

# ANNUAL REPORT 2004-05

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### Board of Directors

**R.J. Shahaney**  
Chairman

**D.J. Balaji Rao**

**M. Bianchi** (upto 24.01.2005)

**P.K. Choksey** (upto 30.07.2004)

**F.J. Colon Martinez (Alternate: G. Sagone)**  
(from 25.01.2005)

**D.G. Hinduja (Alternate : Y.M. Kale)**

**Pravin N Ghatalia** (from 26.10.2004)

**H. Klingele (Alternate : A. Spare)**

**S. Ragothaman**

**F. Sahami**

**R. Seshasayee**

**V. Mahadevan**, Managing Director

**N. Kothandapani**

State Bank of India  
Standard Chartered Bank  
Bank of America  
Union Bank of India  
ICICI Bank Limited

Fraser & Ross  
Chartered Accountants

Ennore, Chennai - 600 057

### Company Secretary

### Bankers

### Auditors

### Registered Office & Works

## Five Year Review

Rs.Lakhs

	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Income and Dividend</b>					
Sales /Operating Income	13147	12448	13162	18508	<b>22268</b>
Other Income	32	18	17	35	<b>256</b>
Total Income	13179	12466	13179	18543	<b>22524</b>
Operating Profit	903	917	-683	1445	<b>2315</b>
Profit/Loss(-) Before Tax	110	123	-1668	423	<b>1419</b>
Profit/Loss(-) After Tax	110	95	-1656	418	<b>1308</b>
Dividend including Tax					
Retained Earnings	110	95	-1656	418	<b>1308</b>
<b>Assets Employed</b>					
Net Fixed Assets @	4175	4115	4220	4448	<b>4277</b>
Net Current Assets	1949	2734	1493	1832	<b>3280</b>
Other Assets/Expenditure Not written off	334	159	867	642	<b>433</b>
<b>Total</b>	<b>6458</b>	<b>7008</b>	<b>6580</b>	<b>6922</b>	<b>7990</b>
<b>Financed by</b>					
Net worth @	3420	3475	1779	3031	<b>4176</b>
Borrowed Funds	3038	3521	4801	3891	<b>3814</b>
Deferred Tax liability		12			
<b>Total</b>	<b>6458</b>	<b>7008</b>	<b>6580</b>	<b>6922</b>	<b>7990</b>
<b>General</b>					
Sales Units-Tonnes	33031	29248	29548	37048	<b>39863</b>
Earnings per share - Rs.	1.62	1.40	-26.60	3.61	<b>17.06</b>
Dividend per share - Rs.					
Book value per share - Rs.	28.28	29.09	4.12	7.82	<b>24.68</b>
@ Includes addition on Revaluation of Fixed Assets	926	886	846	679	<b>516</b>

# Report of the Directors

To the Members

The Directors are pleased to present the Fortyfifth Annual Report together with the Audited Accounts of your Company for the year ended March 31, 2005.

## Financial Results

	<b>Rs.Lakhs</b> <b>2004-05</b>	<b>Rs.Lakhs</b> <b>2003-04</b>
Profit/(Loss)	1419.47	423.32
Less: Provision for Taxation	111.00	5.00
Profit/(Loss) after tax	1308.47	418.32
Balance brought forward from previous year	(2257.83)	(2676.15)
Deficit ( ) in Profit and Loss Account carried over	(949.36)	(2257.83)

## Dividend

The Company is not in a position to declare any dividend in view of the continuing accumulated losses.

## Operations

Demand for castings in all segments was higher during the year resulting in increased volumes and turnover. Sales volume of the Company, during the year at 39863 MT compared to 37048 MT in the previous year registered a growth of 7.6%. Turnover was higher at Rs 22267 lakhs compared to Rs 18508 lakhs in FY 2004 resulting in an increase of 20.3%. Gross production during the year was up by 9.6% to 43985 MT compared to 40138 MT in previous year .

It is expected that, demand for castings will continue to be good in the current year in view of the continued buoyancy in the automobile and tractor segments.

Efforts are in hand to expand customer base, provide higher value addition to customers, further enhance quality of castings and to explore export markets. Steps are also continuing to improve cost effectiveness and achieve higher operational efficiency in order to further improve margins.

## Technology Upgradation/ Modernisation

Your Company is alive to the technological upgradation continuously taking place in the automobile industry driven by intense competition as well as on account of environmental conservations 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 growing

demands and has undertaken several measures, so as to meet the requirements of closer tolerances, better finish and reduced rejections in customers' plants.

## Potential Sickness

The Company has come out of its potential sickness as on March 31, 2005 in view of profitability in 2004-05 and consequent improvement in net worth resulting in accumulated losses being less than 50% of net worth.

## Research & Development

The main thrust in R & D continues to be in the introduction of new techniques in the production process for improvements 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 explanation relating to material variations. 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 2004-05 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 like 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 of deposits held by the Company as at March 31, 2005 was Rs 51.14 lakhs. The Company is regularly repaying deposits on due dates and deposits are not being renewed from December 2002. Twenty one (21) matured deposits amounting to Rs 2.64 lakhs remained unclaimed as on March 31, 2005.

The Company is regularly transferring debenture redemption instalments and interest thereon, 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 foundry/New acquisition

The Company plans to set up a new foundry near Chennai with a capacity of 50000 tons of grey iron castings. The existing foundry is also being revamped with both these projects entailing an expenditure of about Rs.165 crores. Further, the Ductron Castings Unit of Ashok Leyland Ltd at Hyderabad has been acquired by the Company at a cost of Rs.62 crores. The Company has planned to partially mobilize resources by issue of 95,05,860 equity shares Rs.10/- each at a premium of Rs.50/- aggregating to Rs.57.04 crores on Rights basis. The Company shall fund the balance requirement through internal accruals/ term loans from banks/financial institutions. Necessary approvals of shareholders have been received for issue of rights shares and for enhancement in borrowing limits for term loans.

# Report of the Directors

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## Personnel

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

## Directors

Mr Marco Bianchi, Director has resigned from the Board effective January 25, 2005 and Mr F J Colon Martinez has been appointed as Director in the resultant casual vacancy.

Mr P N Ghatalia was appointed as an Additional Director in the Board meeting held on October 26, 2004 and will be laying down his office at this Annual General meeting. Mr Ghatalia is seeking appointment as an Independent Director of the Company and the necessary resolution is placed before the members for approval.

M/s H Klingele, D G Hinduja and S Ragothaman 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 and Ross, Chartered Accountants, the retiring Auditors, are eligible for reappointment.

In view of acquisition of the Ductron Castings Unit at Hyderabad, and the proposed expansion plans, there will be substantial increase in the size of operations of the Company, and hence the Audit Committee and the Board have considered it desirable to have two firms of Chartered Accountants to work as Joint Statutory Auditors of the Company.

Based on the recommendations of the Audit Committee and subject to the approval of shareholders in the Annual General meeting, the Board has

proposed the appointment of M/s S R Batliboi & Associates, Chartered Accountants as Auditor to work jointly with M/s Fraser & Ross, Chartered Accountants.

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

## 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, Depositors and all the employees for their continued support.

On behalf of the Board

**R J Shahaney**  
Chairman

Chennai  
April 28, 2005

# Annexure A to the Directors' Report

## 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 saving of 15% 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 more efficient induction furnaces in place of arc furnaces, and is using more power from wind mills.

In core making process the hot core box process has been converted into cold box process which has better yield and savings in energy cost.

### B) TECHNOLOGY ABSORPTION

#### Research & Development (R & D)

- Specific areas in which R & D is carried out by the Company:
  - Solid modelling CAD/CAM system, to enable concurrent engineering to be carried out for design and manufacture of patterns and core boxes also with computer simulation to ensure correct finishing of castings.

