulars	Buildings
<b>3 Right-of-Use Assets</b>	
<b>Gross Carrying Value</b>	
As at 31st March, 2021	23.09
Additions during the year	-
Deletions during the year	-
<b>As at 31st March, 2022</b>	<b>23.09</b>
<b>Accumulated Depreciation</b>	
As at 31st March, 2021	12.83
Depreciation for the year	5.54
Withdrawn during the year	-
<b>As at 31st March, 2022</b>	<b>18.37</b>
<b>Net Carrying Value</b>	
As at 31st March, 2021	10.26
<b>As at 31st March, 2022</b>	<b>4.72</b>
<b>4 Capital Work-in-progress</b>	

Particulars	Land	Building	Total
<b>Gross carrying value</b>			
As at 31st March, 2021	-	226.44	226.44
Additions during the year	-	72.41	72.41
Deletions during the year	-	226.44	226.44
<b>As at 31st March, 2022</b>	<b>-</b>	<b>72.41</b>	<b>72.41</b>

### Disclosure Regarding CWIP

#### As at 31st March, 2022

CWIP	Amount in CWIP for a period of				Total*
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
-Projects in progress	72.41	-	-	-	72.41
-Projects temporarily suspended	-	-	-	-	-

#### As at 31st March, 2021

CWIP	Amount in CWIP for a period of				Total*
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
-Projects in progress	226.44	-	-	-	226.44
-Projects temporarily suspended	-	-	-	-	-

\*There is no CWIP whose completion is overdue/ has exceeded its cost compared to its original plan.

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

## 5 Investment Property

Particulars	Land	Buildings	Total
<b>Gross carrying value</b>			
As at 31st March, 2021	2.22	204.57	206.79
Additions during the year	-	-	-
Deletions during the year	-	-	-
<b>As at 31st March, 2022</b>	<b>2.22</b>	<b>204.57</b>	<b>206.79</b>
<b>Accumulated Amortization and Impairment</b>			
As at 31st March, 2021	-	38.55	38.55
Depreciation for the year	-	7.71	7.71
Withdrawn during the year	-	-	-
<b>As at 31st March, 2022</b>	<b>-</b>	<b>46.26</b>	<b>46.26</b>
<b>Net Carrying value</b>			
As at 31st March, 2021	2.22	166.02	168.24
<b>As at 31st March, 2022</b>	<b>2.22</b>	<b>158.31</b>	<b>160.53</b>

Note:

- i) Fair Value of Land and Building held as Investment Property - ₹ 192.29 Lakhs (Previous year - ₹ 192.29 Lakhs)
- ii) The fair value of investment property has been determined with reference to the guideline value for the year ended 31.03.2022 as determined by the Government for the location at which the property is situated and adjusted for the depreciated value of buildings.

## 6 Other Intangible Assets

Particulars	Computer Software
<b>Gross Carrying Value</b>	
As at 31st March, 2021	3.55
Additions during the year	-
Deletions during the year	-
<b>As at 31st March, 2022</b>	<b>3.55</b>
<b>Accumulated Amortisation</b>	
As at 31st March, 2021	2.75
Amortization for the year	-
Withdrawn during the year	-
<b>As at 31st March, 2022</b>	<b>2.75</b>
<b>Net Carrying Value</b>	
As at 31st March, 2021	0.80
As at 31st March, 2022	0.80

**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>7 Other Financial Assets</b>		
Non-Current		
Security deposits*	150.02	92.33
<b>Total</b>	<b>150.02</b>	<b>92.33</b>
*Security deposits comprises of deposits given for service providers such as electricity, telephone etc.,		
<b>8 Other Non-Current Assets</b>		
Capital advances	62.28	16.81
<b>Total</b>	<b>62.28</b>	<b>16.81</b>
<b>9 Inventories</b>		
Raw Materials	435.76	271.26
Work-in-progress	322.83	236.18
Finished Goods	109.52	34.79
Stores and Spares	282.96	189.57
<b>Total</b>	<b>1,151.07</b>	<b>731.80</b>
i) For method of valuation of inventories (Refer Note: 1)		
ii) Inventory with the above mentioned carrying amount have been pledged as security against certain bank borrowings of the Company (Refer Note: 21)		
iii) Cost of inventory recognised as an expense:		
Cost of materials consumed	5,718.29	3,367.82
Consumption of Stores & Spares	310.96	244.29
<b>Total</b>	<b>6,029.25</b>	<b>3,612.11</b>
iv) The quarterly returns or statements comprising (stock statements, book debt statements, statements on ageing analysis of the debtors/other receivables, and other stipulated financial information) filed by the Company with banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.		
<b>10 Trade receivables</b>		
<i>Unsecured</i>		
Trade Receivable Considered good (Refer Note :42 for dues from related parties)	3,904.26	2,916.09
Unbilled Revenue	11.91	-
<b>Total</b>	<b>3,916.17</b>	<b>2,916.09</b>

**Note :**

The Company's exposure to credit and currency risk and loss allowances related to Trade Receivables are disclosed in Note: 40.

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

## Term Trade Receivables Ageing Schedule as at 31st March, 2022

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
i) Undisputed Trade receivables – considered good	3,871.88	31.72	12.57	-	-	3,916.17
ii) Undisputed Trade receivable - which have significant increase in credit risk.	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	-	-	-	-	-	-
iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
v) Disputed Trade receivable - which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables - Credit impaired	-	-	-	-	-	-

## Term Trade Receivables Ageing Schedule as at 31st March, 2021

(₹ in lakhs)	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	TOTAL
i) Undisputed Trade receivables – considered good	2,851.47	7.61	23.24	15.49	18.28	2,916.09
ii) Undisputed Trade receivable - which have significant increase in credit risk.	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	-	-	-	-	-	-
iv) Disputed Trade receivables – considered good	-	-	-	-	-	-
v) Disputed Trade receivable - which have significant increase in credit risk	-	-	-	-	-	-
vi) Disputed Trade Receivables - Credit impaired	-	-	-	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>11 Cash and cash equivalents</b>		
Balances with banks		
- In Current accounts	25.85	9.77
- In Cash Credit	-	61.56
Cash on hand	0.36	0.40
<b>Total</b>	<b>26.21</b>	<b>71.73</b>
<b>12 Bank balances other than above</b>		
Earmarked Balances		
- In Unpaid Dividend Account	19.10	20.21
- In Margin Money Account	29.12	27.75
Balances with Banks		
In Fixed Deposit ( with original maturity period of more than 3 months and less than 12 months)	1,416.98	1,416.66
<b>Total</b>	<b>1,465.20</b>	<b>1,464.62</b>
<b>Notes:</b>		
Margin Money with banks is towards of Bank Guarantee and Letter of Credit		
<b>13 Other Financial assets</b>		
Export Incentive Receivable	6.62	5.82
Interest Receivable	35.09	3.29
<b>Total</b>	<b>41.71</b>	<b>9.11</b>
<b>14 Other current assets</b>		
Advances for Expenses	27.99	22.89
Advance to Suppliers	50.16	14.19
Employee Advances	1.56	1.86
Prepaid expenses	97.20	46.97
Gratuity asset	-	15.69
Receivable from statutory authorities	389.36	359.82
<b>Total</b>	<b>566.27</b>	<b>461.42</b>

