



**ANNUAL REPORT**  
**1996-97**

Report  junction.com

**Ennore Foundries Limited**





## ENNORE FOUNDRIES LIMITED

Registered Office: Ennore, Chennai 600 057.

### NOTICE

NOTICE is hereby given that the Thirty Seventh Annual General Meeting of the Members of Ennore Foundries Limited will be held on Wednesday the August 27, 1997 at Sathguru Gnanananda Hall, Narada Gana Sabha, 254 T T K Road, Chennai 600 018 at 10.00 a.m. to transact the following business:

#### As Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 1997 and the Profit and Loss Account for the year ended on that date annexed thereto and the Reports of Directors and Auditors attached thereto.
2. To declare a dividend.
3. To appoint a Director in the place of Mr J Joseph, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
4. To appoint a Director in the place of Mr H Klingele, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
5. To appoint a Director in the place of Mr R Borsa, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for re-appointment.
6. To reappoint Auditors and fix their remuneration.

#### As Special Business

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company as and by way of Second Charge of all the immovable and movable properties of the Company wherever situate, present and future, and the whole of the undertaking of the Company and/or conferring power to enter upon and take possession of the assets of the Company in certain events to or in favour of State Bank of India (SBI), ANZ Grindlays Bank (GB), Bank of America (BoA) and Union Bank of India (UBI) to secure as and by way of second charge for working capital facilities aggregating to Rs. 1850 lakhs (Rupees One Thousand Eight Hundred and Fifty Lakhs only) lent and advanced/agreed to be lent and advanced by SBI, GB, BoA and UBI to the Company together with interest at the agreed rates, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other monies payable by

the Company to SBI, GB, BoA and UBI in terms of Loan Agreement/Hypothecation Agreement entered into/to be entered into by the Company in respect of the said facilities; and to the Board of Directors of the Company for agreeing with the said Banks in terms of the Loan Agreement/Hypothecation Agreement to reserve a right to take over the Management of business and concern of the Company in certain events.

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to finalise with SBI, GB, BoA and UBI the documents for creating the aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts, deeds and things as may be necessary for giving effect to the above resolution".

By Order of the Board

Chennai  
July 2, 1997

**C P Sounderarajan**  
Company Secretary

#### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead himself and the proxy or proxies so appointed need not be a member or members as the case may be of the Company. Proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the time appointed for holding the meeting.
2. The Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business under item no.7 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from August 19, 1997 to August 27, 1997 (both days inclusive).
4. Members are requested to:
  - a) Notify immediately any change in their address to the Company.
  - b) Bring the copy of the Annual Report to the meeting.
5. The dividend on the shares as recommended by the Board of Directors when declared, will be made payable to those members (or their mandatees) whose names appear in the Register of Members as on August 27, 1997 and the dividend warrants will be posted on or after 1st September, 1997.
6. Pursuant to section 205 A of the Companies Act, 1956 all unpaid/unclaimed dividend upto the financial year 1991-92 have been transferred to General Revenue Account of the Central Government within the prescribed time.

Shareholders who have not encashed the dividend warrants for the said periods are requested to claim the amount from the Registrar of Companies, Tamil Nadu, 26, Haddows Road, Chennai 600 006.

In respect of the unpaid/unclaimed dividend for the financial year ended March 31, 1994 (paid on 27th September 1994) the same will be transferred during September 1997 to the General Revenue Account of the Central Government. Shareholders who have not encashed the dividend warrants for the said period, are requested to write to the Company immediately.

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**EXPLANATORY STATEMENT UNDER SECTION 173 OF THE COMPANIES ACT, 1956  
TO THE SPECIAL BUSINESS SET OUT IN THE NOTICE**

**Item 7**

The Company had approached Consortium of Banks consisting of State Bank of India as the Lead Bank, ANZ Grindlays Bank, Bank of America and Union Bank of India for enhanced working capital limit of Rs.1850 lakhs which has been sanctioned.

The said facility will be secured by a mortgage and/or charge as and by way of second charge on the immovable/movable properties of the Company, both present and future and the whole of the undertaking with power to take over the management of the business and concern of the Company in certain events.

As per Section 293 (1) (a) of the Companies Act, 1956 the Board of Directors of the Company shall not, without the consent of the Company in General Meeting, sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company. Since the mortgaging/charging by the Company of its immovable/movable properties as aforesaid in favour of Consortium of Banks may be regarded as disposal of the Company's properties/undertakings, it is necessary for the Members to pass a resolution as contained in Item 7 of the Notice.

**Interest of Directors**

None of the Directors is concerned or interested in this resolution.

By Order of the Board

Chennai  
July 2, 1997

**C P Sounderarajan**  
Company Secretary


**Ennore Foundries Limited**
**Board of Directors**
**Mantosh Sondhi**  
Chairman

**R.J. Shahaney**  
Deputy Chairman

**J. Srinivasan**  
Managing Director

**R. Borsa**  
(Alternate : R. Sorce)

**P. K. Choksey**
**J. Joseph**
**H. Klingele**  
(Alternate : S.C. Chawla)

**B.D. Punjabi**
**S. Ragothaman**
**F. Sahami**
**Company Secretary**
**C.P. Sounderarajan**
**Bankers**

State Bank of India

ANZ Grindlays Bank p.l.c.