- The Company has standardized the core making process to cold box and shell for yield improvement by optimizing the gating and running system which is carried out in computer simulation.
  - Alternate material for furnace lining is being tried to reduce energy and material cost.
- Benefits derived as a result of the above R & D:
    - Improved dimensional accuracy, higher quality and better surface finish of castings.
  - Future Plan of Action:
    - Unidirectional flow with low cost automation of fettling and core making.
    - Energy efficient sand mixing system.
    - Better material handling system to reduce unnecessary operations.
  - Expenditure on R & D:
    - Capital : Nil
    - Recurring : Nil
    - Total : Nil
    - R & D expenditure as a percentage of total turnover : Nil

### Technology Absorption, Adaptation and Innovation:

- Efforts in brief, made towards technology absorption, adaptation and innovation:

Constant review of current developments and future trends in foundry technology in order to phase out old technologies, absorb new technologies, and induct new materials and processes.
- Benefits derived as a result of above efforts:

The Company has been able to keep abreast of the technologies current in the foundry industry, and be in a position to manufacture castings to more stringent quality requirements.
- (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:

- Nil -

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

There have been no earnings in foreign exchange. Information on outgo of foreign exchange is given in Schedules 3.2.14 to 3.2.15 of notes to the Accounts.

On behalf of the Board

**R J Shahaney**  
Chairman

Chennai  
April 28, 2005

## Annexure B to the Directors' Report

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### 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, 2005 and of the results of operations for the year ended March 31, 2005.

The financial statements have been audited by M/s Fraser & Ross, 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 a 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.

## Annexure C to the Directors' Report

### Report on Corporate Governance (Forming part of the Annual Report 2004-2005)

#### 1. Philosophy on Code of Corporate Governance

The Company is fully 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 always believes in enhancement of its service to all its stakeholders.

#### 2. Board of Directors :

a. The Board of Directors is headed by a non-executive Chairman and consists of the following directors as on March 31, 2005:

i) Non Executive Directors

- a) Promoter Group : Mr F J Colon Martinez (Alternate: Mr G Sagone)  
Mr D G Hinduja (Alternate :Mr Y M Kale)  
Mr H Klingele (Alternate : Mr A Spare)  
Mr F Sahami
- b) Connected with Associate Companies : Mr R J Shahaney (Chairman)  
Mr R Seshasayee
- c) Independent : Mr S Ragothaman  
Mr D J Balaji Rao  
Mr P N Ghatalia
- d) 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 2004-2005 :

Date of Meeting	Board Strength	No. of Directors Present
June 11, 2004	10	9
July 30, 2004	10	9
October 26, 2004	10	9
January 25, 2005	10	9
February 12, 2005	10	5
March 5, 2005	10	6

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

The last Annual General Meeting was held on July 30, 2004.

Name of Director	No. of Board Meetings attended	Whether attended last AGM	Membership as on 31 03 2005	
			Other Boards Excl. EFL	Other Board Committees Excl. EFL
Mr R J Shahaney	6	Yes	4	2 of which 1 as Chairman
Mr P K Choksey (upto 30/7/2004)	2	Yes	4	6 of which 3 as Chairman
Mr D J Balaji Rao	6	Yes	6	10 of which 5 as Chairman
Mr D G Hinduja	4	Yes	4	1
MR F J Colon Martinez (from 25/1/2005)	-	N.A.	1	-
Mr P N Ghatalia (from 26/10/2004)	4	N.A.	6	10
Mr H Klingele	4	Yes	1	-
Mr M Bianchi *	-	No	1	-

## Annexure C to the Directors' Report

Name of Director	No. of Board Meetings attended	Whether attended last AGM	Membership as on 31.03.2005	
			Other Boards Excl. EFL	Other Board Committees Excl. EFL
Mr S Ragothaman	6	Yes	4	5 of which 1 as Chairman
Mr F Sahami	4	Yes	2	4 of which 1 as Chairman
Mr R Seshasayee	5	Yes	6	1
Mr V Mahadevan	6	Yes	-	-
<b>Alternate Directors</b>				
Mr Y M Kale	3	No	3	3 of which 2 as Chairman
Mr G Sagone	6	Yes	2	-
Mr A Spare	4	Yes	-	-

Note 1 : Excludes Foreign Companies, Private Limited Companies

Note 2 : Only Remuneration Committee, Audit Committee, and Shareholders/Investors Grievance Committee are reckoned for this purpose.

\* Ceased to be a Director effective 25/1/2005.

### 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 Stock Exchanges.

b) The composition of the Audit Committee is as follows :

Chairman	:	Mr D J Balaji Rao
Members	:	Mr F Sahami Mr S Ragothaman Mr P N Ghatalia (from 25/01/2005)

c) Meetings and attendance during the year 2004-2005:

Date of Meeting	Committee Strength	No. of Directors Present
June 11, 2004	3	3
July 28, 2004	3	3
October 25, 2004	3	3
January 24, 2005	3	3
February 12, 2005	4	3

Mr N Kothandapani, Company Secretary is the Secretary to the Committee. He also heads the Internal Audit function and has attended all the meetings of the Committee.

Mr V Mahadevan, Managing Director, Mr A V Deodhar, Executive Director (upto 25/10/2004) and Mr V Krishnamoorthy, Deputy General Manager – Finance 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. Remuneration Committee

The Remuneration Committee was reconstituted on 26/10/2004, and consists of the following members:

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

## Annexure C to the Directors' Report

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.20.40 lakhs (from 1.04.2004 to 31.03.2005)
PERQUISITES **	Rs. 9.81 lakhs

\*\* Certain perquisites are valued as per Income-tax Rules and it does not include contribution to PF @ 12% and Superannuation Fund @ 15% of the salary.

Apart from the above, the details of sitting fees paid to the Directors for 2004-05 are given below:

Name of the Director	Sitting Fees (Rs.)
Mr R J Shahaney	50000
Mr P K Choksey (upto 30/07/2004)	8000
Mr D J Balaji Rao	45000
Mr P N Ghatalia	27000
Mr D G Hinduja	13000
Mr H Klingele	11000
Mr S Ragothaman	68000
Mr F Sahami	22000
Mr R Seshasayee	35000
Mr G Sagone (Alternate to Mr M Bianchi upto 24/1/2005 and Alternate to Mr F J Colon Martinez from 25/1/2005)	21000
Mr Y M Kale (Alternate to Mr D G Hinduja)	5000

### 5. Shareholders'/Investors' Grievance Committee

The Committee was reconstituted on June 11, 2004 and consists of the following members :

Mr R J Shahaney	Chairman
Mr R Seshasayee	Member
Mr S Ragothaman	Member
Mr V Mahadevan	Member
Mr N Kothandapani	Company Secretary is the Secretary to the Committee.

The Committee reviews the handling of various correspondence from Shareholders/Investors, Stock Exchanges and Department of Company Affairs, totaling to 252 letters during 2004-2005. The letters were satisfactorily responded to without delay.

The Committee normally meets once in six months.

### 6. General Body Meetings

Details of location and time of holding the last three AGMs

Year	Location	Date and Timing
42nd AGM	Narada Gana Sabha, 254, TTK Road, Chennai 600 018	July 27, 2002 –10.30 a.m.
43rd AGM	Rani Seethai Hall, 603, Anna Salai, Chennai 600 006	September 24, 2003 -10.00 am.
44th AGM	Rani Seethai Hall, 603, Anna Salai, Chennai 600 006	July 30, 2004 10.30 am.

The Chairman of the Audit Committee was present at the above AGMs.

An Extraordinary General Meeting was held on 5th March 2005 at 2.30 p.m. at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006.

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

### 7. Disclosures

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.

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.

## Annexure C to the Directors' Report

### 8. Means of Communication

The Quarterly Results are published in one English National Newspaper and in one local Tamil Newspaper.

