

ANNUAL REPORT 2006-2007

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Board of Directors

R J Shahaney
Chairman

D G Hinduja (Alternate : Y M Kale)
Vice Chairman

D J Balaji Rao

Pravin N Ghatalia

S Ragothaman

F Sahami

R Seshasayee

Anders Spare

V Mahadevan, Managing Director

Chief Financial Officer

V Sankar

Company Secretary

N Kothandapani

Bankers

State Bank of India
Standard Chartered Bank
Bank of America
Union Bank of India
ICICI Bank Limited
HDFC Bank Limited
State Bank of Travancore
IDBI Bank Limited

Auditors

Fraser & Ross
Chartered Accountants
2nd floor, " Temple Towers ", 672, Anna Salai,
Nandanam, Chennai - 600 035.

S R Batliboi & Associates
Chartered Accountants
T P L House, II floor 3, Cenotaph Road,
Teynampet, Chennai - 600 018

Registered Office

Ennore, Chennai 600 057

Works

Ennore, Chennai 600 057
Ductron Castings Unit, Uppal, Hyderabad 500 039
New Foundry-Sipcot Unit, Sriperumbudur-602 105 (Chennai)



Rs.Lakhs

Particulars	2006-07	2005-06	2004-05	2003-04	2002-03
Income and Dividend					
Sales/Operating Income (Note 1)	39524	32952	22268	18508	13162
Other Income	288	602	256	35	17
Total Income	39812	33554	22524	18543	13179
Operating Profit	4089	3621	2315	1445	-683
Profit/Loss(-) Before Tax	2502	2241	1419	423	-1668
Profit/Loss(-) After Tax	1616	1396	1308	418	-1656
Dividend including Tax (Note)	1053	348	-	-	-
Assets Employed					
Net Fixed Assets @	19297	10930	4277	4448	4220
Net Current Assets	9428	6968	3280	1832	1493
Other Assets/Expenditure Not written off	24	226	433	642	867
Total	28749	18124	7990	6922	6580
Financed by					
Net worth @	11449	10847	4176	3031	1779
Borrowed Funds	16695	6662	3814	3891	4801
Deferred Tax Liability	605	615	-	-	-
Total	28749	18124	7990	6922	6580
General					
Sales Units - Tonnes	73056	62442	39863	37048	29548
Earnings per share - Rs	8.87	8.67	9.99	3.61	-26.60
Book value per share - Rs	54.92	51.23	24.68	7.82	4.12
@ includes addition on Revaluation of Fixed Assets	407	437	516	679	846

Note:

Arrears of Preference Dividend for the years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, & Preference dividend for 2006-07 due to Cumulative Redeemable Preference Shareholders have been paid during the year along with the applicable Dividend Distribution Tax.



Your Directors are pleased to present the Fortyseventh Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2007.

Financial Results	2006-07 Rs.Lakhs	2005-06 Rs.Lakhs
Profit	2502.34	2241.31
Less: Provision for Taxation	886.00	845.00
Profit after tax	1616.34	1396.31
Balance brought forward from previous year	98.77	(949.37)
Surplus in Profit and Loss A/c	1715.11	446.94
Less: Arrears of cumulative preference		
Dividend and current year preference dividend	923.11	305.34
Less: Dividend Distribution Tax	129.46	42.83
Balance in profit & loss account carried over	662.54	98.77

Business Operations:

Your Company experienced significant growth during the year under review, with sales revenue increasing to Rs 39524 lakhs from Rs 32952 lakhs during the previous year. Profit before tax increased to Rs 2502 lakhs from Rs.2241 lakhs.

Dividend

The Company paid arrears of cumulative preference dividend for the years 2001-02 to 2005-06 and Preference dividend for 2006-07 amounting to Rs 923.11 lakhs.

With a view to consolidate its reserves, the Board has decided not to recommend any equity dividend for the year under review.

Operations (Ennore Unit and DCU, Hyderabad)

Demand for castings for all automotive segments was higher during the year resulting in increased volumes and turnover. Sales volume of the Company, during the year increased by 17% to 73056 tonnes compared to 62442 tonnes in the previous year. Gross production during the year also increased by 16% to 76945 tonnes compared to 66460 tonnes in 2005-2006.

Turnover at Rs 39524 lakhs was higher by 20% compared to Rs. 32952 lakhs last year.

Demand for castings continues to be good in view of the continued buoyancy in the automobile and tractor segments.

Efforts are on to expand the customer base,

provide value addition to customers, enhance quality of castings and to explore export markets. Meanwhile steps are being taken to improve cost effectiveness and achieve higher operational efficiency so as to further improve margins.

Technology Upgradation/Modernisation

Your Company is alive to the technological upgradation continuously taking place in the global foundry industry driven by intense competition as well as on account of environmental improvements sought by Governments and society, and the concomitant upgradation demanded in the quality of castings. Your Company is continuously upgrading its manufacturing techniques and technology to meet these changing demands and has undertaken several measures, to meet requirements of closer tolerances, better finish and reduced rejections by customers.

Research & Development

The main thrust in R & D continues to be in the introduction of new techniques in the production process for improvement in quality of castings and the usage of alternative cost effective materials. A separate Report on Technology Absorption and Energy Conservation is attached at Annexure "A".

Directors' Responsibility Statement

The applicable accounting standards have been followed in the preparation of Annual Accounts along with proper explanations relating to material variations, if any.

Further, consistent accounting policies have been applied and the judgements and estimates are reasonable and prudent and give a true and fair view of the state of affairs of the company as at the end of the financial year 2006-07 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. A separate statement is enclosed at Annexure "B".

Corporate Governance

Your Board has complied with the requirements of the Code of Corporate Governance including formation of Audit Committee, Investors'/Shareholders' Grievance Committee, Remuneration Committee and Disclosures, etc. A detailed Report on Corporate Governance is attached at Annexure "C".

The certificate of the Statutory Auditors regarding the Company's Compliance with the conditions of Corporate Governance is attached at Annexure "D".

A Management Discussion and Analysis Report is attached at Annexure "E".

Fixed Deposits

The amount matured and unclaimed in respect of deposits held by the Company as at March 31, 2007 was Rs 1.65 lakhs.



The Company is regularly transferring debenture redemption instalments and interest thereon, fixed deposits and interest due thereon lying unclaimed for more than 7 years from the due date to the Investor Education and Protection Fund.

Expansion/Revamping of existing foundries/New acquisition

The Company is in the process of setting up a new foundry near Chennai with an initial capacity of 50000 tons of grey iron castings. Land has been purchased in SIPCOT Industrial area near Sriperumbudur, Kancheepuram District of Tamil Nadu. The new foundry is expected to commence commercial operations during the second quarter 2007-08. The existing foundries at Ennore and Hyderabad are also being revamped.

Personnel

Relationship between the Management and the Employees continues to be satisfactory.

Directors

M/s R Seshasayee, D G Hinduja and P N Ghatalia retire by rotation in this meeting under Article 106 of the Articles of Association of the Company and are eligible for reappointment. The necessary resolutions are being placed before the members for approval.

Auditors

Messrs Fraser & Ross and S R Batliboi & Associates, Chartered Accountants, the retiring Auditors, are eligible for reappointment.

The Company has received confirmation that their appointment will be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956.

Auditors' Report

With regard to observations made by the Statutory Auditors in the annexure to para 3,

item XVII of the Auditors' Report to Members as per Companies (Auditors' Report) Order 2003 (as amended) issued by the Central Government in terms of sub Section (4 A) of Section 227 of the Companies Act, 1956, it is to be noted that these loans were specifically drawn against disbursement of sanctioned External Commercial Borrowing (ECB) for the greenfield project. On drawal of the ECB, these loans would be liquidated.

Acknowledgement

The Directors wish to acknowledge and place on record their appreciation of the valuable advice and support received from LRLIH Ltd., UK and from Ashok Leyland Limited.

The Directors wish to express their gratitude to the Government of India, the Government of Tamil Nadu and Tamil Nadu Electricity Board. They also thank the Financial Institutions, Company's Bankers, Shareholders, Customers, Suppliers and all the employees for their continued support.

On behalf of the Board

Chennai
May 3, 2007

R J Shahaney
Chairman



Disclosures

A) CONSERVATION OF ENERGY

The Company continues its efforts to optimise energy utilisation through energy auditing, better energy management and close monitoring of manufacturing processes particularly the operation of furnaces. Thus over the past three years there has been a considerable saving in energy consumption and the objective is to gain further savings. Targets for energy consumption have been set for all major processes and the results are being closely monitored. Some of the processes that are energy intensive are being replaced by others that consume less energy. The Company has installed induction furnaces in place of arc furnaces, which were less energy efficient. The Company is increasing the use of power from wind mills, resulting in savings in energy costs.

In core making process the hot (core) box process has been converted into cold box process with better yield and savings in energy requirements.

B) TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Specific areas in which R & D is carried out by the Company:

- Along with CAD/CAM computer simulation for solidification, study is made for every new casting development for automotive application

- Materials with better properties are being developed.

2. Benefits derived as a result of the above R & D:

- Improved dimensional accuracy, higher quality and better surface finish of castings and materials with improved properties.

3. Future Plan of Action:

- Auto pour to improve metal pouring.
- Development of better sands for improved castings.
- Installation of equipments for faster development of castings.

4. Expenditure on R & D:

a) Capital	: Rs. 10.50 lakhs
b) Recurring	: Rs. 95.02 lakhs
c) Total	: Rs.105.52 lakhs
d) Total R & D expenditure as a percentage of total turnover	: 0.27%

Technology Absorption, Adaptation and Innovation:

1. Efforts in brief, made towards technology absorption, adaptation and innovation:
 - New automatic sand mixer commissioned

successfully in the foundries at Ennore. A new sand cooler has also been commissioned in the east land foundry.

- New material has been introduced for Channel furnace lining to reduce energy requirements for Hot metal holding.
- A new lining material to reduce energy consumption and to increase lining life, has also been introduced.

2. Benefits derived as a result of above efforts:

- The Company is keeping abreast of contemporary technologies in the foundry industry, and is in a position to manufacture castings to meet high expectations of customers.

3. a) Technology imported:

- Nil -

(b) Has technology been fully absorbed, if not fully absorbed, areas where this has not taken place, reasons therefor and future plan of action:

Available technology has been fully absorbed.

C) Foreign Exchange Earnings and Outgo:

Details of earnings and outgo of foreign exchange are given in Schedules forming part of notes to the Accounts. The Company continues to strive to improve the export earnings.

On behalf of the Board

Chennai
May 3, 2007

R J SHAHANEY
Chairman



Directors' Responsibility Statement as per section 217 (2AA) of the Companies Act 1956

Responsibility in relation to financial statements

The financial statements have been prepared in conformity, in all material respects, with the generally accepted accounting principles in India and the accounting standards prescribed by ICAI, in a consistent manner and supported by reasonable and prudent judgements and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on March 31, 2007 and of the results of operations for the year ended March 31, 2007.

