

# MAGNA

## MAGNA ELECTRO CASTINGS LIMITED

43, BALASUNDARAM ROAD, COIMBATORE - TN 641 018. INDIA  
TEL : (0422) 2240109 2246184 2240487, FAX : (0422) 2246209  
E-MAIL : info@magnacast.com  
Web : www.magnacast.com  
CIN : L31103TZ1990PLC002836



SEC/BSE/15/2017-18

May 30, 2017

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

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

Dear Sir,

**Submission of Audited Financial Results in revised format.**

We have submitted the audited financial results for the financial year ended 31.03.2017 in old format inadvertently.

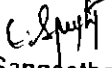
Kindly find enclosed Audited Financial Results and Statement of Assets & Liabilities for the year ended 31.03.2017 in Schedule III format ( revised format) as specified in SEBI's circular dated July 05, 2016.

Further We declare that there is no change in results as submitted earlier in old format.

Kindly take this information on record and update the same.

Thanking you,

For MAGNA ELECTRO CASTINGS LIMITED

  
Sangeetha. C  
Company Secretary.

**Statement of Audited Results for the quarter/ financial year ended 31st March 2017**

(Rs.in Lakhs)

S.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
		Audited	Unaudited	Audited	(Audited)	
1	<b>Income</b>					
	a) Revenue from Operations	2,145.75	2,024.86	1,931.70	7,930.06	9,343.32
	b) Other Income	7.24	10.57	44.07	35.07	90.29
	<b>Total Revenue</b>	<b>2,152.99</b>	<b>2,035.43</b>	<b>1,975.77</b>	<b>7,965.13</b>	<b>9,433.61</b>
2	<b>Expenses</b>					
	a) Cost of Materials Consumed	559.22	574.84	590.56	2,154.19	3,121.27
	b) Purchase of Stock-in-Trade	0.00	0.00	0.00	0.00	0.00
	c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	50.41	(15.11)	4.18	85.04	(27.64)
	d) Employee benefit expense	234.59	232.52	212.87	897.79	837.95
	e) Finance Cost	5.48	15.13	18.85	54.23	156.04
	f) Depreciation and Amortisation Expense	107.44	135.00	84.57	512.44	462.57
	g) Other Expenses	1,022.04	867.62	922.02	3,341.58	3,973.70
	<b>Total Expenses</b>	<b>1,979.18</b>	<b>1,810.00</b>	<b>1,833.05</b>	<b>7,045.28</b>	<b>8,523.89</b>
3	<b>Profit before exceptional and extraordinary items and tax</b>	<b>173.81</b>	<b>225.43</b>	<b>142.72</b>	<b>919.85</b>	<b>909.72</b>
4	Exceptional Items(Income)	(11.64)	0.00	0.00	(11.64)	0.00
5	<b>Profit from extraordinary items and tax</b>	<b>185.45</b>	<b>225.43</b>	<b>142.72</b>	<b>931.49</b>	<b>909.72</b>
6	Extraordinary Items	-	-	-	-	-
7	<b>Profit before tax</b>	<b>185.45</b>	<b>225.43</b>	<b>142.72</b>	<b>931.49</b>	<b>909.72</b>
8	<b>Tax Expense</b>					
	i. Current Tax	105.00	25.00	35.00	230.00	210.00
	ii. Prior Year Income Tax - (Reversed)	(16.96)	-	-	(16.96)	-
	iii. Deferred Tax Liability- (Reversed)	(27.67)	-	-	(27.67)	34.97
9	<b>Net Profit/(Loss) from continuing operations</b>	<b>125.08</b>	<b>200.43</b>	<b>107.72</b>	<b>746.12</b>	<b>664.75</b>
10	<b>NetProfit/ (Loss) from discontinued operations(after tax)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
11	<b>Profit/ (Loss) for the period</b>	<b>125.08</b>	<b>200.43</b>	<b>107.72</b>	<b>746.12</b>	<b>664.75</b>
12	Share of Profit/ (Loss) of Associates	0.00	0.00	0.00	0.00	0.00
13	Minority Interest	0.00	0.00	0.00	0.00	0.00
14	<b>Net Profit after Taxes</b>	<b>125.08</b>	<b>200.43</b>	<b>107.72</b>	<b>746.12</b>	<b>664.75</b>
15	Paid-up Equity Share Capital (face value at Rs.10 each)	458.22	458.22	458.22	458.22	458.22
16	Reserve Excluding Revaluation Reserves as per Balance Sheet of previous Accounting year				4,934.34	4188.21
17	<b>Earnings per Share (before Extraordinary Items) of Rs.10 each</b>					
	a) Basic	2.73	4.37	2.35	16.28	14.51
	b) Diluted	2.73	4.37	2.35	16.28	14.51