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

### 9. General Shareholder Information :

- a) 45th Annual General Meeting July 25, 2005
- b) Financial Calendar :
- Annual General Meeting July 25, 2005
  - Unaudited Results for Quarter ending June 30, 2005 Last week of July 2005
  - Unaudited Results for Quarter/Half year ending September 30, 2005 Last week of October 2005
  - Unaudited Results for Quarter ending December 31, 2005 Last week of January 2006
  - Audited Results for the year ending March 31, 2006 April/May/June 2006
- c) Book closure Date July 22, 2005 to July 25, 2005
- d) Dividend Payment date -
- e) Listing of Equity shares Mumbai and Madras Stock Exchanges
- Listing fees have been paid upto date to the above Stock Exchanges.
- f) Demat of Shares : Trading Symbol
- a) Mumbai Stock Exchange ENNORE FOUND:ENNORE FO
  - b) Demat ISIN No in NSDL & CDSL EQUITY SHARES INE291F01016
  - c) Stock Market Data The Equity shares have been traded only at Stock Exchange, Mumbai. INDONEXT platform effective 08/01/2005
  - d) Shares are traded in "S" segment
- g) The highest and the lowest quoted share prices are indicated below:

Stock Market Data	The Stock Exchange, Mumbai			
	Share Price		Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2004	46.60	37.55	5979.25	5599.12
May 2004	43.80	29.85	5772.64	4227.50
June 2004	46.35	27.80	5012.52	4613.94
July 2004	57.00	39.45	5200.85	4723.04
August 2004	93.00	51.60	5269.22	5022.29
September 2004	95.45	78.00	5638.79	5178.57
October 2004	99.00	73.60	5803.82	5558.14
November 2004	107.45	91.15	6248.43	5649.03
December 2004	152.80	106.90	6617.15	6176.09
January 2005	160.95	112.00	6696.31	6069.33
February 2005	229.80	160.00	6721.08	6508.33
March 2005	299.75	215.00	6954.86	6321.31

### 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 of shares has been delegated by the Board to the Shareholders'/ Investors' Grievance Committee as detailed in item No.5

Mr V Mahadevan, Managing Director has been authorised to approve all routine transfer/transmission of the shares.

## Annexure C to the Directors' Report

- j) (i) 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 dematerialisation, share certificates are despatched by Registered Post by the RTA.

(ii) Distribution of Shareholding as on March 31, 2005:

No. of Shares	Shareholders		No. of Shares	
	Number	%	Number	%
Upto 50	3347	47.79	98092	1.45
51 - 100	1898	27.10	154793	2.29
101 - 200	962	13.74	148692	2.19
201 - 500	580	8.28	188989	2.78
501 - 1000	128	1.83	103493	1.52
1001 - 2000	37	0.53	57218	0.84
2001 - 5000	28	0.40	89911	1.32
5001 - 10000	11	0.16	80441	1.18
10001 & above	112	0.17	5868271	86.43
Total	7003	100.00	6789900	100.00

(iii) The Pattern of shareholding as on March 31, 2005 is given below:

Shares held by	No. of shares as on 31.03.2005	Percentage of Shareholding
<b>Promoter's Holding</b> LRLIH Limited, UK	4012290	59.09
<b>Associate Company</b> Ashok Leyland Limited	1426854	21.01
	5439144	80.10
<b>Non-Promoter's Holding / Institutional Investors</b>		
a. Mutual Funds and UTI	6901	0.10
b. Banks, Financial Institutions, Insurance Companies, Central/State Govt. Institutions/Non government institutions	256364	3.78
c. Foreign Institutional Investors	1000	0.01
	264265	3.89
<b>Others</b>		
a. Private Corporate Bodies	128872	1.90
b. Indian Public	951957	14.02
c. NRIs/OCBs	4048	0.06
d. Directors & Relatives	600	0.01
e. Other than specified above - Clearing Member	1014	0.02
	1086491	16.01
	<b>6789900</b>	<b>100.00</b>

- k) Plant location : Ennore, Chennai 600 057
- l) Address for correspondence for matters relating to shares and Annual Reports : M/s Integrated Enterprises (I) Ltd  
II Floor, "Kences Towers" , No.1,  
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 : Company Secretary  
Ennore Foundries Limited  
Chennai 600 057
- Telephone : 25752103  
Fax : 25750390  
E-Mail : nkp@ennorefoundries.com

## Annexure C to the Directors' Report

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Non-mandatory requirements :

1. Non-Executive Chairman : The Company does not bear any expenses of the non-Executive Chairman
2. Remuneration Committee : Constituted - Please refer item No.4
3. Shareholders rights : The Company publishes the quarterly financial results in newspapers. It is also mailed without any delay to shareholder on request.
4. Postal Ballot : The Company has had no occasion to use the Postal Ballot so far.

### 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 on 31.03.2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee.

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

For Fraser & Ross  
Chartered Accountants

Chennai  
April 28, 2005

**M K Ananthanarayanan**  
Partner  
Membership No. 19521

## Management Discussion and Analysis Report

Demand for castings for the tractor, car and commercial vehicle segments has increased - it is expected that this demand will further increase, during the fiscal 2005-06.

### A. Foundry Industry Trends and Developments

Demand for castings for Indian auto / tractor segments is expected to grow at more than 10% per year. During 2004-2005. Many global auto companies have started looking at India as a source for castings. The Company has received enquiries from Iran, Italy, Germany and USA and has received a small trial order from USA. In respect of others, the discussions are at different stages. The export market is expected to grow in the coming years. However, with the spurt in domestic demand, capacity constraints will inhibit making use of this opportunity, until the new green field unit is set up over the next two years.

EFL is operating in a highly technology oriented and competitive industry whereby it has to meet constantly improving quality standards demanded by customers particularly in the car segment. EFL is already supplying castings to commercial vehicles and car segments with vastly improved manufacturing practices thereby reducing the incidence of rejections at customer end. EFL is constantly upgrading its own manufacturing standards with better process controls and by improving the quality of input materials. It also regularly interacts with quality departments of customers to imbibe their feedback in our production system. A separate quality control department looks after the quality standard requirements of customers and ensures improvement in manufacturing process with more accent on customer responses.

It will remain the endeavour of EFL to improve its market share in the car and commercial vehicle segments.

### B. Business Review

#### Iron foundry

Gross production was 41857 MT compared to 37803 MT in the previous year.

Sales for the year 2004-05 were 37821 MT against 34817 MT in the previous year.

#### Aluminium foundry

Gross production was 2128 MT compared to 2336 MT in the previous year.

The sales for 2004-05 was 2042 MT compared to 2231 MT for the previous year.

#### Technical Up-gradation

Action has been taken for modernisation and up-gradation of certain processes:

- a) The Company has already in place cold box process for core making from existing hot box core making.
- b) The Company has installed 5 nos. medium frequency induction melting furnaces to replace arc furnaces.

#### Human resources

To achieve total employee involvement Cross Functional Teams (CFT), covering quality and rejection of major grey iron castings have been formed. This has brought substantial improvement in quality and more importantly has led to innovation and employee motivation.

### C. Management of Risks

Business risk includes cyclical nature of demand for commercial vehicles and tractors due to economic slow down, customers' high expectation for better value and more intense competition.

The Company expects business risk in terms of stiff competition from the existing castings suppliers in terms of quality and selling price. Some of our competitors are equipped to offer machined castings. Efforts are in place to reduce power and material costs, so as to remain competitive.

The Company has drawn plans to increase capacity and to obtain export orders to compensate for any slackness in domestic demand.

### D. Internal control systems and their adequacy

An Apex Committee of Senior Management has been formed to discuss the various issues that directly influence the business and to take strategic decisions. The steering committee has been empowered to take decisions to ensure financial health and protect shareholders' interest. The company's systems and internal controls address

- Protection and conservation of resources
- Operational efficiency
- Accuracy in financial reporting
- Compliance with laws and regulations

The Internal Audit Department carries out the Audit in the above areas and also Post Audit checks and ensures the adequacy of internal controls through reviews.

### E. Financial Performance

#### 1) Revenues

The turnover for the year 2004-05 was Rs.22267 lakhs compared to Rs.18508 lakhs in the previous year.

#### 2) Costs

During the year, the material cost to sales ratio went up to 46.8% compared to 42.3% in the previous year.

Power and fuel expenses are lower at 17.28% of sales revenue compared to 20.90% in the previous year.