The financial statements have been audited by M/s Fraser & Ross and M/s S R Batliboi & Associates, Statutory Auditors in accordance with generally accepted auditing standards, which include an assessment of the systems of internal controls and tests of transactions to the extent considered necessary by them to support their opinion.

Going Concern

In the opinion of the Directors, the Company will be in a position to carry on its existing foundry business and accordingly it is considered appropriate to prepare the financial statements on the basis of going concern.

Maintenance of Accounting Records and Internal control

The Company has taken proper and sufficient care for the maintenance of adequate accounting records as required by the Statute.

Directors have overall responsibility for the Company's internal control system, which is designed to provide a reasonable assurance for safeguarding of assets, reliability of financial records and for preventing and detecting fraud and other irregularities.

The system of internal control is monitored by internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness

of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.

Audit Committee supervises financial reporting process through review of accounting and reporting practices, financial and accounting controls and financial statements. Audit Committee also periodically interacts with Internal and Statutory Auditors to ensure quality and veracity of Company's accounts.

Internal Auditors, Audit Committee and Statutory Auditors have full and free access to all the information and records as considered necessary to carry out their responsibilities. All the issues raised by them have been suitably acted upon and followed up.



Report on Corporate Governance

(Forming part of the Annual Report 2006-2007)

Philosophy on Code of Corporate Governance

1. The Company is conscious of its responsibility to shareholders, Government and public at large and considers the Code of Corporate Governance as a system to ensure transparency in all its activities and believes in enhancement of its service to all its stakeholders.
2. a) Board of Directors: The Board of Directors is headed by a non-executive Chairman and consists of the following Directors as on March 31, 2007:

i) Non Executive Directors

- a) Promoter Group : Mr D G Hinduja, (Vice Chairman)
(Alternate :Mr Y M Kale)
Mr A Spare
Mr F Sahami

- b) Connected with : Mr R Seshasayee
Associate Companies Mr R J Shahaney (Chairman)

- c) Independent : Mr D J Balaji Rao
Mr P N Ghatalia
Mr S Ragothaman

ii) Executive Director

- Managing Director : Mr V Mahadevan

- b) Attendance at Board Meetings and last AGM, and details of memberships of Directors in other Boards and Board Committees.

Details of Board Meetings held during 2006 - 2007 :

Date of Meeting	Board Strength	No. of Directors Present
April 28, 2006	11	10
July 30, 2006	10	9
October 29, 2006	9	8
January 30, 2007	9	9

The time gap between any two meetings did not exceed 4 months.

The last Annual General Meeting was held on August 1, 2006.



ANNEXURE C TO THE DIRECTORS' REPORT

Name of Director	No. of Board Mtgs attended	Whether attended last AGM	Membership as on 31 03 2007	
			Other Boards (Note.1) Excl. EFL	Other Board Committes(Note.2) Excl. EFL
Mr R J Shahaney	4	Yes	3	1 (as Chairman)
Mr D J Balaji Rao	4	Yes	7	9 (3 as Chairman)
MR F J Colon Martinez*	-	No	-	-
Mr P N Ghatalia	4	Yes	8	7 (4 as Chairman)
Mr D G Hinduja	4	Yes	4	-
Mr Y M Kale (Alternate to Mr D G Hinduja)	-	No	2	1 (as Chairman)
Mr S Ragothaman	3	Yes	6	5 (3 as Chairman)
Mr G Sagone (**Alternate to Mr F J Colon Martinez)	-	-	-	-
Mr F Sahami	4	Yes	1	1
Mr R Seshasayee	4	Yes	7	-
Mr A Spare	4	Yes	2	-
Mr Stephen Young ***	1	No	-	-
Mr V Mahadevan	4	Yes	-	-

Note 1: Excludes Foreign Companies, Private Limited Companies and Alternate Directorships.
2: Only Audit Committee and Shareholders/Investors Grievance Committee are reckoned for this purpose.
3: *Mr Colon Martinez ceased to be a Director effective 30/07/2006
** Mr G Sagone ceased to be an Alternate Director effective 30/07/2006
*** Mr Stephen Young ceased to be a Director effective 01/08/2006

3. Audit Committee

- a) The composition and Terms of Reference of the Audit Committee conform to the requirements of both Section 292A of the Companies Act 1956, and Clause 49 of the Listing Agreements with the Stock Exchanges.
- b) The composition of the Audit Committee is as follows :

Chairman : Mr D J Balaji Rao
Members : Mr P N Ghatalia
Mr S Ragothaman
Mr F Sahami

- c) Meetings and attendance during the year 2006-2007:

Date of Meeting	Committee Strength	No. of Directors Present
April 28, 2006	4	4
July 29, 2006	4	4
October 29, 2006	4	3
January 30, 2007	4	4



Mr N Kothandapani, General Manager - Finance & Company Secretary is the Secretary to the Committee.

Mr V Krishnamoorthy, General Manager - Internal Audit is the Head of Internal Audit functions. Mr R Ramesh has joined Internal Audit department on 30/12/2006 as Senior Manager - Internal Audit.

Mr V Mahadevan, Managing Director, Mr V Sankar, Chief Financial Officer, Mr V Krishnamoorthy, General Manager - Internal Audit and Mr. R. Ramesh Senior Manager- Internal Audit attended the meetings of the Committee as invitees.

The Statutory Auditors of the Company are invited to join the Audit Committee Meetings. The Audit Committee discussed with the Statutory Auditors the Limited Review report, the Annual Audit Plan, the Internal Audit Observations, adherence to Accounting Standards and other related matters.

4. Investment Committee

- a. The Company has an Investment Committee for appraising the proposals for investments in expansion/revamping/new facilities and gives its recommendations to the Board of Directors for its consideration.
- b. The composition of the Investment Committee is as follows:

Chairman :	Mr R J Shahaney
Members :	Mr D G Hinduja
	Mr P N Ghatalia
	Mr R Seshasayee

- c. Meetings and attendance during the year 2006-2007:

Date of Meeting	Committee Strength	No. of Directors Present
April 27, 2006	4	4
July 31, 2006	4	4
October 29, 2006	4	4
January 30, 2007	4	4

Mr N Kothandapani, General Manager - Finance & Company Secretary, is the Secretary to the Committee.

Mr V Mahadevan, Managing Director and Mr V Sankar, Chief Financial Officer attended the meetings of the Committee as invitees. The Committee also invites the project consultants, senior project personnel and other directors to join the discussions and gets appraised of the status of implementation of the new projects and also of the status of revamping of the existing plants. New proposals for investments are discussed, decided upon and recommendations made to the Board of Directors.

5. Remuneration Committee

The Remuneration Committee consists of the following members:

Mr S Ragothaman	Chairman
Mr D G Hinduja	Member
Mr R J Shahaney	Member

The Committee met on April 28, 2006; all the members were present.



The managerial remuneration payable to the Managing Director is decided by the Remuneration Committee and details of his managerial remuneration are as given below:

SALARY	Rs 51.00 lakhs (from 01.04.2006 to 31.03.2007)
PERQUISITES *	Rs.16.10 lakhs
COMMISSION	Rs.15.90 lakhs

*Certain perquisites are valued as per Income-tax Rules. This does not include Company's contribution to Provident Fund @ 12%, Superannuation Fund @ 15% of salary and Gratuity as per Rules of the Company

The details of sitting fees paid to Directors for 2006-2007 are given below:

Name of the Director	Sitting Fees (Rs.)
Mr R J Shahaney	95,000/-
Mr D J Balaji Rao	70,000/-
Mr P N Ghatalia	1,05,000/-
Mr D G Hinduja	75,000/-
Mr Anders Spare	35,000/-
Mr S Ragothaman	75,000/-
Mr F Sahami	70,000/-
Mr R Seshasayee	90,000/-
Mr Stephen Young	5,000/-

6. Shareholders'/Investors' Grievance Committee

The Committee consists of the following members :

Mr R J Shahaney	Chairman
Mr S Ragothaman	Member
Mr R Seshasayee	Member
Mr V Mahadevan	Member

Mr N Kothandapani, General Manager - Finance & Company Secretary, is the Secretary to the Committee.

The Committee approves the share transfers, transpositions, transmissions and issue of duplicate share certificates.

The Committee met on August 8, 2006 and December 22, 2006. All the members were present.

Further the Committee reviewed the handling of various correspondence from Shareholders/Investors, Stock Exchanges, Department of Company Affairs and SEBI totaling to 210 letters during 2006-2007. The letters were satisfactorily responded to without delay.

7. General Body Meetings :

Details of location and time of holding of the last three AGMs:

Year	Location	Date and Timing
44th AGM	Rani Seethai Hall, 603, Anna Salai, Chennai 600 006	July 30, 2004 10.30 a.m.
45TH AGM	Narada Gana Sabha, 314, T T K Road, Chennai 600 018	July 25, 2005 10.00 a.m.
46th AGM	Rani Seethai Hall, 603, Anna Salai, Chennai 600 006	August 1, 2006 2.00 p.m.

The Chairman of the Audit Committee was present at the above Annual General meetings.

Some Special Resolutions were approved at the above meetings. There has been no use of Postal Ballot so far.



8. Disclosures

In the preparation of financial statements generally accepted accounting principles and policies were followed. Mandatory Accounting Standards announced by the Institute of Chartered Accountants of India were followed in the preparation of financial statements.

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, the Subsidiaries or relatives which may have potential conflict with the interests of the Company at large. Transactions with related parties are disclosed in Note No 3.11 (b) of Schedule 3 to the accounts in the Annual Report.

There have been no instances of non-compliance by the Company on any matters related to the capital markets nor have any penalty/strictures been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on such matters.

Risk Management

The Company as part of the Corporate Governance requirements, places before the Board of Directors regularly the various Risk Management measures adopted by it and also the improvements carried out in this area. The Risk Management as carried out by the Company is briefly mentioned below:

1. Plant / Project related risks

The Company has received the annual consent order for DCU Unit and awaiting consent for Ennore. We have filed applications for approval of the increase in quantum of production levels. We are yet to get the clearances but we are confident of getting the approvals, since inspection is completed.

In respect of its new project coming up, near Chennai, the Company has already obtained necessary clearances from Tamil Nadu Pollution Control Board and also from concerned authorities of the Government of India.

2. Market related risks

Competition from other manufacturers is the main risk apart from high dependence on a few customers. The Company is changing its product mix to meet the requirements of customers with more accent on Quality aspects to retain its market share. The Company wants to keep its pricing competitive by resorting to cost reduction measures by using alternative low cost materials and also sourcing power and scrap from cheaper sources. Further it outsources some of its operations like fettling and machining to ensure customer loyalty by timely deliveries.

3. Property/Earning related Risks

The Company has insured its assets (buildings, plant & machinery) at reinstatement value with the insurers covering Risks of Fire, Earth Quake and Floods. With regard to loss of profits and standing charges due to interruption of production due to insured perils, necessary insurance cover has been taken.

