

ANNUAL REPORT & ACCOUNTS



GRAND FOUNDRY LIMITED

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2000-2001

Annual Report 2000-2001**GRAND FOUNDRY LTD.**

BOARD OF DIRECTORS : Shri Dhirajlal B. Jangla
(Chairman)
 Shri Mahesh K. Shroff *(upto 28.04.2001)*
 Shri Nitin B. Jangla
 Shri Mukul B. Jangla
 Shri Shriman A. Gogate
 Shri Sushil Kumar Saraf *(from 28.04.2001)*
 Shri Hiten D. Jangla
(Jt. Managing Director)
 Shri Kiran D. Jangla
(Managing Director)

COMPANY SECRETARY : Shri F. A. Menezes

AUDITORS : Thaker Butala Desai
Chartered Accountants
 Ismail Bldg., 2nd Floor,
 381, Dr. Dadabhai Naoroji Road,
 Mumbai - 400 001.

REGISTERED OFFICE : C-40 TTC Industrial Area,
 Thane-Belapur Road,
 Navi Mumbai - 400 705.

MUMBAI OFFICE : 26, Sindhi Lane,
 Nanubhai Desai Road,
 Mumbai - 400 004.

BANKERS : Bank of India
 C. P. Tank Branch,
 Mumbai - 400 004.

Allahabad Bank
 International Branch,
 World Trade Centre,
 Cuffe Parade,
 Mumbai - 400 005.

DATE OF ANNUAL GENERAL MEETING : 29th September, 2001

TIME : 11.00 a.m.

VENUE : C-40 TTC Industrial Area,
 Thane, Belapur Road,
 Navi Mumbai 400 705.

Grand Foundry Ltd.**NOTICE**

NOTICE is hereby given that the Annual General Meeting of Grand Foundry Limited will be held at the Registered Office, C-40 TTC Industrial Area, Thane-Belapur Road, Navi Mumbai - 400 705 on Saturday the 29th September, 2001 at 11.00 a.m. to transact the following business :

1. To receive consider and adopt the audited Profit & Loss Account for the year ended 31st March, 2001, the Balance Sheet as at that date and the Reports of the Directors and Auditors.
2. To appoint a Director in place of Shri Shriram A. Gogate who retires by rotation under Article 151 of the Articles of Association and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS :

4. To consider and if thought fit to pass the following resolution as a ORDINARY RESOLUTION :
RESOLVED THAT Shri Sushil Kumar Saraf who was appointed an Additional Director with effect from 28th April, 2001 and holds Office up to the date of this Annual General Meeting under Article 134 of the Articles of Association of the Company and being eligible for appointment be and is hereby appointed a Director of the Company.
5. To consider and if thought fit to pass the following resolution as a SPECIAL RESOLUTION :
RESOLVED THAT the Company do ratify the decision of the management to delist the Company's Shares from the National Stock Exchange.

By Order of the Board

Mumbai
7th September, 2001

F. A. MENEZES
Company Secretary

Registered Office :
C-40 TTC Industrial Area
Thane-Belapur Road,
Navi Mumbai - 400 705.

NOTES :

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
Proxies in order to be effective must reach the Registered Office not later than 48 hours before the commencement of the meeting.
- (2) The Register of Members and Transfer Books will remain closed on FRIDAY THE 28TH SEPTEMBER, 2001 in connection with the Annual General Meeting.
- (3) Shareholders desiring any information on the accounts are requested to write to the Company well before the meeting to enable the management to keep the requisite information ready.
- (4) All communications pertaining to shares and share transfers should be forwarded to the Registered Office or the Mumbai Office of the Company.

EXPLANATORY STATEMENT pursuant to Section 173 (2) of the Companies Act, 1956 annexed to and forming part of the notice.

ITEM 4

Shri Sushil Kumar Saraf was appointed Additional Director at a meeting of the Board held on 28th April, 2001 and holds office up to the date of this Annual General Meeting. The Directors are of the opinion that his reappointment will be in the interests of the Company and recommend his appointment as Director.

No Director of the Company may be deemed to be concerned or interested in the resolution.

ITEM 5

In view of the fact that the Company's shares are listed on the Stock Exchange, Mumbai, which is the Regional Exchange, and the wide network of the Exchange, the management is of the view that listing on any other Exchange is superfluous. The resolution is accordingly proposed.

No Director of the Company may be deemed to be concerned or interested in the resolution.

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REPORT OF THE DIRECTORS

Your Directors submit herein the Annual Report and the Audited Statement of Accounts for the year ended 31st March, 2001.