#### 3) Resources

During the year the Company incurred capital expenditure of Rs.556 lakhs compared to Rs.906 lakhs in the previous year.

Net current assets are at Rs.3280 lakhs against Rs.1832 lakhs for the previous year.

### F. Outlook

Outlook for the year is good. The Company is taking effective steps to expand customer base including export markets and to increase production and sales volumes during the year by scaling up capacities, by speeding the processes and by enlarging the spread.

## Report of the Auditors to the Members

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1. We have audited the attached Balance Sheet of Ennore Foundries Limited, as at March 31, 2005, the Profit and Loss Account and also 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 the 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 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 written representations received from the directors and taken on record by the Board of Directors, we report that none of the director is disqualified as on March 31, 2005 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:
  - a) In the case of the Balance sheet, of the state of affairs of the Company as at March 31, 2005;
  - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Fraser & Ross  
Chartered Accountants

**M.K.ANANTHANARAYANAN**  
Partner  
Membership No. 19521

Chennai  
April 28, 2005

## Annexure to the Auditors' Report

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Annexure referred to in paragraph 3 of the Auditor's Report to the members of ENNORE FOUNDRIES LIMITED for the year ended March 31, 2005.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
b. The Company has a phased programme of physical verification of its fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified during the year and no material discrepancies were noticed on such verification.  
c. During the year, the Company has not disposed off substantial part of its fixed assets and such disposal has, in our opinion, not affected the going concern status of the Company.
2. a. The inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
b. The procedures of physical verification of inventories 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 its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. a. According to the information and explanations given to us, 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. According to the information and explanations given to us, 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.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
5. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.  
b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board.
7. In our opinion the Company has an Internal audit system commensurate with its size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records under Sec 209 (1) (d) of the Companies Act, 1956, in respect of any of the Company's products.
9. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, investor education protection fund, employees' state insurance (ESI), income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it.  
b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty, service tax and cess, were in arrears as on March 31, 2005 for a period of more than six months from the date they became payable.  
c. According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax and cess which has not been deposited with the appropriate authorities on account of any dispute except for the dues referred to in Note 3.2.3(g) in Schedule 3.
10. In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred cash losses during the current financial year and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us the Company has not defaulted in repayment of dues to a financial institution and bank.

## Annexure to the Auditors' Report

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12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. 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 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
19. According to the information and explanations given to us, the Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Fraser & Ross  
Chartered Accountants

**M.K.ANANTHANARAYANAN**  
Partner  
Membership No. 19521

Chennai  
April 28, 2005

## Balance Sheet as at March 31, 2005

	Sch. No.	As at March 31, 2005		As at March 31, 2004	
		Rs.Lakhs	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs
<b>SOURCES OF FUNDS</b>					
Shareholders' Funds					
Capital	1.1	<u>3178.99</u>		<u>3178.99</u>	
Reserves and Surplus	1.2	<u>1082.21</u>		<u>1244.99</u>	
			<b>4261.20</b>		<b>4423.98</b>
Loan Funds					
Secured Loans	1.3	<u>3765.34</u>		<u>3609.37</u>	
Unsecured Loans	1.4	<u>48.50</u>	<u>3813.84</u>	<u>281.16</u>	<u>3890.53</u>
<b>Total</b>			<u><b>8075.04</b></u>		<u><b>8314.51</b></u>
<b>APPLICATION OF FUNDS</b>					
<b>Fixed Assets</b>					
Gross Block	1.5	<u>11372.04</u>		<u>11397.14</u>	
Less: Depreciation		<u>7132.08</u>		<u>6976.87</u>	
Net Block		<u>4239.96</u>		<u>4420.27</u>	
Capital Work-in-progress		<u>36.10</u>		<u>27.44</u>	
			<b>4276.06</b>		<b>4447.71</b>
<b>Investments</b>	1.6		<b>1.00</b>		<b>1.00</b>
Current Assets, Loans and Advances					
Inventories	1.7	<u>2518.18</u>		<u>2067.79</u>	
Sundry Debtors	1.8	<u>2744.31</u>		<u>1911.70</u>	
Cash and Bank Balances	1.9	<u>48.62</u>		<u>33.61</u>	
Loans and Advances	1.10	<u>1373.11</u>		<u>1041.00</u>	
		<u><b>6684.22</b></u>		<u><b>5054.10</b></u>	
<b>Less:</b>					
Current Liabilities and Provisions					
Liabilities	1.11	<u>3373.53</u>		<u>3202.32</u>	
Provisions	1.12	<u>30.97</u>		<u>20.05</u>	
		<u><b>3404.50</b></u>		<u><b>3222.37</b></u>	
<b>Net Current Assets</b>			<b>3279.72</b>		<b>1831.73</b>
Miscellaneous Expenditure to the extent not written off or adjusted					
Compensation paid under Voluntary Retirement Scheme	1.13		<b>433.18</b>		<b>640.53</b>
Profit and Loss Account Balance		<u>949.37</u>		<u>2257.83</u>	
Less: Balance in General Reserve as per contra		<u>864.29</u>		<u>864.29</u>	
			<u><b>85.08</b></u>		<u><b>1393.54</b></u>
<b>Total</b>			<u><b>8075.04</b></u>		<u><b>8314.51</b></u>

Significant Accounting policies form part of this Balance Sheet

On behalf of the Board

**N Kothandapani**  
Company Secretary

**R J Shahaney**  
Chairman

**V Mahadevan**  
Managing Director

This is the Balance Sheet  
referred to in our Report of even date

For **Fraser & Ross**  
Chartered Accountants

Chennai  
April 28, 2005

**M K Ananthanarayanan**  
Partner  
Membership No: 19521

## Profit and Loss Account for the year ended March 31, 2005

	Sch. No.	For the year ended March 31, 2005		For the year ended March 31, 2004	
		Rs.Lakhs	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs
<b>INCOME</b>					
Gross Sales Less Returns		<u>25927.79</u>		<u>21061.43</u>	
Less Excise duty		<u>3848.55</u>		<u>3056.92</u>	
Net Sales Less Returns	2.1	<u>22079.24</u>		<u>18004.51</u>	
Conversion charges	2.2	<u>188.48</u>		<u>307.31</u>	
Price Revision	2.3	<u>—</u>		<u>195.80</u>	
Other Sources	2.4	<u>256.43</u>		<u>32.12</u>	
			<u>22524.15</u>		<u>18539.74</u>
<b>EXPENDITURE</b>					
Materials	2.5	<u>10418.37</u>		<u>7815.56</u>	
Power and Fuel Expenses	2.6	<u>3849.82</u>		<u>3864.85</u>	
			<u>5940.85</u>	<u>5414.13</u>	
			<u>20209.04</u>		<u>17094.54</u>
			<u>2315.12</u>		<u>1445.20</u>
Less:					
Finance charges	2.7	<u>352.96</u>		<u>603.27</u>	
Depreciation		<u>542.69</u>		<u>418.61</u>	
			<u>895.65</u>		<u>1021.88</u>
Profit before Tax			<u>1419.47</u>		<u>423.32</u>
Provision for Tax			<u>111.00</u>		<u>5.00</u>
Profit after Tax			<u>1308.47</u>		<u>418.32</u>
Less: Debit Balance brought forward from last year			<u>(2257.83)</u>		<u>(2676.15)</u>
Debit Balance carried to Balance Sheet			<u>(949.37)</u>		<u>(2257.83)</u>
Basic and diluted earnings per share of face value Rs.10/- each			<u>17.06</u>		<u>3.61</u>
Significant Accounting policies form part of this Profit and Loss Account	3				