4. Employee related Risks

Company has recognized welfare schemes for employees like Employees Deposit Linked Insurance, Gratuity Linked Insurance and Pension/Superannuation schemes apart from Provident fund/ESI schemes.

5. Insurance policies for Employee Welfare

Group Personal Accident, Workmen Compensation and Group Mediclaim Insurance covers have been taken for the employees.

The Company is planning to take Directors and Officers Liability policy for the year 2007-2008.

Legal liability claims from customers for defect in products and claim for compensation for accidents sustained by outsiders in the factory are covered under the Product Liability and Public Liability policies of the Company.

9. Means of Communication :

The Quarterly Results are published in one English National Newspaper (Business Line) and in one local Tamil Newspaper (Dinamani) within 48 hours of the conclusion of the Board meeting and the dates are as given below:

Quarter (2006 - 07)	Published date
First (June)	31/07/2006
Second (Sep.)	31/10/2006
Third (Dec)	31/01/2007
Fourth (March)	Will be published on 04/05/07

The results are faxed immediately to the listed Stock Exchanges and sent by speed post also.



The quarterly results are also uploaded on the Company's website - www.ennorefoundries.in

Official press/news releases and several other details/information of interest to various stakeholders are also posted in the Company's website.

A Management Discussion and Analysis Report is being presented as part of the Directors' Report.

10. General Shareholder Information :

- | | |
|---|---|
| a) 47th Annual General Meeting | July 20, 2007 |
| b) Financial Calendar : | |
| Annual General Meeting | July 20, 2007 |
| Unaudited Financial Results for
Quarter ending June 30, 2007 | Last week of July 2007 |
| Unaudited Financial Results for
Quarter/Half year ending
September 30, 2007 | Last week of October 2007 |
| Unaudited Financial Results for
Quarter ending December 31, 2007 | Last week of January 2008 |
| Audited Results for the year
ending March 31, 2008 | Before end of May 2008 |
| c) Book closure Dates | July 11, 2007 to
July 20, 2007 (Both days inclusive) |
| d) Dividend Payment date | - |
| e) Listing of Equity shares | Bombay Stock Exchange, Madras Stock Exchange and
National Stock Exchange |

Listing fees have been paid up-to-date to the above Stock Exchanges.

- | | |
|-------------------------------------|---|
| f) Demat of Shares : Trading Symbol | |
| a) Bombay Stock Exchange | : ENNORE FOUND/ENNORE FO |
| b) Scrip code | : 505 982 |
| c) National Stock Exchange | : ENNOREFO |
| d) Demat ISIN No in NSDL & CDSL | : EQUITY SHARES / INE291F01016 |
| e) Stock Market Data | : The Equity shares have been
traded only at Bombay and
National Stock Exchanges (effective October 2006) |
| f) Shares are traded in | : BSE (Others) NSE (Nifty Junior) |



g) The highest and the lowest quoted share prices are indicated below:

Stock Market Data		Bombay Stock Exchange				National Stock Exchange *			
Month		Share Price		Sensex		Share Price		Nifty Junior	
		High(Rs.)	Low(Rs.)	High	Low	High(Rs.)	Low(Rs.)	High	Low
April	2006	160.40	130.20	12102.00	11008.43	-	-	-	-
May	2006	190.00	137.00	12671.11	9826.91	-	-	-	-
June	2006	155.00	108.00	10626.84	8799.01	-	-	-	-
July	2006	153.00	127.00	10940.45	9875.35	-	-	-	-
August	2006	158.90	127.00	11794.43	10645.99	-	-	-	-
September	2006	166.00	143.10	12485.17	11444.18	-	-	-	-
October	2006	200.00	151.00	13075.85	12178.83	190.00	150.00	3782.85	3508.65
November	2006	165.25	134.85	13799.08	12937.30	171.90	134.10	3976.80	3737.00
December	2006	148.95	125.00	14035.30	12801.85	147.60	125.00	4046.85	3657.65
January	2007	171.50	130.90	14325.92	13303.22	170.80	125.00	4167.15	3833.60
February	2007	183.40	149.95	14723.88	12800.91	181.90	150.00	4245.30	3674.85
March	2007	159.90	132.00	13386.95	12316.10	161.90	132.50	3901.75	3554.50

* Shares have been listed for trading effective October 2006.

h) Registrar and Transfer Agents :

All share registry work in respect of both physical and demat segments are handled by a single common agency M/s Integrated Enterprises (I) Ltd., II floor, "Kences Towers" 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 as the Registrar and Transfer Agent (R&TA) of the Company for all aspects of Investor servicing relating to shares.

i) Share Transfer System : The authority relating to transfer, transmission and transposition of shares has been delegated by the Board to the Shareholders' / Investors' Grievance Committee consisting of the following members :

Mr R J Shahaney	Chairman
Mr S Ragothaman	Member
Mr R Seshasayee	Member
Mr V Mahadevan	Member

Mr V Mahadevan, Managing Director was authorised to approve all routine transfer, transmission and transposition of the shares.

j) a) Shares are transferred within 30 days. Demat requests are confirmed within 15 days for those who opt for electronic holdings and credit is given to them. In respect of others who have not opted for dematerialization, share certificates are despatched by Registered Post by the R&TA.

b) Distribution of Shareholding as on March 31, 2007:

No.of Shares	Share Holders		No.of Shares	
	Number	%	Number	%
Upto 50	2794	35.052	78372	0.481
51 -100	1885	23.648	157256	0.965
101 - 200	1400	17.564	217521	1.335
201 - 500	1240	15.556	415132	2.548
501 - 1000	352	4.416	263820	1.619
1001 - 2000	152	1.907	219006	1.344
2001 - 5000	92	1.154	297645	1.827
5001 -10000	20	0.251	144410	0.886
10001 & above	36	0.452	14500848	88.995
Total	7971	100.000	16294010	100.000



(c) The Pattern of shareholding as on March 31, 2007 is given below:

Shares held by	No. of shares as on 31 03 2007	Percentage of Shareholding
Promoter's Holding		
LRLIH Limited, UK	9629496	59.10
Associate Company Ashok Leyland Limited	3424449	21.02
Sub Total (1)	13053945	80.12
Non-Promoter's Holding		
Institutional Investors		
a. Mutual Funds and UTI	29902	0.18
b. Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institu- tions/Non government institutions	144735	0.89
c. Foreign Institutional Investors	0	0
Sub Total (2)	174637	1.07
Others		
a. Private Corporate Bodies	786042	4.82
b. Indian Public	2247856	13.80
c. NRIs/OCBs	26481	0.16
d. Directors & Relatives **	1479	0.01
e. Other than specified above - Trust & Clearing Member	3570	0.02
Sub Total (3)	3065428	18.81
Grand Total (1+2+3)	16294010	100.00

** Shares held by Mr R J Shahaney .. 384
Shares held by Mr D J Balaji Rao .. 183

- k) Plant location : Ennore, Chennai 600 057, Tamil Nadu,
Ductron Castings Unit, I.D.A., UPPAL, Hyderabad - 500 039, Andhra Pradesh
SIPCOT Unit (under construction) at
SIPCOT Industrial Estate
Sriperumbudur-602 105, Kancheepuram Dist, Tamil Nadu
- l) Address for correspondence : M/s Integrated Enterprises (I) Ltd
for matters relating to II Floor, "Kences Towers", No.1,
shares and Annual Reports Ramakrishna Street, North Usman, Road, T Nagar, Chennai 600 017
Telephone : 044-28140801 - 03
Fax : 044-28142479
E-Mail : sureshbabu@iepindia.com
- For Fixed deposits : General Manager - Finance & Company Secretary
Ennore Foundries Limited, Ennore
Chennai 600 057
Telephone : 2575 2103
Telephone : 2575 2004 (Direct)
Fax : 044-2575 0390
E-Mail : nkp@ennorefoundries.com

Non-mandatory requirements :

1. Non-Executive Chairman : The Company does not bear any expenses of the non-Executive Chairman
2. Remuneration Committee : Constituted and functioning.
3. Shareholders rights : The Company publishes the quarterly financial results in newspapers. If any shareholder wants a copy, the same is mailed without delay.
4. Postal Ballot : The Company has had no occasion to use the Postal Ballot.



11. CEO /CFO certification

CERTIFICATE

To:
The Board of Directors
Ennore Foundries Limited

May 3, 2007

Dear Sirs

- a) We hereby certify that we have reviewed the financial statements and the cash flow statement for the year ended March 31, 2007 and that to the best of our knowledge and belief:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with the existing Accounting Standards, applicable laws and regulations
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
- i) Significant changes in the internal control over financial reporting during the year.
 - ii) Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements, and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e) As required by Clause 49 (1D) of the listing agreement, it is hereby affirmed that all the Board members and Senior Management personnel have complied with the Code of Conduct of the Company. It is also confirmed that the Code of Conduct has already been posted on the Website of the Company.

V MAHADEVAN
Chief Executive Officer

V SANKAR
Chief Financial Officer



CERTIFICATE TO THE MEMBERS OF ENNORE FOUNDRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by Ennore Foundries Limited, for the year ended 31st March 2007, as stipulated in clause 49 of the listing agreement of the said company with the stock exchange(s).

The compliance of the conditions of the corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of 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 explanation given to us,

We certify that the company has complied with the conditions of the Corporate Governance as stipulated in the above mentioned listing agreement.

We 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 and on behalf of

Fraser & Ross
Chartered Accountants

Per Geetha Suryanarayanan
Partner
Membership No :29519

S R Batliboi & Associates
Chartered Accountants

Per S Balasubrahmanyam
Partner
Membership No:053315

Place: Chennai

Date: May 3, 2007



Management Discussion and Analysis Report

1. Industry Outlook

Sustained growth seen during the last three years in the Indian economy has been driven by an upturn in industrial sector in general, and the manufacturing sub-sector, in particular. Favourable demand conditions have encouraged investments across industries. Contributory factors have been adequate availability of credit, improved external demand, and capacity additions across industries and improvement in competitiveness.

Looking forward, concerted efforts to increase public and private expenditure in infrastructure development are likely to continue. There is increasing emphasis on instituting public-private partnerships to close part of India's infrastructure needs. The Government's commitment to augmenting infrastructure projects has already shown results, with the pace of infrastructure development picking up in sectors such as telecommunications, ports, highways, roads and other core sectors.

The continued growth in the automobile and tractor sectors is expected to continue in coming years.

During the period 2002-07, sale of passenger cars increased at a CAGR of 19%. Expectations of healthy GDP growth, increasing disposable incomes and the resultant migration of households to higher income groups, coupled with the easy availability of finance would indicate a positive outlook for domestic sales in the medium term. In light of the expected healthy growth and relatively low penetration levels for cars, coupled with export plans, various players have announced major expansion plans. Some new players also propose to enter the market in the medium term. Thus the installed capacity is expected to increase from current levels significantly.

