

ANNUAL REPORT & ACCOUNTS

GRAND FOUNDRY LIMITED

2010-2011

GRAND FOUNDRY LIMITED

BOARD OF DIRECTORS	: Shri Dhirajlal B. Jangla (Chairman) : Shri Kiran D. Jangla (Managing Director) : Shri Hiten D.Jangla (Joint Managing Director) : Shri Sushil Kumar Saraf : Shri Bidhan Gujarati
AUDITORS	: Thaker Butala Desai Chartered Accountants Ismail Building, 2 nd Floor, 381,Dr. Dadabhai Naoroji Road, Mumbai - 400 001.
REGISTERED OFFICE	: 327,Arun Chambers 3 rd Floor, Tardeo Mumbai-400 034.
BANKERS	: Indian Overseas Bank 2003/C93 Breach Candy, Mumbai - 400 026.
DATE OF ANNUAL GENERAL MEETING	: 29 th September, 2011
TIME	: 11.00 A.M.
VENUE	: 327, Arun Chambers 3 rd Floor, Tardeo Mumbai -400 034.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the members of GRAND FOUNDRY LIMITED will be held at 327 Arun Chambers, 3rd Floor, Tardeo, Mumbai-400 034 on Thursday the 29th day of September, 2011 at 11.00 A.M to transact the following business:


Ordinary Business :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2011, Profit and Loss Account for the year ended on that date and the Reports of the Auditors' and the Directors' thereon.
2. To appoint a Director in place of Mr. Dhirajlal Jangla, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint the Auditors to hold office from the conclusion of this meeting until conclusion of the next Annual General Meeting and to authorize Board to fix their remuneration.

"RESOLVED THAT **THAKER BUTALA DESAI**, Chartered Accountants, Mumbai, being retiring Auditors of the Company, be and are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of the ensuing Annual General Meeting until conclusion of the next Annual General Meeting, on such remuneration as may be determined by the Board of Directors in consultation with the Auditors, in addition to reimbursement of service tax and all out of pocket expenses in connection with the audit of the Accounts of the Company, which remuneration may be paid on progressive billing basis to be agreed between the Auditors and the Board of Directors."

Place : Mumbai
Date : August 30, 2011

By order of the Board

DHIRAJLAL B. JANGLA

Chairman

Registered Office:
327, Arun Chambers,
3rd Floor, Tardeo,
Mumbai - 400 034

Notes :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend the meeting and the proxy need not be a member of the Company. Under the Companies Act, 1956, voting is by a show of hands unless a poll is demanded by a member or members present in person, or by proxy, holding at least one-tenth of the total shares entitled to vote on the resolution or by those holding paid-up capital of at least Rs. 50,000. A proxy shall not vote except on a poll. The instrument appointing the proxy must be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. An Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting in annexed hereto.
3. Members /Proxies should bring duly-filled Attendance Slips sent herewith to attend the meeting.
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 21, 2011 to September 29, 2011 (both days inclusive) for the purpose of Annual General Meeting.
5. Members holding shares in physical form and desirous of making/changing nomination in respect of their shareholding in the Company, may send their request in the prescribed form 2B to the Registrar & Transfer Agents of the Company.
6. Corporate Members are requested to send to the Company, a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Annual General meeting.
7. Members desirous of obtaining any information on the Accounts and Operations of the Company are requested to write at least one week before the meeting so that the same could be compiled in advance.
8. Members are requested to notify changes, if any, in their registered addresses along with the pin code to the Company's Registrar and Share Transfer Agent.
9. Members are requested to bring their copy of Annual Report to the Meeting.

GRAND FOUNDRY LIMITED

10. All documents referred to in the notice and explanatory statement are open for inspection at the registered office of the Company between 10.30 a.m. and 1.00 p.m. on all working days upto the date of the meeting.
11. Members whose shareholding is in electronic mode are requested to direct change of address notifications and updations of savings bank account to their respective Depository Participants.
12. Member are requested to address all correspondences, including dividend matters, to the Registrar and Share transfer Agents, M/s. Computech Sharecap Limited, 47, M.G. Road, 3rd Floor, Opp. Jehangir Art Gallery, Fort, Mumbai - 400023.
13. As per the provisions of the Companies Act, 1956, facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from the Registrar and Transfer agents of the Company.
14. Members seeking any information or clarifications on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.

Place : Mumbai
Date : August 30, 2011

By order of the Board


DHIRAJLAL B. JANGLA
Chairman

Registered Office
327, Arun Chambers,
3rd Floor, Tardeo,
Mumbai - 400 034

INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT OF A DIRECTOR.

Mr. Dhirajlal Jangla aged 76 years is Art graduate, an Independent and Non- Executive Director of our Company and has an experience in Administrative and Finance Department and is attending Board Meetings since 1994.

DIRECTORS' REPORT

The Members of
GRAND FOUNDRY LIMITED

Your Directors present herewith the Nineteenth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2011.