On behalf of the Board

**N Kothandapani**  
Company Secretary

**R J Shahaney**  
Chairman

**V Mahadevan**  
Managing Director

This is the Profit & Loss Account referred to in our Report of even date

For **Fraser & Ross**  
Chartered Accountants

**M K Ananthanarayanan**  
Partner  
Membership No: 19521

Chennai  
April 28, 2005

## Cash Flow Statement for the year ended March 31, 2005

	Year ended March 31, 2005		Year ended March 31, 2004	
	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net profit before tax		1419.47		423.32
Adjusted for				
Depreciation	542.69		418.61	
Finance charges	352.96		603.27	
Profit(-)/Loss on disposal of Fixed Assets	(84.07)		2.73	
Payments under VRS absorbed	232.92		240.21	
Debenture/Share Issue Expenses written-off	—		0.95	
Provision for doubtful debts	—		23.00	
Provision for diminution in value of investments	—		(1.57)	
		<u>1044.50</u>		<u>1287.20</u>
<b>Operating profit before working capital changes</b>		<b>2463.97</b>		<b>1710.52</b>
Changes in				
Trade & other receivables	(1083.77)		(699.02)	
Inventories	(450.39)		(122.89)	
Trade Payables	202.84		600.84	
		<u>(1331.32)</u>		<u>(221.07)</u>
<b>Cash generated from operations</b>		<b>1132.65</b>		<b>1489.45</b>
Finance charges	(390.68)		(657.89)	
Interest received	3.99		5.28	
Direct taxes refund received/paid(-)	(55.88)		(63.23)	
		<u>(442.57)</u>		<u>(715.84)</u>
<b>Net cash from operating activities</b>		<b>690.07</b>		<b>773.61</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets		(687.36)		(856.08)
Sale of fixed assets		115.29		0.51
Investments sold		—		26.28
Investments made		—		—
Net Cash used in investing activities		<u>(572.07)</u>		<u>(829.29)</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from Issue of Preference shares		—		1,000.00
Proceeds from long term borrowings		1,500.00		19.50
Repayment of long term borrowings		(1576.69)		(935.15)
Compensation paid under Voluntary Retirement Scheme		(25.57)		(40.22)
Net cash used in financing activities		<u>(102.26)</u>		<u>44.13</u>
Net change in cash & cash equivalents		<b>15.74</b>		<b>(11.55)</b>
Cash & Cash Equivalents - Opening Balance		<b>32.88</b>		<b>44.43</b>
Cash & Cash Equivalents - Closing Balance		<b>48.62</b>		<b>32.88</b>

Figures for the previous year have been regrouped, wherever necessary.

On behalf of the Board

**N Kothandapani**  
Company Secretary

**R J Shahaney**  
Chairman

**V Mahadevan**  
Managing Director

This is the Cash Flow Statement referred to in our Report of even date

For **Fraser & Ross**  
Chartered Accountants

Chennai  
April 28, 2005

**M K Ananthanarayanan**  
Partner  
Membership No: 19521

## Schedules to the Balance Sheet

Sch. No.	As at March 31, 2005		As at March 31, 2004	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
<b>1.1 Share Capital</b>				
<b>Authorised:</b>				
30000000 equity shares of Rs.10/-each ( Previous Year 10000000 Equity shares of Rs.10/- each)		3000.00		1000.00
4500000 Preference shares of Rs.100/- each (Previous Year 2500000 Preference shares of Rs.100/- each)		4500.00		2500.00
		<u>7500.00</u>		<u>3500.00</u>
<b>Issued:</b>				
6900557 equity shares of Rs.10/- each		690.06		690.06
1500000 Redeemable Non-convertible cumulative preference shares of Rs.100/- each (Refer Note (b) below)		1500.00		1500.00
1000000 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each		1000.00		1000.00
		<u>3190.06</u>		<u>3190.06</u>
<b>Subscribed and paid up:</b>				
6789900 equity shares of Rs.10/- each		678.99		678.99
1500000 Redeemable Non-convertible cumulative preference shares of Rs.100/- each (Refer Note (b) below)		1500.00		1500.00
1000000 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each		1000.00		1000.00
		<u>3178.99</u>		<u>3178.99</u>

### Notes:

- a) Of the above
  - i. 358857 equity shares were allotted pursuant to a contract for consideration other than cash
  - ii. 4012290 equity shares are held by the holding company, LRLIH Limited, UK
  - iii. 2142476 equity shares were allotted as fully paid up Bonus Shares by capitalisation of General Reserve, Share Premium and Capital Reserve
- b) 1500000 10% Redeemable Non-convertible cumulative preference shares of Rs. 100/- each issued to Ashok Leyland Limited on 19th March 1999 which are redeemable at par during the period April 2004 to April 2006 has now been rolled over to the period April 2011 to April 2013. Further the dividend rate has been reduced to 6% with effect from April 1, 2004
- c) 1000000 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		678.86		845.92
Less: Incremental Depreciation for the year on Revaluation		<u>162.78</u>		<u>167.06</u>
		516.08		678.86
Share Premium		566.13		566.13
General Reserve				
As per last Balance Sheet		864.29		864.29
Less: Debit balance in Profit and Loss Account as per contra		<u>864.29</u>		<u>864.29</u>
		<u>1082.21</u>		<u>1244.99</u>

## Schedules to the Balance Sheet

Sch. No.	As at March 31, 2005 Rs.Lakhs	As at March 31, 2004 Rs.Lakhs
<b>1.3 Secured Loans</b>		
Term Loans		
From Banks	980.62	1531.00
From Housing Development Finance Corporation Limited	-	9.26
Other loans from Banks:		
Working Capital loan	2555.00	805.00
Cash credit	229.72	1264.11
	<u>3765.34</u>	<u>3609.37</u>

Repayable within 12 months

**Term Loans** 422.88 527.11

The term loan of Rs.213.25 lakhs (Previous year Rs.302.30 lacs) from Union Bank of India is secured by a charge on the specific assets acquired out of the loan

The term loans of Rs.50 lakhs (Previous year Rs.150 lakhs) from State Bank of India and Rs.717.37 lakhs (Previous year Rs.1003.69 lakhs) from Standard Chartered Bank are secured by plant and machinery and other immovable assets both present and future together with buildings and structures situated at Kathivakkam in pari passu first charge and a guarantee by a fellow subsidiary company

The term loan of Rs.Nil lacs (Previous year Rs.75 lakhs) from ICICI Bank is secured by a first charge on the whole of immovable and movable properties including the movable plant and machinery spares, tools, accessories and other movables both present and future save and except book debts and excluding specific items of plant and excluding machinery charged in favour of Union Bank of India for the term loans extended by it.

The Working capital loan and Cash credit from Bankers are secured by a first charge on current assets and a pari passu second charge on the fixed assets of the company.

<b>1.4 Unsecured Loans</b>		
Fixed Deposits	48.50	281.16
Maturing within 12 months	48.50	171.28

### 1.5 Fixed Assets Rs. Lakhs

Description	Cost				Depreciation					Net Value as at Mar 31, 2005	Net Value as at Mar 31, 2004
	As at Mar. 31, 2004	Additions	Deductions	As at Mar. 31, 2005	As at Mar. 31, 2004	For the year		Deductions	As at Mar. 31, 2005		
						On cost	Incremental				
Freehold Land @	152.06	-	-	152.06	-	-	-	-	-	152.06	152.06
Buildings @	1686.19	15.15	6.89	1694.45	825.43	57.86	54.82	5.28	932.83	761.62	860.76
Plant And Machinery @	6519.31	403.88	385.94	6537.25	4434.05	273.68	88.88	374.24	4422.37	2114.88	2085.26
Service Installations @	1035.71	0.28	54.66	981.33	706.19	36.21	9.42	49.22	702.60	278.73	329.52
Electrical Installations @	768.20	1.59	17.90	751.89	417.71	38.38	9.66	10.82	454.93	296.96	350.49
Patterns And Dies	603.23	35.65	38.76	600.12	167.69	94.99	-	38.76	223.92	376.20	435.54
Fixtures **	311.36	29.75	68.12	272.99	210.33	15.76	-	67.79	158.30	114.69	101.03
Office Furniture	41.12	4.05	-	45.17	22.21	2.68	-	-	24.89	20.28	18.91
Office Machinery	218.53	45.02	-	263.55	159.06	17.17	-	-	176.23	87.32	59.47
Motor Vehicles **	61.43	21.01	9.21	73.23	34.20	5.96	-	4.15	36.01	37.22	27.23
	11397.14	556.38	581.48	11372.04	6976.87	542.69	162.78	550.26	7132.08	4239.96	4420.27
Previous year figures	11134.25	905.85	642.95	11397.14	7030.91	418.61	167.06	639.71	6976.87	-	-
Capital Work-In-Progress at Cost										36.10	27.44
										4276.06	4447.71

@ includes upward revaluation made on 31st March 1992.

