

ANNUAL REPORT & ACCOUNTS



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GRAND FOUNDRY LIMITED

2001-2002

Annual Report 2001-2002

GRAND FOUNDRY LTD.

BOARD OF DIRECTORS

Shri Dhirajlal B. Jangla
(Chairman)
Shri Nitin B. Jangla
Shri Mukul B. Jangla
Shri Shriram A. Gogate
Shri Sushil Kumar Saraf
Shri Hiten D. Jangla
(Jt. Managing Director)
Shri Kiran D. Jangla
(Managing Director)

AUDITORS

Thacker Butala Desai
Chartered Accountants
B-1, Dnyaneshwar 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

30th September, 2002

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 the members of Grand Foundry Limited will be held at the Registered Office, C-40 TTC Industrial Area, Thane-Belapur Road, Navi Mumbai - 400 705 on Monday the 30th September, 2002 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, 2002, the Balance Sheet as at that date and the Reports of the Directors and Auditors.
2. To appoint a Director in place of Shri Nitin B. Jangla who retires by rotation under Article 151 of the Articles of Association and offers himself for re-appointment.
3. To appoint a Director in place of Shri Mukul B. Jangla who retires by rotation under Article 151 of the Articles of Association and being eligible offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

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 24-09-2002 to 30-09-2002 (both days inclusive) 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.

Mumbai
30th August, 2002

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

By Order of the Board

KIRAN D. JANGLA
Managing Director

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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, 2002.

FINANCIAL RESULTS :

	(Rs. in Lacs)	
	2001-2002	2000-2001
(Loss)/Profit before Interest and Depreciation & Tax	(517.00)	26.39
Interest & Finance Charges	506.26	536.19
Depreciation	41.81	44.03
Loss for the year	(1065.07)	(553.83)
Add : Short/Excess Provision for Taxation of earlier years	5.49	-
	(1070.56)	(553.83)
Less : Deferred Tax Asset (Net)	379.93	-
	(690.63)	(553.83)
Add : Public Share Issue Expenses written off	-	4.66
	(690.63)	(558.49)
Debit Balance brought forward	4062.92	3521.56
	(4773.55)	(4080.05)
Add : Provision for Subsidiary's Losses	7.89	2.87
Balance carried to Balance Sheet	(4781.44)	(4082.92)

OPERATIONS :

The total sales tonnage of Bright Bars business for the year amounted to 1223 tonnes against the previous year's sales tonnage of 1589 tonnes. Total production including job work production amounted to 4061 tonnes (previous year 5813 tonnes).

FOREIGN EXCHANGE EARNINGS & OUTGO :

There was no foreign exchange earnings during the year, expenditure in foreign currency on account of travelling expenses amounted to Rs. 4.57 Lacks (Previous Year Rs. 12.65 Lacks)

AUDITORS' QUALIFICATIONS :

- Regarding penal interest payable to different financial institutions, the liability that may rise on accounts of import duty if the export obligation is not completed, the claims received by the company from its associate concern, & regarding unpaid application money the respective note in the accounts (viz. 1(i) (c), 1(i) (d), 6(a), 6(b), & 6(c) & 14) are self explanatory.
- The claims being receivable from foreign suppliers are under dispute and the management of the Company are confident of recovering the dues from the foreign suppliers for defective raw materials.
- In regard to loan taken from concern in which directors are interested, the Company has forwarded the legal documents to its solicitor for execution of mortgage deed and the required compliance under Companies Act, 1956.
- The information regarding SSI units in respect of sundry creditors are as per books of accounts since information are not being given by concerned sundry creditors in time.
- 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

	2001-2002	2000-2001
1. Electricity Consumption		
Purchased units	928.571	1065.170
Total amount Rs. lacs	36.44	48.08
Rate/unit Rs.kwh	3.93	4.51
2. LDO		
Quantity (KL)	282.693	32.000
Total amount Rs. lacs	44.28	5.68
Rate Rs/KL	15663.64	17750.00

Grand Foundry Ltd.

Production (including job work) during the year decreased by about 30 per cent. Electricity consumption decreased by 13 per cent and fuel oil consumption increased by 6.8 times. In monetary terms power consumption decreased by 24 per cent.