Sales of the Commercial Vehicle (CV) grew at a CAGR of 30% during the period 2002-07. The growth was driven by healthy economic and industrial growth and the consequent improved demand for transportation of goods, development of the roads and highways, better operating economics of new trucks as well as replacement demand.

Recent regulatory changes, such as introduction of restrictions on age of vehicles in select cities, stringent emission norms and restrictions on overloading of trucks are likely to create more demand in the long term.

The Tractor industry, which is cyclical, has also grown at a CAGR of more than 15% during 2002-07.

There is an increasing trend from all tractor manufacturers to enter export markets either with existing product range or through acquisitions or rebranding of local products.

Export of castings

During the last three years Indian foundries have started increasing their export business, with a CAGR of around 50% during that period.

Many global auto OEMs have opened sourcing centers in India and your Company has been receiving enquiries from them.

Key success factors

Growing demand from all these segments can be met only with the creation of higher capacities for intricate castings, enhancement of quality levels to global needs and with inbuilt capabilities to be competitive as the foundry customers will be very sensitive to cost, delivery and quality. Larger benefits can be derived from high-end castings involving more engineering inputs like CAD & CAM, etc. Value addition through machining of castings will be an added advantage for retaining and enlarging customers. Foundries should also have derisking capabilities to meet any possible down turn in demand from the domestic auto sector.

Threats

Rupee appreciation with the dollar is likely to erode margins. Poor infrastructure can lead to uncertainties in supply chain assurance. Customers will demand product warranty and reimbursements of consequential cost for rejections. Severe shortage of foundry technical staff as the younger generation move to softer jobs, will pose a challenge. Stricter pollution norms may force spend on unplanned equipment.

2. Future outlook of the industry

For the industry as a whole, consolidation phase is foreseen. Small foundries are likely to cease operations. Capacity is expected to increase significantly in the next 3-4 years. Export prospects are very encouraging for units focusing on quality. More new foundries will come into operation

3. Ennore Foundries

Anticipating the needs for meeting the future market requirements, your Company is building up the following capabilities:

1) The new greenfield foundry is progressing satisfactorily as per plan and is expected to commence commercial production during the second quarter of 2007-08. This foundry with state of the art facilities including a design centre and a new pattern and tool making shop will enhance the capabilities considerably, particularly for production of blocks and heads. This foundry with an initial installed capacity of 50,000 tonnes per year can be optimized to 70,000 tonnes per year during 2008-09 with required additional investment

- 2) The existing facilities at Ennore are being revamped in a phased manner without any disturbance to supplies and the capacity of this plant will be 60,000 tonnes by 2007-08. This unit has been focusing and producing only high end castings by switching over to them for the past 3 years
- 3) Value addition through machining for customers will be created during 2007-08 for specific customers including exports
- 4) Marketing initiatives are on for export of castings in many segments
- 5) Conscious enlargement of the market and the customer segments are taken up to reduce the business risks. EFL will be enlarging its presence in the car and tractor segments

With the expansion plans under implementation the capacity levels will go up from the current levels of 280 tonnes/day to around 550 tonnes per day during 2008-09.

4. Business Review

Iron Foundry

Gross production was 74711 tonnes compared to 64411 tonnes in the previous year.

Sales for the year 2006-07 were 70980 tonnes against 60510 tonnes in the previous year.

Aluminium foundry

Gross production was 2234 tonnes compared with 2049 tonnes in the previous year.

Sales were at 2076 tonnes compared with 1932 tonnes in the previous year.

Technical Up-gradation

Low cost automation is followed for improvements..

5. Human resources

With the rapidly evolving economy and new employment opportunity across the sector, retention of manpower and their motivation has become very important for your company. Creating a conducive environment and enriching learning environment has been the focus of current HR practices followed by your company. Greater emphasis is being laid on team building as well as in creating an organization which is flexible and remains focused on operational efficiencies, quality and cost with the end objective of total customer satisfaction.

6 Risk Management

Your Company has in place a well-set and robust risk management, which involves



identifying risk across each of the business process of the company and classifying them as

- a) Strategic-associated with long term interests of the company
- b) Business-associated with regular function of each of the processes and
- c) Reporting-associated with financial and non-financial matters.

Each of the identified risk is mapped to the department responsible for dealing with that risk. Based on this framework, your company has established the procedures to periodically report the risk assessment and minimization procedures being followed by the company and steps taken to mitigate those risks.

7. Internal control system and their adequacy

The in-house internal audit department on a periodical basis reviews the adequacy and the effectiveness of the internal controls. The system of internal controls comprises those controls established to provide reasonable assurance of

- a) safety of assets

b) accurate recording of transactions and prompt reporting thereon

c) review of business plan and capital investment

d) compliance with various applicable statutes of listing requirements and internal operating guidelines of the company.

The system of internal audit is designed to bring out material weaknesses in the internal control system of the organization. These control weaknesses are reviewed for implementation on a regular basis.

8. Financial Performance

1) Revenues:

Turnover for the year 2006-07 was Rs 39524 lakhs compared to Rs.32952 lakhs in the previous year.

2) Costs:

During the year, the material cost to sales ratio remained the same at 49% as in the previous year.

Power and fuel expenses are at 14.66% of sales revenue compared with 15.63% in the previous year.

3) Resources:

During the year the Company incurred capital expenditure of Rs 1343 lakhs compared to Rs.2236 lakhs in the previous year.

Net current assets are at Rs 9428 lakhs compared to Rs 6968 lakhs for the previous year.

9. Status of the Project

Sipcot Unit

The setting up greenfield foundry at Sriperumbudur is progressing as per plan. The foundry is built for an initial capacity of 50,000 MT involving a total capital outlay of around Rs.150 crores. The commercial production at this new foundry is expected to commence during the second quarter of the financial year 2007 - 08.

10. Outlook

Export prospects are encouraging for units focusing on quality. The main focus should be on manufacturing high quality value added products and catering to niche market segment. Foundries focusing on quality, controlling costs and having diverse customers mix will be successful in the long run.



1. We have audited the attached Balance Sheet of Ennore Foundries Limited as at March 31, 2007 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. 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 financial statement presentation. 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 Central 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 paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. 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.
- v. On the basis of the written representations received from the directors, as on March 31, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. 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 the Balance Sheet, of the state of affairs of the Company as at March 31, 2007;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Fraser & Ross
Chartered Accountants

per **Geetha Suryanarayanan**
Partner
Membership No:29519

Chennai
May 3, 2007

For S R Batliboi & Associates
Chartered Accountants

per **S Balasubrahmanyam**
Partner
Membership No: 053315



Annexure referred to in paragraph 3 of our report of even date to the Members of Ennore Foundries Limited for the year ended March 31, 2007

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) As informed, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, 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 and 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 in respect of these areas.

- (v) According to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 during the year.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax,

service tax, income-tax, customs duty, wealth-tax, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of amount	Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise duty	45.08	1998-99	The Honourable High Court of Chennai

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the



management, term loans were applied for the purpose for which the loans were obtained, though surplus funds which were not required for immediate utilization have been temporarily invested in liquid investments payable on demand. These surplus funds have been ultimately utilized for the stated purpose.

(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the *company has used funds raised on short-term basis for long term investment. The company has raised short-term loans*

amounting to Rs. 4000 lakhs which would fall due for repayment within twelve months from the date of their acceptance and these have been utilized towards the cost of the Greenfield project at Sriperumbudur near Chennai.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us, the Company has not issued any debentures.

(xx) The Company has not raised any money through a Public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

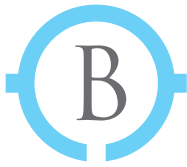
**For Fraser & Ross
Chartered Accountants**

**per Geetha Suryanarayanan
Partner
Membership No:29519**

Chennai
May 3, 2007

**For S R Batliboi & Associates
Chartered Accountants**

**per S Balasubrahmanyam
Partner
Membership No: 053315**



BALANCE SHEET AS AT MARCH 31, 2007

	Schedules	For the year ended March 31, 2007		For the year ended March 31, 2006	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Sources of Funds					
Shareholders' Funds					
Share Capital	1.1	4,129.40		4,129.40	
Reserves and Surplus	1.2	<u>7,320.12</u>		<u>6,718.12</u>	
			11,449.52		10,847.52
Loan Funds					
Secured Loans	1.3		11,694.74		6,661.52
Unsecured Loans	1.4		5,000.00		-
			605.00		615.00
Deferred Tax Liability (net)	1.5				
Total			<u>28,749.26</u>		<u>18,124.04</u>
Application of Funds					
Fixed Assets					
Gross Block	1.6	18,078.87		17,339.18	
Less: Accumulated depreciation		<u>8,571.43</u>		<u>7,953.52</u>	
Net Block		9,507.44		9,385.66	
Capital Work-in-progress		<u>9,788.49</u>		<u>1,543.00</u>	
			19,295.93		10,928.66
Investments	1.7		1.00		1.00
Current Assets, Loans and Advances					
Inventories	1.8	5,037.39		3,570.05	
Sundry Debtors	1.9	7,999.37		6,458.77	
Cash and Bank Balances	1.10	141.97		76.46	
Loans and Advances	1.11	2,995.19		2,142.39	
Other Current Assets	1.12	458.02		505.05	
		<u>16,631.94</u>		<u>12,752.72</u>	
Less: Current Liabilities and Provisions					
Current Liabilities	1.13	6,222.35		5,309.59	
Provisions	1.14	981.65		475.09	
		<u>7,204.00</u>		<u>5,784.68</u>	
Net Current Assets			9,427.94		6,968.04
Miscellaneous Expenditure (to the extent not written off or adjusted)					
Compensation paid under Voluntary Retirement Scheme	1.15		24.39		226.34
Total			<u>28,749.26</u>		<u>18,124.04</u>
Notes to accounts	3				
The schedules referred to above and the notes to accounts form an integral part of the Balance Sheet.					