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

## 15 Equity share capital

Particulars	31.03.2022		31.03.2021	
	No. of shares (in numbers)	Amount	No. of shares (in numbers)	Amount
Authorized Share Capital			-	-
Equity shares of ₹10/- each	50.00	500.00	50.00	500.00
	<b>50.00</b>	<b>500.00</b>	<b>50.00</b>	<b>500.00</b>
Issued and Subscribed Capital				
Equity shares of ₹10/- each fully paid	42.32	423.21	42.32	423.21
	<b>42.32</b>	<b>423.21</b>	<b>42.32</b>	<b>423.21</b>

## As at 31st March, 2022 Shares held by Promoters &amp; Promoters Group at the end of the year

S. No	Promoter name	No. of Shares	% of total shares	% Change during the year
1	N Krishna Samaraj (HUF)	7,70,000	18.19%	-
2	Muthulakshmi N	6,59,091	15.57%	(15.00%)
3	Nivedita Lakshmi Narayanaswamy	2,30,000	5.43%	-
4	Ranganayaki N	2,08,000	4.91%	6.67%
5	Ajeya Vel Narayanaswamy	1,73,000	4.09%	302.33%
6	Krishna Samaraj N	86,130	2.04%	11.86%
7	Mahitha Vijayakumar	77,855	1.84%	244.49%
8	Vijayakumar Venkatkumar	45,000	1.06%	-
9	Janardhana Naidu Vijayakumar	10,100	0.24%	-
10	Aditya Vijayakumar	-	-	(100.00%)

## As at 31st March, 2021 Shares held by Promoters &amp; Promoters Group at the end of the year

S. No	Promoter name	No. of Shares	% of total shares	% Change during the year
1	N Krishna Samaraj (HUF)	7,70,000	18.19%	0.25%
2	Muthulakshmi N	7,77,091	18.36%	(3.72%)
3	Nivedita Lakshmi Narayanaswamy	2,30,000	5.43%	-
4	Ranganayaki N	1,95,000	4.61%	-
5	Ajeya Vel Narayanaswamy	43,000	1.02%	514.29%
6	Krishna Samaraj N	77,000	1.82%	4.56%
7	Mahitha Vijayakumar	22,600	0.53%	-
8	Vijayakumar Venkatkumar	45,000	1.06%	-
9	Janardhana Naidu Vijayakumar	10,100	0.24%	-
10	Aditya Vijayakumar	55,255	1.31%	-

\*Promoter here means promoter as defined in the Companies Act, 2013.

**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

**a. Terms and rights attached to equity shares**

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

**b. Reconciliation of shares outstanding at the beginning and at the end of the period**

Particulars	31.03.2022		31.03.2021	
	No. of shares (in numbers)	Amount	No. of shares (in numbers)	Amount
Shares outstanding at the beginning of the year	42.32	423.21	45.82	458.22
Shares Issued / bought back during the year	-	-	(3.50)	(35.01)
Shares outstanding at the end of the year	42.32	423.21	42.32	423.21

**c. Details of Shareholders holding more than 5% shares in the Company**

Particulars	31.03.2022		31.03.2021	
	No. of shares	% holding in class of shares	No. of shares	% holding in class of shares
<i>Equity shares with voting rights</i>				
N Krishna Samaraj (HUF)	7,70,000	18.19%	7,70,000	18.19%
Muthulakshmi N	6,59,091	15.57%	7,77,091	18.36%
Nivedita Lakshmi Narayanaswamy	2,30,000	5.43%	2,30,000	5.43%
	<b>16,59,091</b>	<b>39.19%</b>	<b>17,77,091</b>	<b>41.98%</b>

**d. Details of shares held by Holding Company:**

There are no shares held by Holding Company/Subsidiaries of ultimate Holding Company

**e. Details of shares issued for consideration other than cash in the immediately preceding five years:**

There are no shares issued for consideration other than cash.

**f. Details of share allotted by way of Bonus shares or any buy back in the immediately preceding five years:**

In terms of Board Resolution dt., 18th September, 2020 the Company bought back 3,50,096 equity shares of ₹ 10 each at a price of ₹ 175 per share from the eligible shareholders on the record date 01.10.2021 fixed for the purpose aggregating to 7.64% of the paid up capital. As required under Section 69 read with Section 68 of the Companies Act, 2013 an amount of ₹ 35 lakhs has been transferred to Capital Redemption Reserve from the surplus in Profit & Loss A/c / General Reserve in Financial Year 2020-21. The aggregate expenses incurred for the Buy-Back was ₹ 44.77 lakhs. This amount is written off under Other Expenses in Schedule No.34 during the Financial year 2020-21.

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>16 Other Equity</b>		
<i>General Reserve</i>		
Opening balance	3,600.00	3,400.00
Add: Addition during the year	200.00	200.00
[A]	<u>3,800.00</u>	<u>3,600.00</u>
<i>Capital Redemption Reserve</i>		
Opening balance	35.01	-
Add: Addition during the year	-	35.01
[B]	<u>35.01</u>	<u>35.01</u>
<i>Surplus in the Statement of Profit &amp; Loss</i>		
Opening balance	3,045.95	3,475.30
Add: Profit/(Loss) for the year	772.90	517.86
Less: Appropriation to General Reserve	(200.00)	(200.00)
Less: Appropriation to Capital Redemption Reserve	-	(35.01)
Less: Dividends	(63.48)	-
Less: Buyback of 3,50,096 shares (face value of ₹ 10 each)	-	(577.66)
Less: Buyback distribution tax paid for 3,50,096 shares	-	(134.54)
[C]	<u>3,555.37</u>	<u>3,045.95</u>
<i>Other Comprehensive Income</i>		
Opening balance	29.57	16.29
Add: Addition during the year	(11.97)	13.28
[D]	<u>17.60</u>	<u>29.57</u>
<b>Total</b>	<b>7407.98</b>	<b>6710.53</b>

## 17 Borrowings

Particulars	Non Current portion		Current maturities	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Lease Liabilities	-	7.71	7.71	5.74
<b>Total</b>	-	<b>7.71</b>	<b>7.71</b>	<b>5.74</b>



## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>18 Employee Benefit Obligations</b>		
Provision for Leave Encashment(Refer Note :38)	28.87	25.11
Provision for Gratuity (Refer Note : 38)	9.18	-
<b>Total</b>	<b>38.05</b>	<b>25.11</b>
<b>19 Deferred Tax Liabilities (Net)</b>		
<b>Deferred tax liability</b>		
On Property, Plant and Equipment	218.90	247.23
	<b>218.90</b>	<b>247.23</b>
<b>Deferred tax asset</b>		
On expenses allowable against taxable income in future years	10.80	(2.87)
	<b>10.80</b>	<b>(2.87 )</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>208.10</b>	<b>250.10</b>