FINANCIAL RESULTS :

	(Rs. in Lacs)	
	2000-2001	1999-2000
Profit before Interest and Depreciation & Tax	26.39	24.75
Interest & Finance Charges	536.19	566.25
	(509.80)	(541.50)
Add : Depreciation	44.03	47.83
Loss for the year	(553.83)	(589.33)
Add : Short/Excess Provision for Taxation of earlier years	-	0.02
	(553.83)	(589.35)
Add : Public Share Issue Expenses written off	4.66	4.66
	(558.49)	(594.01)
Debit Balance brought forward	(3521.56)	(2922.65)
	(4080.05)	(3516.66)
Add : Provision for Subsidiary's Losses	2.87	4.90
Balance carried to Balance Sheet	(4082.92)	(3521.56)

OPERATIONS :

The total sales tonnage of Bright Bars business for the year amounted to 1589 tonnes against the previous year's sales tonnage of 1428 tonnes. Total production including job work production amounted to 5813 tonnes (previous year 5953 tonnes).

FOREIGN EXCHANGE EARNINGS & OUTGO :

There was no foreign exchange earnings or outgo during the year.

AUDITORS' QUALIFICATIONS :

- In regard to information on dues of SSI units and the loss being lower due to change in the method of valuation of closing stock, the relevant note in the accounts is self-explanatory.
- The Company has not been able to make timely deposits of Provident fund and State Insurance dues due to the continuous liquidity crunch being faced by the Company.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION :

POWER & FUEL OIL CONSUMPTION

	2000-2001	1999-2000
1. Electricity Consumption		
Purchased units	1065.170	1162.692
Total amount Rs. lacs	48.06	57.76
Rate/unit Rs.kwh	4.51	4.97
2. LDO		
Quantity (KL)	32.000	22.283
Total amount Rs. lacs	5.680	3.029
Rate Rs/KL	17750.00	13593.43

Production (including job work) during the year increased by about two per cent. Electricity consumption decreased by 8 per cent and fuel oil consumption increased by 44 per cent. In monetary terms power and fuel oil consumption decreased by 12 per cent.

Grand Foundry Ltd.**SUBSIDIARY :**

The Balance Sheet and other documents of the 100% subsidiary Grand Bright Bars Ltd are attached in accordance with Section 212 of the Companies Act 1956.

DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217 (2AA) of the Companies Act :

- (i) The financial statements have been prepared on a going concern basis in conformity with the applicable accounting standards and the requirements of the Companies Act, 1956 to the extent applicable to the Company along with proper explanations relating to material departures;
- (ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the loss of the company for that period;
- (iii) The Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of their knowledge and ability. To ensure this the Company has taken care in installing a system of internal control and accounting records which is reviewed on an ongoing basis.

CORPORATE GOVERNANCE :

Under the listing agreement with the Stock Exchanges, your Company is required to comply with the guidelines on Corporate Governance by 31st March, 2002. Your Directors and the Management of the Company are taking necessary steps for implementation of the guidelines.

AUDITORS :

The Company's Auditors, Messrs Thacker Butala Desai, retire as auditors and are eligible for reappointment.

LISTING OF COMPANY'S SHARES :

A resolution has been placed before the members delisting the Company's shares from the National Stock Exchange.

DIRECTORS :

Shri Shriram A Gogate retires by rotation and being eligible offers himself for re-election. Shri Mahesh K Shroff resigned as Director in view of his various pre-occupations and inability to devote time. His resignation was accepted by the Board at its meeting held on 28th April 2001. Shri Sushil Kumar Saraf was inducted on the Board with effect from the same date.

THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 :

None of the Company's employees were covered by the disclosure requirement of Section 217 (2A) of the Act read with the relevant rules.

SUBSIDIARY COMPANY :

The Balance Sheet and other documents of the 100% subsidiary, Grand Bright Bars Ltd. are attached in accordance with Section 212 of the Companies Act, 1956.

ACKNOWLEDGEMENTS :

The Directors wish to place on record their appreciation of the continued support given to the Company by its employees. They would also like to thank the customers, suppliers, institutions and government authorities for the assistance and support given by them to the Company.

