

Contents

General Information	2
Five Year Review	3
Report of the Directors	4
Report of the Auditors	19
Balance Sheet	22
Profit and Loss Account	23
Cash Flow Statement	24
Schedules to the Balance Sheet	25
Schedules to the Profit and Loss Account	29
Notes to the Financial Statements	31
Balance Sheet Abstract and Company's General Business Profile	40

General Information

Board of Directors	R J Shahaney Chairman D G Hinduja (Alternate : Y M Kale) Co-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	Kathivakkam High Road Ennore, Chennai 600 057
Plant Locations	Ennore, Chennai 600 057 Ductron Castings Unit IDA, Uppal, Hyderabad 500 039 Plot K-2, SIPCOT Industrial Park Arneri Village, Sriperumbudur 602105 Kanchipuram District
Project Office	Plot 27-A, (SP), Developed Plots Industrial Estate Guindy Chennai 600 032

Five Year Review

Rs. lakhs

Particulars	2007-08	2006-07	2005-06	2004-05	2003-04
Income and Dividend					
Sales/Operating Income	45142	39524	32952	22268	18508
Other Income	147	288	602	256	35
Total Income	45289	39812	33554	22524	18543
Operating Profit	5209	4089	3621	2315	1445
Profit Before Tax	2590	2502	2241	1419	423
Profit After Tax	1692	1616	1396	1308	418
Dividend including Tax	612 \$	1053 #	348 #	-	-
Assets Employed					
Net fixed Assets @	29338	19297	10930	4277	4448
Net Current Assets	14100	9428	6968	3280	1832
Other Assets/Expenditure not written off	22	24	226	433	642
Total	43460	28749	18124	7990	6922
Financed by					
Net Worth	12501	11449	10847	4176	3031
Borrowed Funds	29502	16695	6662	3814	3891
Deferred Tax Liability (net)	1457	605	615	-	-
Total	43460	28749	18124	7990	6922
General					
Sales Units - Tonnes	74184	73056	62442	39863	37048
Earning per share	Rs. 9.31	8.87	8.67	9.99	3.61
Book value per share	Rs. 61.38	54.77	49.84	24.68	7.82
@ includes addition on Revaluation of Fixed Assets	379	407	437	516	679

Note:

On Preference shares, including arrears.

\$ On Preference shares (Rs. 175 lakhs) and on Equity shares (Rs. 437 lakhs).

Report of the Directors

To

The Members of Hinduja Foundries Limited

Your Directors present the Forty-eighth Annual Report together with the audited Accounts of your Company for the year ended March 31, 2008.

Change of Name

The proposal to change the name of the Company from Ennore Foundries Limited to **Hinduja Foundries Limited** was approved at the Extraordinary General Meeting held on January 5, 2008. Your Directors are pleased to inform you that approval of the Registrar of Companies, Tamil Nadu, Chennai for the aforesaid change was received vide fresh Certificate of Incorporation dated February 14, 2008.

Financial Results

	2007-08	2006-07
Profit before tax	2590.14	2502.34
Less : Provision for Taxation	898.00	886.00
Profit after tax	1692.14	1616.34
Less : Transfer to General Reserve	200.00	-
	1492.14	1616.34
Balance brought forward from last year	662.54	98.77
Balance available for appropriation	2154.68	1715.11
Appropriation:		
Dividend on preference shares	150.00	923.11
Tax thereon	25.49	129.46
Proposed dividend on equity shares	373.50	-
Tax thereon	63.48	-
Balance carried to balance sheet	1542.21	662.54
Earnings per share	9.31	8.87

Dividend

At the meeting held on May 6, 2008 the Board approved payment of dividend @ 6% on the Redeemable Non Convertible Cumulative Preference Shares of Rs. 2,500 lakhs, aggregating to Rs. 150 lakhs. This involves a total outflow of Rs. 175.49 lakhs, including tax on dividend of Rs. 25.49 lakhs.

Your Directors are pleased to recommend a dividend of Rs. 2/- per share on the equity shares of Rs. 10/- each for the year 2007-08. In terms of the SEBI guidelines, dividend will be paid to all the equity shareholders as on the record date, including holders of the Global Depository Receipts (GDRs) issued by the Company during April 2008. The total payout will be Rs. 436.98 lakhs inclusive of tax on dividend of Rs. 63.48 lakhs.

Business Operations

Sales for the year increased to Rs. 45,142 lakhs from Rs. 39,524 lakhs during the previous year. Profit before tax for the year under review was Rs. 2,590 lakhs against Rs. 2,502 lakhs in the previous year.

Demand for castings continued to be high during the year resulting in increased volumes and turnover. Total sales volume of ferrous and non-ferrous castings increased to 74,184 tonnes compared to 73,056 tonnes in the previous year. Gross production

of ferrous and non-ferrous castings during the year also increased to 80,436 tonnes from 76,945 tonnes in 2006-07.

The New Greenfield Foundry at Sriperumbudur commenced operations during the year under review and production is being stabilized. Full capacity utilization is expected to be achieved during the last quarter of fiscal 2008-09.

Demand for castings is expected to be good and the Company's operations are expected to improve further during the year 2008-09. The Company's efforts to enter the overseas markets have been successful and orders have been received from leading international customers.

In order to meet the increased domestic and international demands, the Company is in the process of establishing another Greenfield Foundry near Hyderabad and a Low Pressure Die and Gravity Casting (Aluminum) unit at Sriperumbudur. The setting up of a machining center becomes a necessity to attract and retain international customers as also the domestic customers. It is estimated that the above project proposals would involve a total capital outlay of around Rs. 350 crores. These projects are expected to be completed in the next 2-3 years. To part fund these projects, the Company issued GDRs for US \$ 15 million in April 2008.

Technology Upgradation/Modernization

Your Company is gearing up to meet the challenges of intense competition from domestic and international players through technological upgradation. The new foundry unit has the state of art technology and at the existing units, wherever required, better processes and equipment have been introduced to improve the quality of the products. Steps are being taken to explore the possibilities of use of alternate materials and bring down power cost.

A high-tech design and pattern shop set up at Sriperumbudur to better utilize the capabilities commenced commercial operations during the year under review.

The particulars required under Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 to the extent applicable are furnished in Annexure - A to this report.

Corporate Governance

Your Company has complied with the requirements of the Code of Corporate Governance as stipulated under Clause 49 of the listing agreement with the stock exchanges. A detailed Report on Corporate Governance together with certification of the Managing Director and Chief Financial Officer is furnished in Annexure - B. The certification of the Managing Director on the adherence to the Code of Conduct specified in the said clause is provided separately.

The certificate of the Statutory Auditors on the Company's compliance with the Corporate Governance requirements is attached in Annexure - C.

Report of the Directors

The Management Discussion and Analysis Report is attached in Annexure-D.

As required under Section 217(2AA) of the Companies Act, 1956, the Directors' Responsibility Statement is furnished in Annexure-E to this report.

Fixed Deposits

The amount of matured and unclaimed deposits as on March 31, 2008 was Rs. 1.26 lakhs.

Directors

Mr. Anders Spare, appointed by the Board on January 30, 2006 in the casual vacancy caused by the resignation of Mr. Herbert Klingele, holds office till the ensuing Annual General Meeting (AGM).

Notice has been received from member proposing the appointment of Mr. Spare, as a Director of the Company at the ensuing AGM.

Mr. R J Shahaney, Mr. S Ragothaman and Mr. F Sahami retire at the ensuing AGM and being eligible offer themselves for re-election.

Auditors

M/s Fraser & Ross, Chartered Accountants and M/s S R Batliboi & Associates, Chartered Accountants, retire at the close of the ensuing AGM and are eligible for re-appointment.

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

Auditors' Report

With regard to the observations of the Statutory Auditors in Item xvii of the Annexure to their Report, the short term loans were availed for project funding, pending disbursement of term loans. These short term loans were repaid on drawal of the term loans.

Personnel

The Company continued to enjoy cordial relationship with its employees. The details of employees as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are furnished in Annexure – F.

Forward Looking Statements

This Report together with the annexures contains forward looking statements that involve risks and uncertainties. When used in this report, the words "anticipate", "believe", "estimate", "expect", "intend", "will" and other similar expressions as they relate to the Company and/or its business are intended to identify such forward looking statements. Neither the Company nor the Directors undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such forward-looking statements due to risks, uncertainties or even inaccurate assumptions. No undue reliance should be placed on these forward-looking statements that speak only as of their dates. This Report should be read in conjunction with the financial statements included herein and the notes thereto.

Acknowledgement

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

The Directors wish to express their gratitude to the Government of India, the Government of Tamil Nadu, the Government of Andhra Pradesh and other government agencies. They also thank the Company's Bankers, Shareholders, Customers, Suppliers and all the employees for their continued support.

On behalf of the Board of Directors

Chennai
May 6, 2008

RJShahaney
Chairman

Annexure - A to the Directors' Report

Details pursuant to Section 217 (1) (e) of the Companies Act, 1956.

A) Conservation of Energy

The Company continues its efforts to optimize energy utilization through energy auditing, better energy management and close monitoring of manufacturing processes, particularly the operation of furnaces and casting processes. 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 high frequency induction furnaces in the place of arc furnaces and Main Frequency Induction furnaces and has optimum size for better energy management. The Company is continuously increasing its usage of non-conventional energy like power from windmills, resulting in savings in energy costs. Further the Company has installed high-energy efficient screw compressors instead of the old reciprocating compressors to reduce energy consumption.

