



Board of Directors

R.J. Shahaney
Chairman

M. Bianchi (Alternate : G. Sagone)

P.K. Choksey

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

J. Joseph (upto 23.01.2004)

H. Klingele

S. Ragothaman

F. Sahami

R. Seshasayee

D.J. Balaji Rao (from 30.03.2004)

V. Mahadevan, Managing Director
(from 01.10.2003)

Company Secretary

N. Kothandapani

Bankers

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

Auditors

Fraser & Ross
Chartered Accountants

Registered Office & Works

Ennore, Chennai - 600 057



Ennore Foundries Limited

A Five Year Review

	Rs. Lakhs				
	1999-00	2000-01	2001-02	2002-03	2003-04
Income and Dividend					
Sales / Operating Income	13547	13147	12448	13162	18508
Operating Profit	1446	903	917	-683	1445
Profit / Loss (-) Before Tax	501	110	123	-1668	423
Profit / Loss (-) After Tax	501	110	95	-1656	418
Dividend including Tax	—	—	—	—	—
Retained Earnings	501	110	95	-1656	418
Assets Employed					
Net Fixed Assets @	3950	4175	4115	4220	4448
Net Current Assets	2091	1949	2734	1493	1832
Other Assets/Expenditure Not written off	273	334	159	867	642
Total	6314	6458	7008	6580	6922
Financed by					
Net worth @	3350	3420	3475	1779	3031
Borrowed Funds	2964	3038	3521	4801	3891
Deferred Tax liability	—	—	12	—	—
Total	6314	6458	7008	6580	6922
General					
Sales Units - Tonnes	33704	33031	29248	29548	37048
Earnings per share - Rs.	7.37	1.62	1.40	-26.60	3.61
Dividend per share - Rs.	—	—	—	—	—
Book value per share - Rs.	27.25	28.28	29.09	4.12	7.82
@ Includes addition on Revaluation of Fixed Assets	966	926	886	846	679



Ennore Foundries Limited

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Fortyfourth Annual General Meeting of the Members of Ennore Foundries Limited will be held at Rani Seethai Hall, 603, Anna Salai, Chennai 600 006 at 10.00 a.m. on Friday, July 30, 2004 to transact the following business:

As Ordinary Business

1. To receive, consider and adopt the audited Balance Sheet of the Company as at March 31, 2004 and the Profit and Loss Account for the year ended on that date annexed thereto and the Reports of Directors and Auditors attached thereto.
2. To appoint a Director in the place of Mr R Seshasayee, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
3. To appoint a Director in the place of Mr M Bianchi, who retires by rotation under Article 106 of the Articles of the Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr P.K. Choksey, who retires by rotation under Article 106 of the Articles of Association of the Company. Mr. P.K. Choksey, who retires by rotation is not seeking reappointment. The Board does not propose to fill this vacancy at present.
5. To appoint Auditors and fix their remuneration. The retiring Auditor Messrs Fraser & Ross, Chartered Accountants, Chennai are eligible for reappointment.

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

“Resolved that Messrs Fraser & Ross, Chartered Accountants, Chennai be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting on a remuneration of Rs.2,50,000/- (Rupees Two lakh fifty thousand only) in addition to reimbursement of out of Pocket expenses”.

As Special Business

6. To approve the appointment of Managing Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that in accordance with the provisions of Sections 198, 269, 309, 310 & 311 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of the Central Government if and wherever necessary, consent of the Company be and is hereby accorded to the appointment of Mr V Mahadevan as Managing Director of the Company, with effect from October 1, 2003 for a period of 3 years upto September 30, 2006 on the terms and conditions as detailed below:

REMUNERATION PAYABLE TO MR V MAHADEVAN, MANAGING DIRECTOR FOR THE PERIOD OF 3 YEARS FROM 1/10/2003 TO 30/9/2006

A. REMUNERATION

- I Salary - Rs.90,000 per month in the grade of Rs. 90,000 - Rs. 1,35,000.

The annual increments will be effective 1st October every year and will be decided by the Committee of Directors constituted for the purpose, based on his performance.

- II Special Allowance - Rs.70,000 per month.
-



III Commission/Performance Allowance - As and when HFL makes profit, as may be approved by the Committee of Directors constituted for the purpose, for each year, subject to the overall limit of the total managerial remuneration of each year as provided under Section 309 of the Companies Act, 1956 but limited to a maximum of 12 months salary per year.

B. PERQUISITES

I In addition to the above remuneration, Mr V Mahadevan shall also be entitled to perquisites like house rent, furnishings, gas, electricity and water, medical reimbursement for self and family, club subscription, medical insurance, personal accident insurance, group term insurance, LTA, driver's wages, etc.

The annual value of these perquisites shall be restricted to an amount equal to the annual salary of Mr V Mahadevan.

II For the purpose of calculating the above ceiling, perquisites shall be evaluated as per Income Tax Rules, wherever applicable. In the absence of any such Rule, perquisites shall be evaluated at actual cost. Provision for use of Company car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

III Company's contribution to Provident Fund and Superannuation Fund not exceeding 27% of the remuneration. Gratuity as per rules of the Company, and leave including encashment of leave at the end of the tenure as per Company Policy. These, however, shall not be included in the computation of limits on perquisites as aforesaid.

In the event of loss or inadequacy of profits in any financial year during the tenure of Mr V Mahadevan as Managing Director of the Company he shall be entitled to receive the above remuneration including allowances, perquisites etc., but excluding Commission as per the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limit as may be prescribed by the Government/Companies Act, 1956 from time to time, as minimum remuneration.

RESOLVED further that the Remuneration Committee consisting Mr R J Shahaney, Mr P K Choksey and Mr S Ragothaman be and is hereby authorised to determine the annual increments and commission of Mr V Mahadevan based on his performance

RESOLVED further that in the event of loss or inadequacy of profits in any financial year during the tenure of Mr V Mahadevan as Managing Director of the Company he shall be entitled to receive the above remuneration including allowance, perquisites as mentioned in A & B above but excluding commission as per the limits specified in Section II of Part II of Schedule XIII of the Companies Act, 1956 or such other limit as may be prescribed by the Government/Companies Act, 1956.

7. As Special Business

7(a) Increase in Authorised Capital

To consider and if thought fit, to pass with or without modification(s), the following resolutions as Special resolutions:

“RESOLVED that the Authorised Capital of the Company be increased to Rs 75,00,00,000/- (Rupees Seventy Five crores).

RESOLVED further that Clause V of the Memorandum of Association of the Company be and is hereby amended by deleting the first sentence and substituting the following therefor:



The Authorised Share Capital of the Company shall be Rs 75,00,00,000/- (Rupees Seventy Five crores). The Authorised share capital of the Company shall be divided into 3,00,00,000 equity shares of Rs.10/- each and 45,00,000 preference shares of Rs.100/- each.”

7(b) Alteration of Articles of Association

To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED that Articles of Association be and are hereby amended by deleting the existing Article 4, and substituting the following therefor:

The Authorised Share Capital of the Company shall be divided into 3,00,00,000 equity shares of Rs.10/- each and 45,00,000 Preference shares of Rs.100/- each.”

7(c) Consent for issue of 20,00,000 Preference Shares

To consider and if thought fit, to pass with or without modification(s), the following resolutions, as Special resolutions:

“RESOLVED that in accordance with the provisions of Section 80, 81 and all other applicable provisions, if any, of the Companies Act 1956, (including any statutory modifications or reenactment thereof, for the time being in force) and enabling provisions of the Memorandum and Articles of Association of the Company which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the ‘Board’), the consent of the Company be and is hereby accorded to the Board to offer, issue and allot 20,00,000 - 8% Non Convertible Redeemable Cumulative Preference shares of the face value of Rs.100/- each of an aggregate nominal amount not exceeding Rs.20,00,00,000 (Rupees Twenty crores) out of the authorised capital of the Company to such person or persons as the Board may decide, including, bodies corporate, companies, private or public or other entities, on private placement basis and in one or more tranches and on such other terms and conditions including the number of shares to be issued, rate of dividend including cumulative dividend, amount of premium, if any, on redemption, redemption period, manner of redemption, and matters incidental thereto as the Board thinks fit.”

RESOLVED further that the Board be and is hereby authorised to do all acts, deeds and things as it may deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in this regard, to the offer/issue and allotment and utilisation of the proceeds and further to do all acts, deeds and things and to finalise all documents and writings as may be necessary, proper and desirable or expedient as, it may deem fit and to delegate all or any of the powers required to be exercised in this regard to the Committee of Directors specifically constituted for this purpose by the Board for the purpose of giving effect to this resolution”.

By Order of the Board

Chennai
June 11, 2004

N Kothandapani
Company Secretary



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD HIMSELF AND THE PROXY OR PROXIES SO APPOINTED NEED NOT BE A MEMBER OR MEMBERS AS THE CASE MAY BE OF THE COMPANY.

PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME APPOINTED FOR HOLDING THE MEETING.

2. The explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of the special business is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from July 20, 2004 to July 30, 2004 (both days inclusive).
4. Members are requested to:
 - a) Notify immediately any change in their address to the Company/Company's Registrars and Share Transfer Agent whose address is given below:
M/s Integrated Enterprises (I) Ltd
2nd Floor, "Kences Towers", No.1, Ramakrishna Street
North Usman Road, T Nagar, Chennai 600 017
 - b) Bring the copy of the Annual Report to the meeting.

5. Pursuant to section 205 A of the Companies Act, 1956 all unpaid/unclaimed dividend upto the financial year 1994-95 have been transferred to General Revenue Account of the Central Government within the prescribed time.

