

**MAGNA
MAGNA**

MAGNA
ELECTRO
CASTINGS
LIMITED

**Annual Report
2010 - 2011**

Board of Directors

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

Auditors

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

Bankers

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

Company Secretary

Sri. R. Ravi

Registrars & Share Transfer Agents

S.K.D.C.Consultants Limited
Kanapathy Towers, III Floor,
1391/A-1, Sathy Road, Ganapathy,
Coimbatore - 641 006.

Listing with Stock Exchanges

Coimbatore Stock Exchange Ltd.
The Stock Exchange, Mumbai.

Registered Office

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

Factory

A. FOUNDRY DIVISION

SF No.34 and 35 Part,
Coimbatore Pollachi Main Road,
Mullipadi village,
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 Village,
Palani Taluk
4. Wind mill 4 at Thotathurai, Palani Taluk

Internet

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

Website : www.magnacast.com

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NOTICE

NOTICE is hereby given that the 21st Annual General Meeting of the Members of Magna Electro Castings Limited will be held at 3.30.P.M. on Wednesday, 24th August 2011, at Ardra Conference Center, North Huzur Road, Coimbatore -641 018, to transact the following business.

ORDINARY BUSINESS :

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit and Loss Account for the year ended on that date together with the Directors' Report and the Auditors' Report thereon.
2. To declare a dividend.
3. To appoint a Director in place of Sri.V.Rajendran, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Smt.R.Nandini , who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors and fix their remuneration. The present Auditors, M/s S.Krishnamoorthy & Co., are eligible for re-appointment.

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification the following resolution as a Special Resolution:

RESOLVED that in accordance with the provisions of Sections 198,269 and 309 and other applicable provisions of the Companies Act,1956 read with Schedule XIII thereto and subject to such other approvals as may be necessary, the consent of the Company be and is hereby accorded to the reappointment of Sri.N.Krishna Samaraj as Managing Director of the Company for a period of 5 (Five) years from 17th January 2012 .

RESOLVED FURTHER that the consent of the Company be and is hereby accorded to the payment of the following remuneration to Sri.N.Krishna Samaraj, Managing Director, with effect from 17th January 2012 for a period of 3 (Three) years on the following terms and conditions:

- i. Salary: Rs.2,00,000 per month in the scale of Rs.2.00.000-2,50,000-3,00,000 (being increased from the previous salary of Rs.1,75,000/-)
- ii. Commission on Net profits : As decided by the Board in addition to salary and perquisites and the amount determined shall be subject to the limits laid down under Section 198 & 309 of the Companies Act, 1956.
- iii. Gratuity payable shall not exceed half months salary for each completed year of service or at the rate as may be modified from time to time.
- iv. Contribution to Provident fund, Super annuation fund or annuity fund, Provision of Car with driver, encashment of leave at the end of the tenure, telephone at residence not to be included in the computation of the ceiling on the perquisites.

RESOLVED FURTHER that, in the event of no profits or inadequacy of profits the remuneration payable to the Managing Director shall not exceed the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limits as may be notified by the Government from time to time as minimum remuneration.

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

By order of the Board

Coimbatore
30th May 2011

N.Krishna Samaraj
Managing Director

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

ITEM NO :6

Sri. N.Krishna Samaraj was reappointed as Managing Director of the Company for a period of five years from 17th January 2007 at the 16th Annual General Meeting held on 31st July 2006 and the remuneration payable to him was approved by the members initially for a period of three years from 17th January 2006 and subsequently was approved by the members at the 19th Annual General Meeting held on 19th August 2009 for the remainder of his present term till 16th January 2012.

The Board of Directors, after taking into consideration the substantial and significant contribution made by Sri. N. Krishna Samaraj, Managing Director for the rapid growth of the Company and also taking into account the future plans of the Company, have reappointed him as Managing Director for a further period of five years effective from 17th January 2012 and fixed the remuneration payable to him as set out in the text of the resolution, subject to the approval of the members at the ensuing Annual General Meeting.

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

The Board of Directors commend the resolution set out at Item no. 6 of the Notice for your approval.

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

Directors Sri.N.Krishna Samaraj and Sri. J.Vijayakumar may be deemed to be concerned or interested in this resolution.

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

I. General Information:

1. Nature of Industry: The Company is engaged in the manufacture and sales of SG iron and Grey iron castings. The Company has two divisions, namely the Foundry division and Wind Energy Generation division.
2. Date of commencement of commercial production: 30.01.1995

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

Not applicable

4. Financial performance: (Rs in lacs)

Details	2011	2010	2009	2008	2007
Total income	6274.20	4076.38	6405.29	5621.55	4798.06
Net Profit before tax	559.37	554.45	367.66	651.50	730.97
Dividend paid/recommended	106.51	106.86	80.41	112.58	160.83
Rate of dividend in %	20	20	15	21	30

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

Details of export performance for the last five years are given below: (Rs. in lacs)

Year	2011	2010	2009	2008	2007
Export Earnings	3169.25	1992.39	4089.29	3792.68	3257.07

6. Foreign investments or collaborators Nil

II Information about the appointee:

1. Background details: Sri.N.Krishna Samaraj, aged 56, the main promoter of this Company. is an Engineering Graduate with a Masters in Business Administration from the University of Michigan, USA. He has over 12 years working experience in the USA and Europe. He is a Director on the board of several Companies. He has been the Managing Director since inception of the Company.

2. Past remuneration: (Amount in Rs)

Particulars	31.03.2011	31.03.2010	31.03.2009
Salary	21,00,000	21,00,000	19,25,000
Perquisites	19,200	19,200	19,200
Contribution to Provident Fund	2,52,000	2,52,000	2,31,000
Commission	5,85,619	5,56,497	--
Annual Remuneration	29,56,819	29,27,697	21,80,810

3. Recognition of awards : Nil

- | | |
|--|--|
| 4. Job profile & suitability | : Sri.N.Krishna Samaraj is in charge of the day to day operations of the Company and is assisted by a team of qualified and experienced professionals. With the educational qualifications he possesses and the vast experience in the field, and with his administrative capabilities, Sri.Krishna Samaraj is best suited for the position. |
| 5. Remuneration proposed | : As set out in Item no . 6 of the Notice |
| 6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position . | The proposed remuneration to Sri.N.Krishna Samaraj is comparable to industry standards |
| 7. Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any | : nil |

III. Other information:

- | | |
|--|---|
| 1. Reason for loss/inadequate profits | not applicable |
| 2. Steps taken or proposed to be taken for improvement | Upgradation of technology, improving R&D activities, expansion of capacities. |
| 3. Expected increase in productivity and and profits in measurable terms | Both productivity and profits are expected to increase by 10%. |

IV. Disclosures:

- | | |
|--|--|
| 1. Shareholders of the Company shall be informed of the remuneration package of the managerial Person | Information is furnished in the Notice to the shareholders and also an abstract of terms of remuneration is being sent as per Section 302 of the Companies Act, 1956 |
| 2. The following disclosures shall be mentioned in the Board of Directors' report under the heading Corporate Governance, if any, attached to the Annual Report. | |
| i) All elements of remuneration package such as salary, benefits, bonus, stock options, pension, etc. of all the Directors | Except Mr.N.Krishna Samaraj, Managing Director, no other Director is paid any remuneration . They are paid only sitting fees for attending meetings of the Board/Committees. |
| ii) Details of fixed components and performance linked incentives along with performance criteria | Salary in the scale of Rs 2,00,000-2,50,000-3,00,000 per month: there is no performance linked incentive. |
| iii) Service Contracts, notice period, severance fees | Not applicable |

- iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable Not applicable

By order of the Board

Coimbatore
30th May 2011

N.Krishna Samaraj
Managing Director

NOTES

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE MEETING.**
2. The Register of Members of the Company will remain closed during the period from 2nd August 2011 to 24th August 2011 (both days inclusive).
3. Dividend when approved will be paid to such of the members whose names appear in the Register of Members of the Company as on 24th August 2011. In respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership as per the details furnished by the Depositories for this purpose at the end of business hours on 1st August 2011.
4. Members holding shares in physical form are requested to notify any change in their address/mandate/bank details to the Company's Registrar and Share Transfer Agents. Members holding shares in electronic form are requested to notify any change in their address/mandate/bank details to their respective Depository Participant(s).
5. The Company has paid the annual listing fees for the period 2011-2012 to the Stock Exchange, Mumbai while in respect of Coimbatore Stock Exchange, fees has not been paid , since the demand notice has not been received as yet.
6. Those members who have not encashed dividend warrants of earlier years may return the time barred dividend warrants to the Company or its Registrars and Share transfer Agents for issue of fresh Demand drafts.
7. Pursuant to the provisions of Section 205A of the Companies Act, 1956, as amended, such dividend which remain unpaid/unclaimed for a period of seven years will be transferred to Investor Education and Protection Fund constituted by the Central Government under Section 205C of the Act. The amount lying in the unpaid dividend account of earlier years is furnished below:

Year	Amount (Rs.)
2003-2004	2,04,095
2004-2005	2,32,805
2005-2006	2,94,371

2006-2007	2,90,220
2007-2008	2,03,504
2008-2009	1,85,010
2009-2010	2,51,570

The unclaimed dividend on Equity shares upto the year ended 31st March 2003 have been transferred to the Investor Education and Protection Fund Account

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

8. We invite all our members to visit our website at www.magnacast.com for a virtual tour of our factory and a review of our products and services.
9. Members are requested to bring along with their Annual Report their Client ID and DP ID Numbers for easy identification of attendance at the Annual General Meeting.

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the 21st Annual Report and Audited Accounts of the Company for the year ended 31st March 2011.

FINANCIAL RESULTS

For the year ended 31st March	2011	2010
	(Rs. in lakhs)	(Rs. in lakhs)
Total Revenue	6274.20	4076.38
Gross Profit before interest, depreciation, tax and Forex rate Fluctuations	1212.72	1102.12
Interest	174.33	134.00
Depreciation	479.02	413.67
Profit before tax	559.37	554.45
Provision for Income tax	112.00	205.00
for Deferred tax	97.68	19.94
for Prior Year Tax	9.92	18.88
MAT Credit Entitlement	(35.76)	--
Net Profit after tax adjustments	375.52	310.63
Proposed transfer to General Reserve	200.00	200.00
Proposed dividend	91.64	91.64
Provision for Corporate tax on Dividend	14.87	15.22
Balance brought forward	189.03	185.26
Surplus carried over	258.04	189.03

DIVIDEND

Your Directors are pleased to recommend, subject to the approval of the shareholders, a dividend at the rate of Rs 2.00 per share, i.e. at 20 % for the year on the paid-up equity share capital of the Company. The dividend is being maintained at the same rate as in the previous year in order to conserve funds for the proposed expansion plans and working capital management. The dividend, if approved, will absorb an amount of Rs 106.51 lakhs, inclusive of Corporate Distribution tax on dividends.

OPERATIONS

The total turnover of the Company increased by 56% over the previous year. The global economies slowly came out of the recessionary trend witnessed during the previous two years and with a robust domestic market, the turnover increased from Rs.3888.58 lakhs to Rs.6077.79 lakhs.

The prices of major raw materials like steel scrap, pig iron and Ferro Alloys and consumables like packing materials, increased sharply during the year and were volatile for most part of the financial year. The availability of power was another major issue during the financial year and the Company had to resort to purchasing power from the Power exchanges at a high cost, especially during the last quarter of the financial year. Further labour and other overheads increased sharply during the year, all of which affected the margins considerably.

The Profit before tax at Rs.559.36 lakhs showed a very modest increase over the previous year's profit of Rs.554.45 lakhs

Considering all factors, the performance of the Company during the financial year 2010-11 should be viewed as satisfactory.

PROJECTS IMPLEMENTED :

During the financial year 2010-11, the Company commissioned towards the end of the last wind season the fourth Wind Energy Generator of capacity 800 kw, the benefits of which will accrue in the current financial year 2011-12. The total installed capacity now stands at 4MW. With this installation, the Company will be in a position to meet about 70% of its captive requirement at the current production levels. The Company is also in the process of constructing a new building of approximately 27000 Sq.Ft. for its machine shop operations and the same is expected to be ready for occupation by July 2011.

FUTURE EXPANSION PLANS:

With the critical power situation in Tamil Nadu expected to get better only by 2013, the Company is planning to go in for a minor expansion of capacity from 900 MT per month to 1200 MT per month, to be implemented within the FY 2012. This expansion is planned to be executed at a very marginal cost of Rs. 3 crores, which will be financed by a mix of debt and internal accruals. This project is expected to be completed by the end of December 2011. The Company is in a position to complete this project at such a marginal cost due to the availability of already existing infra structure facilities.

FINANCE

The Company is repaying the Term loan instalments to the Banks and the Interest-free Sales Tax Deferral loan to the Commercial Tax Department, Govt. of Tamil Nadu as per schedule.

The Company has been sanctioned a fresh Term Loan of Rs.550 lakhs by Corporation Bank for meeting its regular capex programme. The Company has availed a total of Rs. 409 lakhs out of the sanctioned amount.

The Company's long term debt for the Wind energy Division is Rs.675 lakhs and Rs. 329 lakhs pertains to the Foundry Division.

AWARDS

The Company received Sustainability Award from one of its prestigious customers during the year under review for its efforts at mitigating the risks posed by global warming and initiatives taken to sustain all round development in terms of products, processes and socio-economic development

LABOUR

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

DIRECTORS

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

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

CORPORATE GOVERNANCE

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

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

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

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

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

DIRECTORS RESPONSIBILITY STATEMENT

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

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit of the Company for the year under review.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the annual accounts on a going concern basis.

CEO/CFO CERTIFICATION

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

AUDITORS

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

ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

Place : Coimbatore
Date : 30th May 2011

V.RAJENDRAN
Chairman of the Meeting

N. KRISHNA SAMARAJ
Managing Director

ANNEXURE-I TO DIRECTORS' REPORT FOR THE YEAR 2010-2011

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

Conservation of Energy:

Conservation of energy continues to be the focus of the Company. A new energy efficient furnace has been commissioned and this will enable the Company to conserve electricity. The details of electricity consumed per metric tonne of good castings produced over a ten year period is given below:

Year	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Number of units per Tonne of good castings	2166	1997	1979	1800	1680	1680	1700	1750	1630	1650	1650

Power Consumption (no of units)

2010-11

2009-10

Total Electricity	1,84,08,987	100%	70,20,888	100%
Own Generation-Windmill	77,82,516	42%	60,54,748	86%
Purchased from TNEB	1,01,24,537	55%	9,66,140	14%
Third party purchase	5,01,934	3%	--	--

Technology absorption & Research & Development

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

Technology Absorption, Adaptation and Innovation:

- 1) Efforts made towards technology absorption, adaptation and innovation:
Only indigenous technology is being used , supported by in-house R& D activities.
- 2) Benefits derived as a result of the above efforts : Not Applicable
- 3) Information of Imported Technology (imported during the last 5 years from the beginning of the Financial Year)
 - a) Technology Imported None
 - b) Year of Import N.A.
 - c) Technology absorption N.A.

Foreign Exchange earnings & outgo:

The global economies, which were affected due to severe recession during the last two years, are now slowly returning to normal situation and this has opened up the markets for the Company as well. The Company expects good in flow of orders from its export customers. The Company is also tapping other potential customers as well as new markets for its products.