In the refractory lining of both channel and Induction furnaces, the lining material has been changed to the current technology to improve lining life thus saving energy. In the core making process the hot core processes have been eliminated to cold box process thus saving energy. The casting process method has been changed to reduce the number of cores used in cylinder head casting thus saving energy.

The company has installed LPG fired heating systems in the new unit instead of conventional liquid fuel based core drying ovens, which would reduce energy consumption and also the pollution levels.

B) Technology Absorption

Research & Development (R & D)

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

- Along with CAD/CAM for design, computer simulation for solidification of casting study is made for new casting development for automotive application to get the casting right the first time.
- Alternate material for pitch has been introduced in Green sand system.
- Casting methods continuously improved to increase yield of casting per mould box.
- Materials with better properties are being developed for pattern making and core wash.
- Castings from materials with higher strength (Compacted Graphite Iron) are being developed for the customers for performance enhancement.

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

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

3. Future Plan of Action:

- Auto pour to improve metal pouring.
- Development of better sands for improved castings
- Installation of equipment for faster development of castings.
- Energy efficient core drying oven.
- Reclamation of sand.

4. Expenditure on R & D:

a) Capital	:	Rs. 4.06 lakhs
b) Recurring	:	Rs. 125.71 lakhs
c) Total	:	Rs. 129.77 lakhs
d) Total R & D expenditure as a percentage of total turnover	:	0.29 %

Technology Absorption, Adaptation and Innovation:

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

- New automatic sand mixer commissioned successfully at Ennore Unit. A new sand cooler and mixer has also been commissioned in the east land foundry.
- New material has been introduced for channel furnace and induction furnace lining to improve lining life and reduce energy requirement for hot liquid metal holding.
- Compacted cast iron is being developed for cylinder block and head of automotive castings.

2. Benefits derived as a result of the 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. Other Information

a) Technology imported:
Technology to produce 4 valve engine block and head has been imported.

b) Has technology been fully absorbed, if not fully absorbed, areas where this has not taken place, reasons there for 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 notes to the Accounts. The Company continues to strive to improve the export earnings.

Annexure - B to the Directors' Report

Report on Corporate Governance

1. Philosophy on Code of Corporate Governance

Hinduja Foundries Limited (HFL) believes that Corporate Governance is a systemic process, which enhances the wealth-generating capacity of the Company through efficient conduct of business. The Company is committed to improve its service to all the stakeholders through transparency and professionalism in all decisions and by maintaining high standards of ethics, integrity and accountability in letter and spirit.

2. Board of Directors

i. Composition and membership in other Boards and Board Committees

The Company's Board comprises of nine directors headed by a Non-Executive Chairman. The composition and category of the Board as on March 31, 2008 and the number of other Directorships/ Committee Memberships held by them are as under:

Category	Name	Membership	
		Other Boards	Other Board Committees
Non-executive Directors			
Promoter Group	Mr. D G Hinduja (Co-Chairman) Mr. A Spare Mr. F Sahami	6 2 1	- - 1
Connected with Associate Companies	Mr. R J Shahaney (Chairman) Mr. R Seshasayee	2 (As Chairman) 8 (As Chairman – 2)	1 (As Chairman) -
Independent	Mr. D J Balaji Rao Mr. P N Ghatalia Mr. S Ragothaman	8 8 4	9 (As Chairman – 2) 8 (As chairman – 5) 3 (As chairman – 1)
Executive Director	Mr. V Mahadevan (Managing Director)	-	-
Alternate Director	Mr. Y M Kale (Alternate to Mr. Hinduja)	1	1 (As Chairman)

Notes:

- Other Directorships exclude Foreign Companies, Private Limited Companies and Alternate Directorships.
- Only Membership in Audit Committees and Shareholders' Grievance Committees (other than HFL) are reckoned for Other Board Committee Memberships.
- There was no change in the composition of the Board during the year 2007 - 08.

ii. Board Meetings and attendance at Board Meetings and Annual General Meeting (AGM)

The Board of Directors met six times during the year 2007 - 08 and the details are as follows:

Date of meeting	Board strength	No. of Directors present
May 3, 2007	9	9
July 19, 2007	9	8
October 22, 2007	9	9
December 6, 2007	9	6
January 5, 2008	9	7
January 24, 2008	9	8

Annexure - B to the Directors' Report

The following are the details of attendance of each Director at the Board Meetings and last AGM held on July 20, 2007:

Name of Director	No. of Board Meetings attended	Attendance at AGM
Mr. R J Shahaney	6	Yes
Mr. D G Hinduja	4 #	Yes
Mr. D J Balaji Rao	6	Yes
Mr. P N Ghatalia	6	Yes
Mr. S Ragothaman	5	No
Mr. F Sahami	4	Yes
Mr. R Seshasayee	6	Yes
Mr. A Spare	4	Yes
Mr. V Mahadevan	6	Yes
Mr. Y M Kale (Alternate to Mr. Hinduja)	-	No

Excludes one meeting in which Mr. Hinduja participated through video conferencing.

3. Audit Committee

i. Terms of reference

The terms of reference of the Audit Committee is same as specified in Clause 49 of the Listing Agreement with the Stock Exchanges. These also fully comply with the requirements of Section 292A of the Companies Act, 1956.

ii. Composition

The Committee comprises of the following members:

Name	Category
Mr. D J Balaji Rao – Chairman	Non-executive, Independent
Mr. P N Ghatalia	Non-executive, Independent
Mr. S Ragothaman	Non-executive, Independent
Mr. F Sahami	Non-executive, Promoter Group

All members of the Committee have financial knowledge. The Chairman of the Committee was the Deputy Managing Director of ICICI Limited and also the Managing Director of Infrastructure Development Finance Company Limited. The other three members are qualified finance professionals.

Managing Director, Chief Financial Officer, Head of Internal Audit, operating heads of the manufacturing units and representatives of the Statutory Auditors are invitees to the Audit Committee and the Company Secretary is Secretary to the Committee.

The Limited Review Report on the quarterly results, annual audit plan, compliance with accounting standards, audit observations on the Annual Accounts and other related matters are discussed by the Audit Committee. The significant observations of the Internal Audit Department and the follow-up action on matters raised are also reviewed by the Committee.

iii. Meetings and attendance

Date of meeting	Committee Strength	No. of Directors present
May 3, 2007	4	4
July 19, 2007	4	3
October 22, 2007	4	3
January 24, 2008	4	4

Annexure - B to the Directors' Report

4. Remuneration Committee

i. Terms of reference

The Committee, subject to the overall limits approved by the Members, determines the remuneration payable to the Managing Director including the quantum of variable component and annual increments. The proposals of the Committee are placed before the Board for approval.

ii. Composition, meetings and attendance

The Remuneration Committee comprises of three non-executive Directors. Mr. S Ragothaman, an independent director is the Chairman of the Committee and Mr. R J Shahaney and Mr. D G Hinduja are the other members. The Company Secretary is Secretary to the Committee.

The Committee met on May 3, 2007 to determine the remuneration of the Managing Director for the year 2007-08 at which all the members were present.

iii. Remuneration policy

The following is the managerial remuneration policy of the Company:

a. For Managing Director:

The remuneration to Managing Director consists of fixed and variable components. The fixed component includes salary, allowances and other perquisites. The variable component is linked to the performance of the Company and the incumbent. It is paid in the form of commission on the net profits as recommended by the Committee. MD is not eligible to receive sitting fees.

b. For Non-executive Directors:

The Non-executive Directors are paid sitting fees for attending the Board and Committee Meetings as per the stipulations in the Companies Act, 1956 and the Articles of Association of the Company. In addition to this, the travel and other expenses incurred for attending the meetings are reimbursed. The Company has no pecuniary relationship or transactions with any non-executive director.

iv. Remuneration paid /payable for 2007-08

a. Non-executive Directors – Sitting fees

(Excluding reimbursement of travel and other expenses incurred on Company's business)

Name of Director	Amount Rs.
Mr. R J Shahaney	1,30,000
Mr. D G Hinduja	80,000
Mr. D J Balaji Rao	1,10,000
Mr. P N Ghatalia	1,10,000
Mr. S Ragothaman	1,20,000
Mr. F Sahami	80,000
Mr. R Seshasayee	1,30,000
Mr. A Spare	40,000

b. Managing Director

Description	Amount Rs.
Salary	57,60,000
Contribution to Provident and Other funds	5,18,400
Perquisites*	19,45,214
Commission	19,20,000
Total	1,01,43,614

* Certain perquisites are valued as per the provisions of the Income Tax Act, 1961.

Mr. Mahadevan, Managing Director is under contract of employment with the Company which stipulates a notice period of 3 months from either side. No severance fee is payable to the Managing Director and no Employee Stock Option has been offered by the Company.

Annexure - B to the Directors' Report

5. Shareholders' / Investors' Grievance Committee

i. Terms of reference

The Committee oversees redressal of shareholder and investor grievances and approves issue of share certificates arising out of loss/destruction, sub-division, consolidation, rematerialization etc. The details of transfer, transmission and transposition of shares approved by the Managing Director are also placed before the Committee.

ii. Composition, meetings and attendance

The Committee comprises of Mr. R J Shahaney as Chairman and Mr. S Ragothaman, Mr. R Seshasayee and Mr. V Mahadevan as other members. Mr. N Kothandapani, Company Secretary is the Compliance Officer.

The Committee met twice during the year on November 22, 2007 and March 22, 2008 and all the Members were present thereat.

iii. Details of complaints received and redressed

During the year, 132 complaints were received, which were redressed to the satisfaction of the complainants. There were no pending complaints as at the year-end.