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

6. Consequent upon amendment to Section 205A of the Companies Act, 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

The unclaimed dividend for the year 1995-96 has been transferred to Investor Education and Protection Fund. The unclaimed dividend for 1996-97 will be transferred to Investor Education and Protection Fund in September 2004.

7. Shareholders wishing to appoint a nominee for the shares held by them may send the nomination particulars in the prescribed Form 2B. For this purpose, documents such as Will, Succession Certificate, Legal Heirship Certificate etc. are not required.
8. Shares of the Company are listed in Madras and Mumbai Stock Exchanges and the listing fees have been paid for the year 2004-2005.
9. The shares are under compulsory dematerialisation and has to be held in depository mode only as per SEBI regulations.



Ennore Foundries Limited

As per Clause 49 of the Listing Agreement with Stock Exchanges, the brief background, functional expertise of the directors proposed for appointment/reappointment are furnished below along with details of companies in which they are Directors and the Board Committees of which they are members:

Mr R Seshasayee, aged about 56 years is a Chartered Accountant, who started his career with Hindustan Lever Limited in 1971. Mr Seshasayee joined Ashok Leyland in 1976. Appointed as Executive Director in 1983, he was elevated as Deputy Managing Director in 1993 and has been the Managing Director since 1.4.1998.

On the National Council of Confederation of Indian Industry (CII) for over fifteen years, Mr Seshasayee has been Chairman of several national committees of CII including on Eighth Plan, Economic Affairs, Defence, Surface Transport and International Trade & WTO. He was a member of the Government of India delegation to Doha Ministerial Round of WTO in 2001. He was also past Chairman of the CII - Southern Region. For the year 2003-04, he was Chairman of the National Committee on Surface Transport, again.

He was the President of Society of Indian Automobile Manufacturers (till 3rd September 03), the apex body representing automobile industry in India. He is now the Chairman of International Trade Committee in SIAM.

Mr Seshasayee has served on several professional committees such as the Accounting Standards Board and the Research committees of the Institute of Chartered Accountants of India. He is a member in the governing council of the Institute for Financial Management and Research and the Academy for Management Excellence.

He has served as a director in ICICI Bank, EID Parry India Ltd., and Sundaram Asset Management Co. Ltd. He is also associated with several charitable, cultural and social welfare organizations. Details of other Directorship/ Committee Memberships held by him:

Directorship	Committee Membership
Managing Director Ashok Leyland Limited	Shareholders/Investors Grievance Committee
Director	
Ashok Leyland Finance Ltd	Shareholders/Investors Grievance Committee - Chairman Remuneration Committee - Member Business Committee - Member
Ashley Holdings Ltd	
Ashley Investments Ltd	
Chairman	
Irizar TVS Pvt. Ltd.	

Mr M Bianchi aged about 49 years, is a lawyer by a profession. He has over 22 years of experience in civil, commercial and international laws. He has been working with IVECO SpA, Italy since 1984 mostly handling International legal affairs, and is presently Group General Council. He was appointed as a Director of the Company in October 2002 in the casual vacancy caused by the resignation of Mr R Sorce. Details of other Directorship/ Committee Memberships held by him:

Directorship	Committee Membership
Ashok Leyland Limited, Chennai	
IVECO (UK) Limited	
LRLIH Limited, U.K.	
“EFFE” Grundbesitz GmbH, Germany	Nil
IAV Industrie Anlagen Verpachtung GmbH, Germany	
IVECO INVESTIONS GmbH, Germany	
IVECO MOTORS OF NORTH AMERICA, Inc., USA	



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

Item 6

Mr R Jagannath who was appointed as “Manager” and designated as Director-in-charge to look after the operations of the Company, ceased to be the Director-in-charge after 31/3/2003. Mr V Mahadevan has been appointed as Chief Executive of the Company from 5/9/2003. At the meeting of the Board of Directors held on 24/9/2003, Mr V Mahadevan was appointed as Managing Director of the Company for a period of 3 years effective October 1, 2003.

Mr V Mahadevan has had a long and distinguished career in the automotive sector and has held several senior positions in Ashok Leyland Limited including as Plant Director at Ennore and Special Director(Manufacturing). Taking into consideration his vast experience, the Board considers it advisable to engage the services of Mr V Mahadevan. Accordingly, the Board of Directors appointed him as Managing Director for a period of 3 years from October 1, 2003 on the terms and conditions set out in the appointment letter subject to the approval of the shareholders.

The said appointment is in accordance with Section II of Part II of Schedule XIII of the Companies Act, 1956 whereby approval of the Shareholders is required through a Special Resolution.

This explanation, together with the accompanying Notice may be regarded as “Abstract of the Agreement” and Memorandum of Interest” under Section 302 of the Companies Act, 1956. The Company has already intimated the shareholders regarding the details of remuneration payable to Managing Director on October 15, 2003.

The information as required under Schedule XIII of the Companies Act, 1956 in connection with the appointment of Managing Director is given below:

I. General information

- | | | |
|--|---|---|
| a) Nature of industry | : | Foundry producing iron and aluminium castings |
| b) Year of commencement of commercial production | : | 1962 |
| c) Financial performance | : | The Company’s turnover during 2003-04 was Rs 185.08 crores as compared to Rs 131.62 crores during 2002-03.
The Company has made a profit of Rs 4.18 crores as against a loss of Rs 16.56 crores in the earlier year. |
| d) Export performance | : | Nil |
| e) Foreign investment/ Collaborators, if any | : | Nil |

II Information about the appointee’s background

Mr V Mahadevan, aged 55 years, is a Mechanical Engineer with more than 34 years experience in the Automobile industry. He had held senior positions in Ashok Leyland Ltd., including as Plant Director, Ennore and Special Director (Manufacturing).

Job Profile and his suitability

He will be totally responsible for the management of the Company under the superintendence, guidance and control of the Board of Directors of the Company. His past experience of 34 years in the automobile industry is considered relevant and valuable for his proposed responsibilities as Managing Director of the Company.

Remuneration proposal

Remuneration details have been given in the Notice.

A draft of the agreement between the Company and Mr V Mahadevan is available at the Registered Office of the Company and is open for inspection by Members during office hours.

Interest of Directors

No other director is concerned or interested in the appointment of Mr V Mahadevan.



Other information

- a) The Company has accumulated losses amounting to Rs 13.94 crores as at March 31, 2004 and the Company which has become potentially sick, is expected to come out of its sickness during 2004-05.
- b) The Company has taken steps for improving the operations so as to come out of its sickness, by infusion of additional capital of Rs.10 crores by way of issue of preference shares in November 2003, planning for a better mix with higher value added jobs, reduction of costs and improvement in operational efficiency and strengthening of the marketing organisation for widening the customerbase.
- c) Statutory information

The Company has not made any default in repayment of any of its debts (including Public Deposits) or interest payable thereon as on date.

The Board as well as the Remuneration Committee of the Board recommends the appointment of Mr V Mahadevan as Managing Director of the Company.

Item 7(a) & (b)

The present Authorised Capital of the Company is Rs.35,00,00,000/- comprising of Rs.1,00,00,000 equity shares of Rs.10/- each and 25,00,000 Preference shares of Rs.100/- each. The present Paid-up-Capital is Rs.31,78,99,000 comprising of 67,89,900 equity shares of Rs.10/- each and 25,00,000 preference shares of Rs.100/- each respectively. The Board of Directors propose to issue 20,00,000 Preference Shares for an amount not exceeding Rs.20 crores. Further at a later date, the Company may, issue equity shares on rights or such other basis as may be decided by the Board of Directors. This can be done only after increasing the Authorised Capital to Rs.75 crores consisting of 3,00,00,000 equity shares of Rs.10/- each and 45,00,000 Preference shares of Rs.100/- each aggregating to Rs.75 crores. The Resolutions proposed for alteration of Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Company are required to enable the above proposal to be implemented.

A copy of the Memorandum and Articles of Association is available for inspection by the members during office hours at the Registered Office of the Company on any working day upto the date of the meeting.

Item 7(c)

The Company has got 2 moulding lines, one in Main Land and one in East Land foundry having the capacity to produce 147 Tonnes of GI castings per day. In view of the rise in demand from MCV, Car segments and also to cater to export demand for components and aggregates, the Company proposes to revamp the existing foundries which have become old and also set up an additional foundry to produce a total of 400 Tonnes per day of GI castings. To part finance this proposal, the Company intends to initially issue Non Convertible Redeemable Cumulative Preference Shares on Private placement basis amounting to Rs.20 crores.

As per Section 81(1)(A) of the Companies Act 1956, when a Company proposes to increase the subscribed share capital by allotment of further shares, then such shares shall be offered to the existing shareholders proportionately. Irrespective of the above, Section 81 (1)(A) provides that further shares as aforesaid may be offered to any person(s), if a Special Resolution to that effect is passed by the Company in General meeting.

The Board of Directors have considered it expedient to make the issue of preference shares on a private placement basis to ensure full subscription, to minimise the cost of issue and raise the required funds in the shortest time. The issue is proposed to be made in August/September 2004.

Accordingly the proposed issue of preference shares on private placement basis requires approval of Members by a Special Resolution. The Resolution set out in the Notice seeks to confer authority on the Board of Directors to issue and allot non convertible redeemable cumulative preference shares of an amount not exceeding Rs.20 crores to such parties and on such terms and conditions as the Board or the Committee constituted for this purpose may determine in this regard.

Interest of Directors

None of the Directors are concerned/interested in this resolution.

By Order of the Board

Chennai
June 11, 2004

N Kothandapani
Company Secretary



Ennore Foundries Limited

Report of the Directors

To the Members

Your Directors present the Fortyfourth Annual Report with the Accounts of your Company for the year ended March 31, 2004.