As per our report of even date

For Fraser & Ross
Chartered Accountants

per Geetha Suryanarayanan
Partner
Membership No:29519

Chennai
May 3, 2007

For S.R.Batliboi & Associates
Chartered Accountants

per S Balasubrahmanyam
Partner
Membership No.053315

For and on behalf of the Board

R J Shahaney
Chairman

N Kothandapani
Company Secretary

V Mahadevan
Managing Director

V Sankar
Chief Financial Officer



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2007

	Schedules	For the year ended March 31, 2007		For the year ended March 31, 2006	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Income					
Gross Sales Less Returns		46,101.13		38,305.82	
Less: Excise duty		<u>6,717.47</u>		<u>5,505.60</u>	
Net Sales Less Returns	2.1	39,383.66		32,800.22	
Conversion charges	2.2	140.78		151.51	
Other Income	2.3	<u>287.43</u>		<u>602.49</u>	
			39,811.87		33,554.22
Expenditure					
Materials	2.4	20,245.60		16,078.83	
Decrease / (Increase) in inventories	2.5	(744.42)		173.11	
Power and Fuel Expenses	2.6	<u>10,426.77</u>		<u>8,530.67</u>	
			<u>35,723.09</u>		<u>29,933.55</u>
			4,088.78		3,620.67
Less:					
Finance charges (Net)	2.7		479.37		432.30
Depreciation / amortisation		1,136.80		1,026.27	
Less: Transfer from revaluation reserve (Refer note 3.5.4)		<u>29.73</u>	<u>1,107.07</u>	<u>79.21</u>	947.06
			<u>2,502.34</u>		<u>2,241.31</u>
Profit before Tax					
Provision for tax					
Current tax		855.00		189.00	
Less: Minimum alternate tax entitlement credit		-		(9.00)	
Deferred tax		(10.00)		615.00	
Fringe benefit tax		<u>41.00</u>		<u>50.00</u>	
Total tax expense			886.00		845.00
			1,616.34		1,396.31
Profit after tax					
Balance brought forward from previous year			98.77		(949.37)
Profit available for appropriation			1,715.11		446.94
Appropriations:					
Arrears of Preference Dividend			473.11		-
Tax on arrears of Preference Dividend			66.35		-
Proposed Preference Dividend including arrears of Preference Dividend			450.00		305.34
Tax on proposed Preference Dividend including arrears of Preference Dividend			63.11		42.83
Surplus carried to Balance Sheet			<u>662.54</u>		<u>98.77</u>
Basic and diluted earnings per share of face value Rs.10/- each (Previous year Rs.10/- each) (Refer Note 3.22) (In Rs.)					
			8.87		8.67

Notes to accounts

3

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

For Fraser & Ross
Chartered Accountants

For S.R.Batlboi & Associates
Chartered Accountants

For and on behalf of the Board

per **Geetha Suryanarayanan**
Partner
Membership No:29519

per **S Balasubrahmanyam**
Partner
Membership No.053315

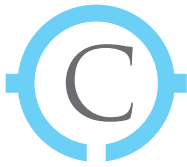
R J Shahaney
Chairman

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Chennai
May 3, 2007



ASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

	Year ended March 31, 2007		Year ended March 31, 2006	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit before tax		2,502.34		2,241.31
Adjusted for				
Depreciation / Amortisation	1,107.07		947.06	
Finance charges (Net)	479.37		432.30	
Profit(-)/Loss on disposal of Fixed Assets	(78.67)		4.73	
Payments under VRS absorbed	211.91		212.89	
Provision for doubtful debts (Net of write back)	27.66		7.96	
Provision no longer required written back	-	1,747.34	(181.60)	1,423.34
Operating profit before working capital changes		4,249.68		3,664.65
Changes in				
Trade and other receivables	(2,335.29)		(3,092.13)	
Inventories	(1,467.34)		194.86	
Trade Payables	1,059.63	(2,743.00)	1,122.17	(1,775.10)
Cash generated from operations		1,506.68		1,889.55
Direct taxes paid - net of refunds		(587.46)		(232.70)
Compensation paid under VRS		(9.96)		(6.05)
Net cash from operating activities		909.26		1,650.80
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		(9,617.20)		(3,639.13)
Acquisition of DCU (consideration discharged fully by means of cash)		-		(6,200.00)
Sale of fixed assets		127.91		16.82
Interest received		15.92		120.57
Net Cash used in investing activities		(9,473.37)		(9,701.74)
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Rights Issue of Equity shares		-		5,702.47
Proceeds from long term borrowings		10,530.92		4,485.30
Repayment of long term borrowings		(497.70)		(1,637.62)
Finance charges		(515.97)		(569.10)
Preference Dividend paid including DDT		(887.63)		
Net cash used in financing activities		8,629.62		7,981.05
Net change in cash and cash equivalents (excluding Cash and Cash equivalents acquired at the time of purchase of Ductron Castings Unit) a+b+c		65.51		(69.89)
Add: Cash and Cash equivalents acquired at the time of purchase of Ductron Castings Unit		-		97.73
Net change in cash and cash equivalents		65.51		27.84
Cash and Cash Equivalents - Opening Balance		76.46		48.62
Cash and Cash Equivalents - Closing Balance		141.97		76.46

Components of cash and cash equivalents Refer Schedule 1.10

As per our report of even date

For Fraser & Ross
Chartered Accountants

per **Geetha Suryanarayanan**
Partner
Membership No:29519

Chennai
May 3, 2007

For S.R.Batlilobi & Associates
Chartered Accountants

per **S Balasubrahmanyam**
Partner
Membership No.053315

For and on behalf of the Board

R J Shahaney
Chairman

N Kothandapani
Company Secretary

V Mahadevan
Managing Director

V Sankar
Chief Financial Officer



SCHEDULES TO THE BALANCE SHEET

	March 31, 2007 Rs. Lakhs	March 31, 2006 Rs. Lakhs
1.1 Share Capital		
Authorised		
30,000,000 (Previous Year 30,000,000) equity shares of Rs.10/- each	3,000.00	3,000.00
4,500,000 (Previous Year 4,500,000) Preference shares of Rs.100/- each	4,500.00	4,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
Issued		
16,406,417 (Previous year 16,406,417) equity shares of Rs.10/- each fully paid (Refer Note (a) below)	1,640.64	1,640.64
1,500,000 (Previous year 1,500,000) 6 %Redeemable Non-convertible cumulative preference shares of Rs.100/- each fully paid (Refer Note (b) below)	1,500.00	1,500.00
1,000,000 (Previous year 1,000,000) 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each fully paid (Refer Note (c) below)	1,000.00	1,000.00
	<u>4,140.64</u>	<u>4,140.64</u>
Subscribed and paid up		
16,294,010 (Previous year 16,294,010)equity shares of Rs.10/- each fully paid (Refer Note (a) below)	1,629.40	1,629.40
1,500,000 (Previous year 1,500,000) 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each fully paid (Refer Note (b) below)	1,500.00	1,500.00
1,000,000 (Previous year 1,000,000) 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each fully paid (Refer Note (c) below)	1,000.00	1,000.00
	<u>4,129.40</u>	<u>4,129.40</u>
Note:		
a) Of the above		
i. 358,857 (Previous year 358,857)equity shares were allotted pursuant to a contract for consideration other than cash.		
ii. 9,629,496 (Previous year 9,629,496) equity shares are held by the holding company, LRLIH Limited, UK.		
iii. 2,142,476 (Previous year 2,142,476) equity shares were allotted as fully paid up Bonus Shares by capitalisation of general reserve, share premium and capital reserve.		
iv) 9,504,110 (Previous year 9,504,110) equity shares were subscribed on Right basis in 2005-06 at a premium of Rs.50/- per share. 1,750 equity shares (Previous year 1,750) to be issued on rights basis have been kept in abeyance.		
b) 1,500,000 (Previous year 1,500,000) 6% Redeemable non-convertible cumulative preference shares of Rs. 100/- each issued to Ashok Leyland Limited on 19th March 1999 are redeemable at par during the period April 2011 to April 2013.		
c) 1,000,000 (Previous year 1,000,000) 6% Redeemable non-convertible cumulative preference shares of Rs. 100/- each issued to Ashok Leyland Limited on 12th November 2003 are redeemable at par during the period April 2008 to April 2010.		
1.2 Reserves and Surplus		
Fixed assets revaluation reserve		
As per last Balance Sheet	436.87	516.08
Less: Incremental depreciation for the year on revaluation	<u>29.73</u>	<u>79.21</u>
	407.14	436.87
Securities Premium	5,318.19	5,318.19
General Reserve		
As per last Balance Sheet	864.29	864.29
Add: Transitional adjustment for employee benefits (net of tax Rs. 34.48 Lakhs previous year Rs.Nil) (refer to note no 3.5.14)	<u>67.96</u>	<u>-</u>
	932.25	864.29
Profit and Loss a/c	662.54	98.77
	<u>7,320.12</u>	<u>6,718.12</u>



SCHEDULES TO THE BALANCE SHEET

	As at March 31, 2007 Rs. Lakhs	As at March 31, 2006 Rs. Lakhs
1.3 Secured Loans		
Term Loans		
From Banks	7,945.30	5,043.00
Other loans from Banks:		
Working capital loan	409.71	165.00
Cash credit	3,339.73	1,453.52
	<u>11,694.74</u>	<u>6,661.52</u>
Repayable within 12 months - Term Loans	1,726.67	352.93
<p>The term loan of Rs.60 Lakhs (Previous year Rs.126.65 Lakhs) from Union Bank of India is secured by a charge on the specific assets acquired out of the loan.</p> <p>The term loan of Rs.Nil (Previous year Rs. 431.05 Lakhs) from Standard Chartered Bank secured by Plant & Machinery and other immovable assets both present and future, together with buildings and structures situated at Kathivakkam on Paripassu first charge.</p> <p>The term loan of Rs.3,885.30 Lakhs (Previous year Rs. 3,885.30 Lakhs) from IDBI Bank secured by paripassu first charge on the movable fixed assets of the Company.</p> <p>The term Loan of Rs.4,000 Lakhs (Previous year Rs. 600 Lakhs) from M/s State Bank of Travancore is secured by hypothecation of Fixed Assets and movable properties by way of Paripassu First charge along with other term loan lenders.</p> <p>The Working capital loan and Cash credit from Bankers are secured by a first charge on current assets and a paripassu second charge on the fixed assets of the company.</p>		
1.4 Unsecured Loans		
Intercorporate Deposit	2,000.00	-
Short term loan from banks	3,000.00	-
	<u>5,000.00</u>	-
Repayable within 12 months	<u>5,000.00</u>	-
1.5 Deferred Tax Liability (net)		
Differences in depreciation in block of fixed assets as per tax books and financial books.	664.00	640.00
Provision for doubtful debts	(26.00)	(16.00)
Effect of expenditure debited to profit and loss account in the current year but allowable for tax purposes in following years	(33.00)	(9.00)
	<u>605.00</u>	<u>615.00</u>