**"Segmentwise Revenue, Results , Assets and Liabilities"**

S.No.	Particulars	Quarter Ended			Year Ended	
		31.03.2017	31.12.2016	31.03.2016	31.03.2017	31.03.2016
		Audited	Unaudited	Audited	(Audited)	
1	<b>Segment Revenue</b>					
	a) Foundry	2,152.99	2,035.43	1,975.77	7,965.13	9,433.61
	b) Wind Energy (Net)	21.95	162.51	16.40	457.19	274.67
	<b>Total Segment Revenue</b>	<b>2,174.94</b>	<b>2,197.94</b>	<b>1,992.17</b>	<b>8,422.32</b>	<b>9,708.28</b>
	Less : Intersegment Revenue	21.95	162.51	16.40	457.19	274.67
	<b>Net Sales/Income from Operations</b>	<b>2,152.99</b>	<b>2,035.43</b>	<b>1,975.77</b>	<b>7,965.13</b>	<b>9,433.61</b>
2	<b>Segment Result</b>					
	a) Foundry	192.63	177.84	165.09	616.03	873.16
	b) Wind Energy	(1.70)	62.73	(3.52)	369.69	192.60
	<b>Total Profit before Interest</b>	<b>190.93</b>	<b>240.57</b>	<b>161.57</b>	<b>985.72</b>	<b>1,065.76</b>
	Less : Finance Costs					
	a) Foundry	5.48	15.13	18.85	54.23	150.81
	b) Wind Energy	-	-	-	-	5.23
	<b>Profit before Tax</b>	<b>185.44</b>	<b>225.43</b>	<b>142.72</b>	<b>931.49</b>	<b>909.72</b>
3	<b>Assets</b>					
	a) Foundry	6,707.80	6,847.68	6,994.61	6,707.80	6,994.91
	b) Wind Energy	816.11	623.41	640.41	816.11	640.41
	<b>Total Assets</b>	<b>7,523.91</b>	<b>7,471.09</b>	<b>7,635.02</b>	<b>7,523.91</b>	<b>7,635.02</b>
4	<b>Liabilities</b>					
	a) Foundry	1,604.33	998.29	2,433.89	1,604.33	2,433.89
	b) Wind Energy	0.00	0.00	0.00	0.00	0.00
	c) Unallocable Liabilities	5,919.58	6,472.80	5,201.13	5,919.58	5,201.13
	<b>Total Liabilities</b>	<b>7,523.91</b>	<b>7,471.09</b>	<b>7,635.02</b>	<b>7,523.91</b>	<b>7,635.02</b>

**Notes:**

- The above audited results, duly reviewed by the Audit Committee, has been approved by the Board of Directors at its Meeting held on 26.05.2017.
- The Directors have recommended payment of dividend Rs.2.00 per share (@ 20%) on the Equity Share Capital, subject to the approval of the shareholders at the ensuing Annual General Meeting.
- The Company operates in two segments namely Manufacture and Sale of Castings and Wind Energy Generation
- The Board of Directors declare that the Auditors Report do not contain any qualifications.
- Figures for the previous year have been reclassified/regrouped wherever necessary.