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:

Your company is fully committed to the philosophy of conducting its business with due compliance of laws, rules and regulations. The sound Internal Control and efficient Management Information Systems which play a pivotal role in Corporate Governance, are in place in your company.

We are pleased to inform you that your company has complied in all material respects with the features of corporate governance as specified in the Listing Agreement. A certificate of compliance from the statutory auditors together with a report on corporate governance forms part of this Report.

AUDITORS:

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

DIRECTORS:

In compliance with the provision of Companies Act, 1956, and the Company's Articles of Association, Mr. Nitin B. Jangla and Mr. Mukul B. Jangla retire by rotation and are eligible for re-appointment.

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.

REPRESENTATION BEFORE BIFR:

The company is making representation to BIFR in responses to their notice from time to time.

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
30th August, 2002

DHIRAJLAL B. JANGLA
Chairman

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MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) INDUSTRY :-

Your company is engaged in the business of manufacturing Bright Steel Bars and wires and is in the market to sell domestically and in exports since 1974. The Quality control and manufacturing process consist of in-house treatment and has standard quality name for more than 2 decades. Due to financial constraints, the company is been depending on business of processing steel on job work basis to maintain better economics and has successfully been able to achieve job work production to the tune of 25% totalling the capacity utilization upto 35%. The company also has indulged in the special heat treatment job in order to establish future market of Hardened & Tempered steel for exports as well as domestic, which will pave the path of revival and re-instating, the strength of the company.

B) DOMESTIC MARKET :-

There has been a substantial change of steel requirement in the domestic market for the consumption of Bright Steel Bars and wires. Majority of Bright Steel Bars and wires are used for making the various kinds of components for Automotive industry, Machinery manufacturing industry, Dairy and food processing industry, chemical and fertilizer industry, electronics and electrical appliances industry along with computer industry. Due to the global interaction and industrial change in the domestic market, various companies have invested especially in automobile industry and electrical appliances industry along with computer industry. The demand of Bright Steel Bars has improved and changed its face in the last 3 years. The standards of specifications from the Indian standards even to various international standards like American, British, German, Japanese etc. and the steel makers who are the basic raw material suppliers to Bright Bar industry has undergone change in the supply conditions as per the international standards.

The gestation period is now over and the demand of international standard specifications for Bright Steel Bars have been stabilized and established. The scope of developing this business in domestic market is going through ISO 9000 audit requirement, has become necessary. Also, the economic conditions with all the industrial scenario, which is going through recessionary trends in the last 3 years that seems the hope of changing to the better side of business accomplishments.

As your company has been well versed with international business, quality specifications, end market trends, which will be convenient and easy for the company to capture such trends. Various trial orders and sample approvals and certain bulk supplies have been established during the year to continue the pace with the domestic market.

3) INTERNATIONAL MARKET :-

The company is well established for selling and marketing Stainless Steel Bright Bars internationally in most of the developing countries and has maintained their market share. In the international scenario for Stainless Steel Bright Bars business has been on the greater recessionary trend for more than 5 years due to which the company has to go through the constant survival problems. But, at the same time, due to long term standing in the market, the company has been able to maintain its market outside India for Stainless Bright Bars and capturing orders and executing the same with various financial arrangements. Short term spurts of improved demand has been affecting the company to regain its position from time to time in the international market, but the consistent improvement has been lacking in the international market since long time. The company has still been able to remain in the market even with these trends as well as recessionary trends. As known worldwide, Indian steel has faced lot of anti-dumping suits for Bright Steel Bars from European Community, U.S.A., Canada, the company has successfully being able to fight such anti-dumping petition and retain reasonable supplies to these countries and struggle to retain its position even at a low profitability.

4) INTRODUCING SPECIAL HEAT TREATED BARS IN ALLOY & SPECIAL STEEL & STAINLESS :-

The company has in the last 3 years developed various heat treatment processes and successfully supplied commercial lots of heat treated bars to specific standards in the international market in American, German standards. The scope of business is huge and normal, as this product is utilized and acceptable for various applications in the Engineering industries including Petro chemical, Oil & Natural Gas and Automotive industries worldwide. The company is looking for better profitability business and this kind of supplies keeping the edge over the other competitors. Stringent quality standards and method of processing has been introduced to achieve better reliability and traceability for these kind of products which is mandatory for extending marketing. The international players and competitors for such products are from Italy, Spain and Korea, but with such renowned and established competitors, the company has been able to stand in the international market, establishing its product range internationally.