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

a) Earnings	:	Rs. 3169.25 lakhs
b) Outgo	:	Rs 484.07 lakhs

ANNEXURE 2 TO DIRECTORS' REPORT

5 Year Highlights

(Rs. in lakhs)

Operating Results	2007	2008	2009	2010	2011
Sales and Other Income	4798.06	5621.55	6405.29	4076.38	6274.20
Operating Profit	1207.35	1190.95	958.94	1102.11	1212.72
Interest	156.78	176.03	200.59	134.00	174.33
Gross Profit	1050.57	1014.92	758.35	968.11	1038.39
Depreciation	319.59	363.42	390.69	413.67	479.02
Taxation	153.94	256.39	212.56	224.94	183.85
Net Profit	577.04	395.11	155.10	329.50	375.52
Dividend (including dividend tax)	160.83	134.02	80.41	106.86	106.51
Retained Profit	416.21	261.09	74.69	222.64	269.01
Performance Parameters					
Net Fixed Assets	3065.08	3075.39	2905.75	3040.02	3519.48
Share Capital	458.22	458.22	458.22	458.22	458.22
Reserves	1278.38	1560.91	1601.05	1804.81	2073.82
Net Worth	1736.60	2019.13	2059.27	2263.03	2532.04
Return on Net Worth %	33.23	19.57	7.53	14.56	14.95
Borrowings	1144.58	1037.40	858.66	780.34	1127.42
Debt Equity Ratio	0.66	0.55	0.47	0.34	0.40
Dividend (%)	30	25	15	20	20
Earnings per share (Rs.)	12.59	8.62	3.38	6.78	8.20

REPORT ON CORPORATE GOVERNANCE

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

We at Magna, are committed to meeting the aspirations of all the stakeholders of the Company through good Corporate Governance, which the Company is continuously improving upon to meet the standards.

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges, the report containing the details of Corporate Governance at Magna are furnished below:

Board of Directors

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

Sl.No.	Name	Director/ Chairman	Promoter/ Executive/ Non Executive/ Independent/ Non-Independent	No. of other companies in which he is a Director	Committee in which he is a member/ Chairman in other companies
1	Sri.V.Rajendran	Director	Non-Executive/ Independent	2	Nil / Nil
2	Sri.J.Vijayakumar	Director	Non-Executive/ Non Independent	4	2 / Nil
3	Sri. N. Krishna Samaraj	Managing Director	Promoter & Executive/ Non Independent	4	Nil / Nil
4	Sri. K.Gnanasekaran	Director	Non executive/ Independent	4	2 / 2
5	Smt.R.Nandini	Director	Non Executive/ Independent	2	Nil / Nil
6	Dr.Jairam Varadaraj	Director	Non Executive/ Independent	14	6 / Nil

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

- Four Meetings of the Board of directors were held during the year ended 31st March 2011 on (i) May 27, 2010; (ii) July 30, 2010; (iii) October 29, 2010; (iv) January 29, 2011. Attendance recorded of each of the Directors at the Board Meetings during the year ended 31st March 2011 as also of the Annual General Meeting is as follows:

Name of the Director	No of Board Meetings attended	Attendance at the last AGM
Sri. V.Rajendran	1	Yes
Sri. N.Krishna Samaraj	4	Yes
Sri. J.Vijayakumar	4	Yes
Sri. K.Gnanasekaran	4	Yes
Smt. R.Nandini	4	Yes
Dr. Jairam Varadaraj	3	No

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

Sri.V.Rajendran, aged 64, is an engineering graduate with more than 30 years of experience in the foundry industry. He is the Managing Partner of V.R.Foundries, Coimbatore, one of the leading and oldest foundries in the region. He is on the Board of other companies. He does not hold any shares in the Company.

Smt.R.Nandini, aged 48 years, hails from a family of industrialists from Coimbatore and has more than 25 years of industrial experience. She is associated with one of the leading educational institutions in Coimbatore. Apart from being the Managing Director of Chandra Textiles Pvt Ltd, Coimbatore, she is on the Board of other companies as well. She does not hold any shares in the Company.

c. Audit Committee

The Audit Committee consists of four Directors and is chaired by Sri. V.Rajendran. The Audit committee meetings were held on (i) May 27, 2010; (ii) July 30,2010; (iii) October 29,2010; (iv) January 29,2011.

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

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

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

Name of the member	No of meetings held	Attendance
Sri. V.Rajendran (Chairman)	4	1
Sri.J.Vijayakumar	4	4
Sri.K.Gnanasekaran	4	4
Smt.R.Nandini	4	4

d. Shareholders Grievance Committee:

The Shareholders Grievance Committee comprises of three directors. The Committee is chaired by Mr.J.Vijayakumar. Mr. R.Ravi , Company Secretary is the Compliance Officer. The Committee meetings were held on (i) May 27, 2010; (ii) July 30, 2010; (iii) October 29, 2010; (iv) January 29, 2011.

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

Name of the member	No of meetings held	Attendance
Sri.J.Vijayakumar	4	4
Sri.V.Rajendran	4	1
Sri.N.Krishna Samaraj	4	4
Sri.R.Ravi	4	4

e. Remuneration Committee

The Remuneration Committee comprises of Mr.V.Rajendran, Chairman of the Committee, Mr.K.Gnanasekaran and Dr. Jairam Varadaraj. There was no meeting of the Committee during the period under review.

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

f. Disclosure

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

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

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

None.

g. General Body Meetings

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

Year	Location	Date	Time
2008	Hotel Residency, Avanashi Road, Coimbatore	21.8.2008	10.00 A.M.
2009	Ardra Conference Centre, Coimbatore	19.8.2009	3.30 P.M.
2010	Ardra Conference Centre, Coimbatore	22.9.2010	3.30 P.M.

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

Year	Special Resolutions
2008	Nil
2009	Payment of remuneration to the Managing Director
2010	Nil

i. Means of Communication

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

j. General shareholder information

i. AGM date, time and venue	24th August 2011 at 03.30 P.M. Ardra Conference Center North Huzur Road Coimbatore 641 018
ii. Financial calendar	1st April to 31st March
iii. Book Closure date	2nd August 2011 to 24th August 2011 (Both days inclusive)
iv. Dividend payment date	On or after 24th August 2011, within 30 days from the date of AGM
v. Listing on Stock Exchanges	Coimbatore and Mumbai

vi. Stock Code Coimbatore Stock Exchange Stock Exchange, Mumbai	21/ 065 517449
vii. Registrars and Share Transfer Agents for both Dematerialised and physical shares	M/s SKDC Consultants Limited Kanapathy Towers, III Floor, 1391/A-1, Sathy Road, Ganapathy, Coimbatore 641 006
viii. Share Transfer system	Share transfers are registered and returned within a period of 30 days from the date of receipt, if the documents are clear in all respects, by the Share Transfer Committee which meets at regular intervals.

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

Month	High	Low
Apr 2010	62.40	51.00
May 2010	68.70	54.45
Jun 2010	83.00	56.00
Jul 2010	73.50	63.10
Aug 2010	77.00	64.50
Sep 2010	79.70	63.00
Oct 2010	94.95	72.15
Nov 2010	100.00	78.35
Dec 2010	85.00	68.50
Jan 2011	94.90	65.50
Feb 2011	86.45	64.00
Mar 2011	84.40	61.60

x. Shareholding pattern as on 31st March, 2011

Category	No of shares held	% of share holding
Indian Promoters	14,85,014	32.41
Mutual Funds and UTI	600	0.01
Private Corporate bodies	3,93,793	8.59
Indian Public	21,62,825	47.21
NRIs/ OCBs	4,75,653	10.38
Directors & Relatives	64,315	1.40
	-	-
Grand Total	45,82,200	100.00

xi. Distribution of shareholding as on 31st March, 2011

Share holding (Range)	No. of Holders	% of Holders	No. of Shares	% of Shares
Upto 500	3424	85.30	510158	11.36
500-1000	151	3.76	123280	2.69
1001-2000	122	3.04	189656	4.14
2001-3000	163	4.06	410147	8.95
3001-4000	23	0.57	80392	1.75
4001-5000	22	0.53	104560	2.28
5001-10000	35	0.87	265219	5.79
10001 and above	74	1.84	2898788	63.26
Total	4014	100.00	4582200	100.00

xii. Dematerialisation of shareholding and liquidity	Number of shares dematerialized : 25,61,239 Percentage : 55.90%
xiii. Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity	Not Applicable
xiv. Plant location	SF No.34 and 35 Part Coimbatore Pollachi Main Road, Mullipadi Village, Tamaraikulam Post, Pollachi Taluk, Coimbatore District, Pin: 642 109
xv. Address for Correspondence and Registered office	43 (Old No.62), Balasundaram Road Coimbatore 641 018, Tamil Nadu

k) Code of Conduct:

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors of the Company have laid down the Code of Conduct for the Directors and the senior management personnel. A declaration has been received from the Managing Director to the effect that the Directors and senior management personnel have confirmed compliance with the said Code of Conduct.