\*\* Includes Assets on hire purchase Rs. 28.74 lakhs (previous year Rs.28.74 lakhs).

## Schedules to the Balance Sheet

Sch. No.	As at March 31,2005 Rs.Lakhs	As at March 31,2004 Rs.Lakhs
<b>1.6 Investments - Non-Trade - Unquoted Long Term</b>		
In fully paid shares of Rs.10/-each		
10000 shares of Rs.10/- each in OPG Energy (P) Ltd	<u>1.00</u>	<u>1.00</u>
	<u>1.00</u>	<u>1.00</u>
<b>1.7 Inventories</b>		
Raw Materials	457.89	270.95
Work-in-progress	1460.84	1341.26
Finished Goods	64.32	51.58
Stores and Spare parts	497.89	380.00
Materials-in-transit	37.24	24.00
	<u>2518.18</u>	<u>2067.79</u>
<b>1.8 Sundry Debtors</b>		
Unsecured		
Over six months:		
Considered good	71.76	128.06
Considered doubtful	40.68	53.45
	<u>112.44</u>	<u>181.51</u>
Less: Provision	40.68	53.45
	<u>71.76</u>	<u>128.06</u>
Other debts considered good	<u>2672.55</u>	<u>1783.64</u>
	<u>2744.31</u>	<u>1911.70</u>
<b>1.9 Cash and Bank Balances</b>		
Cash in hand	0.96	0.65
With Scheduled Banks		
Current Accounts	46.66	4.47
Fixed Deposit Accounts	1.00	27.76
Dividend Accounts	-	0.73
	<u>48.62</u>	<u>33.61</u>
<b>1.10 Loans and Advances</b>		
Unsecured and Considered Good		
Advances recoverable in cash or in kind or for value to be received *	745.03	399.70
Interest accrued on Deposits	22.01	8.99
Advance payments of Tax (net of provisions)	23.61	78.73
Balance with Central Excise	0.19	0.19
Deposits @	582.27	553.39
	<u>1373.11</u>	<u>1041.00</u>
* Includes Capital Advances	195.95	73.64
@ Deposit with a Company under the same management towards purchase of goods	155.00	155.00
Maximum amount outstanding during the year	155.00	155.00

## Schedules to the Balance Sheet

Sch. No.	As at March 31,2005 Rs.Lakhs	As at March 31,2004 Rs.Lakhs
<b>1.11 Liabilities</b>		
Bills Payable	20.11	316.27
Sundry Creditors:		
Other than SSI units	3078.48	2519.97
SSI units	-	-
Hire purchase creditors @	0.74	2.09
Other Liabilities	265.39	330.98
Unclaimed Fixed Deposits *	2.64	5.40
Unclaimed Dividend *	-	0.73
Interest accrued, but not due on loans	6.17	26.88
	<u>3373.53</u>	<u>3202.32</u>
@ Payable within one year		
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on March 31,2005.		
<b>1.12 Provisions</b>		
Leave encashment	30.97	20.05
	<u>30.97</u>	<u>20.05</u>
<b>1.13 Miscellaneous Expenditure to the extent not written off or adjusted:</b>		
Compensation paid under Voluntary Retirement Scheme		
As per last Balance Sheet	640.53	840.52
Add: Payment made during the year	25.57	40.22
Less: Amortized during the year	232.92	240.21
	<u>433.18</u>	<u>640.53</u>

## Schedules to the Profit and Loss Account

Sch. No.	For the year ended March 31, 2005		For the year ended March 31, 2004	
	Tonnes	Rs.Lakhs	Tonnes	Rs.Lakhs
<b>2.1 Sales less Returns</b>				
Ferrous Castings	37821	19329.02	34817	15291.88
Non-ferrous Castings	1748	2667.60	1748	2586.13
Miscellaneous Order Jobs (Quantification not feasible)		82.62		126.50
		<u>22079.24</u>		<u>18004.51</u>
<b>2.2 Conversion charges</b>				
Non-ferrous castings	294	188.48	483	307.31
<b>2.3 Price Revision</b>				
Sales - Ferrous Castings		—		195.80
		—		<u>195.80</u>
<b>2.4 Other Sources</b>				
Profit/(Loss) on disposal of assets		84.07		(2.73)
Provision for diminution in value of investments written back		—		1.57
Insurance claim on Loss of Profit Policy		27.00		—
Miscellaneous		145.36		33.28
		<u>256.43</u>		<u>32.12</u>
	Rs.lakhs	Rs.lakhs	Rs.lakhs	Rs.lakhs
<b>2.5 Materials</b>				
<b>i. Raw Materials Consumed:</b>				
Opening Stock	270.95		164.83	
Add: Purchases	8265.62		5852.79	
	<u>8536.57</u>		<u>6017.62</u>	
Less: Closing Stock	<u>457.89</u>		<u>270.95</u>	
		8078.68		5746.67
<b>ii. Decrease / Increase (-) in Stock:</b>				
<b>Opening:</b>				
Work-in-progress	1341.26		1452.12	
Finished Goods	51.58		0.53	
	<u>1392.84</u>		<u>1452.65</u>	
<b>Closing:</b>				
Work-in-progress	1460.84		1341.26	
Finished Goods	64.32		51.58	
	<u>1525.16</u>		<u>1392.84</u>	
		(132.32)		59.81
<b>iii. Stores and Spares Consumed</b>		2472.01		2009.08
		<u>10418.37</u>		<u>7815.56</u>

## Schedules to the Profit and Loss Account

Sch. No.	For the year ended March 31,2005		For the year ended March 31,2004	
	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs
<b>2.6 Expenses</b>				
Salaries, Wages and Bonus		<b>2876.98</b>		<b>2739.98</b>
Contribution to Provident,Gratuity,Superannuation and other Funds		<b>617.65</b>		<b>512.89</b>
Compensation under Voluntary Retirement Scheme		<b>232.92</b>		<b>240.21</b>
Welfare Expenses (a)		<b>557.17</b>		<b>534.48</b>
Rent - Net		<b>15.95</b>		<b>7.60</b>
Rates and Taxes		<b>26.92</b>		<b>29.77</b>
Repairs and Maintenance of Plant and Machinery (a)		<b>932.25</b>		<b>728.22</b>
Repairs and Maintenance of Buildings		<b>57.16</b>		<b>54.28</b>
Insurance		<b>42.63</b>		<b>40.26</b>
Directors' Fees		<b>3.05</b>		<b>1.30</b>
Audit Fees and Expenses				
- Audit Fees	<b>2.50</b>		<b>2.50</b>	
- Tax Audit	<b>0.25</b>		<b>0.20</b>	
- Taxation	<b>-</b>		<b>1.05</b>	
- Certifying Statements to Government and others	<b>1.45</b>		<b>0.36</b>	
Expenses	<b>0.30</b>		<b>0.03</b>	
		<b>4.50</b>		<b>4.14</b>
Provision for doubtful debts				<b>23.00</b>
Bad debts written off	<b>12.76</b>		<b>27.40</b>	
Less: Transfer from Provision	<b>12.76</b>		<b>27.40</b>	
Loss on Sale of Investments	<b>-</b>		<b>6.61</b>	
Less: Transfer from provision for diminution in value of investments	<b>-</b>		<b>6.61</b>	
Share Issue Expenses		<b>-</b>		<b>5.00</b>
Amortisation of share issue expenses		<b>-</b>		<b>0.95</b>
Other Expenses		<b>573.67</b>		<b>492.05</b>
		<b>5940.85</b>		<b>5414.13</b>
(a) Includes Wages		<b>434.79</b>		<b>390.11</b>
Includes Stores		<b>491.30</b>		<b>348.64</b>
<b>2.7 Finance charges</b>				
(i) Interest on				
Fixed Loans		<b>155.98</b>		<b>296.66</b>
Others *		<b>179.15</b>		<b>243.84</b>
(ii) Bills discounting charges		<b>17.83</b>		<b>62.77</b>
		<b>352.96</b>		<b>603.27</b>
* Includes on advances against supplies to a Company under the same management		<b>-</b>		<b>38.87</b>
* Net of interest received on Deposits, from Customers and Income tax Department.		<b>17.01</b>		<b>11.39</b>

## Schedule 3 Notes to the Accounts

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### 3.1 SIGNIFICANT ACCOUNTING POLICIES

**3.1.1** The financial statements are prepared on historical cost convention/valuation and on the accrual basis of accounting and in conformity with the Accounting Standards referred to in sub-section 3(c) of Section 211 of the Companies Act, 1956.