For Magna Electro Castings Limited

Place : Coimbatore  
Date : 26.05.2017

N. Krishna Sankar  
Managing Director



# Statement of Assets & Liabilities

31.03.2017

31.03.2016

## A EQUITY AND LIABILITIES

(Rs. in Lakhs)

<b>1 Shareholders funds</b>		
a)Share Capital	458.22	458.22
b)Reserves & Surplus	4,934.34	4,188.21
<b>Total</b>	<b>5,392.56</b>	<b>4,646.43</b>
<b>2 Non - Current Liabilities</b>		
(a) Long-Term Borrowings	31.06	258.70
(b) Deferred Tax Liabilities (Net)	527.02	554.69
<b>Sub-Total-Non Current Liabilities</b>	<b>558.08</b>	<b>813.39</b>
<b>3 Current Liabilities</b>		
(a) Short-Term Borrowings	342.69	511.80
(b) Trade Payables		7.41
i. Micro and Small Enterprises	3.80	1,245.69
ii. Others	977.15	244.10
(c) Other Current Liabilities	161.55	166.20
(d) Short Term Provisions	88.08	2,175.20
<b>Sub-Total-Current Liabilities</b>	<b>1,573.27</b>	<b>2,175.20</b>
<b>TOTAL-EQUITY AND LIABILITIES</b>	<b>7,523.91</b>	<b>7,635.02</b>

## B ASSETS

<b>1 Non-Current Assets</b>		
(a) Fixed Assets		4,248.65
i. Tangible Assets	3,858.53	0.66
ii. Intangible Assets	3.39	223.40
(b) Long-Term Loans and Advances	237.34	-
(c) Othe Non-Current Assets	-	4,472.71
<b>Total Non Current Assets</b>	<b>4,099.26</b>	
<b>2 Current Assets</b>		
(a) Inventories	541.96	608.89
(b) Trade Receivables	2,152.23	1,908.14
(c) Cash and Cash Equivalents	205.75	151.38
(d) Short Term Loans and Advances	513.81	472.36
(e) Other Current Assets	10.90	21.54
<b>Total Current Assets</b>	<b>3,424.65</b>	<b>3,162.31</b>
<b>TOTAL - ASSETS</b>	<b>7,523.91</b>	<b>7,635.02</b>



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SEC/BSE/14/2017-18

May 26, 2017

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

Kind Attn: Mr. Shyam Bhagirath  
Mr. Rakesh Parekh

Scrip Code: 517449

Dear Sir,

**Declaration under Regulation 33(3)(d) of SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015**

We, N Krishna Samaraj, Managing director and R Ravi, Chief Financial Officer of the Company hereby declare that, the joint statutory auditors of the Company, M/s. S. Krishnamoorthy & Co., Chartered Accountants (FRN:001496S) and M/s. Srikishen & Co., Chartered Accountants ( FRN:004009S) have issued an Audit Report with unmodified opinion on Audited Financial Statement of the Company for the quarter and financial year ended 31<sup>st</sup> March, 2017.

This declaration is given in compliance to Regulation 33(3)(d) of SEBI ( Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time vide Notification SEBI/LAD-NRO/GN/2016-17/001 dated May 25, 2016 and Circular No. CIR/CFD/CMD/56/2016 dated May 27, 2016.

Kindly take this declaration on your record.

Thanking you

For MAGNA ELECTRO CASTINGS LIMITED

  
N. KRISHNA SAMARAJ  
Managing Director

For MAGNA ELECTRO CASTINGS LIMITED

  
R. RAVI  
CHIEF FINANCIAL OFFICER

## AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

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

1. We have examined the compliance of conditions of Corporate Governance by **Magna Electro Castings Limited** for the year ended **31st March, 2017** as stipulated in Regulations 17 to 27 and Clause (b) to (i) of Regulation 46(2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our Examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated above. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and Clause (b) to (i) of Regulation 46(2), Schedule V and Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.
4. We further state that such compliance is neither an assurance as to the future viability of the Company or of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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



**K.N.Sreedharan**  
Partner  
Membership No.12026

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



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

Coimbatore  
May 26, 2017

## **Independent Auditor's Report**

To the Members of Magna Electro Castings Limited

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Magna Electro Castings Limited ('the Company'), which comprise the Balance sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, and ensuring their operating effectiveness for 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## **Opinion**

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of Statement of Profit and Loss, the Profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