6. General Body Meetings

Details of Annual General Meetings, Extraordinary General Meetings and Special Resolutions:

AGM	Year	Venue	Date	Time
45th	2005	Narada Gana Sabha, 314, T T K Road, Chennai 600 018	July 25, 2005	10.00 a.m.
46th	2006	Rani Seethai Hall, 603, Anna Salai Chennai 600 006	August 1, 2006	2.00 p.m.
47th	2007	Rani Seethai Hall, 603, Anna Salai Chennai 600 006	July 20, 2007	2.00 p.m.

No special resolutions were passed at the above Annual General Meetings.

In addition to the above, an Extraordinary General Meeting of the Company was held on January 5, 2008 at Rani Seethai Hall, 603, Anna Salai, Chennai 600 006 at which Special Resolutions were passed for change of name of the Company and issue of further shares.

There were no resolutions requiring approval through postal ballot and no such resolution is being proposed.

7. Disclosures

- i. There were no materially significant related party transactions that had potential conflict with the interests of the Company at large.
- ii. 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.
- iii. The Company has complied with all the mandatory requirements stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges.

8. Means of communication

As stipulated under Clause 41 of the Listing Agreement, the Quarterly Results are published in one English national newspaper (Business Line) and one Tamil newspaper (Dinamani) within 48 hours of the conclusion of the Board meeting at which the results are approved. They are also displayed in the website of the Company www.hindujafoundries.com (earlier www.ennorefoundries.in)

The Company's website also displays official press/news releases and several other details/information of interest to various stakeholders.

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

Annexure - B to the Directors' Report

9. General shareholder information

i. 48th Annual General Meeting

Date & time : July 31, 2008 – 3.15 p.m.
 Venue : Rani Seethai Hall, 603 Anna Salai, Chennai 600 006

ii. Financial Calendar

Financial Year 2008-09

First quarter results (Unaudited)	Last week of July 2008
Second quarter results (Unaudited)	Last week of October 2008
Third quarter results (Unaudited)	Last week of January 2009
Audited Results for the year 2008-09 (Audited)	Before end of June 2009

iii. Book Closure dates : July 22, 2008 to July 31, 2008

iv. Dividend payment date : Within 30 days of declaration at the AGM

v. Listing / Stock Code of equity shares

Name of Exchange	Stock Code
Madras Stock Exchange Limited (MSE)	EFL
Bombay Stock Exchange Limited (BSE)	505982
National Stock Exchange of India Limited (NSE)	HINDUJAFO

vi. Market Price Data

Month & Year	Bombay Stock Exchange				National Stock Exchange			
	Share Price (Rs.)		Sensex		Share Price (Rs.)		Nifty Junior	
	High	Low	High	Low	High	Low	High	Low
Apr-07	157.50	135.00	14,383.72	12,425.52	159.95	130.05	4,217.90	3,617.00
May-07	200.00	148.65	14,576.37	13,554.34	199.95	145.00	4,306.75	3,981.15
Jun-07	209.30	184.15	14,683.36	13,946.99	205.00	180.00	4,362.95	4,100.80
Jul-07	206.95	185.55	15,868.85	14,638.88	206.00	184.00	4,647.95	4,304.00
Aug-07	191.70	157.00	15,542.40	13,779.88	190.00	156.00	4,532.90	4,002.20
Sep-07	185.00	160.00	17,361.47	15,323.05	189.90	157.55	5,055.80	4,445.55
Oct-07	258.20	169.05	20,238.16	17,144.58	253.00	170.00	5,976.00	5,000.95
Nov-07	275.00	206.05	20,204.21	18,182.83	289.20	210.00	6,011.95	5,394.35
Dec-07	297.70	236.00	20,498.11	18,886.40	307.50	233.00	6,185.40	5,676.70
Jan-08	314.90	186.00	21,206.77	15,332.42	316.90	185.00	6,357.10	4,448.50
Feb-08	204.90	171.00	18,895.34	16,457.74	215.00	155.00	5,545.20	4,803.60
Mar-08	189.00	122.00	17,227.56	14,677.24	192.00	125.00	5,222.80	4,468.55

Annexure - B to the Directors' Report

vii. 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 Agents (R&TA) of the Company for all aspects of investor servicing relating to shares.

viii. Share Transfer System

The authority relating to transfer, transmission and transposition of shares are vested with the Shareholders'/Investors' Grievance Committee. In order to speed up the process of transfer related activities, the said Committee has authorized the Managing Director to approve all routine transfer, transmission and transposition of the shares.

ix. Distribution of shareholding as on March 31, 2008

Range	Shareholders		Shares	
	Number	%	Number	%
1 - 50	3,427	39.63	94,702	0.58
51 - 100	2,028	23.45	1,72,420	1.06
101 - 200	1,398	16.17	2,20,630	1.35
201 - 500	1,203	13.91	4,05,904	2.49
501 - 1000	328	3.79	2,49,498	1.53
1001 - 2000	125	1.45	1,84,335	1.13
2001 - 5000	86	0.99	2,85,154	1.75
5001 - 10000	22	0.25	1,61,417	0.99
10001 and above	31	0.36	1,45,19,950	89.12
Total	8,648	100.00	1,62,94,010	100.00

x. Shareholding pattern as on March 31, 2008

Sl. No.	Category	No. of holders	No. of shares	%
A	Promoters			
1	- Hinduja Automotive Limited UK (formerly LRLIH Ltd)	1	96,29,496	59.10
2	- Ashok Leyland Limited	1	34,24,449	21.02
	Sub Total (A)	2	1,30,53,945	80.12
B	Others			
1	Residents (individuals/clearing members)	8,362	21,46,961	13.18
2	Financial Institutions/ Insurance Co./Banks/UTI	5	1,14,169	0.70
3	Foreign Institutional Investors	1	3,40,000	2.09
4	Bodies Corporate	206	6,12,328	3.76
5	Directors & Relatives #	3	1,479	0.01
6	Non Resident Indians	68	24,639	0.15
7	Trusts	1	489	0.003
	Sub Total (B)	8,646	32,40,065	19.88
	Total	8,648	1,62,94,010	100.00

Includes shares held by Mr. R J Shahaney 384 and Mr. D J Balaji Rao 183

Annexure - B to the Directors' Report

xi. Dematerialization of shares and liquidity

The shares, listed in BSE, NSE and MSE, are to be traded only in dematerialized form. The ISIN of the shares is **INE291F01016**.

The shares are traded on BSE and NSE, but no trading has taken place in MSE since December 2000.

As at March 31, 2008, 49,24,815 shares were held in dematerialized form representing about 30% of the total shares. The balance were held in physical form.

xii. Plant Locations

Ennore	Kathivakkam High Road Ennore, Chennai 600 057
Hyderabad	Ductron Castings Unit IDA, Uppal, Hyderabad 500 039
Sriperumbudur	Plot K-2, SIPCOT Industrial Park Arneri Village, Sriperumbudur 602105 Kanchipuram District

xiii. Address for correspondence

Investors may contact the Registrar and Transfer Agents, for matters relating to shares, dividends, annual reports and related issues at the following address:

M/s Integrated Enterprises (I) Ltd

II Floor, "Kences Towers",
No.1, Ramakrishna Street,
Off North Usman Road,
T Nagar,
Chennai 600 017

Tel : 044 - 2814 0801 - 03

Fax : 044 - 2814 2479

E-Mail : sureshbabu@iepindia.com

For other general matters or in case of any difficulties/grievances investors may contact:

Mr. N Kothandapani

Company Secretary & Compliance Officer
Hinduja Foundries Limited
Kathivakkam High Road, Ennore
Chennai 600 057

Phone : 044 - 2575 2103

Fax : 044 - 2575 0390

E-mail : nkp@hindujafoundries.com,
secretarial@hindujafoundries.com

Annexure - B to the Directors' Report

Certification by Managing Director and Chief Financial Officer to the Board

We, V Mahadevan, Managing Director and V Sankar, Chief Financial Officer of Hinduja Foundries Limited hereby certify that

- a. We have reviewed the financial statements and the cash flow statement for the year ended March 31, 2008 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 that:
 - i) There has not been any significant change in the internal control over financial reporting during the year under review.
 - ii) There has not been any significant change in the accounting policies during the year requiring disclosure in the notes to the financial statements and
 - iii) To the best of our knowledge and belief, there was no instance of any significant fraud during the year with the involvement therein of the management or any employee having a significant role in the Company's internal control system over financial reporting.

May 6, 2008
Chennai

V Mahadevan
Managing Director

V Sankar
Chief Financial Officer

Declaration on compliance with Code of Conduct

Pursuant to clause I (D) of Clause 49 of the Listing Agreement, it is hereby affirmed that for the financial year ended March 31, 2008, all the Board members and Senior Management personnel have affirmed compliance with the Code of Conduct adopted by the Company.

May 6, 2008
Chennai

V Mahadevan
Managing Director

Annexure - C to the Directors' Report

Auditors' Certificate on Corporate Governance

To the Members of **Hinduja Foundries Limited**, (Formerly Ennore Foundries Limited)

We have examined the compliance of conditions of Corporate Governance by Hinduja Foundries Limited for the year ended March 31, 2008, as stipulated in clause 49 of the listing agreement of the said Company with the stock exchanges.