By order of the Board

Coimbatore
30th May 2011

V.RAJENDRAN
Chairman of the Meeting

N. KRISHNA SAMARAJ
Managing Director

Compliance certificate from the Auditors of the Company

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

We have examined the compliance of conditions of Corporate Governance by Magna Electro Castings Limited for the year ended 31.03.2011, as stipulated in clause 49 of the listing agreement of the said company, with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in clause 49 of the above mentioned listing Agreement.

As required by the guidance note issued by the Institute of Chartered Accountants of India, we have to state that based on the representation given by the Registrars of **the Company** to the Investors' Grievance Committee as on March 31, 2011, there were no investors' grievance matters against the Company remaining pending for more than 30 days.

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

For **S. Krishnamoorthy & Co.**
Chartered Accountants
(Registration No. 001496S)

Place: Coimbatore
Date : 30.05.2011

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

MANAGEMENT DISCUSSION AND ANALYSIS

Overview:

Magna is engaged in the manufacture and sale of ductile iron and grey iron castings. Magna has also installed Wind Energy Generators with an installed capacity of 4MW for generation of eco-friendly power.

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

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

Industry structure and developments

The Indian Foundry industry is poised to become a major source of casting components globally. India now enjoys the distinction of being the 2nd largest producer of metal castings world wide, next to China, as per the recent reports. There is a huge potential to increase the present market share, especially in the auto and power sectors. The industry has recovered from the global recession which affected the market share of the Company during the last two years. With a good turnaround in the industry fortunes, it is expected that the growth in the sector will be sizeable.

Opportunities and Threats

The Company has a well established brand image amongst its customers which helped the Company even during the worst recessionary period. The opening up of the global economies and with a huge potential to be tapped across the sectors, the Company will be better poised to increase its market share. Further the capacity and the ability to cater to the different market segments will also enable the Company to enter niche markets. The Company has been focusing on the updated modern manufacturing concepts to manufacture products at low cost. The following concerns must be met to improve the market share:

- Shortage of skilled manpower
- Continuous increase in material /input costs
- Power shortage

Environment, Safety and Energy Conservation Policy:

The Company is conscious of its responsibility towards protecting the environment. Adequate measures are being taken to minimize the detrimental effect on environment and natural resources

The Company strives to provides a healthy and peaceful work environment to all its employees. Suitable measures are being taken by the Company at various levels to minimize the risks to health and safety of its employees

Risks and concerns

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

Internal control systems and their adequacy

The Company has a comprehensive system of internal controls in place, commensurate to its size and volume of business. This will take care of the assets of the Company against any loss from any unauthorized use. The system also provides a high degree of assurance regarding the effectiveness of its operations and compliance with statutory rules.

Personnel

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

Cautionary statement

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

AUDITORS' REPORT

To

The Members of MAGNA ELECTRO CASTINGS LIMITED,

1. We have audited the attached Balance Sheet of M/s MAGNA ELECTRO CASTINGS LIMITED as at March 31st, 2011 and the Profit & Loss Account and the cash flow statement for the year ended as on that date annexed thereto. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the Accounting principles used and significant estimates made by Management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies' (Auditor's Report) Order, 2003, as amended, issued by the Government of India in terms of Sub-section (4A) of Section 227 of the companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraph 4 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c) The Balance Sheet, Profit & Loss Account and Cash flow statement referred to in this report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report comply with the Accounting Standards referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the directors individually as on March 31, 2011 and taken on record by the Board of Directors, we report that none of the directors of the company are disqualified from being appointed as director in terms of Section 274(1)(g) of the Companies Act 1956.
 - f) In our opinion and to the best of our information, and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011 and
 - ii) In the case of the Profit & Loss Account, of the Profit of the Company for the year ended on that date; and
 - iii) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For **S.Krishnamoorthy & Co.**
Chartered Accountants
(Registration No. 001496S)

Place: Coimbatore
Date: 30.05.2011

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

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management at periodic intervals. Verification of Fixed Assets, in our opinion, is reasonable having regard to the size of the company and nature of its assets. No material discrepancies have been noticed on such verification.

(c) There is no disposal of substantial part of fixed assets during the year.
- ii. (a) Physical verification of inventory has been conducted at reasonable intervals by the management. In respect of inventory lying with the third parties, these have been confirmed by them. In our opinion the frequency of verification is reasonable.

(b) The procedure of physical verification of the inventories followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.

(c) The company has maintained proper records of inventories and no material discrepancies were noticed on physical verification of inventories as compared to book records.
- iii. During the year, the company has neither granted loans to nor taken any loans from companies, firms or other parties covered in the Register maintained under sec.301 of the Companies Act.
- iv. There is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- v. (a) To the best of our knowledge and belief, and according to the information and explanations given to us, we are of the opinion that the transaction that need to be entered into the register in pursuance of section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanation given to us , the transactions made in pursuance of such contract or arrangement have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi. The company has not accepted any deposit from the public during the year.
- vii. The company has an adequate Internal Audit system commensurate with the size and nature of its business.
- viii. We have been informed by the management, that no cost records have been prescribed under section 209(1) (d) of the Companies Act 1956 in respect of products manufactured by the company.
- ix. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Investor Education and Protection Fund, Employees state insurance, Income-tax, Sales tax, Wealth tax, Service Tax, Custom duty, Excise duty, Cess and other statutory dues. According to the Information and explanations given to us, no undisputed arrears of statutory dues were outstanding as at 31st March 2011 for a period of more than six months from the date they become payable.

(b) According to the records of the company, the following are disputed statutory dues remaining unpaid:

S I. No.	Name of the Statute	Period to which the Amount relates	Nature of the Demand	Amount disputed Rs.	Amount paid	Forum where dispute is pending
1	Income Tax Act, 1961	Asst Year 2007-08	Regular	4,32,198	Nil	ITAT
2	Income Tax Act, 1961	Asst Year 2008-09	Regular	20,65,720	Nil	CIT (Appeals)
3	Central Excise Act, 1944	Nov'05 to Dec'06	Excise duty	8,07,267	Nil	Assistant Commissioner of Central Excise

- x. There are no accumulated losses at the end of the financial year 31st March 2011. The company has not incurred any cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- xi. In our opinion and according to the information and explanation given to us the company has not defaulted in repayment of its dues to financial institution or bank.
- xii. During the year, the company has not granted any loans and advances on the basis of security or by way of pledge of shares, debentures or other securities.
- xiii. The provisions of Special Statues applicable to Chit Fund, Nidhi or Mutual Benefit Fund/ Societies are not applicable to the company.
- xiv. The company is not dealing or trading in shares, securities, debentures or other investments.
- xv. The company has not given any guarantee for loans taken by others from banks and financial institutions.
- xvi. The term loans obtained by the company have been applied for the purpose for which they were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Source and Application of the funds of the company, we report that funds raised on short-term basis have not been used for long-term investments by the company.
- xviii. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. In our opinion and according to the information and explanations given to us the company has not issued any secured debentures during the period covered by our report.
- xx. The company has not raised any funds through public issue during the year.
- xxi. To the best of knowledge and belief and according to the information and explanations given to us no frauds on or by the company has been noticed or reported during the year.

