



**ANNUAL REPORT
2002-2003**

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Ennore Foundries Limited



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Ennore Foundries Limited

Board of Directors

R.J. Shahaney
Chairman

M. Bianchi (Alternate : G. Sagone)

P.K. Choksey

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

J. Joseph

H. Klingele

S. Ragothaman

F. Sahami

R. Seshasayee

R. Jagannath, Director-in-charge
(upto 31.03.2003)

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				
	1998-99	1999-00	2000-01	2001-02	2002-03
Income and Dividend					
Sales / Operating Income	10401	13547	13147	12448	13162
Operating Profit	27	1446	903	917	-683
Profit / Loss (-) Before Tax	-1135	501	110	123	-1668
Profit / Loss (-) After Tax	-1135	501	110	95	-1656
Dividend including Tax	—	—	—	—	—
Retained Earnings	—	501	110	95	-1656
Assets Employed					
Net Fixed Assets @	3893	3950	4175	4115	4220
Net Current Assets	2570	2091	1949	2734	1493
Other Assets/Expenditure Not written off	237	273	334	159	867
Total	6700	6314	6458	7008	6580
Financed by					
Net worth @	2900	3350	3420	3475	1779
Borrowed Funds	3800	2964	3038	3521	4801
Deferred Tax liability	—	—	—	12	—
Total	6700	6314	6458	7008	6580
General					
Sales Units - Tonnes	25720	33704	33031	29248	29548
Earnings per share - Rs.	—	7.37	1.62	1.40	-24.39
Dividend per share - Rs.	—	—	—	—	—
Book value per share - Rs.	20.63	27.25	28.28	29.09	4.12
@ Includes addition on Revaluation of Fixed Assets	1017	966	926	886	846



Ennore Foundries Limited

NOTICE

NOTICE is hereby given that the Fortythird Annual General Meeting of the Members of Ennore Foundries Limited will be held at Rani Seethai Hall, 603, Anna Salai, Chennai 600006 at 10.00 a.m. on Wednesday, September 24, 2003 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, 2003 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 J Joseph, 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 F.Sahami, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
4. To appoint a Director in the place of Mr R.J.Shahaney, who retires by rotation under Article 106 of the Articles of Association of the Company and who, being eligible, offers himself for reappointment.
5. To appoint Auditors and fix their remuneration. The retiring auditor Messers 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. (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.35,00,00,000 (Rupees Thirty 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.35,00,00,000 (Rupees Thirty Five Crores). The Authorised share capital of the Company shall be divided into 1,00,00,000 equity shares of Rs.10/- each and 25,00,000 preference shares of Rs.100/- each.”

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 Rs.35,00,00,000 (Rupees Thirty Five Crores).



The Authorised share capital of the Company shall be divided into 1,00,00,000 equity shares of Rs.10/- each and 25,00,000 preference shares of Rs.100/- each."

c) Consent for issue of 10,00,000 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 of Association and the Articles of Association of the Company which may be agreed to by the Board of Directors of the Company (herein after referred to as the 'Board') the consent of the Company be and is here by accorded to the Board, to offer, issue and allot 10,00,000 - 10% Non convertible Redeemable Cumulative Preference Shares of the face value of Rs.100/- each of an aggregate nominal amount not exceeding Rs.10,00,00,000 (Rupees Ten 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'.

7. To approve Voluntary Delisting of the Company's Equity shares from the Stock Exchanges at Madras and Delhi.

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

"Resolved that in terms of the Guidelines issued by the Securities and Exchange Board of India (SEBI) and subject to the provisions of the Companies Act, 1956 (including any statutory modification(s) or reenactment thereof for the time being in force and as may be enacted hereinafter) and subject to such approvals, permissions and sanctions, as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (herein after referred to as "the Board" which term shall be deemed to include any Committee thereof for the time being exercising the powers conferred on the Board by this Resolution), consent be and is hereby accorded to "the Board" to delist the Company's Equity Shares from the Madras Stock Exchange and The Delhi Stock Exchange Association Limited, at such time as the Board may in its absolute discretion, consider appropriate and on terms and conditions as may be stipulated and/or mutually agreed to in the best interests of the Company.

Resolved further that "the Board" be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, usual or expedient to give effect to the above resolution".



Ennore Foundries Limited

8. To consider and if thought fit to pass with or without modification(s) the following resolutions as Ordinary Resolutions:

“Resolved that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions if any, of the Companies Act, 1956 to mortgaging and/or charging by the Board of Directors of the Company of all the immovable and movable properties of the Company wheresoever situate, present and future, and the whole of the undertaking of the Company and/or conferring Power to enter upon and take possession of the assets of the Company in certain events to/or in favour of Standard Chartered Bank and State Bank of India to secure Rupee Term loan not exceeding Rs.20 crores (Rupees Twenty Crores) and not exceeding Rs.3 crores (Rupees Three Crores) sanctioned towards disbursement under VRS and also to repay the Rupee Term loan of Rs.3 crores to ICICI Bank Limited respectively and advanced/agreed to be lent and advanced by Standard Chartered Bank and State Bank of India for the Company together with interest at the respective agreed rates, additional interest, liquidated damages, commitment charges, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable by the Company to Standard Chartered Bank and State Bank of India in terms of the Loan agreements/Heads of agreement/Hypothecation agreements/Letters of sanction/Memorandum of Terms and conditions entered into / to be entered into by the Company in respect of the said Term Loans and to the Board of Directors of the Company agreeing with Standard Chartered Bank and State Bank of India in terms of the Loan agreements/Heads of agreements/Hypothecation agreements/Letters of sanction/Memorandum of terms and conditions to reserve a right to take over the management of the business and concern of the Company in certain events.

