



**ANNUAL REPORT
2000-2001**



Ennore Foundries Limited



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Ennore Foundries Limited

Board of Directors
R.J. Shahaney
Chairman

P.K. Choksey
Dheeraj G. Hinduja
H. Klingele
B.D. Punjabi
S. Ragothaman
F. Sahami
R. Seshasayee
R. Sorce
(Upto 29.03.2001)

Marc Petit
(From 30.03.2001)

J. Joseph
Director-in-charge

Assistant Secretary
N. Kumaraswamy
Bankers

State Bank of India
Standard Chartered Grindlays Bank
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				
	1996-97	1997-98	1998-99	1999-2000	2000-01
Income and Dividend					
Sales / Operating Income	12126	11028	10401	13547	13147
Operating Profit	1552	5	27	1446	903
Profit / Loss (-) Before Tax	609	-1095	-1135	501	110
Profit / Loss (-) After Tax	367	-1095	-1135	501	110
Dividend including Tax	224	—	—	—	—
Retained Earnings	143	—	—	501	110
Assets Employed					
Net Fixed Assets @	4113	4038	3893	3950	4175
Net Current Assets	2611	2517	2570	2091	1949
Other Assets	46	191	237	273	334
Total	6770	6746	6700	6314	6458
Financed by					
Net worth @	3804	2597	2900	3350	3420
Borrowed Funds	2966	4149	3800	2964	3038
Total	6770	6746	6700	6314	6458
General					
Sales Units - Tonnes	38781	30458	25720	33704	33031
Earnings per share - Rs.	5.40	—	—	7.37	1.62
Dividend per share - Rs.	3.00	—	—	—	—
Book value per share - Rs.	56.02	38.25	20.63	27.25	28.28
@ Includes addition on Revaluation of Fixed Assets	1191	1079	1017	966	926


Ennore Foundries Limited
NOTICE

NOTICE is hereby given that the Fortyfirst Annual General Meeting of the Members of Ennore Foundries Limited will be held on Monday the July 23, 2001 at Rani Seethai Hall, 603 Anna Salai, Chennai 600 006 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, 2001 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 appoint a Director in the place of Mr R J Shahaney, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Mr R Seshasayee, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint Auditors and fix their remuneration.

As Special Business

5. To appoint a Director in the place of Mr Marc Petit who was appointed in the casual vacancy caused by the resignation of Mr R Sorce and who vacates office at this Annual General Meeting and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr Marc Petit for the office of Director and for that purpose to move the following resolution as an Ordinary Resolution.

“RESOLVED THAT Mr Marc Petit be and is hereby appointed as a Director of the Company”.

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

“RESOLVED THAT the 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 of all the immovable and movable properties of the Company wheresoever 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 ICICI Limited to secure Rupee Term Loan not exceeding Rs.200 lakhs (Rupees Two Hundred Lakhs only) sanctioned towards Working Capital requirements lent and advanced/agreed to be lent and advanced by ICICI to the Company together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to ICICI in terms of the Loan Agreement/Heads of Agreement/Hypothecation Agreement/Letters of Sanction/Memorandum of Terms and Conditions, entered into/to be entered into by the Company, in respect of the said Term Loan and to the Board of Directors of the Company agreeing with ICICI in terms of the Loan Agreement/Heads of Agreement/Hypothecation Agreement/Letters of Sanction/



Memorandum of Terms and Conditions to reserve a right to take over the management of the 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 ICICI the documents for creating aforesaid mortgage and/or charge and for reserving the aforesaid right and to do all such acts and things as may be necessary for giving effect to the above resolution".

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

"RESOLVED THAT pursuant to Section 269 and other applicable provisions of the Companies Act 1956, Mr J Joseph be and is hereby appointed as "Manager", and designated as "Director- in-Charge", for the period effective from September 15, 2000 till the conclusion of the 41st Annual General Meeting with such powers and functions as the Board of Directors may from time to time require him to exercise".

By Order of the Board

Chennai
April 25, 2001

N Kumaraswamy
Assistant 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 OF 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 is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from July 16, 2001 to July 23, 2001 (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. Pursuant to Section 205 A of the Companies Act, 1956 all unpaid/unclaimed dividend upto the financial year 1994-95 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 period 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 years ended March 31, 1996 and 1997 respectively (paid on 7th & 1st September 1996 and 1997) shareholders who have not encashed the dividend warrants for the said periods are requested to write to the Company immediately.

6. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
7. Shareholders wishing to appoint a nominee for the shares held by them may send the nomination particulars in the prescribed Form 2B. For this purpose, documents such as Will, Succession Certificate, Legal Heirship Certificate etc. are not required.
8. Shares of the Company are listed in Madras, Mumbai and Delhi Stock Exchanges and the listing fees have been paid for the year 2001-2002.
9. Members wishing to transfer their holdings are requested to contact the Secretarial Department at the Registered Office at Ennore, Chennai 600 057.

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

Item 5

Mr Marc Petit was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr R Sorce with effect from 30.03.2001 in the Board Meeting held on 30.03.2001 till the date of this Annual General Meeting to hold office pursuant to Article 100 of the Articles of Association of the Company. Notice has been received from a member as required under Section 257 of the Companies Act, 1956 along with a deposit of Rs.500/- (Rupees Five Hundred only) proposing Mr Marc Petit as a candidate for the office of Director and for that purpose, move the resolution set out in Item 5 at this Annual General Meeting.