### Statement of changes in Deferred Tax Assets/ Liabilities

Particulars	31.03.2022			
	As at 1st April, 2021	Recognized in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31st March, 2022
<b>Deferred tax liability (A)</b>				
On Property, Plant and Equipment	247.23	(28.33)	-	218.90
	<b>247.23</b>	<b>(28.33)</b>	-	<b>218.90</b>
<b>Deferred tax asset (B)</b>				
On expenses allowable against taxable income in future years	(2.87)	9.67	4.00	10.80
	<b>(2.87)</b>	<b>9.67</b>	<b>4.00</b>	<b>10.80</b>
<b>Total (A-B)</b>	<b>250.10</b>	<b>(38.00)</b>	<b>(4.00)</b>	<b>208.10</b>

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2021			
	As at 1st April, 2020	Recognized in Statement of Profit and Loss	Recognised in Other Comprehensive Income	As at 31st March, 2021
<b>Deferred tax liability (A)</b>				
On Property, Plant and Equipment	276.11	(28.88)	-	247.23
	<b>276.11</b>	<b>(28.88)</b>	-	<b>247.23</b>
<b>Deferred tax asset (B)</b>				
On expenses allowable against taxable income in future years	2.56	(0.96)	(4.47)	-2.87
	<b>2.56</b>	<b>(0.96)</b>	<b>(4.47)</b>	<b>-2.87</b>
<b>Total (A-B)</b>	<b>273.55</b>	<b>(27.92)</b>	<b>4.47</b>	<b>250.10</b>

Particulars	31.03.2022	31.03.2021
<b>20 Government grants</b>		
Deferred Income	-	4.92
<b>Total</b>	<u>-</u>	<u>4.92</u>
<b>21 Borrowings</b>		
<i>Secured Loans</i>		
<i>Loans repayable on demand</i>		
From banks		
- Cash Credit	296.44	-
- Bill Discounting	194.85	-
Lease Liabilities	7.71	5.74
<b>Total</b>	<u>499.00</u>	<u>5.74</u>

**Note :**

Working Capital Facilities from Axis Bank Limited and Union Bank of India Limited are secured by pari-passu first charge on the current assets of the Company. Working Capital Facilities are further secured by pari-passu second charge on the specific immovable properties situated at S.F.No. 34, 35/1 Part, 36/4 Part of Mullupadi Village, Thamaraikulam, Pollachi, Coimbatore District, Tamilnadu.

Working Capital Facilities from Banks are repayable on demand and carries interest rates varying from 9.00% p.a to 9.65% p.a.

In respect of borrowings made during the year, the charge on the assets given as security to the lender have been created on time in compliance of the regulatory requirements.

Particulars	31.03.2022	31.03.2021
<b>22 Trade Payables</b>		
Total Outstanding dues of Micro Enterprises and Small Enterprises	239.58	258.61
Total Outstanding dues of creditors other than Micro Enterprises and Small Enterprises	936.72	650.52
<b>Total</b>	<b><u>1,176.30</u></b>	<b><u>909.13</u></b>

**Note:**

Steps have been taken to identify the suppliers who qualify under the definition of micro and small enterprises, as defined under the Micro, Small and Medium Enterprises Development Act 2006.

**Ageing of Trade Payables for the Year Ended 31.03.2022**

Particulars	Less than 1 year	1 year - 2 years	2 years - 3 years	More than 3 years
Micro Enterprises and Small Enterprises	239.58	-	-	-
Others	936.72	-	-	-
Disputed dues - MSME	-	-	-	-
Disputed dues - Others	-	-	-	-
<b>Total</b>	<b>1,176.30</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Ageing of Trade Payables for the Year Ended 31.03.2021**

Particulars	Less than 1 year	1 year - 2 years	2 years - 3 years	More than 3 years
Micro Enterprises and Small Enterprises	258.61	-	-	-
Others	650.52	-	-	-
Disputed dues - MSME	-	-	-	-
Disputed dues - Others	-	-	-	-
<b>Total</b>	<b>909.13</b>	<b>-</b>	<b>-</b>	<b>-</b>

**23 Other Financial Liabilities**

Unpaid Dividend	19.10	20.21
Employee Benefits payable	148.94	107.26
Retention Money Payable	8.02	8.84
Creditors for Capital Assets	11.46	59.93
Creditors for Expenses*	601.83	411.60
Other Payables & Accruals	46.53	122.69
<b>Total</b>	<b><u>835.88</u></b>	<b><u>730.53</u></b>

\* Creditors for Expenses include Payable to related party refer Note : 42

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>24 Employee Benefit Obligations</b>		
Provision for Leave Encashment	5.16	6.18
<b>Total</b>	<b>5.16</b>	<b>6.18</b>
<b>25 Government Grant</b>		
Deferred Income	-	3.12
<b>Total</b>	<b>-</b>	<b>3.12</b>
<b>26 Other Current Liabilities</b>		
Statutory Dues Payable	38.01	28.20
Advance From Customers	0.03	1.78
<b>Total</b>	<b>38.04</b>	<b>29.98</b>
<b>27 Current Tax Liabilities (Net)</b>		
Current tax Liability (Net)	13.71	-
Add: Current tax payable for the year	300.00	211.37
Less: Taxes paid	246.59	197.66
<b>Total</b>	<b>67.12</b>	<b>13.71</b>
<b>28 Revenue from Operations</b>		
Sale of Products	13,308.06	9,678.36
[A]	<b>13,308.06</b>	<b>9,678.36</b>
Other operating revenue		
Export Incentives	146.11	71.58
Scrap Sales	48.57	30.78
[B]	<b>194.68</b>	<b>102.36</b>
<b>Total</b>	<b>13,502.74</b>	<b>9,780.72</b>
<b>Details of product sold:</b>		
<b>Export Sales:</b>		
Sale of Castings	5,866.06	4,743.04
Sale of Patterns	100.64	21.59
[A]	<b>5,966.70</b>	<b>4,764.63</b>

**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>Domestic Sales:</b>		
Sale of Castings	7,253.80	4,766.20
Sale of Patterns	87.56	147.53
	[B]	
	<b>7,341.36</b>	<b>4,913.73</b>
<b>Total</b>	<b>13,308.06</b>	<b>9,678.36</b>

**29 Other Income**

Interest Income	109.14	62.69
Foreign Exchange gain (Net)	81.30	28.30
Profit on sale of Property, Plant and Equipment	-	2.56
Lease Rental Receipts	21.00	21.00
Government Grant	8.04	3.80
Insurance Claim Received	1.19	1.64
Miscellaneous Income	24.06	1.16
<b>Total</b>	<b>244.73</b>	<b>121.15</b>

**30 Cost of Materials Consumed**

Opening stock	271.27	190.02
Add: Purchases	5,882.78	3,449.07
	<b>6,154.05</b>	<b>3,639.09</b>
Less: Closing stock	435.76	271.27
<b>Cost of Materials Consumed</b>	<b>5,718.29</b>	<b>3,367.82</b>