For **S.Krishnamoorthy & Co.**
Chartered Accountants
(Registration No. 001496S)

Place: Coimbatore
Date: 30.05.2011

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

BALANCE SHEET AS AT 31st MARCH 2011

Particulars	Schedule No.	As at March 31, 2011 Rs.	As at March 31, 2010 Rs.
SOURCES OF FUNDS:			
Share Capital	1	4,58,22,000	4,58,22,000
Reserves & Surplus	2	20,73,81,781	18,04,81,311
		<u>25,32,03,781</u>	<u>22,63,03,311</u>
Loan Funds:			
Secured Loans	3	11,27,42,459	9,40,16,062
Unsecured Loans	3	60,15,807	81,14,255
		<u>11,87,58,266</u>	<u>10,21,30,317</u>
Deferred Tax	4	6,49,69,823	5,52,01,247
	TOTAL	<u>43,69,31,870</u>	<u>38,36,34,875</u>
APPLICATION OF FUNDS:			
Fixed Assets:	5		
Gross Block		61,29,93,378	51,74,68,557
Less : Depreciation		26,10,44,988	21,34,66,069
Net Block		<u>35,19,48,390</u>	<u>30,40,02,488</u>
Current Assets, Loans & Advances			
Inventories	6	6,22,93,717	4,61,20,373
Sundry Debtors	7	9,12,17,473	7,56,29,249
Cash & Bank Balances	8	61,20,136	1,20,84,817
Loans & Advances	9	5,20,40,186	4,22,42,881
	(A)	<u>21,16,71,512</u>	<u>17,60,77,320</u>
Less:			
Current Liabilities & Provisions			
Current Liabilities	10	10,48,36,937	6,52,58,441
Provisions	10	2,18,51,095	3,11,86,492
	(B)	<u>12,66,88,032</u>	<u>9,64,44,933</u>
Net Current Assets	(A-B)	8,49,83,480	7,96,32,387
	TOTAL	<u>43,69,31,870</u>	<u>38,36,34,875</u>

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

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

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

Coimbatore
30th May 2011

R. Ravi
Company Secretary

V. Rajendran
Chairman of the Meeting

N.Krishna Samaraj
Managing Director

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH 2011

Particulars	Schedule No.	As at March 31,2011 Rs.	As at March 31, 2010 Rs.
INCOME			
Gross Sales		63,31,05,944	40,33,68,821
Less:Excise Duty Paid		2,45,87,579	1,40,87,805
Less:Educational Cess		7,39,445	4,22,631
Net Sales		<u>60,77,78,920</u>	<u>38,88,58,385</u>
Export Incentive		1,54,93,548	95,63,908
Other Income	11	41,47,420	92,16,213
		<u>1,96,40,968</u>	<u>1,87,80,121</u>
		62,74,19,888	40,76,38,506
EXPENDITURE			
Goods Consumption	12	26,82,10,600	15,74,18,165
Manufacturing Expenses	13	17,57,43,592	10,01,59,620
Interest & Finance Charges	14	1,74,33,426	1,34,00,294
Other Expenses	15	6,21,93,864	3,98,48,582
Depreciation	5	4,79,01,826	4,13,67,236
		<u>57,14,83,308</u>	<u>35,21,93,897</u>
Profit before Tax		5,59,36,580	5,54,44,609
Prior year Taxation		9,92,086	18,87,893
Provision for Income Tax		1,12,00,000	2,05,00,000
MAT Credit Entitlement		(35,75,647)	0
Provision for Deferred Tax Liability		97,68,576	19,94,179
Profit after Tax		<u>3,75,51,565</u>	<u>3,10,62,537</u>
Balance Brought forward		1,89,03,311	1,85,27,266
		<u>5,64,54,876</u>	<u>4,95,89,803</u>
Appropriations			
Proposed Dividend		91,64,400	91,64,400
Corporate Tax on Dividend		14,86,695	15,22,092
Transfer to General Reserve		2,00,00,000	2,00,00,000
Surplus Carried Over		<u>2,58,03,781</u>	<u>1,89,03,311</u>
Earning per share of Rs. 10/- each as per Notes on Accounts No. 19		8.20	6.78

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

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

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

Coimbatore
30th May 2011

R. Ravi
Company Secretary

V. Rajendran
Chairman of the Meeting

N.Krishna Samaraj
Managing Director

Schedules

Particulars	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
1. Share Capital		
Authorised Share Capital 50,00,000 Equity shares of Rs.10/- Each	<u>5,00,00,000</u>	<u>5,00,00,000</u>
Issued,Subscribed & Paid up: 45,82,200 Equity Shares of Rs.10/- Each	<u>4,58,22,000</u>	<u>4,58,22,000</u>
2. Reserves & Surplus		
i) Capital Reserve Subsidy from Government of Tamilnadu	15,78,000	15,78,000
ii) General Reserve Balance brought forward	16,00,00,000	14,00,00,000
Add : Transfer from Profit & Loss A/c	<u>2,00,00,000</u>	<u>2,00,00,000</u>
iii) Surplus Balance in Profit & Loss A/c	<u>18,00,00,000</u> <u>2,58,03,781</u> <u>20,73,81,781</u>	<u>16,00,00,000</u> <u>1,89,03,311</u> <u>18,04,81,311</u>
3. Secured Loans		
Loans & Advances from Banks Term Loan from Corporation Bank	6,73,54,386	4,39,40,497
Letter of Credit - Corporation Bank	70,25,160	-
Cash Credit A/c - Corporation Bank	53,15,591	1,59,81,885
Term Loan from Indian Bank	3,23,32,041	3,35,85,292
Interest Accrued on Term Loan (Secured by equitable mortgage of land and buildings and hypothecation of plant and machinery and other assets)	7,15,281	5,08,388
	<u>11,27,42,459</u>	<u>9,40,16,062</u>
Unsecured Loans		
Other Loans : Hire Purchase instalments Payable	3,66,595	-
Interest free Sales Tax loan	<u>56,49,212</u>	<u>81,14,255</u>
	<u>60,15,807</u>	<u>81,14,255</u>
4. Deferred Tax Liability		
Balance brought forward	5,52,01,247	5,32,07,068
Transfer from Profit & Loss Account	97,68,576	19,94,179
	<u>6,49,69,823</u>	<u>5,52,01,247</u>

5. Fixed Assets

Particulars	Gross Block			Depreciation			Net Block		
	As on 1.4.2010	Additions during the year	Sales during the year	Total	As on 1.4.2010	For the Year	Withdrawn	As on 31.03.2011	As on 31.03.2010
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land	28,54,866	2,00,000	0	30,54,866	0	0	0	30,54,866	28,54,866
Buildings	10,17,43,677	0	0	10,17,43,677	1,96,88,019	33,98,239	0	7,86,57,419	8,20,55,658
Plant & Machinery	37,63,32,902	7,18,14,888	0	44,81,47,790	17,31,18,443	4,05,37,387	0	23,44,91,960	20,31,74,459
Electrical Installation	1,21,80,625	4,82,066	0	1,26,62,691	63,75,734	12,92,268	0	49,94,689	58,04,891
Borewell Equipment	34,532	1,01,123	0	1,35,655	16,909	3,129	0	1,15,617	17,623
Office Equipments	27,51,694	6,63,992	0	34,15,686	11,23,675	1,39,736	0	21,52,275	16,28,019
Furniture	69,65,533	1,73,052	0	71,38,585	20,52,730	4,46,916	0	46,38,939	49,12,803
Vehicles	45,24,301	9,71,737	9,43,201	45,28,837	25,73,350	4,27,773	3,22,907	18,74,621	19,50,951
Computers	1,00,80,427	3,05,636	0	1,03,86,063	85,17,209	16,56,378	0	2,12,476	15,63,218
Total	51,74,68,557	7,47,12,494	9,43,201	59,12,37,850	21,34,66,069	4,79,01,826	3,22,907	33,01,92,862	30,39,62,488
								Capital Work in Progress	
								2,17,55,528	40,000
Figures for Previous year	46,29,08,280	5,49,30,530	4,10,253	51,74,28,557	17,23,33,109	4,13,67,236	2,34,276	30,40,02,488	29,05,75,171

Schedules Contd.