For and on behalf of the Board

Mumbai
7th September, 2001

DHIRAJLAL B. JANGLA
Chairman

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AUDITORS' REPORT

We have audited the attached Balance Sheet of M/s. GRAND FOUNDRY LIMITED as at 31st March, 2001 and the Profit & Loss Account for the year ended 31st March, 2001 annexed thereto and report that :

1. As required by the Manufacturing and other Companies (Auditor's Report) Order 1998 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above :
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) Proper books of accounts as required by law have been kept by the company so far as appears from our examination of such books.
 - (c) The Balance Sheet and Profit and Loss Account referred to in this report are in agreement with the books of accounts.
 - (d) In our opinion, Profit and Loss Account and Balance Sheet comply with the accounting standards referred to in section 211(3c) of the Companies Act, 1956.
 - (e) As per the information and explanations given to us, none of the directors of the company is disqualified from being appointed as a director under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - (f) Read with clause 17 & 20 of the attached Annexure (MAOCARO) & subject to following clauses to Notes to Accounts :
 - 5 : for clause of Rs. 2,00,20,368/- against the foreign supplier which are in dispute; and
 - 6(a) : for change in method of valuation of closing stock resulting in loss being lower by Rs. 1472804/-
 - 8 : for the non information on liability to Small Scale Industrial Units.

In our opinion and to the best of our information and according to the explanations given to us the said accounts read together with the notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view :

 - (i) In the case of the Balance Sheet of the state of affairs of the Company as at 31st March, 2001.
and
 - (ii) In the case of Profit and Loss Account of the loss for the year ended on that date.

For **THACKER BUTALA DESAI**
Chartered Accountants

Mumbai,
Dated : 7th September 2001

K. N. GANDHI
Partner

ANNEXURE TO AUDITORS' REPORT

(Referred to in Paragraph (1) of our report of even date)

1. The Company has maintained records showing full particulars including quantitative details and situation of fixed assets after 1.4.1991. For details prior to 1.4.1991, we are informed that the particulars are being complied. The Fixed Assets have been physically verified by the Management. We are informed that no serious discrepancies have been noticed between the book records and physical verification carried out by the management.
2. None of the Fixed Assets have been revalued during the year.
3. As explained to us, physical verification of finished goods, stores, spare parts and raw materials lying with outside parties for conversion etc. has been conducted by the management during the year at reasonable intervals.
4. According to the information and explanations given to us, in our opinion, the procedures to physical verifications of stocks followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
5. The discrepancies noticed on verification between the physical stocks and stock records were not material having regard to the size of the operations of the Company.

Grand Foundry Ltd.

6. In our opinion and on the basis of our checks, the valuation of stock is fair and proper and in accordance with the normally accepted accounting principles.
7. The Company has taken unsecured loans from parties listed in the Register maintained under Section 301 of the Companies Act, 1956, but the rate of interest and other terms and conditions of such loans are not prima-facie prejudicial to the interest of the company.
8. The Company has given interest free unsecured advances/deposits to associated companies and other bodies listed in the register under section 301 of the Companies Act, 1956, and/or to the Companies under the same management as defined under sub-section (1B) of Section 370 of the Companies Act, 1956. These advances are repayable on demand and they have been given as advances for purchase of goods and services and hence in the opinion of the management, are not prejudicial to the interest of the Company.
9. In respect of loans and advances in the nature of loans given by the Company to employees, the employees are repaying principal amounts as stipulated and the interest is charged by the Company.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure for purpose of stores, raw-materials including companies, Plant & Machinery, equipment and other assets and for sale of goods commensurate with the size of the Company and nature of its business.
11. The transactions of purchase of goods and materials and sale of goods, materials and services made pursuant to contracts or arrangements entered in the Register under Section 301 of the Companies Act, 1956 and aggregating during the year to Rs. 50,000 or more in respect of each party have been made at prices which are reasonable having regard to prevailing market prices for such goods, materials or services or the prices at which transactions for similar goods or services have been made with other parties wherever such parties are available with the Company.
12. As explained to us, unserviceable or damaged stores, raw-materials and finished goods are determined by the Management and adequate provisions have been made in the accounts for the loss so determined.
13. In our opinion and according to the information and explanations given to us the Company has accepted deposits within the prescribed limit of Section 58A of the Companies Act, 1956.
14. In our opinion, reasonable records have been maintained by the company for sale of scrap. We are informed that no realisable by-products are generated by the company's operation.
15. In our opinion, the company has an adequate internal audit systems commensurate with the size and nature of its business.
16. We have been explained that the maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
17. According to the records of the company, Provident Fund and Employees State Insurance dues have not been regularly deposited during the year with the appropriate authority.
18. We have been informed that there are no undisputable amounts payable in respect of income-tax, wealth-tax, sales-tax, custom duty and excise duty as at the last day of the financial year concerned.
19. According to the information and explanations given to us, no personal expenses of employees or directors have been charged to revenue account, other than payable under contractual obligations or in accordance with generally accepted business practice.
20. The Company has been declared a sick industrial company within the meaning of clause (o) of sub-section (1) of section 3 of Sick Industrial Companies (Special provisions) Act, 1985.