Particulars	2021-2022		2020-2021	
	% of consumption	Amount	% of consumption	Amount
Indigenous	98%	5,600.23	98%	3,303.84
Imports	2%	118.06	2%	63.98
<b>Total</b>	<b>100%</b>	<b>5,718.29</b>	<b>100%</b>	<b>3,367.82</b>

**31 Changes in inventories of Finished Goods and Work in progress****Closing Stock of Inventory**

Work-in-progress	322.83	236.18
Finished goods	109.52	34.79
	<b>432.35</b>	<b>270.97</b>

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>Opening Stock of Inventory</b>		
Work-in-progress	236.18	487.66
Finished goods	34.79	56.73
	<u>270.97</u>	<u>544.39</u>
<b>Net Increase / (Decrease) in inventories of finished goods and Work in progress</b>	<u>(161.38)</u>	<u>273.42</u>
<b>32 Employee Benefits Expense</b>		
Salaries, Wages and Bonus	1,254.69	1,107.05
Contributions to provident and other funds	67.08	61.03
Staff Welfare Expenses	144.19	87.49
<b>Total</b>	<u>1,465.96</u>	<u>1,255.57</u>
<b>33 Finance Costs</b>		
Interest on Borrowings (Net)	25.03	1.00
Interest on lease obligations	1.70	2.34
Bill Discounting Charges	0.42	-
Interest on Income Tax	0.46	-
Other Borrowing Costs	4.71	4.16
<b>Total</b>	<u>32.32</u>	<u>7.50</u>
<b>34 Depreciation and Amortization Expenses</b>		
Depreciation of Property, Plant & Equipment (Refer Note: 2)	445.63	403.93
Depreciation of Investment property (Refer Note: 5)	7.71	7.71
Amortisation of Right of Use Asset (Refer Note: 3)	5.54	5.54
<b>Total</b>	<u>458.88</u>	<u>417.18</u>
<b>35 Other Expenses</b>		
Labour Charges	281.62	169.96
Machining Charges	1,972.77	1,424.70
Power and Utilities (Net)	1,032.63	702.18
Processing Charges	444.32	421.53
Pattern Making Charges	118.05	102.92
Stores & Spares Consumed	310.96	244.29
<u>Repairs and maintenance</u>		
Machinery	130.23	121.10
Building	66.90	51.95

**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
Insurance	46.27	52.87
Licence, Rates and Taxes	11.69	13.80
Clearing & Forwarding Charges	71.05	57.36
Packing Material	392.50	260.95
Auditor's Remuneration (Refer Note 35 (a))	10.80	11.08
Corporate Social Responsibility Expenditure (Refer Note 35 (b))	20.35	21.16
Expenses on Buyback of Equity Shares	-	44.77
Miscellaneous Expenses	288.36	178.33
<b>Total</b>	<b>5,198.50</b>	<b>3,878.95</b>

**35 (a) Payment to the Auditors (Exclusive of GST)**

Payment to auditors includes the following:

(a) As Auditor:

- For Statutory Audit	9.00	9.00
- For Tax Audit	1.80	1.80
- For GST Audit	-	-

(b) For Taxation matters

-

(c) For Certification and Others

-

**Total payment to auditors#****10.80****11.08**

#Includes amount paid to Predecessor Auditor

**35 (b) Corporate Social Responsibility Expenditure**

Opening Gross Amount required to be spent by the Company towards CSR Activities	-	-
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Amount required to be spent as per Section 135 of the Act during the year	20.35	20.93
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Amount spent through Trusts / Implementing Agencies	-	20.25
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Amount spent directly	20.35	0.91
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**20.35****21.16**

Amount spent during the year towards

(i) Construction of an asset

-

(ii) On purpose other than (i) above

-

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
1) Healthcare	-	20.25
2) Covid Care	20.35	0.91
3) Women and Children Welfare	-	-
4) Education	-	-
<b>Closing Gross Amount required to be spent by the Company towards CSR Activities</b>	<b>-</b>	<b>-</b>
<b>36 Tax Expense</b>		
<b>(a) Income tax expenses</b>		
<b>Current Tax</b>		
Current tax on profit for the year	300.00	211.49
[A]	<b>300.00</b>	<b>211.49</b>
<b>Deferred Tax</b>		
Decrease /(increase) in deferred tax assets	9.67	(0.96)
(Decrease) /increase in deferred tax liabilities	28.33	28.88
[B]	<b>38.00</b>	<b>27.92</b>
Tax expense recognized in Statement of Profit and Loss TOTAL [A-B]	<b>262.00</b>	<b>183.57</b>
Tax expense recognized in Other Comprehensive Income [C]	(4.00)	4.47
<b>Total Tax Expense [B+C]</b>	<b>258.00</b>	<b>188.04</b>
<b>(b) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:</b>		
Profit before income tax expense	1,034.90	701.43
Tax at the Indian tax rate of 25.168% (2020-2021 – 25.168%)	260.46	176.54
<b><u>Tax effect of amounts which are not deductible (taxable) in calculating taxable income:</u></b>		
- On Account of Corporate Social Responsibility expenditure	5.57	5.34
- Adjustments of current tax of prior periods	-	0.12
- Others	(4.03)	1.57
Income tax expense	<b>262.00</b>	<b>183.57</b>

The above workings are provisional computation of tax expenses and are subject to finalisation including that of tax audit.

There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.



**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>37 Earnings Per Share</b>		
Profit after tax attributable to equity share holders	772.90	517.86
Total number of equity shares outstanding at balance sheet date	42.32	44.36
Weighted average number of equity shares outstanding, considered for the purpose of computing EPS	42.32	44.36
Face value per equity share (₹)	10.00	10.00
<b>Basic and diluted earnings per share (₹)</b>	<b>18.26</b>	<b>11.67</b>
<b>38 Gratuity</b>		
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS</b> [Expressed as weighted averages]		
Discount Rate	6.86%	6.46%
Rate of increase in compensation levels	7.00%	6.00%
Attrition Rate	10.00%	10.00%
Expected rate of return on Plan Assets	6.86%	6.46%
All amounts are in Lakhs Rupees		
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)</b>		
PVO as at the beginning of the period	<b>160.62</b>	<b>156.21</b>
Interest Cost	9.85	10.09
Current service cost	14.78	15.59
Past service cost	-	-
Benefits paid and Charges deducted	(16.27)	(5.01)
Actuarial loss/(gain) on obligation (balancing figure)	17.95	(16.26)
PVO as at the end of the period	<b>186.91</b>	<b>160.62</b>
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
Fair value of plan assets as at the beginning of the period	<b>176.29</b>	<b>161.60</b>
Expected return on plan assets	11.01	10.68
Contributions	4.72	7.53
Benefits paid and Charges deducted	(16.27)	(5.01)