Particulars	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
6. Inventories		
(As Certified by Managing Director and valued)		
Raw Materials at Cost	1,88,44,571	159,05,215
Stores & Spares at Cost	1,28,95,789	69,74,186
WIP at Estimated Cost	2,49,71,973	1,72,06,159
Finished Goods at Cost	55,81,384	60,34,813
	<u>6,22,93,717</u>	<u>4,61,20,373</u>
7. Sundry Debtors		
Unsecured and Considered Good		
Outstanding for more than Six Months	87,45,613	47,10,687
Other Debts	8,24,71,860	7,09,18,562
	<u>9,12,17,473</u>	<u>7,56,29,249</u>
8. Cash & Bank Balances		
Cash balance on Hand	9,388	1,043
Bank Balances		
a) With Scheduled Banks		
in Current Accounts	13,59,899	19,22,734
in Term Deposit Accounts	30,43,498	83,90,638
In Unpaid Dividend A/c	16,61,575	16,31,691
b) With Others		
Citibank in Current A/c	45,776	1,38,711
	<u>61,20,136</u>	<u>1,20,84,817</u>
9. Loans & Advances		
Unsecured and Considered Good		
Advances recoverable in cash or in kind or for value to be received	2,46,21,015	1,93,83,443
Advance payment of tax	91,34,784	65,09,271
MAT Credit Entitlement	35,75,647	-
Balance with Central Excise	91,96,205	86,33,224
Earnest & Security Deposits	55,12,535	77,16,943
	<u>5,20,40,186</u>	<u>4,22,42,881</u>
10. Current Liabilities		
a) Sundry Creditors	94,33,046	31,12,401
Dues to Micro, Small and Medium Enterprises	9,07,10,717	5,86,75,819
Dues to Others		
b) Investor Education and Protection Fund Shall be credited by the following amounts namely (a) Unpaid Dividend A/c	16,61,575	16,31,691
c) Other Liabilities	21,02,686	9,23,880
Liability for Taxes - ITDS & VAT Collections	2,87,786	2,96,470
Liability for Other Finance	6,41,127	6,18,180
Advance from Customers	<u>10,48,36,937</u>	<u>6,52,58,441</u>
Provision(s)		
i) For Income Tax	1,12,00,000	2,05,00,000
ii) For Dividend	91,64,400	91,64,400
iii) For Corporate Tax on Dividend	14,86,695	15,22,092
	<u>2,18,51,095</u>	<u>3,11,86,492</u>

Schedules Contd.

Particulars	As at 31st March, 2011 Rs.	As at 31st March, 2010 Rs.
11 . Other Income		
Interest on Bank Deposits (TDS Rs.32,056/- previous year Rs.1,07,442/-)	6,89,853	13,08,644
Interest on Security Deposit (TDS Rs.22,346/- previous year Rs.80,772/-)	2,23,463	4,03,859
Sale of Waste & Scrap	3,34,167	27,534
Other Miscellaneous Income	19,81,369	4,55,340
Foreign Exchange Fluctuation	9,18,568	70,09,594
Profit on Sale of Fixed Assets	-	11,242
	<u>41,47,420</u>	<u>92,16,213</u>
12 . Goods Consumption		
I. Raw Materials Consumed:		
Opening Stock	1,59,05,215	1,06,34,144
Add:Purchases	24,77,81,648	14,18,27,577
	26,36,86,863	15,24,61,721
Less:Sales	1,34,850	75,600
Less:Closing Stock	1,88,44,571	1,59,05,215
	<u>24,47,07,442</u>	<u>13,64,80,906</u>
(Increase) / Decrease in Work-in-progress	(77,65,814)	(26,43,759)
(Increase) / Decrease in Finished Goods	4,53,429	51,80,558
	<u>(73,12,385)</u>	<u>25,36,799</u>
II. Stores & Spares Consumed	<u>3,08,15,543</u>	<u>1,84,00,460</u>
	<u>26,82,10,600</u>	<u>15,74,18,165</u>
13 . Manufacturing Expenses:		
Power & Fuel*	3,00,91,324	1,41,94,335
Salaries, Wages & Bonus	3,32,28,451	2,89,15,410
Labour Charges	1,02,46,961	62,51,290
Contribution to PF	10,40,236	8,90,603
Processing Charges	9,13,76,281	4,61,41,104
Welfare Expenses	97,60,339	37,66,878
* Refer Note No. 20 in the Notes on Accounts	<u>17,57,43,592</u>	<u>10,01,59,620</u>
14 . Interest & Finance Charges		
Interest on Fixed Loans	97,02,321	65,03,663
Interest on Others	53,75,160	41,73,022
Bank Charges	23,55,945	27,23,609
	<u>1,74,33,426</u>	<u>1,34,00,294</u>
15 . Other Expenses:		
Rent	5,72,400	5,40,000
Insurance	20,34,913	14,76,687
Licence, Fees & Taxes	8,18,415	6,09,636
Repairs to Buildings	20,24,217	42,93,743
Repairs to Plant & Machinery	2,39,12,137	1,13,89,562
Auditors Remuneration	2,28,873	2,05,783
Sitting Fees-Directors	1,27,500	1,20,000
Managerial remuneration	29,56,819	29,27,697
Miscellaneous Expenses	99,87,365	57,98,921
Commission & Brokergae	26,62,131	15,47,376
Packing & Forwarding	1,24,01,014	55,67,405
Carriage Outwards	37,17,594	31,90,201
Charity & Donation	6,35,000	5,41,000
Loss on Sale of Fixed Asset	1,15,486	61,642
Bad Debts Written Off	0	15,78,929
	<u>6,21,93,864</u>	<u>3,98,48,582</u>

NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES:

i) Method of Accounting:

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

ii) Revenue Recognition:

Sales are accounted net of Duties & Taxes. Material consumption is net of Cenvat. Excise duty in respect of goods manufactured other than what is in stock at the close of the year is accounted at the time of removal of goods from the factory for sale.

iii) Accounting for Fixed Assets:

a. Fixed Assets are stated at cost net of Cenvat including all direct and indirect expenses and allocable borrowing costs relating thereto.

b. Depreciation has been provided under Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956 prorated to the number of days used during the year in accordance with the provisions of Section 205 (2)(b) of Act. In respect of assets costing Rs.5,000/- or less hundred percent depreciation is provided.

iv) Valuation of Inventories :- Valued at lower of cost and net realizable value

a) Raw Material and Components are valued using Weighted Average Cost.

b) Cost of finished goods are determined as cost of raw material and other manufacturing cost on historical basis inclusive of excise duty wherever applicable.

c) In respect of semi-finished goods cost is taken as cost of the materials and other cost of manufacture upto the various stages of completion.

d) Stores and spares are valued at cost on First in First Out basis.

v) Foreign currency transactions:

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

vi) Impairment of Assets :

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

vii) a) The Company has set up an Employees Group Gratuity Trust Fund under Group Gratuity (Cash Accumulation) Scheme of Life Insurance Corporation of India. Provision has been made for payment of Gratuity up to 31.03.2011 based on actuarial valuation.