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 abovementioned 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 Fraser & Ross
Chartered Accountants

per **Geetha Suryanarayanan**
Partner
Membership No:029519

Chennai
May 6, 2008

For S.R.Batliboi & Associates
Chartered Accountants

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

Annexure - D to the Directors' Report

Management Discussion and Analysis Report

1. Industry Structure and Development

The foundry business is a key component of the global manufacturing sector, with over 90% of all manufactured goods and capital equipment using metal castings. In 2006, global castings production exceeded 90 mn tonnes. The estimated global casting production in 2007 is expected to be around 100 mn tonnes, generating around \$120 billion of business. The global foundry industry employs around 2 mn people across approximately 35,000 foundries.

The automotive industry dominates the sector with approximately 44% of the global casting volume, spread across engine components, suspension systems, transmissions systems and body work. Other large industry players include the marine, aerospace and railways industries, construction and mining industries including pipes and fittings, earth moving equipment and the power generation industry including turbines and valves and pumps.

China is currently the largest casting producer, with in excess of 26000 foundries, producing approximately 28 mn tonnes annually. The United States occupies the second position globally with 2,170 foundries producing around 12mn tonnes annually. India is the 4th largest producer, with 4,750 foundries producing around 7mn tonnes in the year 2006.

World foundries are classified as either ferrous (producing grey iron and ductile iron) or non-ferrous (producing aluminium, copper, magnesium etc. based products). As a general trend, aluminium is slowly replacing grey iron in automotive applications in particular in the lower end of the passenger car segment.

Generally China dominates the low cost country foundry business globally, with India, Brazil and Mexico expected to become strong players, particularly in automotive castings, as production slowly shifts to developing countries. Developed countries enjoy a leadership in technology and in domestic demand due to the existence of mature automotive industries, as well as large domestic supplies with well established business relationships, but suffer from a high cost of manufacturing particularly due to their high labour costs, and an increasing difficulty in sourcing skilled manpower and complying with an ever-increasing environmental protection regulatory framework.

Indian Foundry Business

A snapshot of the Indian casting industry shows that the total market size is approximately 7 mn tonnes, with a total market value of over \$8 billion. The industry has an installed capacity of over 8 mn. tonnes, and employs over 300,000 workers. There are approximately 4,750 foundries, but only a few could be considered as large scale, with revenues over US\$ 5 million. Approximately 400 have ISO certification.

The Indian foundry sector is highly fragmented with only a few, large independent players, and is currently in a

consolidation phase. Some of the most profitable foundries in India are Aluminium foundries, or those with the ability to produce complex, high end auto parts. Only a few Indian foundries have pattern-making facilities. Capacity is generally being added by existing players, as barriers to enter the sector are high – a high level of investment is required and there is a long learning curve (3 to 4 years).

A general theme across the Indian foundry sector is that the key drivers for the sector, domestic automotive manufacturing activities, are forecast to grow rapidly over the next 10 years, with flow-on benefits to the foundries. In addition, exports from Indian foundries are also expected to grow, as Indian foundries increasingly move up the value chain away from simply low cost items into more complex products, including "art to part" services which include part design as well as casting and also production of parts which yield higher margins.

India is destined to be the next big automotive R & D base in the near future with Global MNCs shifting Automotive Design Centers into India. Also India is an excellent base for Prototyping, Testing, Validating and Productionizing of Auto-Components, supported by world renowned IT Skills with excellent Automotive Domain Knowledge.

The Indian foundry sector benefits from availability of skilled manpower, large manufacturing base, natural resources and high level of interest in outsourcing from global automotive multinational entities. It is disadvantaged due to old equipment and technology, a general absence of scale compared to global major foundries, high cost of power, unstable raw material prices, cyclical domestic demand and competition from China on the export front.

2. Opportunities and Threats

Opportunities

- Increasing demand for castings both in domestic and export market.
- Automobile sector market is performing well in India.
- Due to Euro norms III and IV, there is a possibility of replacing the old engines and hence potential demand for cylinder blocks and cylinder head castings.

Threats

- Risk of over capacity in case of fall in demand.
- Poor infrastructure can lead to uncertainties in supply chain assurance.
- Severe shortage of foundry technical staff as the younger generation move to softer jobs.
- Stricter pollution norms may force spend on unplanned equipment.
- Non-availability of raw materials in the domestic market at a reasonable cost.

Annexure - D to the Directors' Report

3. Outlook

In order to meet the future challenges, HFL has been building up capacities through setting up of new state of the art manufacturing facilities. As planned, HFL has commissioned and productionized the new Greenfield Foundry at Sriperumbudur (SPU) during the year 2007-08. Plans are afoot to set up a similar foundry near Hyderabad and also for Aluminium Die & Gravity Casting facility in SPU. The existing plants at Ennore will also be revamped later to increase productivity and improve quality of products. As a step forward, HFL plans to install automated core package at the SPU and increase the capacity from 50,000 TPA to 72,000 TPA in the next two years. Machining facilities will be created to meet the customer requirements and for better value addition. HFL has also installed a Design Centre and tool making facility to offer enhanced value to customers.

The sustained efforts to penetrate into the international markets have started yielding results and HFL has received orders from some of the major International OEMs. Discussions are on with some more parties and the orders are expected to fructify in the near future and reduce the business risks.

4. Risks and concerns

The following are the major risks and concerns relating to the operations of the Company:

- Input costs in general and scrap prices in particular have gone up sharply. Further, non-availability of scrap in the domestic market is likely to impact production. The Company proposes to go in for import of scrap to ensure availability of raw material at a reasonable cost.
- Owing to stiff competition and input cost increases, the margins are under pressure. Steps have been taken to improve productivity and reduce operating costs. Through close monitoring of the furnace operations and casting processes, the power cost is expected to be brought down. In order to improve efficiency, the Company over the years, has set higher production targets and has also been investing in automation.
- The work force is required to be acclimatized to newer methods and technologies. Towards this, the Company has set up a Basic Training Centre at Sriperumbudur for imparting training to fresh technicians who would be deployed in the Plants.
- In case of fall in demand, there is a risk of over-capacity, which would affect the overall performance of the Company. In order to attract and retain customers, the Company would be investing in machining shops and also foray into other segments like Tractor, Car and Power Trains in addition to Commercial Vehicle segment.
- High competition, also the possibility of further capacity build up by competitors.

5. Internal control systems and their adequacy

The Company has an in-house Internal Audit Department (IAD) headed by a qualified Chartered Accountant. The adequacy and the effectiveness of the internal controls are reviewed by the IAD periodically. The issues are discussed with the unit operations and finance heads then and there and wherever required corrective steps are taken. Significant deviations are also discussed at the Audit Committee meetings and actions taken are reported.

The system of internal controls focus on safety of assets, correct recording of transactions and prompt reporting thereon, review of business plan and capital investment, compliance with various applicable statutes, 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 especially those areas which escape the grips of regular control mechanism. These control weaknesses are reviewed for implementation on a regular basis.

6. Financial performance vis a vis operational performance

Net sales for the year was Rs.45,142 lakhs compared to Rs. 39,524 lakhs during the previous year. There was all around cost increase, especially in the prices of the major raw materials, viz. scrap. Availability of scrap continues to be a major area of concern.

The Net profit for the year was Rs. 1,692 lakhs as against Rs. 1,616 lakhs during the year 2006-07.

Gross production in Iron foundries was 78,279 tonnes compared to 74,711 tonnes in the previous year. Sales for the year 2007-08 were 72,147 tonnes against 70,980 tonnes in the previous year.

In the Aluminium foundry, gross production was 2,157 tonnes compared to 2,234 tonnes in the previous year. Sales were at 2,037 tonnes compared to 2,076 tonnes in the previous year.

During the year, the Company incurred capital expenditure of Rs 20,473 lakhs compared to Rs. 1,343 lakhs in the previous year.

As on March 31, 2008 net current assets were Rs.14,100 lakhs compared to Rs 9,428 lakhs as at March 31, 2007.

7. Human Resources

Recruiting and retaining qualified and skilled manpower poses to be a great challenge due to rapid economic growth and the younger generation opting for easier/softer jobs. HFL focuses on creating a conducive environment and enriching learning environment to attract and retain talents. The industrial relations were generally cordial. As at March 31, 2008 the Company had 2,804 employees.

Annexures - E & F to the Directors' Report

Annexure - E

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 Institute of Chartered Accountants of India, 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, 2008 and of the results of operations for the year ended March 31, 2008.

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 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.

Annexure - F

Particulars of employees

Sl. No.	Name	Age	Designation / Nature of duties	Remuneration Rs.	Qualification	Total experience (years)	Date of commencement of employment	Last employment held
1	Bapujee M	58	Plant Director - DCU	27,19,472	B.E., PGD (SQC & OR)	35	1-Jan-07	GM - Operations, Ashok Leyland Limited
2	Janagan A	57	ED (Product Development & Quality)	29,66,536	B.E. M.Tech. Ph. D	31	4-Aug-76	-
3	Mahadevan V	59	Managing Director	1,01,43,614	B.E.	38	5-Sep-03	Special Director - MFG, Ashok Leynad Limited
4	Prasad K N #	44	Special Director - Projects	5,44,013	B. Tech (Mech.)	22	18-Jan-08	GM - Quality, Toyota Kirloskar Auto Parts Ltd., Bangalore
5	Sankar V	50	ED (Finance & Systems), Chief Financial Officer	25,75,928	B.Com, FCA	25	1-Jan-06	Chief Financial Officer MIDAS Communication Technologies Pvt. Ltd.
6	Sundar L Y #	58	Plant Director - SPU	5,26,457	B.E (Elec. Engg.)	33	11-Jan-08	Chief Operating Officer, Kores India Limited, Pune

Employed for part of the year

Note:

1. Remuneration shown above is subject to tax and comprises Salaries, Bonus, Allowances, Medical Benefits, Leave Travel Assistance as applicable in accordance with the Company's rules, Commission, Company's contribution to Provident Fund and Superannuation Fund and perquisites evaluated as per Income Tax Rules. In addition to the above, the employees are entitled to Gratuity.
2. All appointments are contractual.
3. None of the above employees is a relative of any Director of the Company.