Financial Results	Rs.Lakhs	Rs.Lakhs
	2003-04	2002-03
Profit/(Loss)	423.32	-1668.00
Less: Provision for Taxation	5.00	-12.12
Profit/(Loss) after tax	418.32	-1655.88
Add: Transfer from		
(a) Investment Allowance Reserve	-	-
(b) Debenture Redemption Reserve	-	32.42
Balance brought forward from previous year	-2676.15	-1052.69
Deficit (-) in Profit and Loss Account carried over	-2257.83	-2676.15

Dividend

In view of the accumulated loss of Rs.2257.83 lakhs, your Company is not in a position to recommend payment of dividend for the financial year ended 31st March, 2004.

Operations

Demand for castings in the car, commercial vehicle and tractor segments was higher during the year resulting in increased volumes and turnover. Sales volume of the Company, during the year at 37048 MT compares with 29548 MT in the previous year registering a growth of 25%, with turnover being higher at Rs 18508 lakhs compared to Rs 13162 lakhs in FY 2003 resulting in an increase of 41%. Gross production during the year was up by 35% at 40138 MT compared to 30246 MT in 2002- 2003.

It is expected that the demand for castings from your Company will further improve in the current year in view of the continued buoyancy in the automobile and tractor industries.

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

Technology Upgradation/Modernisation

Your Company is alive to the technological upgradation continuously taking place in the automobile industry driven by intense competition and made imperative by environmental improvements sought by Governments and society. Your Company is continuously upgrading its manufacturing techniques and technology to meet these growing demands and has undertaken several measures, so as to meet the requirements of closer tolerances and better finish and reduced rejections in customers' machine shops.



Potential Sickness

The Company which became a potentially Sick Industrial Company within the meaning of Section 23 (1) of the Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) during 2002-03, continues to be sick during the year under review, and is expected to come out of its sickness during 2004-05, in view of the profits made during 2003-04 and with the infusion of Preference Capital of Rs.10 crores in November 2003.

Research & Development

The main thrust in Research & Development continues to be in the introduction of new techniques in the production process for improvements in the quality of castings and the usage of alternative materials. An expenditure of Rs.2.82 lakhs was incurred during the year on R&D activities. A separate Report on Technology Absorption and Energy Conservation is attached as Annexure "A".

Directors' Responsibility Statement

The applicable accounting standards have been followed in the preparation of Annual Accounts along with proper explanation relating to material variations. Further, consistent accounting policies have been applied and the judgements and estimates are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at the end of the financial year 2003-04 and the profit of the company for the above period.

Adequate accounting records have been maintained as required under the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities. Further the Annual Accounts have been prepared on a going concern basis. A separate statement is enclosed as Annexure "B".

Corporate Governance

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

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

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

Fixed Deposits

The amount of deposits held by the Company as at March 31, 2004 was Rs 286.56 lakhs. The Company is regularly repaying deposits on due dates and deposits are not being renewed from December 2002. Fortythree (43) matured deposits amounting to Rs.5.40 lakhs remained unclaimed as on March 31, 2004.

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



Continuation of Listing of Equity shares with Madras Stock Exchange

The members have, in the earlier general meeting, gave their approval for delisting of Company's equity shares from Delhi and Madras Stock Exchanges. The equity shares have been delisted from Delhi Stock Exchange effective 31/3/2004. With regard to delisting of equity shares of Madras Stock Exchange, we were advised by Madras Stock Exchange not to delist the equity shares in view of the advantages to the Company by continuing the listing being the Regional Stock Exchange. Hence the Company has not proceeded with the delisting of equity shares from Madras Stock Exchange.

Personnel

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

Directors

Mr V Mahadevan was appointed as Managing Director of the Company from 1.10.2003 subject to approval of shareholders. The necessary resolutions are before you in this connection for your approval.

Mr J Joseph resigned from the Board effective January 23, 2004. The Board expresses its deep gratitude to Mr J Joseph for his dedicated service to the Company as Director-in-charge and for his advice as a Director.

Mr D J Balaji Rao was appointed as a Director effective March 30, 2004 in the casual vacancy caused by the resignation of Mr J Joseph.

M/s R Seshasayee, M Bianchi and P K Choksey retire by rotation in this meeting under Article 106 of the Articles of Association of the Company and are eligible for reappointment. Mr P.K. Choksey has informed the Company that he does not wish to be considered for reappointment. The necessary resolutions in respect of other Directors are being placed before the members for approval.

Auditors

Messrs Fraser and Ross, Chartered Accountants, the retiring Auditors, are eligible for reappointment.

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

Acknowledgement

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

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

On behalf of the Board

Chennai
June 11, 2004

R J Shahaney
Chairman



Disclosures

A) CONSERVATION OF ENERGY

The Company continues its efforts to optimise energy utilisation through energy auditing, better energy management and close monitoring of manufacturing processes particularly the operation of melting furnaces. Thus over the past 3 years there has been a saving of 15% in energy consumption and the objective is to gain further savings. Targets for energy consumption have been set for all major processes and the results are being closely monitored. Some of the processes that are energy intensive are being replaced by those that consume less energy. The Company has installed 3 No. Induction furnaces replacing the arc furnaces, which will also add to savings in cost of power.

In addition to the various measures taken for conservation of energy, the Company in order to reduce cost has entered into lease agreements with M/s Ashok Leyland Finance Limited, for the purchase of wind power aggregating to an approximate 180 lakhs units of power supplied through TNEB Grid.

The estimated saving in this regard is about Rs.55 lakhs per year. (0.30 paise per unit). Further the Company has entered into power sharing agreements with M/s OPG Energy Private Limited to purchase Gas based power at a concession of 7.5% compared to TNEB rate.

B) TECHNOLOGY ABSORPTION

Research & Development (R & D)

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

- Solid modelling CAD/CAM (Pro-E) system, to enable concurrent engineering to be carried out for design and manufacture of patterns and core boxes.
- Cold box core making process has been introduced to replace oil sand and Hot box core processes.

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

- Improved dimensional accuracy, higher quality and better surface finish of castings.

3. Future Plan of Action:

- Continue work in areas of alternative materials process improvements
 - Speedier manufacture of more precise tooling and pattern equipment to meet the exact requirements of castings for new generation of auto and tractor engines.
 - Yield improvement by adopting CAD methods for better gating and riser systems.
-



- extensively modernise core making process to achieve economy and better surface finish
- improve equipment manufacturing techniques to reduce machining allowances and greater precision in castings
- progressively automate fettling processes.

4. Expenditure on R & D:

a) Capital	:	–
b) Recurring	:	Rs. 2.82 lakhs
c) Total	:	Rs. 2.82 lakhs
d) Total R & D expenditure as a percentage of total turnover	:	0.02

Technology Absorption, Adaptation and Innovation:

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

Product and Development division constantly review current developments and future trends in Foundry technology in order to phase out old technologies, absorb new technologies, and induct new materials and processes.

2. Benefits derived as a result of above efforts:

The Company has been able to keep abreast of the technologies current in the foundry industry, and be in a position to manufacture castings to more stringent quality requirements. Induction of “Procast” simulation software and work station for the optimum design of casting methoding including gating, riser, venting, etc., to ultimately develop and manufacture new products in reduced time.

3. (a) Technology imported:

None in the recent past.

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

Available technology has been fully absorbed.

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

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

On behalf of the Board

Chennai
June 11, 2004

R J Shahaney
Chairman



Annexure B to the Directors' Report – Directors' Responsibility Statement as per Section 217 (2AA) of the Companies Act, 1956

Responsibility in relation to financial statements

The financial statements have been prepared in conformity, in all material respects, with the generally accepted accounting principles in India and the accounting standards prescribed by ICAI in a consistent manner and supported by reasonable and prudent judgements and estimates. The Directors believe that the financial statements reflect true and fair view of the financial position as on March 31, 2004 and of the results of operations for the year ended March 31, 2004.

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

Going Concern

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

Maintenance of Accounting Records and Internal control:

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

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

The system of internal control is monitored by internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness of the system of internal control and quality of performance in carrying out assigned responsibilities. Internal Audit Department interacts with all levels of management and the Statutory Auditors, and reports significant issues to the Audit Committee of the Board.

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

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



Ennore Foundries Limited

Annexure C to the Directors' Report – Report on Corporate Governance

(Forming part of the Annual Report 2003-2004)

1. Board of Directors: The Board of Directors is headed by a non-executive Chairman and consisted of the following directors as on March 31, 2004:

- i) Non Executive Directors
- a) Promoter Group : Mr M Bianchi (Alternate: Mr G Sagone)
Mr D G Hinduja (Alternate : Mr Y M Kale)
Mr H Klingele
Mr F Sahami
- b) Connected with Associate Companies : Mr R J Shahaney (Chairman)
Mr R Seshasayee
- c) Independent : Mr P K Choksey
Mr S Ragothaman
- d) Managing Director : Mr D J Balaji Rao (30.03.2004 onwards)
Mr V Mahadevan (01.10.2003 onwards)

2. Attendance at Board Meetings and last AGM and details of memberships of Directors in other Boards and Board Committees.

Details of Board Meetings held during 2003-2004:

Date of Meeting	Board Strength	No. of Directors Present
May 2, 2003	9	9
July 21, 2003	9	9
September 24, 2003	9	6
October 28, 2003	10	10
January 23, 2004	9	9

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

The last Annual General Meeting was held on September 24, 2003.