5) GOVERNMENT POLICIES :-

The Government policies in general have been quite encouraging to all industrial units in the country. Though the EXIM policy since more than 8 years has been consistently under review and changes by the Government, the company has time to time faced ups and downs but still have been selling through adopting policies in regards to imports and exports and also have been competitive in the international market. More pragmatic policies are expected from the Government in future and the company is looking for better growth and support from the Government to regain its strength and re-structuring the company to the healthy financial structure and bailing out of BIFR (Sick unit).

6) HUMAN RESOURCES/INDUSTRIAL RELATIONS :-

Since 1998, the company has been registered with BIFR and declared Sick due to wiping of the reserves taking the losses over the period of 3 years of recession. The company has been approaching BIFR and their operating agent for the restructuring in order to survive. Various schemes have been in consideration for the approval. In the meantime, the company had maintained more than 300 employees since 1998, reducing from approx. 500 prior to going into BIFR. To further curtail down the HR cost and economics to remain competitive in the market, the company has offered VRS to the existing employees during the year 2001-02, which has been co-operatively accepted by the unions and the management staff. The company has successfully executed the VRS and have employed the required strength after the execution of VRS and brought the number of employees to the tune of approx. 100 from April 2002. Due to this step, the company is looking forward to re-work its economics meeting the production levels with considerable reduced cost of production due to this change. Of course, this step has caused the value of the company, adding up more losses for the financial year ended 2002 but this step will pave its path to greater achievements in the near future.

7) CAUTIONARY STATEMENT :-

This report to the Shareholders is in compliance with the Corporate Governance Standard incorporated in the Listing Agreement with the Stock Exchanges and as such cannot be construed as holding out for any forecasts, projections, expectations, invitations, offers etc. within the meaning of applicable securities, laws and regulations. This report basically seeks to furnish information, as laid down within the different headings provided under the sub-head Management discussions and Analysis to meet the Listing Agreement requirements.

Grand Foundry Ltd.**REPORT ON CORPORATE GOVERNANCE**

Pursuant to clause 49 of the Listing Agreement, a report on Corporate Governance is given below.

I. MANDATORY REQUIREMENTS**1. Company's philosophy on code of governance**

The company is committed to good Corporate Governance. The mandatory requirements of Clause 49 of the Listing Agreement with the Stock Exchanges have been fully implemented by your company. The principles of transparency, accountability, trusteeship and integrity are at the core of the company's basic character. The company firmly believes in the right of its shareholders to information regarding the company's business and financial performance.

2. Board of Directors

The present strength of your company's board is 7 Directors comprising of Non- Executive Chairman of the board, Mr. Dhirajlal B. Jangla, and two executive directors Mr. Kiran D. Jangla and Mr. Hiten D. Jangla as Managing Director and Joint Managing Director respectively and four independent and non-executive directors being Mr. Nitin B. Jangla, Mr. Mukul B. Jangla, Mr. Shriram A. Gogate and Mr. Sushil Kumar Saraf.

During the year 2001 – 2002 four board meetings were held on the following dates.

28th April, 2001, 07th Sept. 2001, 26th Oct, 2001, 31st January 2002.

The attendance at board meetings and at the last annual general meeting (AGM) and the number of other Directorships and Committee Memberships/Chairmanships of Directors is given below.

Name of the Director	No. of board meetings attended	Attendance at the last AGM	No. of Directorships held(*)	No. of Committee Member ships
Mr. Dhirajlal B. Jangla	04	Yes	9	2
Mr. Kiran D. Jangla	04	Yes	14	2
Mr. Hiten D. Jangla	04	Yes	12	1
Mr. Mukul B. Jangla	02	Yes	10	1
Mr. Nitin B. Jangla	03	No	6	-
Mr. Shriram A. Gogate	02	Yes	1	1
Mr. Sushil Kumar Saraf	04	Yes	2	1

Particulars of Directors retiring by rotation and seeking reappointment have been given in the notice convening the Annual General Meeting and explanatory statement attached thereto.