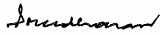
## **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
- 2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) 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 derivatives contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. the company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Company;

For S. KRISHNAMOORTHY & Co.  
Chartered Accountants  
Registration No.001496S



**K.N. SREEDHARAN**  
Partner, Auditor  
Membership No.012026

For SRIKISHEN & CO.  
Chartered Accountants  
Registration No.004009S



**K.MURALI MOHAN**  
Proprietor, Auditors  
Membership No.014328

**Coimbatore**  
**26.05.2017**



**The Annexure A referred to in paragraph 1 of Report on Other Legal and Regulatory Requirements**

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

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

(b) The fixed assets of the company have been physically verified by the management during the year at reasonable intervals having regard to size of the company and nature of its assets. No material discrepancies were noticed on such verification.

(c) The title deeds of all the immovable properties of the company shown under the Fixed Assets schedule are held in the name of the company.

(ii) The stocks of finished goods, stores, spares and raw materials of the Company have been physically verified by the management during the year at reasonable intervals. In our opinion the frequency of such verification is reasonable and no material discrepancies were noticed.

(iii) The Company has not granted any loans secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The company has not granted any loan to directors or to any other person in whom the director is interested or given any guarantee or provided any security in connection with any loan taken by the director or such other person as contemplated in section 185 of the Act. The company has also not given any loan or made any investment as contemplated under section 186 of the Act.

(v) The company has not accepted any deposits to which the provisions of sec.73 to 76 or any other relevant provisions of the act and the rules framed there under and the directions issued by the RBI are applicable.

(vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the central government for the maintenance of cost records u/s. 148 of the act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or not.

(vii) (a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Duty on customs, Duty on excise, Cess and any other statutory dues with the appropriate authorities and

No undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales tax, Service tax, Duty of customs, Duty of excise, Cess and any other statutory dues were in arrears as at 31.03.2017 for a period of more than six months from the date they became payable.

(b) There are no dues of Sales tax, Service tax, Duty on customs, Duty on excise, Cess and which have not been deposited with the appropriate authorities on account of any dispute. The particulars of Income Tax which have not been deposited on account of a dispute are as follows:

Name of statute	Nature of the dues	Amt. as on 31.03.2017 (in Rs.)	Period to which the amt. relates	Forum where the dispute is pending	Remarks
Income Tax Act, 1961	Regular	4,32,198	Asst. Year 2007-2008	CIT (A)	-
Income Tax Act, 1961	Regular	15,76,640	Asst. Year 2014-15	CIT (A)	-

(viii) The company has not defaulted in the repayment of dues to bank. There are no borrowings from financial institution or Government. Company has not issued any debentures

(ix) The company has not availed any term loan or raised money by initial public offer or further public offer (including debt instruments) during the year.

(x) No Material frauds by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The company has paid/provided for managerial remuneration in accordance with the requisite approval mandated by the provisions of section 197 read with Schedule V of the act.

(xii) The company is not a nidhi company and therefore this clause is not applicable.


(xiii) All transactions with the related parties are in compliance with sec. 177 and sec. 188 of the Act. Details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.


(xv) The company has not entered into non-cash transactions with directors or persons connected with them.

(xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For **S. KRISHNAMOORTHY & Co.**  
Chartered Accountants  
Registration No.001496S

  
**K.N. SREEDHARAN**  
Partner, Auditor  
Membership No.012026

For **SRIKISHEN & CO.**  
Chartered Accountants  
Registration No.004009S

  
**K.MURALI MOHAN**  
Proprietor, Auditors  
Membership No.014328

**Coimbatore**  
**26.05.2017**

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls 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 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The 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.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

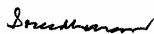
### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

In our opinion, 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 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **S. KRISHNAMOORTHY & Co.**  
Chartered Accountants  
Registration No.001496S



**K.N. SREEDHARAN**  
Partner, Auditor  
Membership No.012026

For **SRKISHEN & CO.**  
Chartered Accountants  
Registration No.004009S



**K.MURALI MOHAN**  
Proprietor, Auditors  
Membership No.014328

**Coimbatore**  
**26.05.2017**