Name of Director	No. of Board mtgs attended	Whether attended last AGM	Membership as on 31.03.2004 in	
			Other Boards Excl. HFL	Other Board Committees Excl. HFL
Mr R J Shahaney	5	Yes	5	3 of which 1 as Chairman
Mr P K Choksey	5	Yes	4	6 of which 3 as Chairman
Mr D J Balaji Rao	–	No	8	10 of which 4 as Chairman
Mr D G Hinduja	4	No	5	2
Mr J Joseph *	4	Yes	–	–
Mr H Klingele	4	No	1	–
Mr M Bianchi	–	No	1	–
Mr S Ragothaman	4	No	2	3
Mr F Sahami	4	No	3	4 of which 1 as Chairman
Mr R Seshasayee	5	Yes	4	4 of which 1 as Chairman
Mr V Mahadevan	2	No	–	–

Note 1: Excludes Foreign Companies, Private Limited Companies and Alternate Directorships

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

Note 3: Mr V Mahadevan was appointed as Managing Director from 01.10.2003.

* Ceased to be a director effective January 23, 2004.



5. Shareholders/ Investors Grievance Committee

The Committee was reconstituted on September 24, 2003 and consists of the following members:

Mr R J Shahaney	Chairman
Mr R Seshasayee	Member
Mr S Ragothaman	Member
Mr V Mahadevan	Member (effective 01.10.2003)

Mr. N Kothandapani, Company Secretary is the Secretary to the Committee.

The Committee reviews the handling of various correspondence from Share holders/Investors, Stock Exchanges and Department of Company Affairs, totalling to 155 letters during 2003-2004. The letters were satisfactorily responded to without delay.

The Committee normally meets once in six months.

6. General Body Meetings

Details of location and time of holding the last three AGMs

Year	Location	Date and Timing
41 st AGM	Rani Seethai Hall 603, Anna Salai, Chennai 600 006	July 23, 2001 - 10.00 am
42 nd AGM	Narada Gana Sabha 254 TTK Road, Chennai 600 018	July 27, 2002 - 10.30 am
43 rd AGM	Rani Seethai Hall 603, Anna Salai, Chennai 600 006	September 24, 2003 - 10.00 am.

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

7. Disclosures

There have been no materially significant related party transactions with the Company's Promoters, Directors, the Management, the Subsidiaries or relatives which may have potential conflict with the interests of the Company at large.

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

8. Means of Communication

The Quarterly Results are published in one English National Newspaper and in one local Tamil Newspaper. A Management Discussion and Analysis Report is being presented as part of the Directors' Report.



9. General Shareholder Information

- a) 44th Annual General Meeting July 30, 2004
 - b) Financial Calendar
 - Annual General Meeting July 30, 2004
 - Unaudited Results for Quarter ending June 30, 2004 Last week of July 2004
 - Unaudited Results for Quarter/Half-year ending September 30, 2004 Last week of October 2004
 - Unaudited Results for Quarter ending December 31, 2004 Last week of January 2005
 - Audited Results for the year ending March 31, 2005 May/June 2005
 - c) Book closure Date July 20, 2004 to
July 30, 2004
 - d) Dividend Payment date -
 - e) Listing of Equity shares Mumbai and Madras
Stock Exchanges
- Listing fees have been paid upto date to all the above Stock Exchanges.
- f) Demat of Shares : Trading Symbol
 - a) Mumbai Stock Exchange Ennore FO / Ennore Found
 - b) Demat ISIN No in NSDL & CDSL Equity shares INE 291F01016
 - c) Stock Market Data The Equity shares have been
traded only at Stock Exchange,
Mumbai

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

Stock Market Data	The Stock Exchange, Mumbai			
	Share price		Sensex	
	High (Rs.)	Low (Rs.)	High	Low
April 2003	13.75	8.30	3221.90	2904.79
May 2003	13.20	8.20	3200.48	2934.78
June 2003	18.00	10.50	3632.84	3170.38
July 2003	25.35	11.80	3835.75	3534.06
August 2003	49.90	26.10	4277.64	3722.08
September 2003	47.75	29.75	4473.57	4097.55
October 2003	43.00	34.25	4951.11	4432.93
November 2003	57.55	37.15	5135.00	4736.70
December 2003	74.95	53.65	5920.76	5082.82
January 2004	58.00	45.05	6249.60	5567.68
February 2004	53.40	39.60	6082.80	5550.17
March 2004	52.80	37.00	5951.03	5324.78



h) Registrar and Transfer Agents

As directed by SEBI from 1.4.2003 all share registry work in respect of both physical and demat segments are handled by a single common agency M/s Integrated Enterprises (I) Ltd., II floor, “Kences Towers” 1, Ramakrishna Street, North Usman Road, T Nagar, Chennai 600 017 as the Registrar and Transfer Agent (R&TA) of the Company for all aspects of Investor servicing relating to shares.

i) Share Transfer System: The authority relating to transfer of shares has been delegated by the Board to the Share Transfer Committee consisting of the following members:

Mr. R.J. Shahaney	Chairman
Mr.R.Seshasayee	Member
Mr S Ragothaman	Member
Mr V Mahadevan	Member (from 01.10.2003)

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

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

(ii) Distribution of shareholding as on March 31, 2004 :

No. of shares	Share holders		No. of shares	
	Number	%	Number	%
Upto 50	3178	46.44	95019	1.40
51 -100	1924	28.12	155171	2.29
101 - 200	996	14.56	151931	2.24
201 - 500	567	8.29	180802	2.66
501 - 1000	98	1.43	78269	1.15
1001 - 2000	38	0.56	57834	0.85
2001 - 5000	20	0.29	61991	0.91
5001 –10000	10	0.15	76880	1.13
10001 & above	12	0.16	5932003	87.37
Total	6843	100.00	6789900	100.00



(iii) The Pattern of shareholding as on March 31, 2004 is given below:

Shares held by	No. of shares as on 31.03.2004	Percentage of Shareholding
Promoter LRLIH Limited, UK	4012290	59.09
Associate Company Ashok Leyland Limited	1426854	21.01
Non-Promoter's Holding Institutional Investors		
a. Mutual Funds and UTI	8264	0.12
b. Banks, Financial Institutions, Insurance Companies, (Central/State Govt. Institutions/Non government institutions)	282409	4.16
c. Foreign Institutional Investors	1000	0.01
	<u>291673</u>	<u>4.29</u>
Others		
a. Private Corporate Bodies	121568	1.79
b. Indian Public	913793	13.47
c. NRIs/OCBs	1765	0.03
d. Directors & Relatives	590	0.01
e. Other than specified above - Clearing Member	21367	0.31
	<u>1059083</u>	<u>15.61</u>
	<u>6789900</u>	<u>100.00</u>

- k) Plant location Ennore, Chennai - 600 057
- l) Address for correspondance for matters relating to shares and Annual Reports
M/s.Integrated Enterprises (I) Ltd.
II Floor, "Kences Towers",
1, Ramakrishna Street, North Usman Road,
T. Nagar, Chennai 600 017
Telephone: 044-28140801-03
Fax 044-28142479
Email: sureshababu@iepindia.com
- For Fixed Deposits
Company Secretary
Ennore Foundries Ltd., Chennai 600 057.
Telephone: 25752103
Fax: 25750390
Email: nkp@ennorefoundries.com
- Non-mandatory requirements**
1. Non-Executive Chairman : The Company does not bear any expenses of the Non-Executive Chairman.
 2. Remuneration Committee : Constituted.
 3. Shareholders rights : The Company publishes the Quarterly financial results in newspapers. If any shareholder wants a copy, the same is mailed without delay.
 4. Postal Ballot : The Company has had no occasion to use the Postal Ballot so far.



Ennore Foundries Limited

Annexure D to the Directors' Report

**CERTIFICATE
TO THE MEMBERS OF ENNORE FOUNDRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Ennore Foundries Limited, for the year ended on 31.3.2004, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

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

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

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

For Fraser & Ross
Chartered Accountants

Place: Chennai
Date: June 11, 2004

M K Ananthanarayanan
Partner



Ennore Foundries Limited

Annexure E to the Directors' Report – Management Discussion and Analysis Report

Demand for castings from the Tractor segment which was very low in the beginning of the year, has picked up. It is expected that demand from this segment will improve, during the fiscal 2004-05.

A. Foundry Industry Trends and Developments

Demand for castings for Indian Auto / Tractor segments is slated to grow at more than 10% per year. During 2003-2004 many global Auto Companies requiring Iron Castings have started looking at India as a hub for global sourcing. The Company has received enquiries during the year from Iran, Italy, Germany and USA. The export market is expected to grow over the next 2 to 4 years. However, with the spurt in domestic demand, capacity constraints would inhibit aggressive marketing by the Company.

HFL is operating in a highly technology intensive and competitive business, that is characterised by continual demand for higher quality standards particularly in the car segment. HFL is already supplying castings to commercial vehicles and car segments with vastly improved manufacturing practices thereby reducing the incidence of rejections at customer end. HFL is constantly upgrading its own manufacturing standards with better process controls and by improving the quality of input materials.

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

B. Business Review

Iron foundry

Gross production was 37803 MT compared to 28376 MT in the previous year.

Sales for the year 2003-04 were 34817 MT against 27733 MT in the previous year.

Aluminium foundry

Aluminum Foundry achieved a Gross production of 2336 MT compared to 1870 MT in the previous year. Sales was at 1748 MT compared to 1362 MT in the previous year.

Technical upgradation

Action has been taken for modernisation and upgradation of certain processes:

- a) The Company has already in place Cold box process of Core making from existing Hot Box core making.
- b) The Company has installed 3 Nos. medium frequency induction melting furnaces to replace the arc furnaces.

