

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<sup>nd</sup> Floor,  
381,Dr. Dadabhai Naoroji Road,  
Mumbai - 400 001.
- REGISTERED OFFICE : 327,Arun Chambers  
3<sup>rd</sup> Floor, Tardeo  
Mumbai-400 034.
- BANKERS : Indian Overseas Bank  
2003/C93  
Breach Candy,  
Mumbai - 400 026.
- DATE OF ANNUAL GENERAL MEETING : 29<sup>th</sup> September, 2011
- TIME : 11.00 A.M.
- VENUE : 327, Arun Chambers  
3<sup>rd</sup> Floor, Tardeo  
Mumbai -400 034.

## Annual Report 2010-2011

### 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,  
3<sup>rd</sup> 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,  
3<sup>rd</sup> 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                   | <b>(2466.65159)</b> | <b>(1567.83408)</b> |

**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 as 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.

7. **DIRECTORS**

In accordance with the Articles of Association of the Company and provisions of the Companies Act, 1956 Mr. Dhirajlal Jangla retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

8. **STATUTORY AUDITORS**

You are requested to appoint Auditors for the current year and fix their remuneration. The Auditors of the Company, THAKER BUTALA DESAI, Chartered Accountants retire at ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The Company has also received a certificate from them under Section 224(1B) of the Companies Act, 1956.

9. **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pursuant to Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is as follows:

**POWER & FUEL OIL CONSUMPTION**

| <b><u>1. Electricity Consumption</u></b> | <b><u>2010-2011</u></b> | <b><u>2009-2010</u></b> |
|--|-------------------------|-------------------------|
| Purchased units                          | NIL*                    | NIL                     |
| Total amount Rs. Lacs                    |                         |                         |
| Rate/unit Rs. Kwh                        |                         |                         |
| <b><u>2. LDO</u></b>                     |                         |                         |
| Quantity (KL)                            | NIL                     | NIL                     |
| Total amount Rs. Lacs                    |                         |                         |
| Rate Rs/KL                               |                         |                         |

\* (As recovered from party)

There were no foreign exchange earnings and outgo during the period under the consideration.

10. **PARTICULARS OF EMPLOYEES**

Since none of the employees of the Company was drawing remuneration in excess of limits laid down pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, details herewith are not furnished.

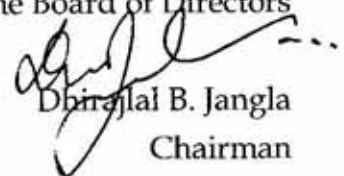
11. **PERSONNEL**

Your Directors place on record their appreciation to the sincere and dedicated services put in by the employees of the Company at all the levels and in the departments of the Company.

12. **BANKERS**

The Directors place on the record their appreciation for the support and co-operation received from all the Bankers.

For and on behalf of the Board of Directors

  
Dhirajlal B. Jangla  
Chairman

Place : Mumbai

Date : August 30, 2011

**Registered Office:**

327, Arun Chambers,

3<sup>rd</sup> Floor, Tardeo,

Mumbai - 400 034.

## **REPORT OF CORPORATE GOVERNANCE 2010-2011**

(Pursuant to clause 49 of the Listing Agreement)

### **1. Company's philosophy on Corporate Governance**

Your Company GRAND FOUNDRY LIMITED has always been committed to the highest level of corporate governance and believes in strengthening Investors trust and thereby ensuring a long-term partnership with them. Your Company believes in adopting the best corporate governance practices and protecting rights and interests of stakeholders. We further believe that the shareholders have the right to know the complete information on the Board of Directors and the management, their interest in the organization as well as governance practice to be followed by them.

Our governance philosophy is based on the following:-

1. Provide an enabling environment to harmonise the goals of maximizing stakeholder value and maintaining a customer centric focus.
2. Have a simple and transparent corporate structure driven solely by business needs.
3. Communicate externally, in a truthful manner, about how the company is run internally.
4. Make clear distinction between personal conveniences and corporate resources.
5. Be transparent and maintain a high degree of disclosure levels in all facets of its operations.
6. Satisfy the spirit of the law and not just the letter of the law.

The Company's philosophy on Corporate Governance is thus concerned with the ethics, values and morals of the Company and its Directors, who are expected to act in the best interests of the Company and remain accountable to shareholders and other beneficiaries for their action.

### **2. Board of Directors**

The Business of the Company is managed by a Board of Directors. The Board formulates the strategy, regularly reviews the performance of the Company and ensures that the previously agreed objectives are met on consistent basis. The Managing Director manages the day-to-day operations of the company.

#### **a. Size and Composition of Board**

The Board of Directors has the ideal composition with more than half of the directors being Non-Executive Directors. The Non Executive Directors brings external and wider perspective confirming therewith in depth business deliberations and decisions advantage.