1.6 Fixed Assets

Description	Cost					Depreciation / Amortisation					Net Block as at March 31, 2007	Net Block as at March 31, 2006
	As at April 1, 2006	Additions #	Additions	Deductions	As at March 31, 2007	As at April 1, 2006	For the year		Deductions	As at March 31, 2007		
							on cost *	incremental				
TANGIBLE ASSETS												
Freehold Land @	1,827.84	-	-	-	1,827.84	-	-	-	-	-	1,827.84	1,827.84
Leasehold Land	637.50	-	-	-	637.50	2.66	31.88	-	-	34.54	602.96	634.84
Buildings @	2,053.71	-	92.12	-	2,145.83	1,058.92	52.61	26.21	-	1,137.74	1,008.09	994.79
Plant and Machinery @	8,888.59	-	868.58	393.43	9,363.74	4,885.40	679.58	-	343.56	5,221.42	4,142.32	4,003.19
Service Installations @	1,080.75	-	186.46	185.64	1,081.57	752.14	63.18	3.52	189.06	629.78	451.79	328.61
Electrical Installations @	717.00	-	58.18	9.96	765.22	453.98	24.85	-	8.29	470.54	294.68	263.02
Patterns and Dies	693.15	-	30.66	-	723.81	293.55	76.28	-	-	369.83	353.98	399.60
Fixtures **	211.45	-	1.20	0.93	211.72	106.02	17.66	-	5.50	118.18	93.54	105.43
Office Furniture	77.10	-	11.58	1.57	87.11	34.63	6.33	-	1.48	39.48	47.63	42.47
Office Machinery	272.03	-	45.10	4.45	312.68	168.79	25.67	-	4.45	190.01	122.67	103.24
Motor Vehicles **	113.53	-	48.93	7.14	155.32	44.13	10.72	-	1.54	53.31	102.01	69.40
INTANGIBLE ASSETS												
Technical Know How	618.96	-	-	-	618.96	123.79	123.79	-	-	247.58	371.38	495.17
Goodwill	147.57	-	-	-	147.57	29.51	29.51	-	-	59.02	88.55	118.06
	<u>17,339.18</u>	-	<u>1,342.81</u>	<u>603.12</u>	<u>18,078.87</u>	<u>7,953.52</u>	<u>1,142.06</u>	<u>29.73</u>	<u>553.88</u>	<u>8,571.43</u>	<u>9,507.44</u>	<u>9,385.66</u>
Capital Work-In-Progress at Cost ***											<u>9,788.49</u>	<u>1,543.00</u>
											<u>19,295.93</u>	<u>10,928.66</u>
Previous year figures	11,372.04	3,962.85	2,235.65	231.36	17,339.18	7,132.08	952.04	79.21	209.81	7,953.52	10,928.66	

Assets acquired at the time of purchase of Ductron Castings Unit. (Also refer Note 3.3 of Schedule 3)

@ Includes upward revaluation made on 31st March 1992.

* Depreciation on assets capitalised relating to Green Field project, amounting to Rs 34.99 Lakhs (Previous year Rs.4.98 Lakhs) is debited to Capital Work In Progress Account.

** Includes Assets on Hire Purchase Rs. 28.74 Lakhs (Previous Year Rs.28.74 Lakhs).

*** Refer Note 3.2 of Schedule 3 and note 3.8 of Schedule 3



SCHEDULES TO THE BALANCE SHEET

	As at March 31, 2007 Rs. Lakhs	As at March 31, 2006 Rs. Lakhs
1.7 Investments - Non-Trade - Unquoted		
Long Term		
10,000 shares of Rs.10/- each in OPG Energy (P) Ltd	1.00	1.00
	<u>1.00</u>	<u>1.00</u>
1.8 Inventories (at lower of cost and net realisable value)		
Raw Materials	1,115.50	653.29
Work-in-progress	2,644.57	2,022.22
Finished Goods	170.64	48.57
Bought out materials	42.52	36.08
Stores and Spare parts	1,053.09	788.00
Materials-in-transit	11.07	21.89
	<u>5,037.39</u>	<u>3,570.05</u>
1.9 Sundry Debtors		
(Unsecured)		
Over six months:		
Considered good	337.11	358.05
Considered doubtful	<u>76.30</u>	<u>48.64</u>
	413.41	406.69
Less: Provision for doubtful debts *	<u>76.30</u>	<u>48.64</u>
	337.11	358.05
Other debts - Considered good	7,662.26	6,100.72
	<u>7,999.37</u>	<u>6,458.77</u>
Sundry debtors with a Company under the same management towards sale of goods	3,986.51	3,366.00
* Includes Rs.Nil (Previous year Rs.7.96 Lakhs) taken over at the time of acquisition of Ductron Castings Unit		
1.10 Cash and Bank Balances		
Cash in hand	5.17	2.18
Balance with Scheduled banks		
Current accounts	<u>136.80</u>	<u>74.28</u>
	<u>141.97</u>	<u>76.46</u>



SCHEDULES TO THE BALANCE SHEET

	As at March 31, 2007 Rs. Lakhs	As at March 31, 2006 Rs. Lakhs
1.11 Loans and Advances		
(Unsecured and considered good)		
Advances recoverable in cash or in kind or for value to be received *	1,460.56	886.15
Interest accrued on deposits	69.53	33.21
Advance payments of tax (net of provisions)	-	26.31
Balance with customs, central excise	437.23	172.86
Deposits @	1,027.87	1,023.86
	<u>2,995.19</u>	<u>2,142.39</u>
* Includes capital advances	180.50	151.60
Included in loans and advances are:		
Dues from companies under the same management-Ashok Leyland	-	155.00
Maximum amount outstanding during the year	155.00	155.00
1.12 Other Current Assets		
Insurance Claims recoverable	458.02	505.05
	<u>458.02</u>	<u>505.05</u>
1.13 Current Liabilities		
Sundry Creditors	4,428.31	3,938.37
Due to SSI units & SME's (Refer Note 3.7 to Schedule 3)	-	-
Other Liabilities	1,775.61	1,368.16
Unclaimed Fixed Deposits *	1.65	1.92
Interest accrued, but not due on loans	16.78	1.14
	<u>6,222.35</u>	<u>5,309.59</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on March 31, 2007		
1.14 Provisions		
Preference dividend including tax	513.11	348.17
Provision for leave encashment	130.72	58.65
Exgratia	51.00	43.60
Provision for tax (Net of advance tax)	282.23	-
Provision for Gratuity (Refer Note 3.5.14 to Schedule 3)	-	24.67
Provision for other employment benefits	4.59	-
	<u>981.65</u>	<u>475.09</u>
1.15 Miscellaneous Expenditure (to the extent not written off or adjusted)		
Compensation paid under Voluntary Retirement Scheme		
As per last Balance Sheet	226.34	433.18
Add: Payment made during the year	9.96	6.06
Less: Amortized during the year	(211.91)	(212.90)
	<u>24.39</u>	<u>226.34</u>



SCHEDULES TO THE PROFIT AND LOSS ACCOUNT

	For the year ended March 31, 2007		For the year ended March 31, 2006	
	Tonnes	Rs. Lakhs	Tonnes	Rs. Lakhs
2.1 Sales less Returns				
Ferrous Castings	70,980	35,377.83	60,510	29,504.65
Non-ferrous Castings	1,856	3,809.30	1,695	2,944.62
Miscellaneous Order Jobs (Quantification not feasible)		196.53		350.95
		<u>39,383.66</u>		<u>32,800.22</u>
2.2 Conversion charges				
Non-ferrous castings	220	140.78	237	151.51
2.3 Other Income				
Profit/(Loss) on disposal of assets		78.67		-
Export Incentives		-		4.06
Provision no longer required written back		-		181.60
Insurance claim on loss of profit		90.00		224.00
Miscellaneous Income		118.76		192.83
		<u>287.43</u>		<u>602.49</u>
2.4 Materials				
i. Raw materials consumed:				
Opening Stock *	653.29		740.74	
Add: Purchases	<u>14,516.53</u>		<u>11,368.47</u>	
	15,169.82		12,109.21	
Less: Closing stock	<u>1,115.50</u>		<u>653.29</u>	
		14,054.32		11,455.92
ii. Stores and spares consumed		4,841.95		3,931.03
iii. Bought out materials		1,349.33		691.88
		<u>20,245.60</u>		<u>16,078.83</u>
* Includes Rs.Nil (Previous year Rs.282.85 Lakhs) taken over at the time of acquisition of Ductron Castings Unit. Also refer note 3.3 to Schedule 3				
2.5 Decrease / (Increase) in inventories:				
Opening:				
Work-in-progress *	2,022.22		2,179.58	
Finished Goods	48.57		64.32	
	<u>2,070.79</u>		<u>2,243.90</u>	
Closing:				
Work-in-progress	2,644.57		2,022.22	
Finished goods	170.64		48.57	
	<u>2,815.21</u>		<u>2,070.79</u>	
		<u>(744.42)</u>		<u>173.11</u>
* Includes Rs Nil (Previous year Rs.718.74 Lakhs) taken over at the time of acquisition of Ductron Castings Unit.				



	For the year ended March 31, 2007		For the year ended March 31, 2006	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
2.6 Expenses				
Salaries, Wages and Bonus ****		5,827.22		4,645.81
Contribution to Provident, Gratuity, Superannuation and other Funds		484.96		670.27
Compensation under voluntary retirement scheme		211.91		212.89
Welfare expenses * / ****		946.25		667.04
Rent		47.96		36.05
Rates and taxes		135.58		132.29
Repairs and maintenance of plant and machinery **		779.22		635.35
Repairs and maintenance of buildings ***		102.98		73.61
Insurance		67.27		58.90
Directors' fees		6.20		4.75
Audit fees and expenses				
- Audit fees	6.00		6.00	
- Tax audit	0.25		0.25	
- Taxation	-		0.45	
- Certifying statements to Government and others	1.89		1.56	
- Out of pocket expenses	0.58		0.35	
		8.72		8.61
(Increase)/decrease of Excise duty on Inventory (Refer note no 3.23)		22.00		(3.00)
Share Issue expenses		-		20.72
Provision for doubtful debts (Net of writeback)		27.66		7.96
Other Expenses		1,758.84		1,359.42
		<u>10,426.77</u>		<u>8,530.67</u>
* Includes Stores consumed		7.68		5.20
** Includes Stores consumed		731.42		601.91
*** Includes Stores consumed		25.14		24.32
**** Includes Research & Development		95.02		-
2.7 Finance charges (Net)				
(i) Interest on Fixed Loans				
To Banks		322.53		351.52
To Others		-		1.12
ii) Other Interest				
To Banks #		202.66		101.33
To Others *		(45.82)		(21.67)
		<u>479.37</u>		<u>432.30</u>
# Net of interest received on Deposits with Banks		-		93.01
* Net of interest received from Customers/Others		52.24		38.76



3.1 Background of the Company

Ennore Foundries Limited was incorporated in the year 1959 and commenced commercial production in the year 1961. The Company is a part of the Hinduja group of companies and is listed in the Mumbai, Chennai and National stock exchanges.

The Company is engaged in the business of manufacture of Grey iron and aluminum gravity die-castings for automobiles, compressors, industrial engines, power generators, tractors, as well as for defence and marine applications.

3.2 Greenfield Project

The Company is in the process of setting up a new grey iron casting foundry near Chennai with an initial capacity of 50,000 tonnes called the Greenfield project at a total cost of approximately Rs 15,000 Lakhs (Previous year Rs. 12,000 Lakhs). The project is being financed out of the proceeds from the rights issue, internal accruals and term loans from Banks.