Human resources

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



C. Management of Risks

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

The Company expects business risk in terms of stiff competition from the existing castings suppliers in terms of quality and selling price. Some of HFL's competitors are geared for supplying machined castings. This will also increase competition and business risk. Efforts are in place to reduce power and material costs, so as to remain competitive.

D. Internal control systems and their adequacy:

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

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

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

E. Financial Performance

1. Revenues

The turnover for the year 2003-04 was Rs.18508 lakhs compared to Rs.13162 lakhs in the previous year.

2. Costs

During the year, the material cost to sales ratio went up to 42.3% compared to 42.1% in the previous year.

Power and Fuel expenses came down to 20.90% of sales revenue compared to 22.70% in the previous year.

3. Resources

During the year the Company incurred capital expenditure of Rs.906 lakhs compared to Rs.493 lakhs in the previous year.

Net current assets are at Rs.1832 lakhs against Rs.1493 lakhs for the previous year.

F. Outlook

Outlook for the year is bright. The Company is taking effective steps to expand customerbase including export markets and to increase production and sales volumes during the year.



Ennore Foundries Limited

Report of the Auditors

to the Members of Ennore Foundries Limited

1. We have audited the attached Balance sheet of Ennore Foundries Limited, as at 31st March 2004, 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 (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
 - iii. The Balance sheet, Profit and Loss Account and cash flow statement dealt with by this report are in agreement with the books of account.
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of written representations received from the directors, as on 31st March, 2004, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2004 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance sheet, of the state of affairs of the Company as at 31st March, 2004;
 - b) In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) In the case of the cash flow statement, of the cash flows for the year ended on that date.

For Fraser & Ross

Place: Chennai
Date : June 11, 2004

M K Ananthanarayanan
Partner
Chartered Accountants



Ennore Foundries Limited
Annexure to the Auditors' Report

Annexure referred to in paragraph 3 of the Auditors' Report to the members of ENNORE FOUNDRIES LIMITED for the year ended 31st March 2004.

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. The Company has a phased programme of physical verification of its fixed assets, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain fixed assets have been physically verified during the year and no material discrepancies were noticed on such verification.
 - c. During the year, the Company has not disposed off substantial part of its fixed assets.
 2. a. The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
 3. The Company has neither granted nor taken any secured or unsecured loan, to/ from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal controls.
 5. a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956, have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
 6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board.
 7. In our opinion the Company has an Internal audit system commensurate with its size and nature of its business.
 8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of Cost Records under Sec 209 (1) (d) of the Companies Act, 1956, in respect of any of the company's products.
 9. a. The Company is regular in depositing with appropriate authorities undisputed statutory dues, including provident fund, investor education protection fund, employees' state insurance (ESI), income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cees, were in arrears as on 31st March 2004 for a period of more than six months from the date they became payable.
-



- c. According to the information and explanation given to us, there are no dues of sales tax, income tax, customs duty, wealth tax excise duty and cess which has not been deposited with the appropriate authorities on account of any dispute as given below except for the dues referred to in Note 3.2.3.(e) in schedule 3.
10. In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit but has incurred cash loss during the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
15. According to information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
16. In our opinion, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
18. According to the information and explanations given to us, the Company has made preferential allotment of 6% Redeemable Non-convertible Preference shares to M/s Ashok Leyland Limited, a Company covered under the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.
19. According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For Fraser & Ross

Place: Chennai
Date : June 11, 2004

M K Ananthanarayanan
Partner
Chartered Accountants



Ennore Foundries Limited

Balance Sheet as at March 31, 2004

	Schedule No.	As at March 31, 2004		As at March 31, 2003	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
SOURCES OF FUNDS					
Shareholders' Funds					
Capital	1.1	3178.99		2178.99	
Reserves and Surplus	1.2	<u>1244.99</u>		<u>1412.05</u>	
			4423.98		3591.04
Loan Funds					
Secured Loans	1.3	3609.37		4158.73	
Unsecured Loans	1.4	<u>281.16</u>		<u>641.97</u>	
			3890.53		4800.70
Total			<u>8314.51</u>		<u>8391.74</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	1.5	11397.14		11134.25	
Less: Depreciation		<u>6976.87</u>		<u>7030.91</u>	
Net Block		4420.27		4103.34	
Capital Work-in-progress		<u>27.44</u>		<u>116.82</u>	
			4447.71		4220.16
Investments	1.6		1.00		25.71
Current Assets, Loans and Advances					
Inventories	1.7	2067.79		1944.90	
Sundry Debtors	1.8	1911.70		1286.53	
Cash and Bank Balances	1.9	33.61		45.61	
Other Current Assets	1.10	8.99		2.88	
Loans and Advances	1.11	<u>1032.01</u>		<u>882.86</u>	
		5054.10		4162.78	
Less:					
Current Liabilities and Provisions					
Liabilities	1.12	3150.49		2576.17	
Provisions	1.13	<u>71.88</u>		<u>94.07</u>	
		3222.37		2670.24	
Net Current Assets			1831.73		1492.54
Miscellaneous Expenditure to the extent not written off or adjusted					
Debenture/Share Issue Expenses			-		0.95
Compensation paid under Voluntary Retirement Scheme			640.53		840.52
Profit and Loss Account Balance		2257.83		2676.15	
Less: Balance in General Reserve as per contra		<u>864.29</u>		<u>864.29</u>	
			1393.54		1811.86
Total			<u>8314.51</u>		<u>8391.74</u>

Significant Accounting policies form part of this Balance Sheet

On behalf of the Board

N Kothandapani
Company Secretary

V Mahadevan
Managing Director

R J Shahaney
Chairman

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

For Fraser & Ross
M K Ananthanarayanan
Partner
Chartered Accountants

Chennai
June 11, 2004

**Ennore Foundries Limited****Profit and Loss Account
for the year ended March 31, 2004**

	Schedule No.	For the year ended March 31, 2004		For the year ended March 31, 2003	
		Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
Income					
Gross Sales Less Returns		21061.43		14844.18	
Less Excise duty		<u>3056.92</u>		<u>2290.75</u>	
Net Sales Less Returns	2.1	18004.51		12553.43	
Conversion charges	2.2	307.31		291.10	
Price Revision	2.3	195.80		317.75	
Other Sources	2.4	<u>34.85</u>		<u>17.33</u>	
			18542.47		13179.61
Expenditure					
Materials	2.5	7815.56		5541.22	
Power and Fuel		3864.85		2989.50	
Expenses	2.6	<u>5416.86</u>		<u>5331.66</u>	
			<u>17097.27</u>		<u>13862.38</u>
			1445.20		-682.77
Less:					
Finance Charges	2.7	603.27		624.89	
Depreciation		<u>418.61</u>		<u>360.34</u>	
			<u>1021.88</u>		<u>985.23</u>
Profit / (-) Loss before Tax			423.32		-1668.00
Provision for Tax			5.00		-
- Net Deferred Tax (-) Asset/Liability (Refer Note 3.2.7)			-		-12.12
Profit / (-) Loss after Tax			418.32		-1655.88
Transfer from Debenture Redemption Reserve			-		32.42
			<u>418.32</u>		<u>-1623.46</u>
Less : Debit Balance brought forward from last year			-2676.15		-1052.69
Debit Balance carried to Balance Sheet			<u>-2257.83</u>		<u>-2676.15</u>
Basic and diluted earnings per share of face value Rs.10/- each			<u>3.61</u>		<u>-26.60</u>

Significant Accounting policies form part of this Profit and Loss Account.

On behalf of the Board

N Kothandapani
Company Secretary

V Mahadevan
Managing Director

R J Shahaney
Chairman

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

For Fraser & Ross
M K Ananthanarayanan
Partner
Chartered Accountants

Chennai
June 11, 2004



Ennore Foundries Limited

Cash Flow Statement for the year ended March 31, 2004

	Year ended March 31, 2004		Year ended March 31, 2003	
	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit before tax		423.32		-1668.00
Adjusted for				
Depreciation	418.61		360.34	
Finance charges	603.27		624.89	
Profit/(-) Loss on disposal of Fixed Assets	2.73		-0.09	
Payments under VRS absorbed	240.21		243.01	
Debenture / Share Issue Expenses written-off	0.95		1.04	
Provision for doubtful debts	23.00		36.00	
Provision for diminution in value of investments	-1.57		-0.07	
		<u>1287.20</u>		<u>1265.12</u>
Operating profit before working capital changes		<u>1710.52</u>		<u>-402.88</u>
Changes in				
Trade & other receivables	-699.02		210.52	
Inventories	-122.89		663.15	
Trade Payables	600.84		348.64	
		<u>-221.07</u>		<u>1222.31</u>
Cash generated from operations		<u>1489.45</u>		<u>819.43</u>
Finance charges	-657.89		-626.69	
Interest received	5.28		8.31	
Direct taxes refund received/paid(-)	-63.23		16.47	
		<u>-715.84</u>		<u>-601.91</u>
Net cash from operating activities		<u>773.61</u>		<u>217.52</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of fixed assets		-856.08		-538.19
Sale of fixed assets		0.51		2.73
Investments sold		26.28		0.57
Investments made		-		-
Net cash used in investing activities		<u>-829.29</u>		<u>-534.89</u>



Ennore Foundries Limited

**Cash Flow Statement
for the year ended March 31, 2004**

	Year ended March 31, 2004 Rs. Lakhs	Year ended March 31, 2003 Rs. Lakhs
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of preference shares	1,000.00	—
Proceeds from long term borrowings	19.50	1843.56
Repayment of long term borrowings	-935.15	-565.78
Compensation paid under voluntary retirement scheme	-40.22	-952.77
Net cash used in financing activities	<u>44.13</u>	<u>325.01</u>
Net change in cash & cash equivalents	-11.55	7.64
Cash & Cash Equivalents - Opening Balance	44.43	36.79
Cash & Cash Equivalents - Closing Balance	32.88	44.43