Particulars of Directors retiring by rotation and seeking re-appointment are given below.

Name	Mr. Mukul B. Jangla	Mr. Nitin B. Jangla
Age	50 Years	52 Years
Experience	15 Years experience in the field of steel industries.	20 Years experience in the field of steel industries.
Directorships in the Company	1. Ana Computer Ltd. 2. Jangla Multiple Steel Ltd. 3. Ameya Steel Process Pvt. Ltd. 4. Grand Iron & Wire Ltd. 5. Dhiraj Iron & Steel Ltd. 6. Grand Bright Bars Ltd. 7. J. Mart Supermarket Pvt. Ltd. 8. Aurora Travels Tours Pvt. Ltd. 9. Kings Steel Ltd.	1. Jangla Exports & Imports Ltd. 2. Ameya Steel Process Pvt. Ltd. 3. Dhiraj Iron & Steel Ltd. 4. Grand Bright Bars Ltd. 5. J. Mart Supermarket Pvt. Ltd.

3. Audit Committee

Your company has an Audit Committee comprising two non-executive and independent Directors viz. Mr. Shriram A. Gogate and Mr. Sushil Kumar Saraf. Mr. Dhirajlal B. Jangla is the Chairman of the Audit Committee. Mr. Kiran D. Jangla the Managing Director is an invitee to the meetings.

The terms of reference of the audit committee cover the matters specified under clause 49 of the Listing Agreement as well as in section 232A of the Companies Act, 1956.

During the year under review, the Audit Committee held three meetings on 20th April 2001, 15th September 2001 and 15th March 2002.

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The attendance at the Audit Committee Meetings is given below.

Name of the Director	No. of Committee Meetings attended
Mr.Dhirajlal B. Jangla	03
Mr.Kiran D. Jangla	03
Mr.Shriram A. Gogate	03
Mr. Sushil Kumar Saraf.	03

4. Remuneration Committee

The Board has not constituted a Remuneration Committee during the year. All matters relating to review and approval of compensation payable to the Managing Directors are recommended by the Board in terms of the provisions of section 269 read with schedule XIII and approved by the members.

Remuneration of Directors

The details of remuneration paid to the Directors of your company during the year 2001 - 2002 are given below.

Name of Director	Salary and Perquisites Per Annum Rs.	Sitting fees Board Meeting Rs.	Total Rs.
Mr.Dhirajlal B. Jangla	-	2,250	2,250
Mr. Kiran D. Jangla	1,44,000	-	1,44,000
Mr. Hiten D. Jangla	1,44,000	-	1,44,000
Mr. Mukul B. Jangla	-	750	750
Mr. Nitin B. Jangla	-	2250	2,250
Mr. Shriram A. Gogate	-	750	750
Mr. Sushil Kumar Saraf.	-	2250	2250

All remuneration paid/payable are within the ceiling prescribed under the provisions of the Companies Act, 1956.

- Except the Managing Director(s), all the members of the Board are liable to retire by rotation. The appointment of the Executive Directors is governed by the resolutions passed by the Board and the members, which cover the terms and conditions of such appointment read with the service rules of the Company.
- Your company presently does not have a scheme for grant of stock options or performance linked incentives for its Directors.
- No Severance Fee is payable.

5. Shares and Debentures Committee

Your company has a Shares and Debentures Committee comprising Mr. Kiran D. Jangla (who chairs the committee) and Mr. Mukul B. Jangla, Mr. Dhirajlal B. Jangla, and Mr. Hiten D. Jangla.

The Committee met 23 times during the year under review.

All shares received for transfer were registered and despatched within twenty-one days of receipt, if the documents were correct and valid in all respects.

There were no pending share transfers as on 31st March, 2002.

Grand Foundry Ltd.

Shares and Debentures Committee also functions as a Shareholders'/Investors' Grievance Committee to look into the share holders' and investors' grievances.

During the year under review, your company received complaints from shareholders relating to non-receipt of dividend, non-receipt of annual report and non-receipt of shares sent for transfer. The complaints were duly attended to and there were no complaints pending for more than 30 days as on 31st March, 2002.

The two shareholders have sought information about the company which were processed and forwarded to concern shareholders.