In the previous year, the Company had acquired land of about 40 acres for the purpose of construction of the plant from State Industrial Promotion Corporation of TamilNadu (SIPCOT) at a total cost of Rs.881.09 Lakhs

The cost of project has been accounted for in accordance with the Guidance Note on Expenditure during Construction Period issued by the Institute of Chartered Accountants of India, to the extent applicable, and other relevant pronouncements. The total cost incurred on this project as at March 31, 2007 amounts to Rs. 8968.16 lakhs (PY Rs. 1796.29 Lakhs), of which Rs. 8340.86 lacs (PY Rs.1142.64 lakhs) have been included under capital WIP towards acquisition of fixed assets and other expenditure incurred in connection with the setting up of the project. (Refer 3.8 of Schedule 3). The Company expects to commence the commercial production in during second Quarter of 2007-2008.

3.3 Acquisition of Ductron Castings Unit ('DCU')

Pursuant to a business transfer agreement, the Company had acquired DCU from Ashok Leyland Limited with effect from April 1, 2005 on going concern basis for consideration of Rs.6200 Lakhs. The DCU unit is engaged in the business of manufacture of ductile iron castings with a total capacity of 24,000 tonnes. The Board of directors of the Company approved the acquisition in their meeting held on March 5, 2005.

In accordance with the business transfer agreement, the assets, liabilities, rights and obligations of DCU have been transferred to the Company from April 1, 2005. The total consideration paid to Ashok Leyland Limited was fully settled in the previous year.

3.4 Rights issue

The Right Issue of 95,05,860 equity shares of Rs.10/- each at a premium of Rs.50/- per share aggregating to Rs.5703.52 Lakhs, opened on July 11, 2005 and closed on August 9, 2005. 95,04,110 equity shares (excluding 1750 shares kept in abeyance) were allotted by the Rights Issue Committee of the Board of Directors on September 9, 2005 to the shareholders in dematerialized and physical form, in accordance with the basis of allotment approved by the Stock Exchange, Mumbai. The Right shares allotted were listed in the Mumbai, and Chennai Stock Exchanges and trading commenced from September 23, 2005 and September 27, 2005 respectively.

3.5 Significant Accounting Policies

3.5.1 Basis of Preparation

The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis except in case of assets which are revalued. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

3.5.2 Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from these estimates.

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.



3.5.3 Fixed Assets and depreciation

Fixed assets are stated at cost or revalued amount less accumulated depreciation and impairment losses, if any. Net increase in fixed assets on account of revaluation is credited to the Revaluation Reserve account.

Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is provided using the Straight-Line method based on useful economic life as estimated by the management or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher. Individual assets costing Rs 5,000 or less are depreciated in full in the year of purchase. After impairment if any, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

The incremental depreciation on account of enhancement in the value of major fixed assets on revaluation is charged against Fixed Assets Revaluation Reserve.

Assets acquired under Hire Purchase agreements are capitalized and finance charges thereon are expensed over the period of agreements.

Leasehold land is amortised over the period of 20 years.

Intangibles

Goodwill and technical know-how fees are amortized using the Straight-Line method over a period of five years.

3.5.4 Inventory

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost is determined on monthly moving weighted average basis. Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes material, labour and appropriate allocated overheads based on normal operating capacity. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

3.5.5 Borrowing costs

Borrowing costs that are directly attributable to the cost of acquisition, construction, or production of a qualifying asset is capitalized as part of that asset, other borrowing costs are recognized as an expense in the period in which they are incurred.

3.5.6 Retirement and other employee benefits.

Gratuity liability is a defined benefit obligation and is provided for based on actuarial valuation performed in accordance with the projected unit credit method, as at the balance sheet date and is funded with LIC.

Short term compensated absences/leave encashment are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation.

Contributions to Provident fund, Employee Pension Fund, Superannuation fund and cost of other benefits are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. The Company has no further obligation under the plan beyond its monthly contributions.

Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

3.5.7 Revenue recognition

Revenue including income on miscellaneous order jobs is recognised when the significant risks and rewards of ownership of goods have been passed to the buyer, which generally coincide with the dispatch of goods. Revenue comprises amounts invoiced for goods sold including excise duty but net of sales returns. Revenues are reported exclusive of sales tax and Value Added Tax ('VAT').

Revision in prices subsequent to sale is recognised when accepted by the customers.

Other Income

Insurance claims are recognised when the amount thereof can be measured reliably and ultimate collection is reasonably certain.

3.5.8 Voluntary Retirement Scheme

The Compensation paid towards Voluntary Retirement Scheme is amortized over a period of five years.



3.5.9 Income Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax are measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognised on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realized against future taxable profits. Unrecognized deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably / virtually certain that future taxable income will be available against which such deferred tax assets can be realized.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternate tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

3.5.10 Foreign Currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset.

3.5.11 Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for bonus element in a rights issue to existing shareholders.

The Company has not issued any potential equity shares, and accordingly, the basic earnings per share and diluted earnings per share are the same.

3.5.12 Provisions

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

3.5.13 Impairment

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

**3.5.14 Adoption of Accounting Standard AS-15 “Employee Benefits”**

The Company has adopted the revised accounting standard AS-15 on Employee Benefits with effect from April 1, 2006 .

Pursuant to this, the company has reassessed its liability on various employee benefits as on that date and the additional liability arising thereon, mainly on account of actuarial valuation of gratuity liability based on Projected Unit Credit Method (PUC), amounting to Rs. 67.96 lakhs (net of tax liability Rs 34.48 Lakhs) has been credited to General Reserve as on 1st April 2006 in accordance with the transitional provisions in the above standard. The liability relating to the year 2006-07 determined in accordance with the standard has been absorbed in the profit and loss account.

The disclosures required by AS-15 in respect of the gratuity scheme are laid out in note 3.21 to the financial statements.

3.5.15 Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the Profit and Loss Account. Income attributable to the project is deducted from the total of the indirect expenditure.

3.6 Tax deducted at source from conversion charges is Rs.4.65 Lakhs (Previous year Rs.4.72 Lakhs), interest income earned is Rs.1.30 Lakhs (Previous Year Rs.26.20 Lakhs).

3.7 There are no dues to any small scale industrial undertakings and micro, small & medium enterprises which are outstanding for more than 30 days or 45 days respectively at the Balance Sheet date. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the auditors.

3.8 Expenditure on Greenfield Project

As discussed in note 3.2 above, the details of expenditure incurred during construction period are as follows:

Rs. Lakhs

Expenditure during the Construction Period	As on	Incurred during		As on
PARTICULARS	April 1, 2005	2005-06	2006-07	March 31, 2007
1 Salaries and Wages	0.83	35.08	73.01	108.92
2 Rent	-	10.76	0.71	11.47
3 Professional and Consultancy Charges	13.52	76.33	108.86	198.71
4 Traveling and Conveyance	5.02	2.57	18.54	26.13
5 Loan Processing Fees and Commitment Charges	-	81.60	(81.60)	-
6 Insurance - Erection	-	-	27.85	27.85
7 Interest	-	-	385.54	385.54
8 Others	0.08	29.16	20.81	50.05
9 Building	-	-	1,886.72	1,886.72
10 Advance paid for Plant & Machinery	-	634.61	117.92	752.53
11 Deposit paid to SIPCOT	-	182.02	-	182.02
12 Capital cost for water connection	-	66.08	-	66.08
13 Depreciation on Assets capitalized	-	4.98	34.99	39.97
14 Purchase of Plant & Machinery	-	-	4604.87	4604.87
Total	19.45	1,123.19	7,198.22	8,340.86



	2006-07	2005-06
	Rs. Lakhs	Rs. Lakhs
3.9 a) Estimated amount of contracts remaining to be executed on capital account and not provided for	5483.75	3,379.33
b) Export obligations on account of Duty free import of Capital Goods	7890.07	-

3.10 Contingent Liabilities

a) Civil suit filed by a supplier claiming overdue interest/court fee disputed by the Company	5.02	5.02
b) Surcharge on self generation of power	35.69	25.46
c) Arrears of Dividend on Cumulative redeemable Preference Shares (exclusive of Dividend tax, If any payable at the time of declaration)	Nil	773.01
d) Details of statutory dues due to appropriate authorities on account of dispute.		

Name of Statute	Nature of Dues	2006-07 Rs Lakhs	2005-06 Rs Lakhs	Dispute pending with
Central Excise Act	Excise duty (Deposit made Rs.10 Lakhs) (Previous year Rs.16.10 Lakhs)	55.08	61.18	The Honorable High Court of Chennai
Employees State Insurance Act	ESI dues (Deposit paid Nil) (Previous Year Rs.20 Lakhs)	-	53.48	The Honorable High Court of Chennai

e) The Tamil Nadu Government has issued notification levying additional charge on High Tension Industries, having Arc furnaces at 25% of the power consumption effective from 1st December 2001 till 15th March 2003. Pursuant to this notification all companies which have an arc furnace will have to pay additional surcharge on their power consumption when these furnaces emit effluents exceeding certain thresholds. Though the Company has not received any demand in this regard, the notification has been challenged by the Company before the High Court of Madras. The High Court has granted interim stay.

Subsequently, TNERC passed an order imposing 15 % Arc furnace additional charge effective from March 16, 2003. The Company also filed an affidavit stating that it has installed in 1999 harmonic filters to contain the harmonic levels. The Madras High Court after hearing the case on October 8, 2003 directed TNEB to verify the installation of harmonic filters by the Company and report back the status. Though the verification is done, TNEB has not filed the report in the High Court and the case is yet to come up for hearing. The Management believes that the final impact of which is not ascertainable pending the receipt of report from TNEB.

In the opinion of the management, no provision is considered necessary for the disputes mentioned above on the grounds that there are reasonable chances of successful outcome of appeals.

3.11 Related Party disclosure

a) List of parties where control exists

Holding Company : Land Rover Leyland International Holdings Ltd (LRLIH Ltd), UK

Fellow Subsidiary : Ashok Leyland Limited

Key Management

Personnel : Mr. V Mahadevan, Managing Director.



b) Transactions/balance with related parties

Particulars	Relationship	2006-07 Rs Lakhs	2005-06 Rs Lakhs
Sales of goods	Fellow Subsidiary	22,565	21,342
Purchases of materials	Fellow Subsidiary	1,465	1,519
Dividend on preference share	Fellow Subsidiary	923	305
Finance (Equity contribution in cash)	Fellow Subsidiary	-	1,199
Finance (Equity contribution in cash)	Holding Company	-	3,370
Purchase consideration of DCU unit	Fellow Subsidiary	-	6,200
Net amount due from fellow subsidiary		3,369	2,852

Remuneration paid to managing director is disclosed elsewhere in the notes to accounts

3.12 Segment Reporting

The Company's business is confined to only castings. Accordingly, the Company operates in a single primary segment. Further, the Company markets its products primarily in the domestic markets. Hence there are no reportable geographical segments.