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

N Kothandapani
Company Secretary

V Mahadevan
Managing Director

On behalf of the Board

R J Shahaney
Chairman

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

Chennai
June 11, 2004

For Fraser & Ross
M K Ananthanarayanan
Partner
Chartered Accountants



Ennore Foundries Limited

Schedules to the Balance Sheet

Sch. No.	As at March 31, 2004 Rs. Lakhs	As at March 31, 2003 Rs. Lakhs
1.1 Share Capital		
Authorised		
10000000 equity shares of Rs.10/- each	1000.00	1000.00
2500000 Preference shares of Rs.100/- each (Previous year 1500000 preference shares of Rs.100/- each)	2500.00	1500.00
	<u>3500.00</u>	<u>2500.00</u>
Issued		
6900557 equity shares of Rs.10/- each	690.06	690.06
1500000 10% Redeemable Non-convertible cumulative preference shares of Rs.100/- each	1500.00	1500.00
1000000 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each	1000.00	—
	<u>3190.06</u>	<u>2190.06</u>
Subscribed and paid up		
6789900 equity shares of Rs.10/- each	678.99	678.99
1500000 10% Redeemable Non-convertible cumulative preference shares of Rs.100/- each	1500.00	1500.00
1000000 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each	1000.00	—
	<u>3178.99</u>	<u>2178.99</u>

Notes :

- a) Of the above :
 - i. 358857 equity shares were allotted pursuant to a contract for consideration other than cash
 - ii. 4012290 equity shares are held by the holding Company, LRLIH Limited, UK
 - iii. 2142476 equity shares were allotted as fully paid up Bonus Shares by capitalisation of General Reserve, Share Premium and Capital Reserve
- b) 1500000 10% Redeemable Non-convertible cumulative preference shares of Rs. 100/- each were issued to Ashok Leyland Limited on 19th March, 1999 were redeemable at par during the period April 2004 to April 2006 has now been rolled over to the period April 2011 to April 2013. Further the dividend rate has been reduced to 6% with effect from April 1, 2004.
- c) 1000000 6% Redeemable Non-convertible cumulative preference shares of Rs.100/- each were issued to Ashok Leyland Limited on 12th November 2003 and are redeemable at par during the period April 2008 to April 2010.

	Rs. Lakhs	Rs. Lakhs
Arrears of Dividend on cumulative redeemable Preference Shares (exclusive of Dividend tax, if any payable at the time of declaration)	778.35	605.34



Ennore Foundries Limited

Schedules to the Balance Sheet

Sch. No.	As at March 31, 2004		As at March 31, 2003	
	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs	Rs. Lakhs
1.2 Reserves and Surplus				
Fixed Assets Revaluation Reserve				
As per last Balance Sheet	845.92		885.97	
Less : Incremental Depreciation for the year on Revaluation	<u>167.06</u>		<u>40.05</u>	
		678.86		845.92
Share Premium		566.13		566.13
Debenture Redemption Reserve				
As per last Balance Sheet	—		32.42	
Transfer to Profit and Loss Account	<u>—</u>		<u>32.42</u>	
		—		—
General Reserve				
As per last Balance Sheet	864.29		864.29	
Less : Debit balance in Profit and Loss Account as per contra	<u>864.29</u>	<u>—</u>	<u>864.29</u>	<u>—</u>
		1244.99		1412.05
1.3 Secured Loans				
Term Loans				
From Banks		1531.00		2046.71
From Housing Development Finance Corporation Limited		9.26		7.50
Other Loans - From Banks				
Working Capital loan		805.00		1566.90
Cash credit		1264.11		537.62
		<u>3609.37</u>		<u>4158.73</u>
Repayable within 12 months				
Term Loans		527.11		529.33



Ennore Foundries Limited

Schedules to the Balance Sheet

The term loan from Housing Development Finance Corporation Limited is secured by a second charge on the Fixed Assets of the Company.

The term loan of Rs.302.30 lakhs (Previous year Rs.381.71 lakhs) from Union Bank of India is secured by a charge on the specific assets acquired out of the loan.

The term loans of Rs.150 lakhs (Previous year Rs.250 lakhs) from State Bank of India and Rs.1003.69 lakhs (Previous year Rs.1290 lakhs) from Standard Chartered Bank are secured by plant and machinery and other immovable assets both present and future together with buildings and structures situated at Kathivakkam in paripassu first charge and a guarantee by a fellow subsidiary Company.

The Term loan of Rs. 75 lakhs (Previous year Rs.125 lakhs) from ICICI Bank Ltd. is secured by a first charge on the whole of immovable and movable properties including the movable plant and machinery, machinery spares, tools, accessories and other movables both present and future save and except book debts and excluding specific items of plant and machinery charged in favour of Union Bank of India for the term loans extended by it.

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

	As at March 31, 2004 Rs. Lakhs	As at March 31, 2003 Rs. Lakhs
1.4 Unsecured Loans		
Fixed Deposits	<u>281.16</u>	<u>641.97</u>
Maturing within 12 months	171.28	349.80



Ennore Foundries Limited

Schedules to the Balance Sheet (Contd.)

Description	Cost/Valuation			Depreciation			Net Value as at Mar. 31, 2003	Net Value as at Mar. 31, 2004	Net Value as at Mar. 31, 2003
	As at Mar. 31, 2003	Additions	Deductions	As at Mar. 31, 2004	For the year on cost incremental	Deductions			
Freehold Land @	152.06	-	-	152.06	-	-	-	152.06	152.06
Buildings @	1679.45	18.54	11.80	1686.19	28.07	23.45	11.80	825.43	860.76
Plant and Machinery @	6371.31	605.14	457.14	6519.31	226.99	127.60	457.14	4434.05	2085.26
Service Installations @	967.09	167.16	98.53	1035.71	32.92	4.89	98.53	706.19	329.52
Electrical Installations @	767.06	7.60	6.46	768.20	30.07	11.12	6.46	417.71	350.49
Patterns and Dies	545.72	63.17	5.66	603.23	64.87	-	5.66	167.69	435.54
Fixtures **	366.89	7.83	63.36	311.36	17.23	-	60.12	210.33	101.03
Office Furniture	37.10	4.02	-	41.12	1.51	-	-	22.21	18.91
Office Machinery	186.14	32.39	-	218.53	11.34	-	-	159.06	59.47
Motor Vehicles **	61.43	-	-	61.43	5.61	-	-	34.20	27.23
Previous year figures	11134.25	905.85	642.95	11397.14	7030.91	418.61	639.71	6976.87	4420.27
Capital Work-in-Progress at Cost	11031.25	493.62	390.61	11134.25	7018.50	360.34	387.98	7030.91	27.44
									4447.71
									4220.16

@includes upward revaluation made on 31st March 1992.

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



Ennore Foundries Limited

Schedules to the Balance Sheet

	As at March 31, 2004 Rs. Lakhs	As at March 31, 2003 Rs. Lakhs
1.6 Investments – Non-trade		
In fully paid units/shares of Rs.10/- each		
Quoted		
Nil * (247120 units - 2002-2003) units in Unit Trust of India	–	32.89
Less : Provision for diminution in value	–	8.18
	–	24.71
10000 shares of Rs.10/- each in OPG Energy (P) Ltd	1.00	1.00
	1.00	25.71
* 247120 units sold during the year		
1.7 Inventories		
Raw Materials	270.95	164.83
Work-in-progress	1341.26	1452.12
Finished Goods	51.58	0.53
Stores and Spare parts	380.00	306.28
Materials-in-transit	24.00	21.14
	2067.79	1944.90
1.8 Sundry Debtors		
Unsecured		
Over six months:		
Considered Good	128.06	167.37
Considered doubtful	53.45	57.85
	181.51	225.22
Less: Provision	53.45	57.85
	128.06	167.37
Other debts considered good	1783.64	1119.16
	1911.70	1286.53
1.9 Cash and Bank Balances		
Cash in hand	0.65	0.90
With Scheduled Banks		
Current Accounts	4.47	18.98
Fixed Deposit Accounts	27.76	24.55
Dividend Accounts	0.73	1.18
	33.61	45.61



Ennore Foundries Limited

Schedules to the Balance Sheet

	As at March 31, 2004 Rs. Lakhs	As at March 31, 2003 Rs. Lakhs
1.10 Other Current Assets		
Interest accrued on Deposits	8.99	2.88
1.11 Loans and Advances		
Unsecured and considered good		
Advances recoverable in cash or in kind or for value to be received *	399.70	302.23
Advance payments of Tax net of provisions	78.73	32.62
Balance with Central Excise Deposits@	0.19	0.19
	553.39	547.82
	<u>1032.01</u>	<u>882.86</u>
* Includes Capital Advances	73.64	34.02
@ Deposit with a Company under the same management towards purchase of goods	155.00	155.00
Maximum amount outstanding during the year	155.00	155.00
1.12 Liabilities		
Bills Payable	316.27	271.18
Sundry Creditors		
Other than SSI units	2519.97	1996.56
SSI units	–	11.27
Hire purchase creditors@	2.09	6.15
Other Liabilities	279.15	214.24
Unclaimed Fixed Deposits*	5.40	5.48
Unclaimed Dividend*	0.73	1.18
Interest accrued, but not due on loans	26.88	70.11
	<u>3150.49</u>	<u>2576.17</u>
@ Payable within one year		
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund as on 31st March 2004		
1.13 Provisions		
Leave encashment	20.05	14.11
Gratuity	51.83	79.96
	<u>71.88</u>	<u>94.07</u>