**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
Actuarial gain/(loss) on plan assets [balancing figure]	1.98	1.49
Fair value of plan assets as at the end of the period	<b>177.73</b>	<b>176.29</b>
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	11.01	10.68
Actuarial gain (loss) on plan assets	1.98	1.49
Actual return on plan assets	12.99	12.17
<b>V. ACTUARIAL GAINS AND LOSSES RECOGNIZED</b>		
Actuarial gain (loss) for year - obligation	(17.95)	16.26
Actuarial gain (loss) for year - plan assets	1.98	1.49
Subtotal	(15.97)	17.75
Actuarial (gain) / loss recognized	15.97	(17.75)
Unrecognized actuarial gains (losses) at the end of the period	-	-
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>		
Present value of the obligation	186.91	160.62
Fair value of plan assets	177.73	176.29
Amount determined under para 63 of Ind AS19	9.18	(15.68)
Net Defined Benefit Liability recognized in the balance sheet	9.18	-
Present value of future reduction in contribution under para 65 of Ind AS 19	-	15.68
Net Defined Benefit Asset recognised under para 64 of Ind AS19	-	<b>15.68</b>
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	14.78	15.59
Net Interest on Net Defined Benefit Obligations	(1.17)	(0.60)
Net actuarial (gain)/loss recognised during the period	-	-
Past service cost	-	-
Expenses recognized in the statement of profit and loss	<b>13.61</b>	<b>14.99</b>

Particulars	31.03.2022	31.03.2021
<b>VIII.AMOUNT RECOGNIZED FOR THE CURRENT PERIOD IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME [OCI]</b>		
Actuarial (gain)/loss on Plan Obligations	17.95	(16.26)
Difference between Actual Return and Interest Income on Plan Assets- (gain)/loss	(1.98)	(1.49)
Effect of Balance Sheet asset limit	-	-
Amount recognized in OCI for the current period	15.97	(17.75)
<b>IX. MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening net liability adjusted for effect of balance sheet limit	(15.68)	(5.39)
Amount recognised in Profit and Loss	13.61	14.99
Amount recognised in OCI	15.97	(17.75)
Contribution paid	(4.72)	(7.53)
Closing net liability	<b>9.18</b>	<b>(15.68)</b>
<b>X. AMOUNT FOR THE CURRENT PERIOD</b>		
Present Value of obligation	<b>186.91</b>	<b>160.62</b>
Plan Assets	177.73	176.29
Surplus (Deficit)	(9.18)	15.68
Experience adjustments on plan liabilities -(loss)/ gain	(12.76)	8.77
Impact of Change in Assumptions on Plan Liabilities-(loss)/gain	(5.19)	7.49
Experience adjustments on plan assets -(loss)/ gain	1.98	1.49
<b>(ii) Compensated absences</b>		
<b>I. PRINCIPAL ACTUARIAL ASSUMPTIONS [Expressed as weighted averages]</b>		
Discount Rate	6.86%	6.46%
Rate of increase in compensation levels	7.00%	6.00%
Attrition Rate	10.00%	10.00%
Expected rate of return on Plan Assets	0.00%	0.00%

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>II. CHANGES IN THE PRESENT VALUE OF THE OBLIGATION (PVO)</b>		
PVO as at the beginning of the period	31.29	31.76
Interest Cost	1.62	2.08
Current service cost	5.11	5.47
Past service cost	-	-
Benefits paid	(12.69)	-
Actuarial loss/(gain) on obligation (balancing figure)	8.70	(8.02)
PVO as at the end of the period	34.03	31.29
<b>III. CHANGES IN THE FAIR VALUE OF PLAN ASSETS - RECONCILIATION OF OPENING AND CLOSING BALANCES:</b>		
Fair value of plan assets as at the beginning of the period	-	-
Expected return on plan assets	-	-
Contributions	12.69	-
Benefits paid	(12.69)	-
Actuarial gain/(loss) on plan assets [balancing figure]	-	-
Fair value of plan assets as at the end of the period	-	-
<b>IV. ACTUAL RETURN ON PLAN ASSETS</b>		
Expected return on plan assets	-	-
Actuarial gain (loss) on plan assets	-	-
Actual return on plan assets	-	-
<b>V. ACTUARIAL GAINS AND LOSSES RECOGNIZED</b>		
Actuarial gain (loss) for year - obligation	(8.70)	8.02
Actuarial gain (loss) for year - plan assets	-	-
Subtotal	(8.70)	8.02
Actuarial (gain) / loss recognized	8.70	(8.02)
Unrecognized actuarial gains (losses) at the end of the period	-	-

Particulars	31.03.2022	31.03.2021
<b>VI. AMOUNTS RECOGNISED IN THE BALANCE SHEET AND RELATED ANALYSES</b>		
Present value of the obligation	34.03	31.29
Fair value of plan assets	-	-
Difference	34.03	31.29
Liability recognized in the balance sheet	34.03	31.29
<b>VII. EXPENSES RECOGNISED IN THE STATEMENT OF PROFIT AND LOSS:</b>		
Current service cost	5.11	5.47
Interest on obligation	1.62	2.08
Expected return on plan assets	-	-
Net actuarial (gain)/loss recognised during the period	8.70	(8.02)
Past service cost	-	-
Expenses recognized in the statement of profit and loss	15.43	(0.47)
<b>VIII.MOVEMENTS IN THE LIABILITY RECOGNIZED IN THE BALANCE SHEET</b>		
Opening net liability	31.29	31.76
Expense as above	15.43	(0.47)
Contribution paid	(12.69)	-
Closing net liability	34.03	31.29
<b>IX. AMOUNT FOR THE CURRENT PERIOD</b>		
Present Value of obligation	34.03	31.29
Plan Assets	-	-
Surplus (Deficit)	(34.03)	(31.29)
Experience adjustments on plan liabilities - (loss)/gain	(7.55)	6.45
Impact of change in assumptions on plan liabilities - (loss) / gain	(1.16)	1.57
Experience adjustments on plan assets - (loss)/gain	-	-

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

## 39 Fair Value measurements

## i. Financial instruments by category

The carrying value of financial instruments by categories as at 31st March, 2022 were as follows:

Particulars	Note No.	FVTPL	FVTOCI	Cost / Amortised cost	Total Carrying value	Total Fair value
<b>Financial assets</b>						
Trade receivables	10	-	-	3,916.17	3,916.17	3,916.17
Cash and cash equivalents	11	-	-	26.21	26.21	26.21
Other bank balances	12	-	-	1,465.20	1,465.20	1,465.20
Other Financial assets	8 & 14	-	-	191.73	191.73	191.73
<b>Financial Liabilities</b>						
Borrowings	19 & 24	-	-	491.29	491.29	491.29
Trade payables	25	-	-	1,176.30	1,176.30	1,176.30
Other financial liabilities	26	-	-	835.88	835.88	835.88

The carrying value of financial instruments by categories as at 31st March, 2021 were as follows:

Particulars	Note No.	FVTPL	FVTOCI	Cost / Amortised cost	Total Carrying value	Total Fair value
<b>Financial assets</b>						
Trade receivables	10	-	-	2,916.09	2,916.09	2,916.09
Cash and cash equivalents	11	-	-	71.73	71.73	71.73
Other bank balances	12	-	-	1,464.62	1,464.62	1,464.62
Other Financial assets	8 & 14	-	-	101.44	101.44	101.44
<b>Financial Liabilities</b>						
Borrowings	19 & 24	-	-	13.45	13.45	13.45
Trade payables	25	-	-	909.13	909.13	909.13
Other financial liabilities	26	-	-	730.53	730.53	730.53

- ii. The management assessed that the fair value of cash and cash equivalents, trade receivables, loans, other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

**(iii) Fair value hierarchy**

Financial assets and financial liabilities are measured at fair value in the financial statement and are grouped into three levels of a fair value hierarchy.