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

viii) Taxation:

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

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

ix) Lease Rent :

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

2. STATUTORY AND OTHER INFORMATION:	2010-2011	2009-2010
MT	Rs.	Rs.
1. Raw Materials Consumed:		
Steel scrap	5,965.94	4,146.88
Fe Si Mg	130.22	83.33
Pigiron	408.95	527.84
Graphite Granules	233.15	142.37
Others	6,52,15,223	2,71,57,651
	24,47,07,442	13,64,80,906

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

2. Value and Percentage of consumption:

a. Raw materials		
Imported	3,31,90,560	96,67,524
	(13.56%)	(7.08%)
Indigenous	21,15,16,882	12,68,13,382
	(86.44%)	(92.92%)
b. Stores consumables		
Imported	11,77,603	8,91,719
	(3.82%)	(4.85%)
Indigenous	2,96,37,940	1,75,08,741
	(96.18)	(95.15%)

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

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

Plant & Machinery	96,30,786	17,74,102
Machinery spares	14,41,717	10,62,950
Raw materials	3,59,56,758	1,04,78,255

4. Capacity and Production:

	Castings in MT	
Licensed Capacity	31200.000	31200.000
Installed Capacity	10800.000	10800.000
Production	5950.864	4176.541
Opening Stock	421.384	423.833
Closing Stock	499.468	421.384
Turnover	5872.780	4178.990
Wind Electric Generator (Capacity)	4 MW	3MW
Power Generated in Units	77,82,516	60,54,748

5. Interest payments includes interest on Term loan from Bank **Rs.97,02,321/-** (Previous year Rs. 65,03,663/-)
6. Bills Discounted and outstanding as on 31.03.2011 amounts to **Rs.6,59,39,465/-** (Previous year Rs.5,88,20,784/-)
7. Amount of Excise duty included in the value of Closing stock of Finished goods **Rs. 7,21,210/-** Rs.3,14,776/-
8. a. Travelling expenses include Travelling expenses by Directors **Rs.11,12,705/-** (Previous Year Rs.4,21,686/-)
b. Audit Fees includes payment towards
i) Audit Fees **Rs.2,00,000/-** (Previous year Rs.1,75,000/-)
ii) On Taxation matters **Rs.7,500/-** (Previous year Rs. 12,500/-) and
iii) Service Tax on Audit Fees **Rs.20,600/-** and on Taxation **Rs.773/-** (Previous year Rs.18,025/-)

	Rs.	Rs.
9. The details of remuneration to Managing Director:	31.3.2011	31.3.2010
Salary	21,00,000	21,00,000
Perquisites	19,200	19,200
Contribution to Provident Fund	2,52,000	2,52,000
Commission	5,85,619	5,56,497
Total	<u>29,56,819</u>	<u>29,27,697</u>

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

Net Profit as per Profit & Loss Account	5,59,36,580	5,54,44,609
Add: Depreciation	4,79,01,826	4,13,67,236
Managerial remuneration	29,56,819	29,27,697
Sitting Fees to Directors	1,27,500	1,20,000
Loss on sale of Fixed Assets	1,15,486	61,642
	<u>10,70,38,211</u>	<u>9,99,21,184</u>
Less: Depreciation as per Sec.350	4,79,01,826	4,13,67,236
Net Profit as per Sec.349	<u>5,91,36,385</u>	<u>5,85,53,948</u>
Commission on Net Profit @ 3% (restricted to)	5,85,619	5,56,497

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

Sl. No.	Particulars	Rs.	Rs.
1.	Principal Amount due as at 31 March 2011	94,33,046	31,12,401
2.	Interest due on (1) above and unpaid as at 31 March 2011	-	-
3.	Interest paid to the supplier	-	-
4.	Payments made to the supplier beyond the appointed day during the year	-	-
5.	Interest due and payable for the period of delay.	-	-
6.	Interest accrued and remaining unpaid as at 31 March 2011	-	-
7.	Amount of further interest remaining due and payable in succeeding year.	-	-

11. Earnings in Foreign exchange
 FOB Value of Exports Rs. 31,30,64,391 18,94,37,673
 Sale of patterns Rs. 38,60,756 98,01,237
12. Expenditure in Foreign currency
 Travelling Expenses Rs. 4,56,025 Rs. 94,134
 Subscription Rs. 15,236 Rs. 16,474
13. Details of dividend remitted during the year in foreign currency.
 a. Amount in Rupees Rs. 9,06,000 Rs. 6,79,500
 b. No. of Non-residents 14 14
 c. No. of equity shares held by above Rs. 4,53,000 Rs. 4,53,000
14. The Company has carried out an exercise to ascertain the impairment, if any, in the carrying values of its fixed assets. This has not revealed any impairment during the year.
15. Deferred tax:

Deferred Tax Workings

Particulars	Op. Balance	Provided	Reversed	Cl. Balance
		during the year		
Deferred Tax Liability- Depreciation Claimed	5,58,90,764	1,09,87,887	-	6,68,78,651
Deferred Tax Asset- Adjusted U/s. 43B of Income Tax Act	(6,89,517)	(19,08,828)	6,89,517	(19,08,828)
Total	5,52,01,247	90,79,059	6,89,517	6,49,69,823

16. Segment information:

PRIMARY - BUSINESS SEGMENT	2010-11			2009-10		
	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.
Segment Results						
1. REVENUE						
Sales	60,77,78,920	-	60,77,78,920	38,88,58,385	-	38,88,58,385
Wind Energy Generation		2,89,02,423	2,89,02,423	-	2,20,26,435	2,20,26,435
Other Income	1,96,40,968	-	1,96,40,968	1,87,80,122	-	1,87,80,122
Total Revenue	62,74,19,888	2,89,02,423	65,63,22,311	40,76,38,507	2,20,26,435	42,96,64,942
2. EXPENDITURE						
Interest	1,30,76,191	43,57,236	1,74,33,427	1,02,41,548	31,58,746	1,34,00,294
Depreciation	3,00,73,509	1,78,28,317	4,79,01,826	2,77,91,298	1,35,75,938	4,13,67,236
Other Expenses	52,89,87,299	60,63,180	53,50,50,479	31,56,72,534	37,80,268	31,94,52,802
Total Expenditure	57,21,36,999	2,82,48,733	60,03,85,732	35,37,05,380	2,05,14,952	37,42,20,332

PRIMARY - BUSINESS SEGMENT	2010-11			2009-10		
Particulars	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.	Foundry Division Rs.	Wind Energy Division Rs.	Total Rs.
Profit before Tax	5,52,82,889	6,53,691	5,59,36,580	5,39,33,126	15,11,483	5,54,44,609
Less :						
Prior year Taxation			9,92,086			18,87,893
Provision for Income Tax			1,12,00,000			2,05,00,000
MAT Credit Entitlement			(35,75,647)			0
Provision for Deferred Tax Liability			97,68,576			19,94,179
Net Profit after Tax			<u>3,75,51,565</u>			<u>3,10,62,537</u>
3. SEGMENT ASSETS	39,68,52,838	21,61,40,540	61,29,93,378	34,65,02,517	17,09,66,040	51,74,68,557
Segment Liabilities	15,72,17,927	6,68,11,098	22,35,95,203	12,33,80,901	4,40,07,857	16,73,88,758
Unallocable Liabilities			8,68,20,918			8,63,87,739
4. TOTAL LIABILITIES			<u>31,04,16,121</u>			<u>25,37,76,497</u>
5. CAPITAL EXPENDITURE	2,99,12,494	4,48,00,000	7,47,12,494	1,14,17,815	4,35,52,715	5,49,70,530

17. SECONDARY-GEOGRAPHICAL SEGMENT

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

Domestic Sales	29,08,53,772	18,96,19,475
Export Sales to USA	27,79,09,855	17,13,03,257
Export Sales to Europe	3,90,15,293	2,79,35,653
Total	<u>60,77,78,920</u>	<u>38,88,58,385</u>