Ennore Foundries Limited

Schedules to the Profit and Loss Account

	For the year ended March 31, 2004		For the year ended March 31, 2003	
	Tonnes	Rs.Lakhs	Tonnes	Rs. Lakhs
2.1 Sales less Returns				
Ferrous Castings	34817	15291.88	27733	10586.42
Non-ferrous Castings	1748	2586.13	1362	1868.74
Miscellaneous Order Jobs (Quantification not feasible)		126.50		98.27
		<u>18004.51</u>		<u>12553.43</u>
2.2 Conversion charges				
Non-ferrous Castings	483	<u>307.31</u>	453	<u>291.10</u>
2.3 Price Revision				
Sales -Ferrous Castings		195.80		240.00
-Non-ferrous Castings		-		77.75
		<u>195.80</u>		<u>317.75</u>
2.4 Other Sources				
Profit on disposal of assets		-		0.09
Provision for diminution in value of investments written back		1.57		0.07
Miscellaneous		33.28		17.17
		<u>34.85</u>		<u>17.33</u>
	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs	Rs.Lakhs
2.5 Materials				
i Raw Materials Consumed:				
Opening Stock	164.83		287.88	
Add: Purchases	<u>5852.79</u>		<u>3467.27</u>	
	6017.62		3755.15	
Less: Closing Stock	<u>270.95</u>		<u>164.83</u>	
		5746.67		3590.32
ii (-) Decrease / Increase in stock				
Opening:				
Work-in-progress	1452.12		1986.27	
Finished Goods	<u>0.53</u>		<u>0.48</u>	
	1452.65		1986.75	
Closing:				
Work-in-progress	1341.26		1452.12	
Finished Goods	<u>51.58</u>		<u>0.53</u>	
	<u>1392.84</u>		<u>1452.65</u>	
		59.81		534.10
iii Stores and Spares Consumed		<u>2009.08</u>		<u>1416.80</u>
		<u>7815.56</u>		<u>5541.22</u>



Ennore Foundries Limited

Schedules to the Profit and Loss Account

	For the year ended March 31, 2004 Rs.Lakhs	For the year ended March 31, 2003 Rs.Lakhs
2.6 Expenses		
Salaries, Wages and Bonus (b)	2739.98	2804.64
Contribution to Provident, Gratuity, Superannuation and other Funds	512.89	627.29
Compensation under Voluntary Retirement Scheme	240.21	243.01
Welfare Expenses (a)	534.48	526.86
Rent - Net	7.60	4.28
Rates and Taxes	29.77	31.19
Repairs and Maintenance of Plant and Machinery (a)	728.22	665.99
Repairs and Maintenance of Buildings (a)	54.28	51.94
Insurance	40.26	40.51
Directors' Fees	1.30	0.98
Audit Fees and Expenses		
Audit Fees	2.50	2.50
Tax Audit	0.20	0.26
Taxation	1.05	0.35
Certifying statements to Government and others	0.36	0.77
Expenses	<u>0.03</u>	<u>0.13</u>
	4.14	4.01
Provision for doubtful debts	23.00	36.00
Bad debts written off	27.40	26.99
Less : transfer from provision	<u>27.40</u>	<u>26.99</u>
Loss on Sale of investments	6.61	0.09
Less : transfer for provision for diminution in value of investments	<u>6.61</u>	<u>0.09</u>
Loss on sale of assets	2.73	-
Share issue expenses	5.00	-
Amortisation of debenture issue expense	0.95	1.04
Other Expenses (b)	492.05	293.92
	<u>5416.86</u>	<u>5331.66</u>
(a) Includes Wages	390.11	385.17
Includes Stores	348.64	295.57
2.7 Finance charges		
(i) Interest on		
Debentures	-	0.90
Other Fixed Loans	296.66	358.25
Others *	243.84	206.86
(ii) Bills discounting charges	62.77	58.88
	<u>603.27</u>	<u>624.89</u>
* Includes on advances against supplies to a Company under the same management	38.87	10.40
* Net of interest received on Deposits from Customers and Income tax Dept.	11.39	9.64



Ennore Foundries Limited

Schedule 3

Notes to the Accounts

3.1 SIGNIFICANT ACCOUNTING POLICIES

- 3.1.1 The financial statements are prepared on historical cost convention/valuation and on the accrual basis of accounting and in conformity with the Accounting Standards referred to in Sub-Section 3(c) of Section 211 of the Companies Act, 1956.
- 3.1.2 Major fixed assets are stated on the basis of replacement cost on 31st March, 1992 less depreciation thereon while other fixed assets are recorded at cost net of cenvat less depreciation.
- Depreciation is charged on straight line method at the rates and in the manner specified in schedule XIV of the Companies Act, 1956.
- The incremental depreciation on account of enhancement in the value of major fixed assets on revaluation is charged against Fixed Assets Revaluation Reserve.
- Assets acquired under Hire Purchase agreements are capitalised and finance charges thereon are expensed over the period of Agreements.
- 3.1.3 Raw materials, stores and spares are valued at lower of cost (net of cenvat) and net realisable value. Cost is determined on monthly moving weighted average basis. Work-in-progress and finished goods are valued at lower of cost and net realisable value. Cost includes material, labour and appropriate allocated overheads. The allocation of overheads is also spread on conversion jobs where the materials have been supplied by customers. Excise duty on finished goods though payable at the time of clearance is reckoned in the valuation of closing stock of finished goods.
- 3.1.4 Long term investments are stated at cost and provision for diminution in value is made, if such diminution is of permanent in nature.
- 3.1.5 Borrowing costs that are directly attributable to the cost of acquisition, construction, or production of a qualifying asset is capitalized as part of that asset, other borrowing costs are recognized as an expense in the period in which they are incurred.
- 3.1.6 Research and Development expenditure other than capital expenditure are expensed.
- 3.1.7 Liability in respect of Gratuity to employees determined by LIC on the basis of actuarial valuation as on the balance sheet date is funded with LIC and the contribution thereof is absorbed in the Accounts.
- Liability in respect of leave encashment benefit determined on the basis of actuarial valuation as on the balance sheet date is provided for in the Accounts.
- Contributions to Provident fund, Employee pension fund, Superannuation fund and cost of other benefits are recognised in the accounts on actual cost to the Company.
- 3.1.8 a) Sales are stated at net of excise duty, sales tax and returns.
b) Income on miscellaneous order jobs are recognized as per the terms of the contract wherever applicable.
- 3.1.9 The Compensation paid towards Voluntary Retirement Scheme is absorbed in the Accounts over a period of five years.
- 3.1.10 Current tax is determined on income for the year chargeable to tax in accordance with the Income Tax Act 1961.
Deferred tax is recognised subject to the consideration of prudence, on timing differences.

3.2 STATUTORY AND OTHER INFORMATION

- 3.2.1 a) Revaluation of major fixed assets viz, land, buildings, plant and machinery, service and electrical installations was made as at 31st March, 1992 based on Valuation Report dated 31st May 1993 on the governing principles of current costs and balance life of assets and depreciation upto that date; such enhanced values thereof have been incorporated in the accounts as at 1st April, 1992. The surplus of Rs.1960.60 lakhs between the enhanced figures of the revalued assets and book written down values thereof was credited to Fixed Assets Revaluation Reserve which stands reduced to Rs.678.86 lakhs as at March 31, 2004 after charging incremental depreciation and adjustments for disposals.
- Additions made from 1st April 1992 are stated at cost of acquisition.
- b) Tax deducted at source from conversion charges, interest income earned by and tax collected at source on scrap purchased by the Company Rs.21.11 lakhs (previous year Rs.7.11 lakhs)



Ennore Foundries Limited

Schedule 3

Notes to the Accounts

		2003-2004	2002-2003		
		Rs. Lakhs	Rs. Lakhs		
3.2.2	Estimated amount of contracts remaining to be executed on Capital Account and not provided for	124.58	182.00		
3.2.3	Contingent Liabilities				
a)	Guarantees given by Banks	85.50	114.26		
b)	Inland Letters of Credit Outstanding	112.89	366.02		
c)	Bill discounted	222.58	465.35		
d)	Civil suit filed by a supplier claiming overdue interest/Court fee disputed by the Company	5.02	5.02		
e)	No provision is considered necessary for the following disputed income tax, sales tax, excise duty and ESI demands which are under various stages of appeal proceedings. Company has been advised that there are reasonable chances of successful outcome of the appeals.				
		2003-04	2002-03	Period	Dispute pending with
	Name of Statute	Rs. Lakhs	Rs. Lakhs		
	Sales Tax Act	–	62.39		
	Nature of Dues				
	Sales tax including penalty thereon				
	Central Excise Act	61.18	81.53	1993 to 1997	Central Excise Gold Customs Appellate Tribunal
	Excise duty including penalty (Deposit made Rs. 16.10 lakhs)				
	Income Tax Act	20.80	222.04	2000-01	Income tax Appellate Tribunal
	Income Tax and interest thereon				
	Employees State Insurance Act	53.48	53.48	Jan 97 to Nov 97	High court
	ESI dues (Deposit made Rs.20 lakhs)				
		135.46	419.44		
f)	The Tamil Nadu Government has issued notification levying additional charge on High Tension Industries, having Arc furnaces at 25% of the power consumption effective from 1st December 2001 till 15th March 2003. Though the Company has not received any demand in this regard, the notification has been challenged by the Company before the High Court of Madras. The High Court has granted interim stay and the Company is hopeful of the successful outcome of the case.				
3.2.4	There are no dues to SSI units as identified by the Management of more than 30 days as on 31.03.2004.				
3.2.5	Related Party disclosure :				
a)	List of parties where control exists				
	Holding Company				
	LRLIH Limited, United Kingdom				
	MACHEN IVECO HOLDING SA (Holding Company of LRLIH Limited, United Kingdom)				
	Fellow Subsidiary				
	Ashok Leyland Limited				



