



**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

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## Ennore Foundries Limited

### A Five Year Review

	Rs. Lakhs				
	1999-00	2000-01	2001-02	2002-03	2003-04
<b>Income and Dividend</b>					
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
<b>Assets Employed</b>					
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
<b>Financed by</b>					
Net worth @	3350	3420	3475	1779	3031
Borrowed Funds	2964	3038	3521	4801	3891
Deferred Tax liability	—	—	12	—	—
Total	6314	6458	7008	6580	6922
<b>General</b>					
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

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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.
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- 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:



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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



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**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
<b>Director</b>	
Ashok Leyland Finance Ltd	Shareholders/Investors Grievance Committee - Chairman Remuneration Committee - Member Business Committee - Member
Ashley Holdings Ltd	
Ashley Investments Ltd	
<b>Chairman</b>	
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	





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**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.<br>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.





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**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

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#### To the Members

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

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