Report of the Auditors to the Members

To

The Members of Hinduja Foundries Limited (Formerly Ennore Foundries Limited)

1. We have audited the attached Balance Sheet of Hinduja Foundries Limited as at March 31, 2008, 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 (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 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956 as on the said date.
 - 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, 2008;
 - (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:029519

Chennai
May 6, 2008

For S.R.Batliboi & Associates
Chartered Accountants

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

Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of our report of even date to the Members of Hinduja Foundries Limited for the year ended March 31, 2008

- (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) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the company.
- (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, employees' state insurance, income-tax, sales tax, value added 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, investor education and protection fund, employees' state insurance, income-tax, sales tax, value added tax, wealth-tax, service 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, value added tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of amount	Amount (Rs. Lakhs)	Period to which the amount relates	Forum where dispute is pending
Central Excise Act	Excise duty including penalty	25.47	1998-99	Hon'ble High Court of Madras

(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 financial institutions and banks. The Company has not issued any debentures.

Annexure to the Auditors' Report

- (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.
- (xvii) 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 Company has used funds raised on short-term basis for long term investment. The Company has raised short term loans amounting to Rs. 3,350 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 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:029519

Chennai
May 6, 2008

For S.R.Batliboi & Associates
Chartered Accountants

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

Balance Sheet as at March 31, 2008

	Schedules	March 31, 2008 Rs. lakhs		March 31, 2007 Rs. lakhs	
Sources of Funds					
Shareholders' Funds					
Share Capital	1.1	4,129.40		4,129.40	
Reserves and Surplus	1.2	<u>8,371.32</u>	12,500.72	<u>7,320.12</u>	11,449.52
Loan Funds					
Secured Loans	1.3	17,157.92		11,694.74	
Unsecured Loans	1.4	<u>12,344.00</u>	29,501.92	<u>5,000.00</u>	16,694.74
Deferred Tax Liability (net)	1.5		<u>1,457.00</u>		605.00
Total			<u>43,459.64</u>		<u>28,749.26</u>
Application of Funds					
Fixed Assets					
Gross Block	1.6	38,184.98		18,078.87	
Less: Accumulated Depreciation		<u>9,902.88</u>		<u>8,571.43</u>	
Net Block		<u>28,282.10</u>		9,507.44	
Capital Work-in-progress		<u>1,055.43</u>	29,337.53	<u>9,788.49</u>	19,295.93
Investments	1.7		<u>1.00</u>		1.00
Current Assets, Loans and Advances					
Inventories	1.8	6,556.04		5,037.39	
Sundry Debtors	1.9	9,101.58		7,999.37	
Cash and Bank Balances	1.10	37.55		141.97	
Loans and Advances	1.11	6,300.40		2,995.19	
Other Current Assets	1.12	<u>282.54</u>		<u>458.02</u>	
		<u>22,278.11</u>		<u>16,631.94</u>	
Less: Current Liabilities and Provisions					
Current Liabilities	1.13	7,334.08		6,222.35	
Provisions	1.14	<u>844.44</u>		<u>981.65</u>	
		<u>8,178.52</u>		<u>7,204.00</u>	
Net Current Assets			<u>14,099.59</u>		9,427.94
Miscellaneous Expenditure					
(to the extent not written off or adjusted)	1.15		<u>21.52</u>		24.39
Total			<u>43,459.64</u>		<u>28,749.26</u>
Notes to Financial Statements					
	3	The schedules referred to above and the notes to financial statements 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:029519

Chennai
May 6, 2008

For S.R.Batlilboi & 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, 2008

	Schedules	March 31, 2008 Rs. lakhs	March 31, 2007 Rs. lakhs
Income			
Gross Sales less Returns		52,247.39	46,101.13
Less: Excise Duty		7,268.16	6,717.47
Net Sales less Returns	2.1	44,979.23	39,383.66
Conversion Charges	2.2	162.92	140.78
Other Income	2.3	147.03	287.43
		45,289.18	39,811.87
Expenditure			
Material consumed	2.4	23,889.94	20,245.60
Decrease / (Increase) in inventories	2.5	(1,320.10)	(744.42)
Power and Fuel		6,152.94	5,795.14
Expenses	2.6	11,357.02	10,426.77
		40,079.80	35,723.09
		5,209.38	4,088.78
Less:			
Finance charges (Net)	2.7		479.37
Depreciation / amortisation		1,644.67	1,136.80
Less: Transfer from revaluation reserve (Refer note 3.4.3)		28.47	29.73
		1,616.20	1,107.07
Profit before tax		2,590.14	2,502.34
Provision for tax			
Current tax		293.45	855.00
Less: Minimum alternative tax entitlement credit		(293.45)	-
Deferred tax		852.00	(10.00)
Fringe benefit tax		46.00	41.00
		898.00	886.00
Profit after tax		1,692.14	1,616.34
Balance brought forward from previous year		662.54	98.77
Profit available for appropriation		2,354.68	1,715.11
Appropriations			
Transfer to General Reserve		200.00	-
Interim Preference dividend		150.00	473.11
Tax on interim Preference dividend		25.49	66.35
Proposed Preference dividend		-	450.00
Tax on proposed Preference dividend		-	63.11
Proposed Equity dividend		373.50	-
Tax on proposed Equity dividend		63.48	-
		812.47	1,052.57
Surplus carried to Balance Sheet		1,542.21	662.54
Basic and diluted earnings per share - in Rs. (Face value Rs.10, Previous year Rs.10) (Refer Note 3.22)		9.31	8.87

Notes to Financial Statements

3

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

As per our report of even date

For Fraser & Ross
Chartered Accountants

per **Geetha Suryanarayanan**
Partner
Membership No:029519

Chennai
May 6, 2008

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

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Cash Flow Statement for the year ended March 31, 2008

	March 31, 2008 Rs. lakhs	March 31, 2007 Rs. lakhs
A. Cash Flow from Operating Activities		
Net profit before tax	2,590.14	2,502.34
Adjusted for		
Depreciation / Amortisation	1,616.20	1,107.07
Finance charges (Net)	1,003.04	479.37
(Profit) /Loss on disposal of Fixed assets	(34.67)	(78.67)
Payments under VRS absorbed	16.38	211.91
Provision for doubtful debts (Net of writeback)	33.67	27.66
	2,634.62	1,747.34
Operating profit before working capital changes	5,224.76	4,249.68
Changes in		
Trade and other receivables	(1,924.45)	(2,335.29)
Inventories	(1,518.65)	(1,467.34)
Trade Payables	986.82	1,059.63
	(2,456.28)	(2,743.00)
Cash generated from operations	2,768.48	1,506.68
Direct taxes paid - net of refunds	(338.56)	(586.16)
Compensation paid under Voluntary Retirement Scheme	(13.51)	(9.96)
Net cash from operating activities	2,416.41	910.56
B. Cash Flow from Investing Activities		
Purchase of fixed assets	(14,012.69)	(9,617.20)
Proceeds from sale of fixed assets	71.17	127.91
Interest received	10.36	14.62
Net Cash used in investing activities	(13,931.16)	(9,474.67)
C. Cash Flow from Financing Activities		
Proceeds from borrowings	14,533.84	10,530.92
Repayment of borrowings	(1,726.66)	(497.70)
Finance charges	(883.74)	(515.97)
Preference dividend paid including tax	(513.11)	(887.63)
Net cash from financing activities	11,410.33	8,629.62
Net change in cash and cash equivalents	(104.42)	65.51
Cash and Cash Equivalents - Opening Balance	141.97	76.46
Cash and Cash Equivalents - Closing Balance	37.55	141.97

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:029519

Chennai
May 6, 2008

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

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Schedules to the Balance Sheet

	As at March 31, 2008 Rs. lakhs	As at March 31, 2007 Rs. lakhs
1.1 Share Capital		
Authorised		
3,00,00,000 (Previous year 3,00,00,000) Equity shares of Rs.10/-each	3,000.00	3,000.00
45,00,000 (Previous year 45,00,000) Preference shares of Rs.100/- each	4,500.00	4,500.00
	<u>7,500.00</u>	<u>7,500.00</u>
Issued		
1,64,06,417 (Previous year 1,64,06,417) Equity shares of Rs.10/- each fully paid (Refer Note (a) below)	1,640.64	1,640.64
15,00,000 (Previous year 15,00,000) 6 % Redeemable Non-convertible Cumulative Preference shares of Rs.100/- each fully paid (Refer Note (b) below)	1,500.00	1,500.00
10,00,000 (Previous year 10,00,000) 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		
1,62,94,010 (Previous year 1,62,94,010) 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. 3,58,857 (Previous year 3,58,857) Equity shares were allotted pursuant to a contract for consideration other than cash.		
ii. 96,29,496 (Previous year 96,29,496) Equity shares are held by the holding company, Hinduja Automotive Limited, UK (formerly LRLIH Limited).		
iii. 21,42,476 (Previous year 21,42,476) Equity shares were allotted as fully paid up bonus shares by capitalisation of General Reserve, Share Premium and Capital Reserve.		
iv) 95,04,110 (Previous year 95,04,110) 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) 15,00,000 (Previous year 15,00,000) 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) 10,00,000 (Previous year 10,00,000) 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	407.14	436.87
Less: Incremental depreciation for the year on revaluation	<u>28.47</u>	<u>29.73</u>
	378.67	407.14
Securities Premium		
	5,318.19	5,318.19
General Reserve		
As per last Balance Sheet	932.25	864.29
Add: Transfer from Profit and Loss Account	200.00	-
Transitional adjustment for employee benefits (net of tax Nil previous year Rs. 34.48 lakhs.)	<u>-</u>	<u>67.96</u>
	1,132.25	932.25
Profit and Loss Account - Surplus		
	<u>1,542.21</u>	<u>662.54</u>
	<u>8,371.32</u>	<u>7,320.12</u>