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

18. Related party disclosures:

A. Names of the related parties and Descriptions of relationship

- | | |
|--|--|
| 1. Key management personnel | Mr.N. Krishna Samaraj, Managing Director |
| 2. Relatives of Key Management personnel | Mrs.N.Muthulakshmi - Mother |
| 3. Other related parties | 1. Samrajyaa and company |
| | 2. V.R. Foundries |
| | 3. Elgi Equipments Ltd. |
| | 4. Magna Digitech India Pvt. Ltd. |

B. Transactions with related parties:

Particulars	Key Management Personnel Rs.	Relatives of key Management Personnel Rs.	Other Related parties Rs.	Total Rs.
(Figures inside brackets represent figures of last year)				
Managerial remuneration	29,56,581 (29,27,697)	-	-	29,56,581 (29,27,697)
Purchase of goods			4,58,514 (3,76,845)	4,58,514 (3,76,845)
Machining charges paid			4,04,59,417 (2,22,04,468)	4,04,59,417 (2,22,04,468)
Rent paid and amenities		5,72,400 (5,40,000)		5,72,400 (5,40,000)
Rent received			1,14,000 (1,14,000)	1,14,000 (1,14,000)
Other Service Charges Received			13,38,210 (9,43,091)	13,38,210 (9,43,091)
Data Conversion			14,66,990 (Nil)	14,66,990 (Nil)
Outstandings				
Payables	1,37,520	42,930	1,14,78,228	1,16,58,678
Receivables	-		60,665	60,665

19. Earnings per share				
(a) Net profit after tax		Rs.	3,75,51,565	3,10,62,537
(b) Weighted average no. equity shares of Rs.10 each outstanding during the year			45,82,200	45,82,200
(c) Basic or diluted earnings per share (a/b)		Rs.	8.20	6.78

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

	2010-11	2009-10
No. of Units Generated	77,82,516	60,54,748
Value in Rs.	2,89,02,423	2,20,26,435

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

22. Lease Rentals :

a) Future Minimum Lease rental receivable under operating income

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

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

Office Building	Rs.	5,72,400	Rs.5,40,000
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The agreement is for a period of 11 months with the option of renewal and also provides for termination by either party by giving adequate notice.

23. Employee Benefits :

1. Company's contribution during the year towards :

1) Provident Fund	: Rs. 10,40,236 (previous year Rs.8,90,603)
2) ESI	: Rs. 5,45,248 (previous year Rs. 3,97,748)

2. Defined Benefit Plans: Gratuity:

Liability recognized in the Balance Sheet

a) Present Value of obligations		
as at 01.04.2010	30,04,309	28,80,186
Interest cost	2,40,305	2,30,415
Current service cost	2,62,544	3,25,013
Benefit paid	(10,64,994)	(2,71,699)
Actuarial (gain) / loss on obligations	18,40,986	(1,59,606)
Present value of obligations		
As at 31.03.2011	42,83,190	30,04,309
b. Fair value of plan assets		
As at 01.04.2010	27,39,559	26,77,732
Expected return on plan assets	2,05,024	2,33,526
Contributions	3,61,996	1,00,000
Benefits paid	(10,64,994)	(2,71,699)
Actuarial gain (loss)	nil	nil
Fair value of plan assets	22,41,585	27,39,559
Funded Status	(20,41,605)	(2,64,750)
Net Asset / (Liability) recognized		
in balance sheet	20,41,605	2,64,750

c. Actuarial gain / loss recognised 31.03.2011

Actuarial gain (loss) - obligations	18,40,986	1,59,606
Actuarial gain (loss) - plan assets	nil	nil
Total (gain) / loss for the year	(18,40,986)	(1,59,606)
Actuarial (gain) / loss recognised	(18,40,986)	(1,59,606)

d. Expenses during the year

Current service cost	2,62,544	3,25,013
Interest cost	2,40,345	2,30,415
Expected return on plan assets	(2,05,024)	(2,33,526)
Net actuarial (gain) / loss	(18,40,986)	(1,59,606)

e. Principal actuarial assumptions

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

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

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

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

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

Coimbatore
30th May 2011

R. Ravi
Company Secretary

V. Rajendran
Chairman of the Meeting

N.Krishna Samaraj
Managing Director

CASH FLOW STATEMENT

(Rs. in lakhs)

	2010-11 Rs.	2009-10 Rs.
A: Cash flow from operating activities:		
Net Profit before tax and extra ordinary items	5,59,36,580	5,54,44,609
Adjustments for:		
Depreciation	4,79,01,825	4,13,67,236
Interest received	(9,13,316)	(17,12,503)
Interest paid	1,74,33,427	1,34,00,294
Loss on Sale of Fixed Asset	1,15,486	61,642
Profit on Sale of Fixed Asset	0	(11,242)
Operating profit before working capital changes	6,45,37,422	5,31,05,427
Adjustments for:	12,04,74,002	10,85,50,036
Trade & Other receivables	(1,91,84,369)	(2,75,04,225)
Inventories	(1,61,73,343)	(35,84,522)
Trade payables	3,95,78,496	(35,54,569)
	42,20,784	3,46,43,316
Cash generated from operations	12,46,94,786	7,39,06,720
Direct taxes paid	2,41,17,599	(1,15,71,515)
Cash flow before extra ordinary items	10,05,77,187	6,23,35,205
Net cash from operating activities (A)	10,05,77,187	6,23,35,205
B: Cash flow from investing activities:		
Purchase of fixed assets	(9,64,68,021)	(5,49,70,530)
Sale of fixed assets	5,04,808	1,25,577
Interest received	9,13,316	17,12,503
Net cash used in investing activities (B)	(9,50,49,897)	(5,31,32,450)
C: Cash flow from financing activities		
Proceeds from long term borrowings	1,66,27,949	(53,37,748)
Dividends paid	(1,06,86,492)	(80,41,417)
Interest paid	(1,74,33,427)	(1,34,00,294)
Net cash used in financing activities (C)	(1,14,91,970)	(2,67,79,459)
Net increase/(decrease) in cash and cash equivalents (A)+(B)+(C)	(59,64,680)	(1,75,76,704)
Cash and cash equivalents (Opening balance)	1,20,84,817	2,96,61,523
Cash and cash (C) balance	61,20,137	1,20,84,817

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

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

V. Rajendran
Chairman of the Meeting

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

Coimbatore
30th May 2011

R. Ravi
Company Secretary

N.Krishna Samaraj
Managing Director

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

Registration No. 1 8 1 - 2 8 3 6 / 1 9 9 0
 Balance sheet date: 3 1 3 2 0 1 1

State Code: 1 8

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

Public Issue Rs. N i l
 Bonus Issue Rs. N i l

Rights Issue Rs. N i l
 Private placement Rs. N i l

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

Total Liabilities 5 6 3 6 2 0

Total Assets 5 6 3 6 2 0

Sources of funds

Paid up Capital 4 5 8 2 2
 Secured Loans 1 1 2 7 4 2

Reserves and surplus 2 0 7 3 8 1
 Unsecured Loans 6 0 1 6
 Deferred tax 6 4 9 7 0

Application of funds

Net Fixed Assets 3 5 1 9 4 8
 Net Current Assets 8 4 9 8 3
 Accumulated losses N i l

Investments N i l
 Misc. Expenditure N i l

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

Turnover/other income 6 2 7 4 2 0
 Profit/Loss before tax 5 5 9 3 7
 Earnings per share 8 . 2 0
 (in rupees Annualized)

Total expenditure 5 7 1 4 8 2
 Profit/Loss after tax 3 7 5 5 1
 Dividend % 2 0

V. Generic names of three principal products/services

Item code No. (ITC Code) : 73251000,84129000,85480000
 : 87080000,87169000,73083000, 84801000

Product description : Iron castings including Grey iron, SG iron and other iron alloy castings - Machined and Un-machined and steel components

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

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

R. Ravi
 Company Secretary

V. Rajendran
 Chairman of the Meeting

Coimbatore
 30th May 2011

N.Krishna Samaraj
 Managing Director