Bank of America

Union Bank of India

**Auditors**
*Fraser & Ross*  
Chartered Accountants

**Registered Office & Works**

Ennore, Chennai - 600 057



## Ennore Foundries Limited

## A Five Year Review

	Rs. Lakhs				
	1992-93	1993-94	1994-95	1995-96	1996-97
<b>Income and Dividend</b>					
Sales / Operating Income	7325	9334	9411	11086	12126
Operating Profit	189	1169	1208	1663	1552
Profit / Loss (–) Before Tax	–825	285	407	803	609
Profit / Loss (–) After Tax	–825	285	407	512	367
Dividend including Tax	—	93	136	170	224
Retained Earnings	—	192	271	342	143
<b>Assets Employed</b>					
Net Fixed Assets @	4474	4115	4000	4073	4113
Net Current Assets	1624	2101	2430	2472	2611
Other Assets	21	45	49	47	46
Total	6119	6261	6479	6592	6770
<b>Financed by</b>					
Net worth @	2654	3467	3581	3787	3804
Borrowed Funds	3462	2793	2898	2805	2966
Deferred Liability	3	1	—	—	—
Total	6119	6261	6479	6592	6770
<b>General</b>					
Sales Units - Tonnes	23856	29645	34110	38122	38781
Earnings per share - Rs.	—	4.58	6.00	7.54	5.40
Dividend per share - Rs.	—	1.50	2.00	2.50	3.00
Book value per share - Rs.	58.66	51.05	52.74	55.78	56.02
@ Includes addition on Revaluation of Fixed Assets	1782	1611	1453	1317	1191



## Ennore Foundries Limited

### Report of the Directors

#### To the Members

Your Directors have pleasure in presenting the Thirty Seventh Annual Report with the Accounts of your Company for the year ended March 31, 1997.

#### Financial Results

	Rs. Lakhs	
	1996-97	1995-96
Profit Before Tax	608.67	803.20
Less: Provision for Taxation	242.00	291.00
Profit After Tax	366.67	512.20
Add: Transfer from Investment Allowance Reserve	89.00	—
Balance brought forward from last year	135.44	100.41
Profit available for appropriation	591.11	612.61
Less: Transfer to Debenture Redemption Reserve	57.42	57.42
Transfer to General Reserve	200.00	250.00
Proposed Dividend @ 30%	203.70	169.75
Provision for tax on dividend	20.37	—
Balance carried over	<u>109.62</u>	<u>135.44</u>

#### Dividend

Your Directors are pleased to recommend a dividend of 30% (Rs 3/- per equity share of Rs.10/- each) free of tax, on the Capital of 67,89,900 equity shares of Rs.10/- each for the financial year ended March 31, 1997. This will absorb a sum of Rs.203.70 lakhs.

#### Operations

Despite a slow down in demand in the Automobile sector, towards the second half of the year, invoiced tonnage for the year stood at 38781 MT compared to 38122 MT in the previous year. However, production for the year was 41028 MT, a growth of over 7% compared to the previous year.

The turnover for the year was Rs 12125.75 lakhs compared to Rs. 11086.33 lakhs in the previous year registering a growth of 9%. This was possible due to better product-mix manufactured during the year. Profit for the year before depreciation and tax was Rs. 1030 lakhs as against Rs. 1184 lakhs in 1995-96. The net profit for the year after providing for tax of Rs.242 lakhs (Rs.291 lakhs for the previous year) was Rs.366.67 lakhs compared to Rs. 512.20 lakhs for the previous year.



## Ennore Foundries Limited

There was a general increase in cost of raw materials, power and other inputs coupled with customer resistance to price increase on castings. In addition the slow down in off-take from the Automobile sector particularly during the second half of the year resulted in higher inventory holding with resultant higher interest charges. With new entrants in the Automobile and Tractor sectors, the Company expects pick up in demand for its products during the current year.

Your Company has received a compensation of Rs. 46.54 lakhs towards loss of profit from the Insurance Company on the claim made, consequent upon the damages suffered by the Company during the cyclonic storm which hit Chennai in June 1996.

Your Company has received the coveted ISO 9002 certification from RWTUV, Germany which will enable the Company to meet higher customer expectations in terms of quality and delivery.

### Capacity Enhancement

The expansion programme for enhancing the capacity of the annual net saleable production to 4000 MT (Iron) and 3000 MT (Aluminium) has been completed during the year.

### Technology Upgradation

Your Company has undertaken several steps for, modernisation/upgradation of its facilities like import substitution of Hot Box Blowing machine and introduction of Cold box process in the core making area to meet the needs of close - toleranced castings for the new generation engines.

### Exports

Exports, mainly of aluminium castings to Iveco, amounted to Rs.11.10 lakhs.

### Research & Development

An expenditure of Rs.16.80 lakhs was incurred during the year on R&D activities. The main thrust in Research & Development continues to be in achieving major objectives of introduction of new processes in the manufacture of castings, cost saving, improvement in quality of castings and use of alternative materials on continuous basis.

### Personnel

Your Directors are happy to report that the relationship between the Management and the Employees continues to be cordial and satisfactory.

### Information pursuant to Section 217 of the Companies Act, 1956

The particulars prescribed by the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 are furnished in the Annexure to this Report.





## Ennore Foundries Limited

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