6. General Body Meetings

The last annual general meeting of your company was held at C-40, TTC Industrial Area, Thane Belapur Road, Navi Mumbai 400 705 commencing on 29-09-2001 at 11 A.M.

Your company's annual general meetings for the financial year ended 31st March 2000 and 31st March 1999 were also held at the above-mentioned address commencing at 10.30 A.M. on 29th September, 2000 and 24th September, 1999 respectively.

SPECIAL BUSINESS

Date of A.G.M	Ordinary Resolutions	Special Resolutions
29-09-2001	One	One
29-09-2000		One
24-09-1999	Two	One

All resolutions as set out in the respective Notices were duly passed by the shareholders.

No special resolution requiring Postal Ballot was placed before the LAST Annual General Meeting.

No special resolution requiring Postal Ballot is being proposed at the ensuing Annual General Meeting.

7. Disclosures

The company has entered into following transactions with the promoters, directors or the management, their subsidiaries or relatives etc. Although this transactions does not have potential conflict with the interests of the company.

A) Nature of Transaction	Subsidiary of the Company	Other related Parties
i) Job work charges paid	_____	8,878,812
ii) Job work claims - P. F. liability	_____	2,170,594
iii) Job work charges received	_____	11,080
iv) Purchase of Air Tickets	_____	251,504
v) Lease Rent Paid for Machinery	_____	105,000
vi) Rate Difference /Claim on Sales	_____	3,688,677
vii) Purchase of Computers	_____	6,400

The register of contracts containing transactions, in which directors are interested, is placed before the Board regularly.

Disclosures have also been received from the senior managerial personnel relating to the financial and commercial transactions in which they or their relatives might have a personal interest.

The company has complied with all requirements of the Listing Agreements with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently no penalties were imposed or strictures passed against your company by SEBI, Stock Exchange or any other statutory authority.

8. Means of Communication

Half-yearly reports are not being sent to each household of the shareholders.

The quarterly results of the company are published in the following leading national and local language newspapers.

Free Press Journal	(English newspaper) 30-06-2001 & 31-12-2001
Nav Shakti	(Marathi newspaper) 30-06-2001 & 31-12-2001

During the year, the company has not made any presentation to institutional investors or analysts.

The Management Discussion and Analysis Report is appearing as Annexure to the Directors' Report.

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9. General Shareholder Information

Detailed information in this regard is provided in the General Shareholder Information Section appearing as Annexure to the Directors' Report.

II. NON-MANDATORY REQUIREMENTS

A. Office of the chairman of the board and reimbursement of expenses by the company.

The company is presently reimbursing the expenses incurred in performance of duties.

B. Remuneration Committee

The company has not set up a remuneration committee.

C. Shareholders' Rights – Furnishing of half-yearly results

The company's half-yearly results are published in English and Marathi newspapers having wide circulation.

D. Postal Ballot

The company will seek shareholders' approval through Postal Ballot in respect of such resolutions as are laid down in Companies (Passing of Resolution by Postal Ballot) Rules, 2001, as and when the occasion arises.

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges on Code of Corporate Governance, Certificate from the Statutory Auditors regarding compliance of conditions of Corporate Governance by the company is annexed. The Auditors' Certificate will also be sent to the Stock Exchanges, where the company's shares are listed, along with the annual return to be filed by the company.

GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

Date and Time : 30th September 2002

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

2. Financial Calendar (tentative)

Financial year : April to March
First quarter results : Fourth week of July, 2002
Half-yearly results : Fourth week of October, 2002
Third quarter results : Fourth week of January, 2003
Fourth quarter results : Fourth week of April, 2003

3. Dates of Book closure : From : 24-09-2002 To : 30-09-2002 (Both days inclusive)

4. Dividend payment date : Nil

5. Listing on Stock Exchanges : The Stock Exchange – Mumbai (BSE) Mumbai Stock Exchange

6. Stock Code

Physical : The Stock Exchange Mumbai
Demate ISIN Number : NSDL : INE - 534A01010
CDSL : INE - 534A01010

7. Market Price Data : Monthly High and Low quotations of shares traded on Mumbai Stock Exchange (BSE) for the period April, 2001 to March, 2002, as stated here under.