3.13 Raw Materials Consumed

Particulars	2006-07		2005-06	
	Tonnes	Rs Lakhs	Tonnes	Rs Lakhs
Pig Iron	2,632	401.20	2,607	423.90
Steel Scrap	53,398	8,029.34	46,520	6,928.21
Iron Scrap	12,102	1,217.89	9,093	829.13
Carboriser	2,296	456.72	1,936	389.12
Ferro Alloys	2,120	1,222.24	1,865	933.73
Aluminium Alloy	2,000	2,380.23	2,122	1,690.93
Others *	-	346.70	-	260.90
Total	-	14,054.32	-	11,455.92

* It is not practicable to furnish quantitative information in view of large number of items which differ in size and nature, each being less than 10% of the total.

3.14 Consumption of Raw Materials, Stores & Spares and Bought out materials

	2006-07		2005-06	
	% of total Consumption	Rs Lakhs	% of total Consumption	Rs Lakhs
Imported	0.12	25.86	1.48	247.52
Indigenous	99.88	20,983.98	98.52	16462.74
Total		21,009.84		16710.26

**3.15 Finished Goods**

		2006-07		2005-06	
		Tonnes	Rs Lakhs	Tonnes	Rs Lakhs
a)	Opening Stock				
	Ferrous Castings	92	43.00	123	60.00
	Non-Ferrous Castings	3	5.57	3	4.32
b)	Closing Stock				
	Ferrous Castings	155	88.48	92	43.00
	Non-Ferrous Castings	32	82.16	3	5.57

3.16 Capacity and Production

		2006-07		2005-06	
		Installed Capacity Tonnes	Production Tonnes	Installed Capacity Tonnes	Production Tonnes
Ferrous and Non-Ferrous Castings*		75,000	73,148	75,000	62,411
*Includes Production on conversion basis			220		237

Note: The figures shown is balancing figures, ascertained on the basis of opening stock, sales (net of returns) and closing stock and, therefore, include adjustment of excess and shortages ascertained on physical count.

3.17 Value of Imports (Calculated on CIF basis)

Particulars	2006-07	2005-06
	Rs Lakhs	Rs Lakhs
Raw Materials	6.30	220.81
Components and Spare parts	16.32	24.99
Capital Goods	2,036.78	274.36

3.18 Expenditure in Foreign Currencies (on accrual basis)

Particulars	2006-07	2005-06
	Rs Lakhs	Rs Lakhs
Traveling*	11.98	10.93
Consultant Fee*	31.59	46.13
Technical Know-how Fee #	128.09	-
Agency Commission	9.03	9.24

* Included in Schedule 2.6 ('Other expenses')

Included in Schedule 1.6 ('Fixed Assets')

**3.19 Earnings in foreign currency (on accrual basis)**

Particulars	2006-07 Rs Lakhs	2005-06 Rs Lakhs
Export - FOB Value	243.54	574.65

3.20 Information regarding Managerial remuneration

Particulars	2006-07 Rs Lakhs	2005-06 Rs Lakhs
Salary	51.00	48.00
Perquisites	20.39	17.53
Commission	15.90	-
Total	87.29	65.53

As the future liability of gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amounts pertaining to the managing director is not ascertainable and is therefore not included above.

	Rs. Lakhs	
	2006-07	2005-06
Computation of Net Profit in accordance with section 349 of the Companies Act, 1956 for calculation of commission payable to Directors		
Profit as per Profit and Loss Account	2502.34	-
Add: Directors' remuneration including Directors Sitting Fees	77.59	-
Less: Profit on sale of fixed assets (net) as per Profit and Loss account	(78.67)	-
Net profit as per Section 349 of the Companies Act, 1956 66	2501.26	-
Maximum managerial remuneration to Managing and Whole time Directors of 5% of the Net profits as Calculated above	125.06	-
Commission payable to Managing Director approved by the Board	15.90	-

3.21 Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the respective plans:

Profit and Loss account:

Net employee benefit expense (recognised in Employee Cost)	2006-07 Rs. Lakhs
Current service cost	94
Interest cost on benefit obligation	117
Expected return on plan assets*	(188)
Net actuarial(gain) / loss recognized in the year	(28)
Net benefit expense	<u>(5)</u>
Actual return on plan assets	9.10%

*Includes Rs 89 Lakhs being the difference between the present value of obligation and present fair value plan assets at the beginning of the year arising primarily on account of adoption of AS 15 R.



Balance sheet	Rs. Lakhs
Reconciliation of present value of the obligation and the fair value of plan assets	
Fair value of plan assets at the end of the year	1,442
Present value of funded obligation at the end of the year	(1,414)
Asset/(Liability) recognized in the balance sheet	<u>28</u>

Changes in the present value of the defined benefit obligation are as follows:

Present value of obligations as at the beginning of year	1,253
Interest cost	117
Current Service cost	94
Benefits paid	(55)
Actuarial Gain on obligation	5
Present value of obligations as at the end of year	1,414

Changes in the fair value of plan assets are as follows:

Fair value of plan assets at beginning of year	1342
Expected return on plan assets	99
Contributions	33
Benefits paid	(55)
Actuarial gain on plan assets	23
Fair value of plan assets as at end of year	1,442

The principal assumptions used in determining gratuity and other post-employment benefit obligations for the Company's plans are shown below:

	2006-07
	%
Discount rate	8%
Expected rate of return on assets	8%

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The prior year comparative for the above are not disclosed since the revised standard has been implemented from April 1, 2006.

**3.22 Earning Per Share**

Particulars	March 31, 2007	March 31, 2006
Net profit as per the profit and loss account (Rs. Lakhs)	1,616.34	1,396.31
Less: Dividend attributable to preference shareholders (Including Tax) (Rs. Lakhs)	171.04	171.00
Net profit as per the profit and loss account after preference dividend (Rs. Lakhs)	1,445.30	1,225.31
Number of equity shares of Rs 10 each outstanding at the beginning of the year	16,294,010	6,789,900
Add: number of shares issued pursuant to the rights issue on September 9, 2005	-	9,504,110
Total number of equity shares of Rs 10 each at the end of the year	16,294,010	16,294,010
Weighted average number of equity shares of Rs 10 each at the end of the year for calculation of basic and diluted earnings per share*	16,294,010	14,135,037
Basic and diluted earnings per share (Rs.)	8.87	8.67
* The weighted average number of equity shares for the previous year includes adjustments required due to the rights issue of shares made on September 9, 2005.		

3.23 AS 14 (Revised) on 'Disclosure of Revenue from Sales Transactions'

The total excise duty for the year excluding the excise duty related to difference between the closing stock and opening stock has been disclosed as a reduction from turnover. Excise duty related to difference between the closing stock and opening has been disclosed in Schedule 2.6 "expenses"

3.24 Previous year comparatives

Figures for the previous year have been regrouped wherever necessary to conform to the classification for the year.

For Fraser & Ross
Chartered Accountants

per **Geetha Suryanarayanan**
Partner
Membership No:29519

Chennai
May 3, 2007

For S.R.Batliboi & Associates
Chartered Accountants

per **S Balasubrahmanyam**
Partner
Membership No.053315

For and on behalf of the Board

R J Shahaney
Chairman

N Kothandapani
Company Secretary

V Mahadevan
Managing Director

V Sankar
Chief Financial Officer



BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I REGISTRATION DETAILS

Registration No:

1	8	-	0	3	8	4	9
---	---	---	---	---	---	---	---

 State Code

1	8
---	---

Balance Sheet Date

3	1	0	3	2	0	0	7
---	---	---	---	---	---	---	---

Date Month Year

II CAPITAL RAISED DURING THE YEAR (Amount in Rs. Thousands)

Public Issue

					N	I	L
--	--	--	--	--	---	---	---

 Rights Issue

					N	I	L
--	--	--	--	--	---	---	---

Bonus Issue

					N	I	L
--	--	--	--	--	---	---	---

 Private Placement

					N	I	L
--	--	--	--	--	---	---	---

III POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Rs. Thousands)

Total Liabilities

2	8	7	4	9	2	6
---	---	---	---	---	---	---

 Total Assets

2	8	7	4	9	2	6
---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

		4	1	2	9	4	0
--	--	---	---	---	---	---	---

 Reserves & Surplus

		7	3	2	0	1	2
--	--	---	---	---	---	---	---

Secured Loans

	1	1	6	9	4	7	4
--	---	---	---	---	---	---	---

 Unsecured Loans

		5	0	0	0	0	0
--	--	---	---	---	---	---	---

Deferred Tax Liability

		6	0	5	0	0
--	--	---	---	---	---	---

Application of Funds

Net Fixed Assets

	1	9	2	9	5	9	3
--	---	---	---	---	---	---	---

 Investments

					1	0	0
--	--	--	--	--	---	---	---

Net Current Assets

		9	4	2	7	9	4
--	--	---	---	---	---	---	---

 Miscellaneous Expenditure

			2	4	3	9
--	--	--	---	---	---	---

Accumulated Losses

					N	I	L
--	--	--	--	--	---	---	---

IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover

3	9	8	1	1	8	7
---	---	---	---	---	---	---

 Total Expenditure

3	7	3	0	9	5	3
---	---	---	---	---	---	---

Profit/Loss Before Tax

		2	5	0	2	3	4
--	--	---	---	---	---	---	---

 Profit/Loss after Tax

		1	6	1	6	3	4
--	--	---	---	---	---	---	---

Earnings Per Share in Rs.

		8	.	8	7
--	--	---	---	---	---

 Dividend Rate

-	-
---	---

V GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY (as per monetary terms)

Item Code No. (ITC Code)

7	3	2	5	9	9	0	9	9	0
---	---	---	---	---	---	---	---	---	---

Product Description

F	E	R	R	O	U	S	C	A	S	T	I	N	G	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

Item Code No. (ITC Code)

	7	6	0	4	2	9	0	9
--	---	---	---	---	---	---	---	---

Product Description

N	O	N	F	E	R	R	O	U	S	C	A	S	T	I	N	G	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

For Fraser & Ross
Chartered Accountants

For S.R.Batlilobi & Associates
Chartered Accountants

For and on behalf of the Board

per **Geetha Suryanarayanan**
Partner
Membership No:29519

per **S Balasubrahmanyam**
Partner
Membership No.053315

R J Shahaney
Chairman

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Chennai
May 3, 2007



INFORMATION AS PER SEC.217 (2A) (b) (ii) READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2007

Sl.No.	Name	Age	Designation/ Nature of Duties	Remuneration Rupees	Qualifi- cation	Total Experience (Years)	Date of Commencement of Employment	Last Employment held
1	V Mahadevan	58	Managing Director	87,29,313	B.E.	37	5/9/03 as Chief Executive, 1/10/03 as Managing Director	Special Director- Manufacturing, Ashok Leyland Limited

Notes:

1. Gross remuneration shown above is subject to tax and comprises Salary, Allowances, Medical Benefits, Leave Travel Assistance as applicable in accordance with the Company's rules, Commission, Company contribution to Provident Fund and Superannuation Fund and Perquisites evaluation as per Income Tax rules. In addition to the above, the employee is entitled to Gratuity.
2. Appointment is on contractual basis