**3.1.2** Major fixed assets are stated on the basis of replacement cost on 31st March 1992 less depreciation thereon while other fixed assets are recorded at cost net of cenvat less depreciation. Depreciation is charged on straight line method at the rates and in the manner specified in schedule XIV of the Companies Act 1956.

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 capitalised and finance charges thereon are expensed over the period of Agreements.

**3.1.3** Raw materials, stores and spares are valued at lower of cost (net of cenvat )and net realisable value. Cost is determined on monthly moving weighted average basis. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes material, labour and appropriate allocated overheads. The allocation of overheads is also spread on conversion jobs where the material have been supplied by customers. Excise duty on finished goods though payable at the time of clearance is reckoned in the valuation of closing stock of finished goods.

**3.1.4** 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.

**3.1.5** Liability in respect of Gratuity to employees determined by LIC on the basis of actuarial valuation as on the balance sheet date is funded with LIC and the contribution thereof is absorbed in the Accounts.

Liability in respect of leave encashment benefit determined on the basis of actuarial valuation as on the balance sheet date is provided for in the Accounts.

Contributions to Provident fund, Employee pension fund, Superannuation fund and cost of other benefits are recognised in the accounts on actual cost to the Company.

**3.1.6** a) Sales are stated at net of excise duty ,sales tax and returns.  
b) Income on miscellaneous order jobs are recognized as per the terms of the contract wherever applicable.

**3.1.7** The Compensation paid towards Voluntary Retirement Scheme is absorbed in the Accounts over a period of five years.

**3.1.8** Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act. 1961. Deferred tax is recognised, subject to the consideration of prudence, on timing differences.

### 3.2 STATUTORY AND OTHER INFORMATION

**3.2.1 a)** Revaluation of major fixed assets viz, land, buildings, plant and machinery, service and electrical installations was made as at 31st March, 1992 based on Valuation Report dated 31st May 1993 on the governing principles of current costs and balance life of assets and depreciation upto that date: such enhanced values thereof have been incorporated in the Accounts as at 1st April 1992. The surplus of Rs. 1960.60 lakhs between the enhanced figures of the revalued assets and book written down values thereof was credited to Fixed Assets Revaluation Reserve which stands reduced to Rs. 516.08 lakhs as at March 31, 2005 after charging incremental depreciation and adjustments for disposals.

Additions made from 1st April, 1992 are stated at cost of acquisition.

**b)** Tax deducted at source from conversion charges ,interest income earned and tax collected at source on scrap purchased by the Company Rs. 30.89 lakhs.(previous year Rs.21.11 lakhs)

## Schedule 3 Notes to the Accounts

Sch. No.		2004-05 Rs.Lakhs	2003-04 Rs.Lakhs
3.2.2	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	269.34	124.58
3.2.3	<b>Contingent Liabilities</b>		
	a) Guarantees given by Banks	67.50	85.50
	b) Inland Letters of Credit Outstanding:	120.88	112.89
	Foreign Letters of Credit Outstanding:	20.45	–
	c) Bill discounted	–	222.58
	d) Civil suit filed by a supplier claiming overdue interest/court fee disputed by the Company	5.02	5.02
	e) tax on self generation of power	16.92	–
	f) Arrears of Dividend on Cumulative redeemable Preference Shares (exclusive of Dividend tax, if any payable at the time of declaration)	928.35	778.35
	g) No provision is required to be made for the following disputed income tax, sales tax, excise duty and ESI demands which are under various stages of appeal proceedings since the company has been advised that there are reasonable chances of successful outcome of the appeals.		

Name of Statue	Nature of Dues	2004-05 Rs.lakhs	2003-04 Rs.Lakhs	Dispute pending with
Central Excise Act	Excise duty including penalty (Deposit made Rs.16.10 lacs)	61.18	61.18	Central Excise Gold Customs Appellate Tribunal
Income Tax Act	Income tax and interest thereon	–	20.80	Income tax Appellate Tribunal
Employees State Insurance Act	ESI dues (Deposit made Rs.20 lacs)	53.48	53.48	High court Chennai
	<b>Total</b>	<b>114.66</b>	<b>135.46</b>	

h) 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. 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 and the Company is hopeful of the successful outcome of the case.

3.2.4 There are no dues to SSI units as identified by the management for more than 30 days as on 31.03.2005

3.2.5 Related Party disclosure

- a) List of parties where control exists
- Holding Company  
LRLIH Limited, United Kingdom  
MACHEN IVECO HOLDING S.A (Holding Company of LRLIH Limited, United Kingdom)
- Fellow Subsidiary  
Ashok Leyland Limited

## Schedule 3 Notes to the Accounts

Sch. No.	2004-05 Rs.Lakhs	2003-04 Rs.Lakhs
<b>b) Transactions with related parties</b>		
Sales: Fellow Subsidiary	14750.49	13735.99
Purchases: Fellow subsidiary	809.20	973.63
Finance Charges: Fellow Subsidiary	–	38.87
Net amount due from Fellow Subsidiary	799.25	761.35

### 3.2.6 Earning per share:

- a) The net profit for the year ended 31.03.2005 of Rs. 1,158.47 lakhs (previous year Rs. 245.31 lakhs) has been used as numerator in calculating basic and diluted Earnings per share.
- b) The Company does not have any potential Equity shares and therefore the denominator used in calculating the basic and diluted earnings per share is 6789900, being the number of paid-up equity shares.

**3.2.7** In view of the earlier year's unabsorbed business loss / depreciation as computed under the provisions other than Section 115JB of the Income Tax Act 1961, available for set off, the tax for the year has been determined u/s 115JB of the Income Tax Act 1961. The said unabsorbed business loss/depreciation has given rise to net deferred tax asset for the year which has not been recognised as a prudnet policy.

**3.2.8** The Company has taken on operating lease 97 Wind Electric Generators for generation of power which is banked with Tamil Nadu Electricity Board to draw corresponding power for captive consumption. The lease rent paid thereon which is based on units generated is included in power and fuel. The total of future minimum lease payment under this lease is not quantifiable since it depends on the power generation.

**3.2.9** Segmental reporting as required under Accounting Standard 17 is not applicable as the Company is engaged only in production and sale of castings, in India which constitutes only one segment.