The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability

Given below are the fair values based on their hierarchy.

Particulars	Carrying Amount as on 31.03.2022	As at 31.03.2022			Carrying Amount as on 31.03.2021	As at 31.03.2021		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
<b>Financial Assets not measured at Fair value*</b>								
Trade receivables	3,916.17	-	-	-	2,916.09	-	-	-
Cash and cash equivalents	26.21	-	-	-	71.73	-	-	-
Other bank balances	1,465.20	-	-	-	1,464.62	-	-	-
Other Financial assets	191.73	-	-	-	101.44	-	-	-
<b>Financial Liabilities measured at fair value</b>								
Lease Liabilities	7.71	-	-	7.71	13.45	-	-	13.45
<b>Financial Liabilities not measured at fair value*</b>								
Borrowings								
- Current	483.59	-	-	-	-	-	-	-
Trade payables	1,176.30	-	-	-	909.13	-	-	-
Other financial liabilities	835.88	-	-	-	730.53	-	-	-

\* The Company has not disclosed the fair values for short term / current financial instruments (such as short term trade receivables, short term trade payables, Current Loans and Short term borrowings etc), because their carrying amounts are a reasonable approximation of Fair value.

**iv. Measurement of fair values :**

The basis of measurement in respect of each class of financial assets and liabilities are disclosed in point no. (ix) of significant accounting policies.

**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

**40 Financial risk management**

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>
Credit risk	Cash and cash equivalents, trade receivables, financial assets measured at amortised cost.	Ageing analysis, Credit ratings
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts
Market risk – Interest rate risk	Borrowings at variable rates	Cash flow forecasting, Sensitivity analysis
Market risk – Financial Currency Risk	Adverse movements in the exchange rate between the Rupee and any relevant foreign currency	Internal Foreign Currency Exposure and risk management policy

**a. Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

**Credit risk management****Credit risk rating**

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets.

A: Low credit risk

B: Moderate credit risk

C: High credit risk

<b>Assets Group</b>	<b>Description of category</b>	<b>Provision for expected credit loss *</b>
Low credit risk	Assets where the counter-party has strong capacity to meet the obligations and where the risk of default is negligible or nil	12 month expected credit loss/ life time expected credit loss
Moderate credit risk	Assets where the probability of default is considered moderate, counter-party where the capacity to meet the obligations is not strong	12 month expected credit loss/ life time expected credit loss
High credit risk	Assets where there is a high probability of default.	12 month expected credit loss/ life time expected credit loss/ fully provided for



**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

\* An impairment analysis is performed at each reporting date on an individual basis for major clients. Any recoverability of receivables is provided for based on the impairment assessment. Historical trends showed as at 31st March, 2021 and 31st March, 2020 the Company had no significant credit risk.

Based on business environment in which the Company operates, a default on a financial asset is considered when the counterparty fails to make payments within the agreed time period as per contract. Loss rates reflecting defaults are based on actual credit loss experience and considering differences between current and historical economic conditions. Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Any subsequent recoveries made are recognised in statement of profit and loss.

**Classification of Financial assets among risk categories:****As at 31st March, 2022**

<i>Credit rating</i>	<i>Particulars</i>	<i>Gross Carrying Amount</i>	<i>Provision</i>	<i>Carrying Amount net of Provision</i>
Low credit risk	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets	5,449.29	-	5,449.29
Moderate credit risk	Nil	-	-	-
High credit risk	Nil	-	-	-

**As at 31st March, 2021**

<i>Credit rating</i>	<i>Particulars</i>	<i>Gross Carrying Amount</i>	<i>Provision</i>	<i>Carrying Amount net of Provision</i>
Low credit risk	Cash and cash equivalents, other bank balances, investments, loans, trade receivables and other financial assets	4,461.55	-	4,461.55
Moderate credit risk	Nil	-	-	-
High credit risk	Nil	-	-	-

**b. Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition,

(₹ in lakhs)

**NOTES TO THE FINANCIAL STATEMENTS:**

the Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

**Maturities of financial liabilities:**

31st March, 2022	On Demand	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	-	499.00	-	-	499.00
Trade payables	-	1,176.30	-	-	1,176.30
Other financial liabilities excluding Current Maturities of Long Term Debt	-	835.88	-	-	835.87
<b>Total</b>	-	<b>2,511.18</b>	-	-	<b>2,511.17</b>
31st March, 2021	On Demand	Less than 1 year	1-5 years	More than 5 years	Total
Borrowings	-	5.74	7.71	-	13.46
Trade payables	-	909.13	-	-	909.13
Other financial liabilities excluding Current Maturities of Long Term Debt	-	730.53	-	-	730.53
<b>Total</b>	-	<b>1,645.40</b>	<b>7.71</b>	-	<b>1,653.13</b>

**c. Interest rate risk**

The Company's variable rate borrowings are subject to interest rate risk. Below is the overall exposure of the borrowings:

**Interest rate risk exposure**

Particulars	31.03.2022	31.03.2021
<i>Floating Rate</i>		
Expiring within one year (Cash Credit)	2,000.00	2,000.00
<b>Total</b>	-	-

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

**d. Financial Currency Risk**

The Company's functional currency is Indian Rupees (INR). The Company undertakes transactions denominated in foreign currencies; consequently, exposure to exchange rate fluctuations arise. Volatility in exchange rates affects the Company's revenue from export markets and the costs of imports.

Adverse movements in the exchange rate between the Rupee and any relevant foreign currency results in increase in the Company's overall debt position in Rupee terms without the Company having incurred additional debt and favourable movements in the exchange rates will conversely result in reduction in the Company's receivables in foreign currency. In order to hedge exchange

rate risk, the Company has a policy to hedge cash flows (either using natural hedge or an artificial hedge) upto a specific tenure using forward exchange contracts and hedges based on their Internal Foreign Currency Exposure and risk management policy as approved by the management and in accordance with the applicable regulations where the Company operates.