Resolved further that the Board of Directors of the Company be and is hereby authorised to finalise with Standard Chartered Bank and State Bank of India the documents for creating aforesaid mortgage and/or charge and for reserving the above said right and to do all such acts and things as may be necessary for giving effect to the above resolution.

Resolved further that the actions already taken by the Board of Directors on this matter be and are hereby approved”.

9. **Increase in the Number of Directors**

To pass with or without modification the following resolution as a Special Resolution:

“Resolved that in Article 96 (1) of the Articles of Association of the Company the word “Not more than ten” be substituted as “Not more than 12 (twelve)”.

- 10 (a) Consideration of Report of the Board of Directors to the shareholders regarding accumulated losses of the Company as at March 31, 2003 eroding more than 50% of the Peak Networth of the Company during the preceding four financial years.
- (b) The causes for such erosion.

By Order of the Board

Chennai
July 21, 2003

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 September 10, 2003 to September 24, 2003 (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 205A of the Companies Act, 1956 all unpaid/unclaimed dividend upto the financial year 1994-95 have been transferred to General Revenue Account of the Central Government within the prescribed time.
Shareholders who have not encashed the dividend warrants for the said period are requested to claim the amount from the Registrar of Companies, Tamil Nadu, 26, Haddows Road, Chennai - 600 006.
In respect of the unpaid/unclaimed dividend for the financial years ended March 31, 1996 and 1997 respectively (paid on 7th & 1st September 1996 and 1997) shareholders who have not encashed the dividend warrants for the said periods are requested to write to the Company immediately.
 6. Consequent upon amendment to Section 205A of the Companies Act 1956 and introduction of Section 205C by the Companies (Amendment) Act, 1999, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.
 7. Shareholders wishing to appoint a nominee for the shares held by them may send the nomination particulars in the prescribed Form 2B to the Registrars and Share Transfer agent mentioned above. For this purpose, documents such as Will, Succession Certificate, Legal Heirship Certificate etc. are not required.
 8. Shares of the Company are listed in Madras, Mumbai and Delhi Stock Exchanges and the listing fees have been paid for the year 2003-04.
 9. The shares are available for dematerialisation and can be traded in the Stock exchanges on Depository mode only as per SEBI regulations.
 10. The ISIN Number allotted is "INE 291F01016"
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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 J Joseph, aged about 72 years was appointed as director of the Company from June 5, 1992 onwards. He worked in senior positions in Government, Indian Oil Corporation and was Deputy Managing Director of Ashok Leyland Limited. He was also Director-in-charge of the Company for several years.

Mr F Sahami, aged about 65 years is a distinguished Chartered Accountant with wide international experience in audit, accounting and financial management. He is presently a Director of LRLIH Limited, London who are the major shareholders of the Company. He has been a Director of the Company from 1988, is a Member of the Audit Committee and Chairman of the Remuneration Committee.

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
Director AMAS Holdings Limited Ashok Leyland Investment Services Limited Finac Services Limited, UK Gulf Oil Benelux BV Gulf Oil International Middle East Limited Gulf Oil International (UK) Limited HIASFIN Holdings S.A. LRLIH Limited, UK AshokLeyland Limited	Remuneration / Audit Committee

Mr R J Shahaney, aged 72 years is presently Chairman of Ashok Leyland Limited, the flagship Company of the Hinduja Group in India which he joined as Managing Director in 1978. Prior to joining Ashok Leyland, he was Chairman & Managing Director of Jessop & Co. Ltd., Calcutta (a Government of India Undertaking). He is the Chairman of the share transfer committee and Shareholders / Investors Grievance Committee and member of the Remuneration Committee.

Mr Shahaney is a graduate from University of London (B.Sc., Engg.) and an Associate of the City & Guilds Institute (ACGI).

Details of other Directorships/Committee Memberships held by him:

Directorship	Committee Membership
Chairman Ashok Leyland Limited, Chennai Ashok Leyland Project Services Ltd Hinduja National Power Corporation Ltd. Non-Execution Chairman IndusInd Bank Limited Vice Chairman & Director Ashok Leyland Finance Limited Director Lanka Ashok Leyland Limited Amas Investment Project Services Ltd. London	Remuneration Committee, Shareholders/Investors Grievance Committee (Chairman)



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

Item 6 (a) & (b)

The present Authorised Capital of the Company is Rs.25,00,00,000/- comprising of Rs.1,00,00,000/- equity shares of Rs.10/- each and 15,00,000 Preference shares of Rs.100/- each. The present Paid-up-Capital is Rs.21,78,99,000/- consisting of Rs.6,78,99,000/- comprising of 67,89,900 equity shares of Rs.10/- each and 15,00,000 Preference shares of Rs.100/- each. The Board of Directors propose to issue 10,00,000 Preference Shares of Rs.100/- each for an amount not exceeding Rs.10 Crores. This can be done only after increasing the Authorised Capital to Rs.35 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 necessary to enable the above proposal to be implemented.

A copy of the Memorandum of Association 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 6 (c)

The Company has incurred losses in 2002-2003 due to the following reasons:

1. Continued demand recession in tractor segment
2. Anticipated growth volumes not fructifying in Automobile Sector
3. Increasing input material cost
4. Increase in Power cost
5. Conclusion of long term wage settlement effective 1.5.2002 to 30.4.2005.

To tide over the shortage in working capital, the Company proposes to issue Non-Convertible Cumulative Redeemable Preference shares on Private Placement basis.

The proceeds of the proposed Non-Convertible Cumulative Redeemable Preference shares will enable the Company to meet its Working Capital requirements.

Further 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 further 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 September/October 2003.

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.10 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.