Schedules to the Balance Sheet

	As at March 31, 2008 Rs. lakhs	As at March 31, 2007 Rs. lakhs
1.3 Secured Loans		
Term Loans		
From Banks	12,218.64	7,945.30
Other Loans from Banks		
Working capital loan	380.22	409.71
Cash credit	4,494.12	3,339.73
Others		
Finance Lease Obligation	64.94	-
	<u>17,157.92</u>	<u>11,694.74</u>
Repayable within 12 months - Term Loans	3,666.66	1,726.67
<p>Term loan of Rs.Nil (Previous year Rs.60.00 lakhs) from Union Bank of India is secured by a charge on the specific assets acquired out of the loan.</p> <p>Term loan of Rs.9,218.64 lakhs (Previous year Rs. 3,885.30 lakhs) from IDBI Bank is secured by <i>pari passu</i> first charge on the fixed assets of the Company.</p> <p>Term Loan of Rs.3,000 lakhs (Previous year Rs. 4,000 lakhs) from State Bank of Travancore is secured by hypothecation of Fixed Assets and movable properties by way of <i>pari passu</i> First charge along with other term loan lenders.</p> <p>Working capital loan and cash credit from banks are secured by a first charge on current assets and a <i>pari passu</i> second charge on the fixed assets of the Company.</p>		
1.4 Unsecured Loans		
External Commercial Borrowing from a Bank	7,994.00	-
Intercompany Deposit	-	2,000.00
Short Term Loan from Banks	4,350.00	3,000.00
	<u>12,344.00</u>	<u>5,000.00</u>
Repayable within 12 months	4,350.00	5,000.00
1.5 Deferred Tax Liability (net)		
Deferred Tax Liabilities		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	1,953.70	664.00
	<u>1,953.70</u>	664.00
Less:		
Deferred Tax Assets		
Unabsorbed Depreciation	328.33	-
Provision for doubtful debts	37.38	26.00
Effect of expenditure debited to profit and loss account in the current year but allowable for tax purposes in following years	<u>130.99</u>	<u>33.00</u>
	<u>496.70</u>	<u>59.00</u>
	<u>1,457.00</u>	<u>605.00</u>

Schedules to the Balance Sheet

1.6 Fixed Assets

Rs. lakhs

Description	Cost				Depreciation / Amortisation				Net Block		
	As at April 1, 2007	Additions	Deductions	As at March 31, 2008	As at April 1, 2007	For the year		Deductions	As at March 31, 2008	As at March 31, 2008	As at March 31, 2007
						on cost *	incremental				
Tangible Assets											
Freehold Land @ #	1,827.84	1,500.00	1.23	3,326.61	-	-	-	-	-	3,326.61	1,827.84
Leasehold Land	637.50	50.96	-	688.46	34.54	35.17	-	-	69.71	618.75	602.96
Buildings @ &	2,145.83	5,421.94	0.19	7,567.58	1,137.74	104.17	24.26	0.19	1,265.98	6,301.60	1,008.09
Plant and Machinery @	9,363.74	12,105.63	168.39	21,300.98	5,221.42	1,054.17	1.52	150.87	6,126.24	15,174.74	4,142.32
Service Installations @	1,081.57	459.08	154.03	1,386.62	629.78	80.50	-	152.84	557.44	829.18	451.79
Electrical Installations @ ^	765.22	443.70	16.45	1,192.47	470.54	42.89	2.69	12.02	504.10	688.37	294.68
Patterns and Dies	723.81	59.50	-	783.31	369.83	74.47	-	0.60	443.70	339.61	353.98
Fixtures **	211.72	26.69	1.16	237.25	118.18	10.43	-	-	128.61	108.64	93.54
Office Furniture	87.11	132.48	-	219.59	39.48	9.85	-	-	49.33	170.26	47.63
Office Machinery	312.68	164.09	1.30	475.47	190.01	50.89	-	1.51	239.39	236.08	122.67
Motor Vehicles **	155.32	109.20	24.41	240.11	53.31	17.79	-	12.63	58.47	181.64	102.01
Intangible Assets											
Technical Know How	618.96	-	-	618.96	247.58	123.79	-	-	371.37	247.59	371.38
Goodwill	147.57	-	-	147.57	59.02	29.52	-	-	88.54	59.03	88.55
	18,078.87	20,473.27	367.16	38,184.98	8,571.43	1,633.64	28.47	330.66	9,902.88	28,282.10	9,507.44
Capital Work-In-Progress at Cost *										1,055.43	9,788.49
										29,337.53	19,295.93
Previous year figures	17,339.18	1,342.81	603.12	18,078.87	7,953.52	1,142.06	29.73	553.88	8,571.43	19,295.93	-

@ includes upward revaluation made on 31st March 1992.

** Includes Assets on Lease: Cost Rs. 71.72 Lakhs (Previous Year Nil); Written Down Value Rs. 68.66 lakhs (Previous year Nil).

* Depreciation on assets capitalised relating to Green Field project, amounting to Rs. 17.44 lakhs (previous year 34.99 lakhs) has been debited to Capital Work In Progress Account.

During the year the Company acquired Land from Andhra Pradesh Industrial Infrastructure Corporation Limited for a consideration of Rs.1,500 lakhs. As per the terms of "Agreement for Sale", the registration of the land in favour of the Company will be completed only if the company commences commercial production within two years from the date of allotment of land.

& Buildings include Cost: Rs. 66.07 lakhs (previous year Nil) and Written Down Value Rs. 59.46 lakhs (previous year Nil) in respect of expenditure incurred on capital assets, the ownership of which does not vest in the Company.

^ Electrical installations include Cost: Rs. 76.50 lakhs (previous year Nil) and Written Down Value Rs. 68.85 lakhs (previous year Nil) in respect of expenditure incurred on capital assets, the ownership of which does not vest in the Company.

As at March 31, 2008
Rs. lakhs

As at March 31, 2007
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

1.00

1.00

1.8 Inventories

Raw Materials

1,187.96

1,115.50

Work-in-progress

3,939.05

2,644.57

Finished goods

196.26

170.64

Bought out materials

32.39

42.52

Stores and spare parts

1,200.38

1,053.09

Materials-in-transit

-

11.07

6,556.04

5,037.39

1.9 Sundry Debtors

Unsecured

Outstanding for more than six months

Considered good

749.88

337.11

Considered doubtful

109.97

76.30

859.85

413.41

Less: Provision for doubtful debts *

109.97

76.30

749.88

337.11

Other debts - Considered good

8,351.70

7,662.26

9,101.58

7,999.37

Included in Sundry Debtors are:

Dues from companies under the same management

Ashok Leyland Limited

4,050.24

3,986.51

Schedules to the Balance Sheet

	As at March 31, 2008 Rs. lakhs	As at March 31, 2007 Rs. lakhs
1.10 Cash and Bank Balances		
Cash in hand	3.26	5.17
Balance with scheduled banks		
On current accounts	<u>34.29</u>	<u>136.80</u>
	<u>37.55</u>	<u>141.97</u>
1.11 Loans and Advances		
Unsecured and considered good		
Advances recoverable in cash or in kind or for value to be received *	4,434.22	1,460.56
MAT credit entitlement	293.45	-
Interest accrued on deposits	103.30	69.53
Advance payments of tax (net of provisions)	17.47	-
Balance with customs, central excise	378.87	437.23
Deposits	<u>1,073.09</u>	<u>1,027.87</u>
	<u>6,300.40</u>	<u>2,995.19</u>
* Includes capital advances	2,470.43	180.50
Included in Loans and Advances are:		
Dues from companies under the same management		
Ashok Leyland Limited	-	-
Maximum amount outstanding during the year	-	155.00
1.12 Other Current Assets		
Unsecured and considered good		
Insurance claims recoverable	<u>282.54</u>	<u>458.02</u>
	<u>282.54</u>	<u>458.02</u>
1.13 Current Liabilities		
Sundry Creditors		
Dues to Micro and Small Enterprises (Refer Note 3.6 of Schedule 3)	35.75	-
Dues to creditors other than Micro and Small Enterprises	5,002.10	4,428.31
Other Liabilities	2,106.85	1,774.55
Unclaimed Fixed Deposits *	1.26	1.65
Unclaimed Interest on Fixed Deposits *	0.58	0.63
Unclaimed Debentures *	0.77	1.06
Unclaimed Interest on Debentures *	0.12	0.34
Interest accrued, but not due on loans	<u>186.65</u>	<u>15.81</u>
	<u>7,334.08</u>	<u>6,222.35</u>
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on March 31, 2008 and March 31, 2007		
1.14 Provisions		
Preference dividend including tax	175.49	513.11
Equity dividend including tax	436.98	-
Provision for leave encashment	96.97	130.72
Exgratia	-	51.00
Provision for tax (net of advance tax)	-	282.23
Provision for Gratuity	135.00	-
Provision for other employment benefits	-	4.59
	<u>844.44</u>	<u>981.65</u>
1.15 Miscellaneous Expenditure		
To the extent not written off or adjusted		
Compensation under Voluntary Retirement Scheme		
As per last Balance Sheet	24.39	226.34
Add: Payment made during the year	<u>13.51</u>	<u>9.96</u>
	<u>37.90</u>	<u>236.30</u>
Less: Amortized during the year	<u>16.38</u>	<u>211.91</u>
	<u>21.52</u>	<u>24.39</u>