The carrying amounts of the Company's monetary assets and monetary liabilities at the end of the reporting period are as follows:

Particulars	31st March, 2022		
	EUR	USD	GBP
Financial Assets	203.66	1,307.57	24.78
Financial Liabilities	-	-	-

Particulars	31st March, 2021		
	EUR	USD	GBP
Financial Assets	141.14	1201.62	28.01
Financial Liabilities	-	-	-

The following table details the Company's sensitivity to a 1% increase and decrease in the INR against the relevant foreign currencies net of hedge accounting impact. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 1% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR strengthens 1% against the relevant currency. For a 1% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

**Impact on Profit / (loss) for the year for a 5% change:**

<i>USD Sensitivity</i>	<i>31st March, 2022</i>	<i>31st March, 2021</i>
INR/USD Increases by 5%	65.38	44.96
INR/USD Decreases by 5%	(65.38)	(44.96)

<i>EUR Sensitivity</i>	<i>31st March, 2022</i>	<i>31st March, 2021</i>
INR/EUR Increases by 5%	10.18	5.28
INR/EUR Decreases by 5%	(10.18)	(5.28)

<i>GBP Sensitivity</i>	<i>31st March, 2022</i>	<i>31st March, 2021</i>
INR/GBP Increases by 5%	1.24	1.05
INR/GBP Decreases by 5%	(1.24)	(1.05)

\* Holding all other variables constant

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

## 41 Capital management

## (a) Risk management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

Particulars	31.03.2022	31.03.2021
Borrowings (long-term and short-term, including current maturities of long term borrowings)	491.29	-
Less: Cash and cash equivalents	26.21	71.73
Less: Other Bank Balances (Balances with maturity more than 3 months)	1,465.20	1,464.62
Less: Margin Money against Borrowings	-	-
<b>Net Debt / (Surplus) (A)</b>	<b>(1,000.12)</b>	<b>(1,536.34)</b>
Equity Share Capital	423.21	423.21
Other Equity	7,407.98	6,710.53
<b>Total Equity (B)</b>	<b>7,831.19</b>	<b>7,133.74</b>
<b>Net Debt to Equity Ratio (A) / (B) X 100</b>	-	-

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

## (b) Dividends

In respect of the year ended 31st March, 2022, the Directors propose that a dividend of ₹ 2.50 per share (25% of face value) be paid on fully paid Equity Shares. The Equity Dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as liability in these financial statements. The proposed equity dividend is payable to all holders of fully paid equity shares. The total estimated equity dividend to be paid is ₹ 105.80 Lakhs.

## 42 Related Party Disclosures:

## A. Related Party Relationships:

- |   |  |
|---|--|
| 1.Key Management Personnel              | Sri. N. Krishna Samaraj- Managing Director |
| 2.Relatives of Key Management Personnel | Smt. N. Muthulakshmi- Mother               |

**3.Other Related Parties**

1. Samrajyaa and Company
2. Magna Digitech India LLP  
(erstwhile Magna Digitech India Private Limited)
3. Elgi Equipments Limited
- 4.Sri. C R Swaminathan - Independent Director
- 5.Sri K Gnanasekaran - Independent Director
- 6.Dr. R Nandini - Independent Director
- 7.Dr. Jairam Varadaraj - Independent Director
- 8.Sri. G.D. Rajkumar - Independent Director

**B.Transactions with Related Parties:**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>Sri.N.Krishna Samaraj</b>		
Managerial Remuneration	80.64	67.39
Sitting Fees	1.40	1.80
<b>Smt.N.Muthulakshmi</b>		
Rent & Amenities	7.44	7.44
<b>Samrajyaa And Company</b>		
Machining Charges Paid	1,176.72	862.59
Rent Received	21.00	21.00
Reimbursements Paid	6.92	-
Reimbursements Received	0.09	-
<b>Magna Digitech India LLP</b>		
Data Conversion Charges Paid	15.60	19.30
Purchase of Cores	20.90	33.47
Sale of Castings	44.95	28.15
Sale of Other Items	-	10.10
Pattern charges	14.81	1.69
Machining Charges Paid	1.82	-
Reimbursements Paid	0.50	-
Reimbursements Received	0.09	-
<b>Elgi Equipments Limited</b>		
Sale of Goods	-	15.13
<b>Sri. C R Swaminathan</b>		
Sitting Fees	1.05	1.80
<b>Sri K Gnanasekaran</b>		
Sitting Fees	2.00	2.40

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>Dr. R Nandini</b>		
Sitting Fees	1.05	1.45
<b>Dr. Jairam Varadaraj</b>		
Sitting Fees	0.80	0.80
<b>Sri. G.D. Rajkumar</b>		
Sitting Fees	0.20	-

<b>Outstandings</b>		
<i>Other Current Financial Liabilities</i>		
Sri.N.Krishna Samaraj	2.78	1.36
Smt.N.Muthulakshmi	0.58	0.59
Samrajyaa And Company	138.44	86.30
Magna Digitech India LLP	-	21.45
<i>Receivables</i>		
Magna Digitech India LLP	4.66	-

**43 Expenditure in Foreign Currency**

Travelling expenses	6.01	6.26
Selling expenses	3.30	-
Miscellaneous expenses	5.63	0.61
	<b>14.94</b>	<b>6.87</b>

**44 Earning in Foreign Currency**

Export Sales	5,866.06	4,743.04
Sales of Patterns	100.64	21.59
	<b>5,966.70</b>	<b>4,764.63</b>

**45 Value of Imports Calculated on C.I.F basis**

Raw Materials	118.06	63.98
Components and Spare Parts	117.17	35.67
Capital goods	12.80	102.75
	<b>248.03</b>	<b>202.40</b>

**46 Import purchase**

Raw Materials	118.06	63.98
Spare Parts	117.17	35.67
	<b>235.23</b>	<b>99.65</b>

**NOTES TO THE FINANCIAL STATEMENTS:**

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>47 Indigenous purchase</b>		
Raw Materials	5,764.72	3,385.09
Spare Parts	476.75	398.20
	<b>6,241.47</b>	<b>3,783.29</b>
48 Power & Fuel is net off Wind Power of ₹ 461.13 Lakhs (Previous year - ₹ 460.72 Lakhs) representing units supplied to the grid against which equivalent consumption was made in-house.		
49 There are no proceeding initiated or pending against the Company under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.		
50 The Company does not have any transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956.		
51 The Company has not advanced or loaned or invested any fund, which are material either individually or in aggregate (either from borrowed funds or share premium or any other sources or kind of funds) to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;		
52 The Company has not received any fund, which are material either individually or in aggregate, from any person or entity, including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;		
53 Disclosure relating to Suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006. The disclosure in respect of the amounts payable to such enterprises as at the end of the year has been made in the financial statements based on information received and available with the Company.		