Ennore Foundries Limited

Schedule 3

Notes to the Accounts

- b) Other related parties with whom transactions have taken place during the year:

Enterprises which have significant influence
Ashok Leyland Finance Limited
Automotive Coaches and Components Limited

		2003-2004 Rs. Lakhs	2002-2003 Rs. Lakhs
c) Transactions with related parties			
Sales:	Fellow Subsidiary	13735.99	10094.79
Purchases:	Fellow subsidiary	973.63	916.93
	Enterprises which have significant influence	3.58	29.59
Redemption of Debentures:	Fellow subsidiary	–	37.49
Finance Charges	Fellow Subsidiary	38.87	10.82
	Enterprises which have significant influence	568.31	421.29
Net amount due from			
	Fellow Subsidiary	761.35	433.98
Net amount due to			
	Enterprises which have significant influence	–	8.32

3.2.6 Earning per share:

- a) The net profit for the year ended 31.03.2004 of Rs.418.32 lakhs (previous year loss Rs.–1,655.88 lakhs) has been used as numerator in calculating basic and diluted Earnings per share.
- b) The Company does not have any potential Equity shares and therefore the denominator used in calculating the basic and diluted earnings per share is 67,89,900, being the number of paid-up equity shares.

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

3.2.8 The Company has taken on operating lease 64 Nos. Wind Electric Generators for generation of power which is banked with Tamil Nadu Electricity Board to draw corresponding power for captive consumption. The lease rent paid thereon which is based on units generated is included in power and fuel. The total of future minimum lease payment under this lease is not quantifiable since it depends on the power generation.

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

3.2.10 Raw Materials Consumed

	2003-2004		2002-2003	
	Tonnes	Rs. Lakhs	Tonnes	Rs. Lakhs
Pig Iron	2846	345.10	1967	154.10
Steel Scrap	24286	2609.58	16588	1265.27
Iron Scrap	8372	518.61	10420	625.16
Carboriser	1125	162.16	850	112.16
Ferro Alloys	853	427.01	455	203.95
Aluminium Alloy	1934	1512.14	1439	1170.27
Others		172.07		59.41
		<u>5746.67</u>		<u>3590.32</u>



Ennore Foundries Limited

Schedule 3

Notes to the Accounts

3.2.11 Consumption of Raw Materials, Spare Parts and components	% of total Consumption	2003-2004		2002-2003	
		Rs.Lakhs		Rs. Lakhs	
Imported	0.16	12.67		0.20	10.62
Indigenous	99.84	8091.72		99.80	5292.07
		<u>8104.39</u>			<u>5302.69</u>
		2003-2004		2002-2003	
		Tonnes		Tonnes	
3.2.12 Finished goods					
a) Opening Stock:					
Ferrous castings		1		1	
Non-Ferrous Castings		—		—	
b) Closing Stock:					
Ferrous Castings		89		1	
Non-Ferrous Castings		5		—	
3.2.13 Capacity and Production					
		2003-2004		2002-2003	
		Installed Capacity	Production	Installed Capacity	Production
		Tonnes	Tonnes	Tonnes	Tonnes
		51000	37141*	51000	29548*
			483		453
3.2.14 Value of Imports (excluding through canalised agencies) calculated on CIF basis			Rs.Lakhs		Rs.Lakhs
Raw materials			1.13		—
Components and spare parts			7.89		5.96
Capital Goods			139.01		77.51
3.2.15 Expenditure in Foreign Currencies					
Travelling			15.22		6.15
Consultant Fee			12.02		1.75
3.2.16 Information regarding Managerial Remuneration to Managing and Wholetime Directors			Rs. Lakhs		
Salary			10.14		
Commission			—		
Perquisites			<u>2.68</u>		
			<u>12.82</u>		

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

Signature to Schedules 1,2, & 3

On behalf of the Board

N Kothandapani
Company Secretary

V Mahadevan
Managing Director

R J Shahaney
Chairman

Chennai
June 11, 2004

For Fraser & Ross
M K Ananthanarayanan
Partner
Chartered Accountants



Ennore Foundries Limited

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details

Registration No.

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

 State Code

1	8
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

2	0	0	4
---	---	---	---

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L
							N	I	L												
							N	I	L												
Bonus Issue	Private Placement																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>				1	0	0	0	0	0	0
							N	I	L												
			1	0	0	0	0	0	0												

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>8</td><td>3</td><td>1</td><td>4</td><td>5</td><td>1</td></tr></table>				8	3	1	4	5	1	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>8</td><td>3</td><td>1</td><td>4</td><td>5</td><td>1</td></tr></table>				8	3	1	4	5	1
			8	3	1	4	5	1											
			8	3	1	4	5	1											

Sources of Funds

Paid-up Capital	Reserves & Surplus																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>1</td><td>7</td><td>8</td><td>9</td><td>9</td></tr></table>				3	1	7	8	9	9	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>2</td><td>4</td><td>4</td><td>9</td><td>9</td></tr></table>				1	2	4	4	9	9
			3	1	7	8	9	9											
			1	2	4	4	9	9											
Secured Loans	Unsecured Loans																		
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>6</td><td>0</td><td>9</td><td>3</td><td>7</td></tr></table>				3	6	0	9	3	7	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>2</td><td>8</td><td>1</td><td>1</td><td>6</td></tr></table>					2	8	1	1	6
			3	6	0	9	3	7											
				2	8	1	1	6											
Deferred Tax Liability																			
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>								N	I	L									
							N	I	L										

Application of Funds

Net Fixed Assets	Investments																			
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>4</td><td>4</td><td>4</td><td>7</td><td>7</td><td>1</td></tr></table>				4	4	4	7	7	1	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>1</td><td>0</td><td>0</td></tr></table>								1	0	0
			4	4	4	7	7	1												
							1	0	0											
Net Current Assets	Misc. Expenditure																			
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>8</td><td>3</td><td>1</td><td>7</td><td>3</td></tr></table>				1	8	3	1	7	3	<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>6</td><td>4</td><td>0</td><td>5</td><td>3</td></tr></table>					6	4	0	5	3	
			1	8	3	1	7	3												
				6	4	0	5	3												
Accumulated Losses																				
<table border="1" style="width: 100%; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>1</td><td>3</td><td>9</td><td>3</td><td>5</td><td>4</td></tr></table>				1	3	9	3	5	4											
			1	3	9	3	5	4												



Ennore Foundries Limited

Balance Sheet Abstract and Company's General Business Profile

IV. Performance of Company (Amount in Rs. Thousands)

		Turnover									Total Expenditure										
				1	8	5	4	2	4	7					1	8	1	1	9	1	5
+	-	Profit / Loss Before Tax							+	-	Profit / Loss After Tax										
+						4	2	3	3	2	+						4	1	8	3	2
		Earning Per Share in Rs.							Dividend Rate %												
							3	.	6	1			-	-							

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

N Kothandapani
Company Secretary

V Mahadevan
Managing Director

R J Shahaney
Chairman

Chennai
June 11, 2004

On behalf of the Board

For Fraser & Ross
M K Ananthanarayanan
Partner
Chartered Accountants



Ennore Foundries Limited

Information as per Sec.217(2A) (b) (ii) read with the Companies (Particulars of employees) Rule, 1975 and forming part of the Directors' Report for the year ended March 31, 2004

S.No.	Name	Age	Designation/ Nature of Duties	Remuneration Rupees	Qualification	Total Experience (Years)	Date of Commencement of employment	Last Employment held
EMPLOYED FOR PART OF THE FINANCIAL YEAR								
1	V Mahadevan	55	Managing Director	16,81,854	B.E.	34 years	05/09/2003 as Chief Executive, 01/10/2003 as Managing Director	Special Director Manufact- uring, Ashok Leyland Limited

Notes :

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



ENNORE FOUNDRIES LIMITED

Regd. Office : Ennore, Chennai - 600 057

FOLIO NO :

ADMISSION SLIP

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

DP Id	Client Id

*

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

I hereby record my presence at the **Fortyfourth Annual General Meeting** held on Friday, the 30th July 2004 at Rani Seethai Hall, 603, Anna Salai, Chennai - 600 006, at 10.00 a.m..

NAME OF THE MEMBER IN BLOCK LETTERS

Member's Signature

NAME OF THE PROXY (IF ANY) IN BLOCK LETTERS

Proxy's Signature

* Applicable for investors holding shares in electronic form.

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



ENNORE FOUNDRIES LIMITED

Regd. Office : Ennore, Chennai - 600 057

FOLIO NO :

PROXY FORM

NO. OF SHARES :

DP Id	Client Id

*

I/We

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

of

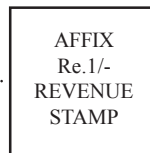
or failing him

or

as my/our proxy to attend and vote for me/us on my/our behalf at the **Fortyfourth Annual General Meeting** of the Company to be held at 10.00 a.m. on Friday, the 30th July, 2004 and at any adjournment thereof.

* Applicable for investors holding shares in electronic form.

Signed



No Gifts will be distributed at the Annual General Meeting

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Ennore Foundries Limited

Ennore

Chennai - 600 057



ANNUAL REPORT
2003-2004

Ennore Foundries Limited