Schedules to the Profit and Loss Account

	For the year ended March 31, 2008 Rs. lakhs		For the year ended March 31, 2007 Rs. lakhs	
2.1 Net Sales less Returns	Tonnes		Tonnes	
Ferrous castings	72,147	39,966.95	70,980	35,377.83
Non-ferrous castings	1,804	3,861.12	1,856	3,809.30
Miscellaneous order jobs (Quantification not feasible)		1,151.16		196.53
		<u>44,979.23</u>		<u>39,383.66</u>
2.2 Conversion charges				
Non-ferrous castings	233	162.92	220	140.78
2.3 Other Income				
Profit on disposal of assets (net)		34.67		78.67
Insurance claim - loss of profits		11.83		90.00
Miscellaneous Income		100.53		118.76
		<u>147.03</u>		<u>287.43</u>
2.4 Material consumed				
i) Raw materials consumed:				
Opening Stock	1,115.50		653.29	
Add: Purchases	<u>17,263.88</u>		<u>14,516.53</u>	
	18,379.38		15,169.82	
Less: Closing stock	<u>1,187.96</u>	17,191.42	<u>1,115.50</u>	14,054.32
ii) Stores and spares consumed		5,220.40		4,841.95
iii) Bought out materials		1,478.12		1,349.33
		<u>23,889.94</u>		<u>20,245.60</u>
2.5 Decrease / (Increase) in inventories				
Opening				
Work-in-progress	2,644.57		2,022.22	
Finished goods	<u>170.64</u>	2,815.21	<u>48.57</u>	2,070.79
Closing				
Work-in-progress	3,939.05		2,644.57	
Finished goods	<u>196.26</u>	4,135.31	<u>170.64</u>	2,815.21
		<u>(1,320.10)</u>		<u>(744.42)</u>

Schedules to the Profit and Loss Account

	For the year ended March 31, 2008 Rs. lakhs	For the year ended March 31, 2007 Rs. lakhs
2.6 Expenses		
Salaries, Wages and Bonus *	6,364.70	5,827.22
Contribution to provident, gratuity, superannuation and other funds	784.33	484.96
Compensation under Voluntary Retirement Scheme	16.38	211.91
Welfare expenses **	1,079.20	946.25
Rent	30.17	47.96
Rates and taxes	48.07	135.58
Repairs and maintenance of plant and machinery ***	888.26	779.22
Repairs and maintenance of buildings ****	107.53	102.98
Insurance	43.29	67.27
Directors' sitting fees	8.00	6.20
Audit fees and expenses		
Audit fees	12.00	6.00
Tax audit	2.00	0.25
Taxation	1.05	-
Certifying statements to Government and others	1.45	1.89
Out of pocket expenses	2.35	0.58
Increase / (decrease) of excise duty on inventory (Refer note no 3.24)	0.79	22.00
Provision for doubtful debts (Net of writeback)	33.67	27.66
Other Expenses	1,933.78	1,758.84
	11,357.02	10,426.77
* Includes Research and Development	125.71	95.02
**Includes stores consumed	23.34	7.68
***Includes stores consumed	833.23	731.42
****Includes stores consumed	22.67	25.14
2.7 Finance charges (Net)		
i) Interest on Fixed Loans		
To Banks	650.73	322.53
ii) Other Interest		
To Banks	365.24	202.66
To Others *	(12.93)	(45.82)
	1,003.04	479.37
* Net of interest received from Customers/Others	51.27	52.24

Notes to the Financial Statements

3.1 Background of the Company

The Company 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 Bombay, Madras 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 and tractors, as well as for defence and marine applications.

Pursuant to the resolution of the Members at the Extraordinary General Meeting held on January 5, 2008 the name of the Company was changed from Ennore Foundries Limited to **Hinduja Foundries Limited** (HFL) which was approved by the Registrar of Companies, Chennai on February 14, 2008.

3.2 Greenfield Project

The Company has set up a new grey iron casting foundry near Chennai with a total capacity of 50,000 tonnes which commenced operations during the last week of September 2007.

3.3 Issue of Global Depository Receipts (GDRs)

The shareholders, at the meeting held on January 5, 2008 authorized issue of various types of securities for an aggregate sum upto Rs. 100 crores.

Pursuant to this resolution, in April 2008 HFL issued 71,42,856 Global Depository Receipts of US\$ 2.10 each aggregating to US\$ 15 million with 3 GDRs representing one equity share and 23,80,952 equity shares of Rs. 10/- each fully paid-up were allotted as underlying shares for the aforesaid GDRs at the Board meeting held on April 24, 2008. The GDRs are listed on the Luxembourg Stock Exchange. As per the terms of the issue and relevant guidelines, the equity shares shall rank pari passu with the existing equity shares, including entitlement for dividend for the year 2007-08.

3.4 Significant Accounting Policies

3.4.1 Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standard under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis except in case of assets which are revalued. The 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.

3.4.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (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.

3.4.3 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 to 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.

Notes to the Financial Statements

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

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

Leasehold land is amortized over a period of twenty years.

Intangibles

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

3.4.4 Inventory

Raw materials, stores and spares are valued at lower of cost and net realizable value. Cost is determined on 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.

3.4.5 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 expense in the period in which they are incurred.

3.4.6 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 the eligible leave at credit on the balance sheet date and the estimated cost is based on the terms of the employment contract. Long term compensated absences are provided for based on actuarial valuation as at the balance sheet date using projected unit credit method.

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 obligations under the plans beyond its monthly contributions.

Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

3.4.7 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.

3.4.8 Voluntary Retirement Scheme

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

3.4.9 Income Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Notes to the Financial Statements

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.

Minimum Alternative Tax (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 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.

3.4.10 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 expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 7, 2006 are capitalized as a part of fixed asset.

3.4.11 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.

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

3.4.12 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 their 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.

3.4.13 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.

3.4.14 Expenditure on new projects and substantial expansion

Expenditure directly relating to construction activity is capitalised. Indirect expenditure incurred during construction period is

Notes to the Financial Statements

capitalised 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 earned during construction period is deducted from the total of the indirect expenditure.

All direct capital expenditure on expansion are capitalised. As regards indirect expenditure on expansion, only that portion is capitalised which represents the marginal increase in such expenditure involved as a result of capital expansion. Both direct and indirect expenditure are capitalised only if they increase the value of the asset beyond its original standard of performance.

3.4.15 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income. Lease management fees, legal charges and other initial direct costs are capitalised.

3.5 Tax deducted at source from conversion charges is Rs.5.23 lakhs (Previous year Rs. 4.65 lakhs), interest income earned is Rs.7.14. lakhs (Previous year Rs. 1.30 lakhs).

3.6 There is no overdue amount payable to Micro, Small and Medium Enterprises (MSMEs) as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year. 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.

	2007-08	2006-07
	Rs. lakhs	Rs. lakhs
3.7 a) Estimated amount of contracts remaining to be executed on capital account and not provided for	812.26	5,483.75
b) Export obligations on account of duty free import of capital goods	8,657.76	7,890.07

3.8 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	37.05	35.69
c) Details of statutory dues due to appropriate authorities on account of dispute.		

Name of the Statute	Nature of Dues		
Central Excise Act, 1944	Excise duty including penalty (Deposit made Rs. 32.63 lakhs, Previous year Rs. 10.00 lakhs)	58.10	55.08

d) The Tamil Nadu Government has issued notification levying additional charge on High Tension Industries having arc furnaces, at 25% of the power consumption effective 1st December 2001 till 15th March 2003. Pursuant to this notification all companies which have arc furnaces 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 Hon'ble High Court of Madras (the Court) and the Court has granted interim stay.

Notes to the Financial Statements

Subsequently, TNERC passed an order imposing 15 % arc furnace additional charge effective March 16, 2003. The Company also filed an affidavit stating that it has installed in 1999 harmonic filters to contain the harmonic levels. The 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 Court and the case is yet to come up for hearing. The Management believes that the final impact of 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.

3.9 Related Party disclosure

List of parties where control exists

Holding Company	:	Hinduja Automotive Limited UK, (formerly LRLIH Ltd)
Fellow Subsidiary	:	Ashok Leyland Limited
Other related party		
Key Managerial Personnel	:	Mr. V Mahadevan, Managing Director.

Transactions/balance with related parties

Particulars	Relationship	2007-08 Rs. lakhs	2006-07 Rs. lakhs
Sales of goods	Fellow Subsidiary	24,108	22,565
Purchases of materials	Fellow Subsidiary	2,196	1,465
Dividend on preference shares	Fellow Subsidiary	150	923
Dividend on equity shares (proposed)	Fellow Subsidiary	68	-
Dividend on equity shares (proposed)	Holding Company	193	-
Amount receivable	Fellow Subsidiary	4,050	4,142
Amount payable	Fellow Subsidiary	503	773

Remuneration paid to Managing Director is disclosed elsewhere in the notes to financial statements

3.10 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.