Particulars	31.03.2022	31.03.2021
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	239.58	258.61
Interest due on above	-	-
<b>Total</b>	<b>239.58</b>	<b>258.61</b>

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
The amount of interest paid by the buyer in terms of Section 16 of MSMED Act, 2006 along with the amounts of payment made to the supplier beyond appointed day	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid for the purpose of disallowance as a deductible under Section 23 of the MSMED Act, 2006	Nil	Nil

## 54 Key Ratios

Ratio	Method of calculation	As at 31.03.2022	As at 31.03.2021	Difference	Remarks
Current Ratio	Current Assets/ Current Liabilities	2.73	3.33	(17.89%)	
Debt Equity Ratio	Borrowings/ Equity	0.06	0.00	3278.74%	Increase in Utilisation of CC Limit
Debt service coverage Ratio	Net operating income/ (Interest + Repayments)	43.78	67.07	(34.72%)	Increase in Utilisation of CC Limit
Return on Equity Ratio	"Profit for the year after tax / (Share Capital + Other Equity)"	9.87%	7.26%	35.96%	Increase in Profit for the year
Inventory turnover ratio	Revenue From Operation/ Average Inventory	14.34	11.43	25.53%	Improvement in Inventory management
Trade Receivables turnover ratio	Revenue From Operations / Average Trade Receivables	3.95	3.67	7.67%	
Trade payables turnover ratio	Credit Purchase / Average Trade Payables	5.64	4.90	15.06%	



Ratio	Method of calculation	As at 31.03.2022	As at 31.03.2021	Difference	Remarks
Working capital turnover ratio	Revenue From Operations / Working capital	2.97	2.47	20.17%	
Net profit ratio	Profit for the year after tax/ Revenue From Operations	5.72%	5.29%	8.11%	
Return on Capital Employed	Earnings Before Interest and Tax / Capital Employed (1)	13.63%	9.94%	37.13%	Increase in profitability

(1) Capital Employed = Equity Share Capital + Other Equity

Particulars	31.03.2022	31.03.2021
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## 55 Contingent Liabilities and Commitments

(to the extent not provided for)

### i) Contingent Liabilities

On Account of Capital Expenditure	252.00	126.26
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## 56 Leasing arrangements

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

a) Not later than one year	7.71	5.74
b) Later than one year and not later than five years	-	7.71
c) Later than five years	-	-
d) Lease payments recognised in the statement of profit and loss	1.70	2.34

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

## 57 Segment Information

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

- (1) Manufacture and Sale of Castings Division - Foundry
- (2) Wind Energy Division

## NOTES TO THE FINANCIAL STATEMENTS:

(₹ in lakhs)

Particulars	31.03.2022	31.03.2021
<b>Segment Revenue:</b>		
1. Foundry Division	13,502.74	9,780.72
2. Wind Energy Division	461.13	460.72
	<u>13,963.87</u>	<u>10,241.44</u>
Less: Inter Segment revenue	461.13	460.72
<b>Net Sales/Income from operations</b>	<u>13,502.74</u>	<u>9,780.72</u>
<b>Segment Result:</b>		
1. Foundry Division	808.24	431.85
2. Wind Energy Division	258.98	277.08
<b>Total Profit before Interest</b>	<u>1,067.22</u>	<u>708.93</u>
Less: Finance Costs		
1. Foundry Division	32.32	7.50
2. Wind Energy Division	-	-
<b>Profit before Tax and Exceptional items</b>	<u>1,034.90</u>	<u>701.43</u>
<b>Segment Assets</b>		
1. Foundry Division	8,502.52	7,169.43
2. Wind Energy Division	2,196.32	1,950.56
3. Unallocable Assets	-	-
<b>Total</b>	<u>10,698.84</u>	<u>9,119.99</u>
<b>Segment Liabilities</b>		
1. Foundry Division	2,659.55	1,736.15
2. Wind Energy Division	-	-
3. Unallocable Assets	208.10	250.10
<b>Total</b>	<u>2,867.65</u>	<u>1,986.25</u>
<b>B. Geographical Segment</b>		
The Company operates in two principal geographical areas, India (Country of Domicile) and outside India		
1. Inside India	7,341.36	4,913.72
2. Outside India	5,966.70	4,764.63

## NOTES TO THE FINANCIAL STATEMENTS:

58. The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.
59. Income tax assessment has been completed upto the Assessment year 2019-20.
60. The VAT Assessment in respect of FY 2013-14 & 2014-15 have been completed. The Company has a refund pending for an amount of ₹ 43,97,047/- which is not been accepted by Assistant Commissioner (CT),P.N.Palayam circle,Coimbatore. The Company has filed a writ petition with Hon'ble High court of judicature, Madras (Numbered as W.P.No. 11695 & 11698 of 2022.). The writ has not yet been disposed off.
61. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post employment benefits received Presidential assent in September, 2020. The Code has been published in the Gazette of India. However,the date on which the Code will come into effect has not been notified.The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.
62. All figures are in Lakhs unless otherwise stated.
63. Previous year's figures are reclassified wherever necessary to conform to the current year's classification.

Significant Accounting Policies and Notes form an integral part of the financial statements.

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### For and on behalf of the Board

As per report of even date attached

**K. Gnanasekaran**

Director

DIN : 00133645

**R Ravi**

Chief Financial Officer

for **For VKS Aiyer & Co.**

Chartered Accountants

ICAI Firm Regn. No. 000066S

**N Krishna Samaraj**

Managing Director

DIN : 00048547

**Sangeetha C**

Company Secretary

Membership No. A34056

**CS Sathyanarayanan**

Partner

Membership No. 028328

Coimbatore

30.05.2022

# MAGNA ELECTRO CASTINGS LIMITED

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

## ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORMAT

To

S K D C Consultants Limited,  
"Surya" 35, Mayflower Avenue,  
Behind Senthil Nagar,  
Sowripalayam Road,  
Coimbatore- 641 028.

Dear Sirs,

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

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

#### For shares held in physical form

Master Folio No.

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FOR OFFICE USE ONLY

ECS

Ref. No.

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<b>Name of the First Holder</b>											
<b>Bank Name</b>											
<b>Branch Name</b>											
<b>Bank Address</b>											
<b>Branch Code</b>	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table> <p>(9 Digits Code Number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.</p>										

<b>Account type</b>	→	Savings		Current		Cash Credit											
<b>A/c. No. (as appearing in the cheque book)</b>																	
<b>Effective Date of this mandate</b>																	

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

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

Date :

\_\_\_\_\_  
(Signature of the First holder)

Note : 1. Shareholders holding shares in Demat form and wish to avail ECS facility are requested to contact their Depository Participants.

2. In case the Scheme does not meet with the desired response or due to any other operational reasons it is found to be unviable, the Company reserves the right to pay dividend by issue of Warrants.



# MAGNA ELECTRO CASTINGS LIMITED

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

## E-MAIL ADDRESS REGISTRATION FORM

To

S.K.D.C. Consultants Limited,  
"Surya" 35, Mayflower Avenue,  
Behind Senthil Nagar,  
Sowripalayam Road,  
Coimbatore- 641 028.

Dear Sirs,

FORM FOR REGISTRATION OF E-MAIL ADDRESS FOR SERVING THE DOCUMENTS

(For shares held in physical form only)

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

Master Folio No.

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FOR OFFICE USE ONLY

Ref. No.

--

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

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

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

Date :

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

Note :

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