1. FINANCIAL RESULTS

(Amount in Rs. in Lacs.)

	2010-2011	2009-2010
Profit/(Loss) before Interest, Depreciation and Taxation	112.60964	52.83925
Less : Interest & Finance Charges	285.95527	111.25973
Depreciation	20.32271	20.16334
Profit/(Loss) for the year	(193.66834)	(78.58383)
Less : Prior Period Expenses	2.75	76.362
Less : Deferred Tax Asset (Net)	(702.39919)	11.54888
Add : Remission of Loan on Settlement	0	275
Excess Interest Provided	0	918.68377
Balance Brought Forward	(1567.83408)	(2595.02315)
Add: Provision for Subsidiary Company's losses	Nil	Nil
Add: Dimunition of Value of Investments	0.00	0.00
Debit Balance carried to Balance Sheet	(2466.65159)	(1567.83408)

2. MANAGEMENT DISCUSSION AND ANALYSIS**a) INDUSTRY STRUCTURE AND DEVELOPMENTS :**

Our 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. 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.

DOMESTIC MARKET: -

There has been a substantial change of steel requirement in the domestic as well as international 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 & food processing industry, chemical and fertilizer industry, electronics and electrical appliances industry along with computer industry. Due to global interaction and industrial change in domestic market, various companies have invested especially in automobile industry and electrical appliances industry along with computer industry.

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 domestic market.

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 the 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 recessionary trends. As known worldwide, Indian steel has faced a 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 low profitability.

OPPORTUNITIES AND THREATS

OPPORTUNITIES

- The Company is engaged in the business since more than thirty years and has expertise for marketing and quality maintenance of international quality standards for more than 2 decades and enjoys the market share in developed countries like United States and European market.
- The Company is continuously sourcing economical raw materials from China & to compete the international market for exports. These efforts & expertise is been used for earning income by means of conducting Business for M/s D.H. Exports Private Limited for last 3 year till the year 2010-11 .

THREATS

- As the major product of the company is made of Stainless Steel carrying high nickel (metal) which is a sensitive item quoted in LME (London Metal Exchange), the fluctuation may affect the business opportunities and its profitability.
- As company's major business is depending on exports the fluctuation in foreign currency may also affect the profitability.

) SEGMENT- WISE PERFORMANCE

The Company has in the last 5 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.

d) OUTLOOK

The manufacturing facility of the company has been now fully in operation and the new location for the business activity is defined at Nagpur/Bhandara. The Company is currently earning income from outsourcing, manufacturing & marketing exports and earning commission income from the same & doing dedicated job processing for M/s Sunflag Iron & Steel Ltd well known Manufacturer of Alloy & Special Steel.

e) INTERNAL CONTROL SYSTEMS

The Company has adequate Internal Control systems, which provide, inter-alia, reasonable assurance of recording the transactions of its operations in all material respects and providing protection against misuse or loss of Company assets.

f) FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Total Income achieved during the year under review is Rs. 321.16 lacs against Rs. 315.25 lakhs in the previous year. During the previous year the major source of income consisted of exports /sales whereas in the current year commission has been derived from the exports/sales passed onto fellow industries to maintain the marketing strength of the company.

g) HUMAN RESOURCES

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 approached the BIFR and their operating agent for the re-structuring in order to survive. The final scheme is 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 to BIFR. The company has successfully executed the VRS in the year 2001-02 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 economies meeting the production levels with considerable reduced cost of production. But at the same time the company is very conscious of the need, not only control head count but also to further reduce the manpower the vacant positions of separated employees are being filled up only based on urgent necessity under unavoidable circumstances while re deployment of the existing staff is done on continuous basis. This step will pave its path to greater achievements in the near future. With the latest update with the above proceedings, the order

has been passed by BIFR dated 21.12.2009 and the Company is in process to Appeal before AAIFR. But the appeal is still Pending therefore Company propose to file fresh application Under SICA (Sec.22 (a)) to BIFR and the same is in the Process of being filed.

ACCEPTANCE OF DEPOSIT (SEC - 58A)

The Company has not invited/accepted any deposits from public coming under the purview of section 58 A - of the Companies Act, 1956.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchanges, a compliance report on Corporate Governance together with a Certificate from Practicing Company Secretaries is annexed as part of the Annual Report.

COST AUDIT

The company is not required to undertake the cost audit as required under Section 233 B of the Companies Act, 1956.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanation obtained by them, your Directors make the following statement in terms of Section 217(2AA) of the Companies Act, 1956 that

- a) In the preparation of the Annual Accounts for the year ended March 31, 2011, the applicable accounting standards have been followed alongwith proper explanation relating to material departures, if any.
- b) The Directors have selected such accounting policies and applied them consistently and made judgments 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 ended March 31, 2011 and of the profit of the Company for that year.
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) The Directors have prepared the Annual Accounts for the year ended March 31, 2011, on a going concern basis.