### 3.2.10 Raw Materials Consumed

	2004-05		2003-04	
	Tonnes	Rs lakhs	Tonnes	Rs.Lakhs
Pig Iron	3180	559.05	2846	345.10
Steel Scrap	28654	4301.66	24286	2609.58
Iron Scrap	7250	431.79	8372	518.61
Carboriser	1197	181.90	1125	162.16
Ferro Alloys	1158	665.78	853	427.01
Aluminium Alloy	1905	1721.90	1934	1512.14
Others		216.60		172.07
		8078.68		5746.67

3.2.11 Consumption of Raw Materials, Spare Parts and Components	2004-05		2003-04	
	% of total Consumption	Rs.Lakhs	% of total Consumption	Rs.Lakhs
Imported	1.91	210.50	0.16	12.67
Indigenous	98.09	10831.49	99.84	8091.72
Total		11041.99		8104.39

## Schedule 3 Notes to the Accounts

<b>3.2.12</b>	<b>Finished Goods</b>	<b>2004-05</b> <b>Tonnes</b>	<b>2003-04</b> <b>Tonnes</b>
	a) Opening Stock:		
	Ferrous Castings	89	–
	Non-Ferrous Castings	5	–
	b) Closing Stock:		
	Ferrous Castings	123	89
	Non-Ferrous Castings	3	5

<b>3.2.13</b>	<b>Capacity and Production</b>	<b>2004-05</b>		<b>2003-04</b>	
		<b>Installed</b>	<b>Production</b>	<b>Installed</b>	<b>Production</b>
		<b>Capacity</b>		<b>Capacity</b>	
		<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>	<b>Tonnes</b>
	Ferrous and Non-ferrous castings	51000	39895	51000	37142
	* includes production on conversion basis		294		483

<b>3.2.14</b>	<b>Value of Imports (excluding through canalised agencies calculated on CIF basis)</b>	<b>Rs. Lakhs</b>	<b>Rs. Lakhs</b>
	Raw materials	142.42	1.13
	Components and spare parts	13.55	7.89
	Capital Goods	54.52	139.01

<b>3.2.15</b>	<b>Expenditure in Foreign Currencies</b>		
	Travelling	10.97	15.22
	Consultant Fee	2.55	12.02

### 3.2.16 Hire purchase loans

a) The Company has acquired a vehicle under Hire Purchase with the respective assets as security.

b) Reconciliation between total minimum lease payments and their present value.

	<b>As on 31.03.2005</b>	<b>As on 31.03.2004</b>
	<b>Rs.</b>	<b>Rs.</b>
Total minimum lease payments	76302	228906
Less: Future Liability on interest accounts	2480	19458
Present Value of lease payments	73822	209448

c) Yearwise future minimum lease rental payable :

	<b>Total minimum lease payments as on</b>		<b>Present Value of lease payments as on</b>	
	<b>31.03.05</b>	<b>31.03.04</b>	<b>31.03.05</b>	<b>31.03.04</b>
	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
I) Not later than one year	76302	152604	73822	135626
II) Later than one year and not later than five years	Nil	76302	Nil	73822
III) Later than 5 years	Nil	Nil	Nil	Nil
Total	<u>76302</u>	<u>228906</u>	<u>73822</u>	<u>209448</u>

## Schedule 3 Notes to the Accounts

3.2.17	Information regarding Managerial Remuneration Remuneration to Managing Director	2004-05	01/10/03 to 31/03/04
		Rs.Lakhs	Rs.Lakhs
	Salary	20.40	10.14
	Perquisites	9.81	2.68
		<u>30.21</u>	<u>12.82</u>

### 3.2.18 Rights Issue notes

To part finance the expansion activities, the Company proposes to issue 95,05,860 Equity shares of Rs 10/- each at a premium of Rs 50/- per share, aggregating to a total sum of Rs.57.04 Crores to existing shareholders in the ratio of 14 Equity shares for every 10 Equity shares presently held to all the members whose names appear in the register of members as on the record date to be fixed by the Board. Consent of the members for the proposed Rights Issue was obtained in the Extraordinary General Meeting of the Company held on March 05,2005.

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

### Signatures to Schedules 1,2 and 3

On behalf of the Board

**N Kothandapani**  
Company Secretary

**R J Shahaney**  
Chairman

**V Mahadevan**  
Managing Director

For **Fraser & Ross**  
Chartered Accountants

Chennai  
April 28,2005

**M K Ananthanarayanan**  
Partner  
Membership No: 19521

## 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	5
---	---	---	---

  
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 

			8	0	7	5	0	4
--	--	--	---	---	---	---	---	---

 Total Assets 

			8	0	7	5	0	4
--	--	--	---	---	---	---	---	---

#### Sources of Funds

Paid-up Capital 

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

 Reserves & Surplus 

			1	0	8	2	2	1
--	--	--	---	---	---	---	---	---

Secured Loans 

			3	7	6	5	3	4
--	--	--	---	---	---	---	---	---

 Unsecured Loans 

						4	8	5	0
--	--	--	--	--	--	---	---	---	---

Deferred Tax Liability 

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

#### Application of Funds

Net Fixed Assets 

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

 Investments 

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

Net Current Assets 

			3	2	7	9	7	2
--	--	--	---	---	---	---	---	---

 Misc. Expenditure 

						4	3	3	1	8
--	--	--	--	--	--	---	---	---	---	---

Accumulated Losses 

						8	5	0	8
--	--	--	--	--	--	---	---	---	---

### IV. PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover 

			2	2	5	2	4	1	5
--	--	--	---	---	---	---	---	---	---

 Total Expenditure 

			2	1	1	0	4	6	8
--	--	--	---	---	---	---	---	---	---

Profit/Loss Before Tax 

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

 Profit/Loss After Tax 

						1	3	0	8	4	7
--	--	--	--	--	--	---	---	---	---	---	---

Earning per Share in Rs. 

						1	7	.	0	6
--	--	--	--	--	--	---	---	---	---	---

 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
---	---	---	--	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---

On behalf of the Board

**N Kothandapani**  
Company Secretary

**R J Shahaney**  
Chairman

**V Mahadevan**  
Managing Director

Chennai  
April 28, 2005

For **Fraser & Ross**  
Chartered Accountants

**M K Ananthanarayanan**  
Partner  
Membership No: 19521

**Information as per Sec.217 (2A) (b) (ii) read with the Companies (Particulars of employees) Rule, 1975 and forming part of the Directors' Report for the year ended March 31, 2005**

S.No.	Name	Age	Designation/ Nature of Duties	Remuneration Rupees	Qualification	Total Experience (Years)	Date of Commencement of employment	Last Employment held
1	V Mahadevan	56	Managing Director	30,21,266	B.E	35 years	5/9/03 as Chief Executive, 1/10/03 as Managing Director	Special Director – Manufacturing, Ashok Leyland Limited

**Notes:**

- 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, 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.
- Appointment is on contractual basis.



# ENNORE FOUNDRIES LIMITED

Registered Office : Ennore, Chennai - 600 057

FOLIO NO :

## ADMISSION SLIP

(To be handed over at the entrance of the Meeting Hall)

DP Id	Client Id

\*

I certify that I am a Registered Shareholder of the Company and hold..... Shares.

I hereby record my presence at the **Fortyfifth Annual General Meeting** held on Monday, the July 25, 2005 at Narada Gana Sabha, 314, TTK Road, Chennai - 600 018, at 10.00 a.m.

**NAME OF THE MEMBER IN BLOCK LETTERS**

  
  
  
  

*Member's Signature*

**NAME OF THE PROXY (IF ANY) IN BLOCK LETTERS**

  
  
  
  

*Proxy's Signature*

\* Applicable for investors holding shares in electronic form.

- Note:**
1. A Member / Proxy attending the meeting must complete this Admission Slip and hand it over at the entrance.
  2. Member intending to appoint a proxy, should complete the Proxy Form below and deposit it at the Company's Registered Office, atleast 48 hours before the meeting.



# ENNORE FOUNDRIES LIMITED

Registered Office : Ennore, Chennai - 600 057

FOLIO NO :

## PROXY FORM

NO. OF SHARES :

DP Id	Client Id

\*

I/We .....

being a Member/Members of **ENNORE FOUNDRIES LIMITED**, hereby appoint .....

of .....

or failing him .....

or .....

as my/our proxy to attend and vote for me/us on my/our behalf at the **Fortyfifth Annual General Meeting** of the Company to be held at 10.00 a.m. on Monday, the July 25, 2005 and at any adjournment thereof.

\* Applicable for investors holding shares in electronic form.

Signed . . . . .

AFFIX Re.1/- REVENUE STAMP
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No Gifts will be distributed at the Annual General Meeting