Mr Marc Petit, Director of the Company is interested/concerned in the Resolution set out in Item 5, being the person to be appointed as Director.


Ennore Foundries Limited
Item 6

The Company had approached M/s ICICI Limited for a Rupee Term loan of Rs.200 lakhs towards working capital requirements in June 2000. The said Term Loan is to be secured by a first mortgage and/or 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 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 M/s ICICI Limited may be regarded as disposal of the Company's properties/undertaking, it is necessary for the Members to pass a resolution as contained in item 6 of the Notice.

Mr S Ragothaman, Nominee Director is concerned/interested in this resolution.

Item 7

Mr J Joseph was appointed as "Manager" and designated as "Director-in-Charge", for the period from November 27, 1999 till the conclusion of the 40th Annual General Meeting of the Company. The Board considered it advisable to avail of Mr J Joseph's services for a further period and in its meeting held on September 15, 2000, subject to the approval of the Company in general meeting, appointed him as "Manager" designated as "Director-in-charge", with effect from September 15, 2000 till the date of the 41st Annual General Meeting of the Company.

The said appointment is in accordance with Schedule XIII of the Companies Act, 1956. Approval of shareholders is requested and for this purpose it is sought to move the resolution set out in item 7 of this Notice.

This explanation together with accompanying Notice may be regarded as "Abstract of the Agreement" and Memorandum of Interest" under Section 302 of the Companies Act 1956.

None of the Directors is concerned or interested in this resolution except Mr J Joseph.

By Order of the Board

Chennai
April 25, 2001

N Kumaraswamy
Assistant Secretary


Ennore Foundries Limited
Report of the Directors
To the Members

Your Directors have pleasure in presenting the Fortyfirst Annual Report with the Accounts of your Company for the year ended March 31, 2001.

Financial Results

	Rs.Lakhs	
	2000-01	1999-2000
Profit / Loss(-)	109.72	500.71
Less: Provision for Taxation	—	—
Profit / Loss(-) after tax	109.72	500.71
Add: Transfer from		
(a) Investment Allowance Reserve	45.00	13.00
(b) Debenture Redemption Reserve	32.42	81.92
Balance brought forward from previous year	-1367.46	-1963.09
Deficit (-) in Profit and Loss Account carried over	-1180.32	-1367.46

Dividend

Your Company is not in a position to recommend payment of dividend for the financial year ended 31st March, 2001.

Operations

The sale of medium duty commercial vehicles, tractors and cars declined during the year affecting demand for castings from your Company. The sales volume of the Company, during the year, was thus lower at 33,031 MT compared to 33,704 MT in the previous year. Correspondingly, the turnover was also lower at Rs.13,147 lakhs compared to Rs.13,547 lakhs in FY 2000. Consequently, and with a view to reducing inventories, gross production during the year was only 34,849 MT as compared to 37,342 MT in 1999-2000.

Industrial production in FY 2001 has increased only modestly. These are indications that in the current year industrial growth will be higher. The demand for cars is expected to increase in the current year and the decline in demand for tractors is also likely to be arrested. Whereas the demand pull in the first half year appears feeble, it is expected to become markedly stronger in the second half.

It is reasonably expected that, the demand for castings from your Company will improve in the current year. Efforts are on to expand the customerbase, provide added value to customers and enhance the quality attributes of products. On the whole, the Company expects to achieve a slightly higher volume of sales in the current year. Meanwhile steps are being taken to improve cost



effectiveness and achieve higher operational efficiency so as to enhance margins and improve profitability.

Technology Upgradation/Modernisation

Your Company has taken note of the technological upgradation continuously taking place in the Automobile Industry driven by intense competition in the Industry and necessitated by environmental improvements sought by Governments and society at large, and are making concomitant upgradation in the quality attributes of its castings. Your Company is continuously upgrading its manufacturing techniques and technology to meet these growing demands and has therefore undertaken several measures for incremental modernisation/upgradation of its manufacturing facilities, so as to meet the requirements of closer tolerances and better finish in castings and reduced rejections in machine shops.

Research & Development

The main thrust in Research & Development continues to be in the introduction of new processes in the manufacture of castings for improvements in the quality of castings and the usage of alternative materials. However having regard to the losses incurred in 1997-98 and 1998-99 and the restricted profitability of operations only on an expenditure of Rs.6.03 lakhs was incurred during the year on R&D activities.

Responsibility Statement

The applicable accounting standards have been followed in the preparation of Annual Accounts. Further consistent accounting policies have been applied and that the judgements and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year 2000-2001 and the profit of the company for the above period. Adequate accounting records have been maintained as required under the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities. Further the Annual Accounts have been prepared on a going concern basis.

Corporate Governance

The Code of Corporate Governance is applicable to the Company from FY 2002. Your Board is pleased to inform that your Company has already implemented the major requirements of the Code like formation of Audit Committee, Shareholder's Committee, Disclosures, etc. The Company shall implement prior to March 2002 the other applicable elements of the Code of Corporate Governance.