For **THACKER BUTALA DESAI**
Chartered Accounts

Mumbai,
Dated : 7th September 2001

K. N. GANDHI
Partner

BALANCE SHEET AS AT 31ST MARCH 2001

	SCHEDULE	31-03-2001 Rupees	31-03-2000 Rupees
SOURCES OF FUNDS :			
SHAREHOLDERS' FUNDS :			
Share Capital	'A'	10,43,00,000	10,43,00,000
Reserves & Surplus	'B'	57,64,000	57,64,000
		11,00,64,000	11,00,64,000
LOAN FUNDS :			
Secured Loans	'C'	15,99,28,388	15,75,49,173
Unsecured Loans	'D'	25,03,35,485	22,12,07,126
		41,02,63,874	37,87,56,299
TOTAL :		52,03,27,874	48,88,20,299
APPLICATION OF FUNDS :			
FIXED ASSETS :			
Gross Block	'E'	18,37,01,554	18,05,72,174
Less : Depreciation		5,18,35,365	4,74,32,568
		13,18,66,189	13,31,39,606
INVESTMENT	'F'	7,00,125	8,95,125
CURRENT ASSETS, LOANS & ADVANCES :			
Inventories	'G'	2,46,03,155	2,48,27,822
Sundry Debtors		7,98,25,614	8,01,89,625
Cash & Bank Balances		10,26,072	19,61,094
Other Current Assets		35,205	15,66,325
Loans & Advances		7,44,49,501	7,42,35,701
		17,99,39,546	18,27,80,566
LESS : CURRENT LIABILITIES & PROVISIONS :	'H'		
(a) Current Liabilities		20,04,69,540	18,06,16,785
(b) Provisions		0	0
		20,04,69,540	18,06,16,785
CURRENT ASSETS (NET)		-2,05,29,993	21,63,781
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Public Share Issue Expenses		0	4,65,747
Profit & Loss A/C		40,82,91,552	35,21,56,039
TOTAL :		52,03,27,874	48,88,20,299

Notes Forming Part of Accounts

As per our attached Report of even date

For THACKER BUTALA DESAI
Chartered Accountants

K. N. GANDHI
Partner

Mumbai
7th Sept., 2001

On behalf of the Board

Dhirajlal B. Jangla Chairman
Kiran D. Jangla Managing Director
Sushil Kumar Saraf Director
F. A. Menezes Company Secretary

Mumbai
7th Sept., 2001

Grand Foundry Ltd.**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2001.**

	SCHEDULE	31-03-2001 Rupees	31-03-2000 Rupees
INCOME :			
Sales		7,61,25,527	6,00,68,069
Jobwork Received. (C.Y.4223.639 M/T - P.Y.4524.221 M/T)		2,42,21,723	2,97,41,253
Other Income	'I'	24,66,331	59,76,502
Increase/Decrease in stock	'J'	1,54,206	6,97,586
		<u>10,29,67,787</u>	<u>9,64,83,410</u>
EXPENDITURE :			
Raw Materials Consumed	'K'	4,82,94,313	4,70,43,082
Manufacturing & Other Expenses	'L'	5,20,34,218	4,69,65,181
		<u>10,03,28,531</u>	<u>9,40,08,262</u>
Profit/(Loss) before Interest, Depreciation & Tax		26,39,256	24,75,148
Interest & Finance Chgs		5,36,19,379	5,66,24,760
Depreciation		44,02,797	47,83,360
		<u>5,80,22,176</u>	<u>6,14,08,120</u>
Loss For The Year		-5,53,82,920	-5,89,32,972
Add: Short provision for taxation of earlier years		—	17,76
		<u>-5,53,82,920</u>	<u>-58,93,47,48</u>
Add : Public share issue			
Expenses written off		4,65,747	4,65,740
		<u>-5,58,48,667</u>	<u>-5,94,00,488</u>
Balance Brought Forward		-35,21,56,039	-29,22,65,963
		<u>-40,80,04,707</u>	<u>-35,16,66,451</u>
Add : Provision For Subsidiary Company's Losses (As Per Note No. 4 Of Notes To Accounts)		2,86,845	4,89,588
Balance carried to Balance Sheet		<u><u>-40,82,91,552</u></u>	<u><u>-35,21,56,039</u></u>
Notes Forming Part of Accounts	"M"		

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As per our attached Report of even date
For THACKER BUTALA DESAI
Chartered Accountants

K. N. GANDHI
Partner

Mumbai
7th Sept., 2001

On behalf of the Board

Dhirajlal B. Jangla	<i>Chairman</i>
Kiran D. Jangla	<i>Managing Director</i>
Sushil Kumar Saraf	<i>Director</i>
F. A. Menezes	<i>Company Secretary</i>

Mumbai
7th Sept., 2001