3.11 Details of Lease Payments due

i) Reconciliation of Total minimum Lease payment and their present value

	2007-08 Rs. lakhs	2006-07 Rs. lakhs
Total minimum Lease payments	64.94	-
Less : Future liability on account of interest	7.07	-
Present value of payments	57.87	-

ii) Future Lease Rentals payable

	2007-08 Rs. lakhs	2006-07 Rs. lakhs
As at the Balance Sheet date	64.94	-
Not later than one year	26.35	-
Later than one year and not later than five years	38.59	-

Notes to the Financial Statements

3.12 Raw materials consumed

Particulars	2007-08		2006-07	
	Tonnes	Rs. lakhs	Tonnes	Rs. lakhs
Pig Iron	2,686	523.67	2,632	401.20
Steel Scrap	55,413	9,883.98	53,398	8,029.34
Iron Scrap	14,751	2,230.99	12,102	1,217.89
Carboriser	2,338	604.45	2,296	456.72
Ferro Alloys	2,114	1,224.78	2,120	1,222.24
Aluminium Alloy	2,123	2,156.63	2,000	2,380.23
Others *	-	566.92	-	346.70
Total		17,191.42		14,054.32

* 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.

3.13 Consumption of raw materials, stores & spares and bought out materials

Particulars	2007-08		2006-07	
	% of total Consumption	Rs. lakhs	% of total Consumption	Rs. lakhs
Imported	0.51	125.18	0.12	25.86
Indigenous	99.49	24,644.00	99.88	20,983.98
Total	100.00	24,769.18	100.00	21,009.84

3.14 Finished goods

	Particulars	2007-08		2006-07	
		Tonnes	Rs. lakhs	Tonnes	Rs. lakhs
a)	Opening Stock				
	Ferrous Castings	155	88.48	92	43.00
	Non-Ferrous Castings	32	82.16	3	5.57
b)	Closing Stock				
	Ferrous Castings	205	130.17	155	88.48
	Non-Ferrous Castings	29	66.09	32	82.16

3.15 Capacity and production

Tonnes

Particulars	2007-08		2006-07	
	Installed Capacity	Production	Installed Capacity	Production
Ferrous and Non-Ferrous Castings*	1,25,000	74,232	75,000	73,148
*Includes Production on conversion basis		233		220

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.

Notes to the Financial Statements

3.16 Value of Imports (Calculated on CIF basis)

Particulars	2007-08 Rs. lakhs	2006-07 Rs. lakhs
Raw Materials	94.24	6.30
Components and Spare parts	50.33	16.32
Capital Goods	3,535.48	2,036.78

3.17 Expenditure in Foreign Currencies (on accrual basis)

Particulars	2007-08 Rs. lakhs	2006-07 Rs. lakhs
Travelling *	14.55	11.98
Consultant Fee *	37.02	31.59
Agency Commission *	2.97	9.03
Interest on ECB \$	437.05	-
Technical Know-how Fee #	-	128.09

* Included in Schedule 2.6 - Expenses

\$ Included in Schedule 2.7 - Finance Charges

Included in Schedule 1.6 - Fixed Assets

3.18 Earnings in foreign currency (on accrual basis)

Particulars	2007-08 Rs. lakhs	2006-07 Rs. lakhs
Export – FOB Value	109.61	243.54

3.19 Information regarding managerial remuneration

Particulars	2007-08 Rs. lakhs	2006-07 Rs. lakhs
Salary	57.60	51.00
Contribution to Provident and Other Funds	5.18	4.29
Perquisites	19.46	16.10
Commission to Managing Director	19.20	15.90
Total	101.44	87.29

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 in the above.

3.20	Computation of net profit under Section 349 of the Companies Act, 1956	2007-08 Rs. lakhs	2006-07 Rs. lakhs
	Profit as per Profit and Loss Account	2,590.14	2,502.34
	Add: Remuneration to Managing Director	101.44	87.29
	Sitting fees to other Directors	8.00	6.20
	Less: Profit on sale of fixed assets (net) as per Profit and Loss Account	(17.32)	(78.67)
	Net profit as per Section 349 of the Companies Act, 1956	2,682.26	2,517.16
	Maximum managerial remuneration to Managing Director at 5% of the net profits as calculated above	134.11	125.86
	Commission to Managing Director approved by the Board	19.20	15.90

Notes to the Financial Statements

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

	2007-08 Rs. lakhs	2006-07 Rs. lakhs
Current service cost	422	94
Interest cost on benefit obligation	133	117
Expected return on plan assets	(107)	(188)
Net actuarial(gain) / loss recognized in the year	(196)	(28)
Net benefit expense	252	(5)

Actual return on plan assets 9.50% 9.10%

Balance Sheet

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	1,597	1,442
Present value of funded obligation at the end of the year	(1,732)	(1,414)
Asset/(Liability) recognized in the balance sheet	(135)	28

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

Present value of obligations as at the beginning of year	1,414	1,253
Interest cost	133	117
Current Service cost	422	94
Benefits paid	(71)	(55)
Actuarial (Gain) / Loss on obligation	(166)	5
Present value of obligations as at the end of year	1,732	1,414

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

Fair value of plan assets at the beginning of year	1,442	1,342
Expected return on plan assets	106	99
Contributions	89	33
Benefits paid	(71)	(55)
Actuarial gain on plan assets	31	23
Fair value of plan assets as at the end of the year	1,597	1,442

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

Particulars	2007-08	2006-07
Discount rate	8%	8%
Expected rate of return on assets	8%	8%
Salary escalation	3%	3%

Notes to the Financial Statements

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.

3.22 Earning Per Share

Particulars	2007-08	2006-07
Net profit as per the Profit and Loss Account Rs. lakhs	1,692.94	1,616.34
Less: Dividend attributable to Preference shareholders (including tax)	175.49	171.04
Net profit as per the Profit and Loss Account after preference dividend	1,516.65	1,445.30
Total number of equity shares of Rs 10 each at the end of the year	1,62,94,010	1,62,94,010
Basic and diluted earnings per share (Rs.)	9.31	8.87

3.23 Expenditure incurred on Projects during Construction period

S.No	Particulars	As on April 1, 2007	2007-08		As on March 31, 2008
			Incurred	Capitalized	
Greenfield Foundry, Sriperumbudur					
1	Salaries and wages	108.92	132.03	240.95	-
2	Rent	11.47	-	11.47	-
3	Professional and consultancy charges	198.71	-	198.71	-
4	Traveling and conveyance	26.13	13.63	39.76	-
5	Insurance – erection	27.85	30.68	58.53	-
6	Interest	385.54	906.23	1,291.77	-
7	Others	50.05	437.21	487.26	-
8	Building	1,886.72	-	1,886.72	-
9	Advance paid for Plant & machinery	752.53	-	752.53	-
10	Deposit paid to SIPCOT	182.02	-	182.02	-
11	Capital cost for water connection	66.08	-	66.08	-
12	Depreciation on assets capitalized	39.97	-	39.97	-
13	Purchase of Plant & machinery	4,604.87	-	4,604.87	-
	Total	8,340.86	1,519.78	9,860.64	
Toopran Castings Unit, Hyderabad					
1	Salaries and wages	-	14.43	-	14.43
2	Traveling and conveyance	-	1.09	-	1.09
3	Interest	-	52.54	-	52.54
4	Others	-	3.05	-	3.05
5	Depreciation on assets capitalized	-	0.09	-	0.09
	Total	-	71.20	-	71.20

3.24 ASI 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 stock has been disclosed in Schedule 2.6 - Expenses.

3.25 Previous year comparatives

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

As per our report of even date

For Fraser & Ross
Chartered Accountants

per **Geetha Suryanarayanan**
Partner
Membership No:029519

Chennai
May 6, 2008

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

V Mahadevan
Managing Director

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

Balance Sheet Abstract and Company's General Business Profile

Information as required under Part IV of Schedule VI to the Companies Act, 1956

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	8
---	---	---	---

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

			4	3	4	5	9	6	4
--	--	--	---	---	---	---	---	---	---

 Total Assets

			4	3	4	5	9	6	4
--	--	--	---	---	---	---	---	---	---

Sources of Funds

Paid up Capital

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

 Reserves & Surplus

						8	3	7	1	3	2
--	--	--	--	--	--	---	---	---	---	---	---

Secured Loans

			1	7	1	5	7	9	2
--	--	--	---	---	---	---	---	---	---

 Unsecured Loans

			1	2	3	4	4	0	0
--	--	--	---	---	---	---	---	---	---

Deferred Tax Liability

			1	4	5	7	0	0
--	--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

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

 Investments

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

Net Current Assets

			1	4	0	9	9	5	9
--	--	--	---	---	---	---	---	---	---

 Miscellaneous Expenditure

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

Accumulated Losses

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

IV PERFORMANCE OF COMPANY (Amount in Rs. Thousands)

Turnover

			4	5	2	8	9	1	8
--	--	--	---	---	---	---	---	---	---

 Total Expenditure

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

Profit/Loss Before Tax

					2	5	9	0	1	4
--	--	--	--	--	---	---	---	---	---	---

 Profit/Loss after Tax

						1	6	9	2	1	4
--	--	--	--	--	--	---	---	---	---	---	---

Earnings Per Share in Rs.

						9	.	3	1
--	--	--	--	--	--	---	---	---	---

 Dividend Rate

			2	0
--	--	--	---	---

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 and on behalf of the Board

N Kothandapani
Company Secretary

V Sankar
Chief Financial Officer

R J Shahaney
Chairman

V Mahadevan
Managing Director

Chennai
May 6, 2008