The composition and category of Directors as on March 31, 2011 are as under:-

| Name of Directors       | Category                              | No. of Directorships in other Companies |         | No. of Membership/Chairmanship of other Board Committees |          |
|-------------------------|---------------------------------------|---|---------|--|----------|
|                         |                                       | Public                                  | Private | Member   | Chairman |
| Mr. Dhirajlal B. Jangla | Chairman & Executive                  | 7                                       | -       | 2  | -        |
| Mr. Kiran D. Jangla     | Managing Director & Executive         | 8                                       | -       | 2  | -        |
| Mr. Hiten D. Jangla     | Joint Managing Director & Executive   | 8                                       | -       | 1  | -        |
| Mr. Sushil Kumar Saraf  | Independent Director & Non- Executive | 1                                       | -       | 1  | -        |
| Mr. Bidhan Gujarati     | Independent Director & Non- Executive | -                                       | 1       | -  | -        |

**b. Attendance at Board Meeting and Annual General Meeting :-**

During the accounting year 2010-11, Four Board Meetings were held on April 30, 2010, July 31, 2010, October 30, 2010, and January 31, 2011.

The Annual General Meeting of the Company for the financial year 2009-2010 was held on September 29<sup>th</sup>, 2010.

Attendance at Board Meeting and last Annual General Meeting:-

| Name of Directors       | No. of Board Meetings attended | Attendance at last AGM |
|-------------------------|--------------------------------|------------------------|
| Mr. Dhirajlal B. Jangla | 6                              | Present                |
| Mr. Kiran D. Jangla     | 6                              | Present                |
| Mr. Hiten D. Jangla     | 6                              | Present                |
| Mr. Sushil Kumar Saraf  | 6                              | Present                |
| Mr. Bidhan Gujarati     | 6                              | Present                |

**c. Board's Functioning & Procedures:-**

Board Members are given appropriate documents and information in advance of each Board and Committee Meetings. To enable the Board to discharge its responsibilities effectively, the Managing Director reviews the overall company performance.

The functions performed by the Board include the review of :

- Unaudited Quarterly/half yearly financial results and audited annual accounts of the company including segment wise revenue, results and capital employed, for consideration and approval,
- Minutes of meetings of audit, share holders grievance committee and remuneration committee,
- Abstracts of circular resolutions passed,
- General notices of interest,
- Strategy and Business Plans
- Sale and/or purchase of investments, fixed assets.
- Compliance with statutory/ regulatory requirements and review of major legal issues
- Review compliance of all laws applicable to the Company including the requirements of the Listing Agreement with the Stock Exchanges and steps taken by the Company to rectify instances of non compliances, if any.
- Related party transactions,
- Reviewing the company's financial and risk management policies.
- Reviewing the business plan and strategy of the Company.

All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial /business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Director to enable the Board to take informed decisions.

The Minutes of the Meetings of the Board are circulated through email to all Directors and confirmed at the subsequent Meeting. The Minutes of the Audit committee and shareholders' grievance committee are also individually given to the Board Directors and thereafter tabled for discussion at the subsequent Board Meeting.

### **3. Audit Committee**

Audit committee acts as a link between the statutory and internal auditors and the Board of Directors. The Audit Committee has the members with sound knowledge of finance, accounting and law. The primary objective of the audit committee is to provide effective supervision of the management's financial reporting process with a view to ensure accurate, timely and proper disclosures.

The Committee deals with accounting matters, financial reporting and internal controls. The power and role of the Audit Committee is as per guidelines set out in the amended listing agreements. The Board of Directors of the Company has constituted an Audit Committee.

a. Size and Composition:-

The Board constituted an Audit Committee of Directors having Mr. Sushil Kumar Saraf, Non - Executive Independent Director as Chairman of the Committee, Mr. Dhirajlal B. Jangla - Non- Executive, Mr. Hiten D. Jangla - Joint Managing Director & Executive and Mr. Bidhan Gujarati as Non - Executive Independent Directors.

The members of the Committee are well versed in finance / accounts, legal matters and general business practices.

b. Attendance at the Audit Committee Meetings:-

During the accounting year 2010-11, four Audit Committee Meetings were held on April 30, 2010, July 31, 2010, October 30, 2010, and January 31, 2011.

| Name of Directors       | No. of Audit Committee Meetings attended |
|-------------------------|--|
| Mr. Dhirajlal B. Jangla | 4  |
| Mr. Sushil Kumar Saraf  | 4  |
| Mr. Hiten D. Jangla     | 4  |
| Mr. Bidhan Gujarati     | 4  |

c. The functions of the Audit Committee include the following:-

- Reviewing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other expenses.
- Reviewing with management the annual / half-yearly / quarterly financial statements before submission to the Board.
- Reviewing with management, external and internal auditors, the adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading of the department, reporting structure coverage and frequency of internal audit.
- Discussion with external auditors before the audit, any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by internal auditors



into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

- Discussion with external auditors before the audit commences, nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.
- Related party transactions,
- To review the matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956.
- To review the Management discussion and analysis of financial condition and results of operations.
- To recommend re-appointment of Statutory Auditors and to fix their remuneration.

All the items in the Agenda are accompanied by notes giving comprehensive information on the related subject and in certain matters such as financial /business plans, financial results, detailed presentations are made. The Agenda and the relevant notes are sent in advance separately to each Member to enable the Committee to take informed decisions.

The Minutes of the Meetings of the Committee are circulated through email to all Directors and confirmed at the subsequent Meeting.

The Statutory Auditors and Managing Director are invitees to the Audit Committee Meetings.

#### 4. Remuneration Committee

The Board of Directors has constituted a Remuneration Committee to determine the remuneration payable to the Managing Director taking into account their qualification, experience, contribution and the prevailing level of remuneration in companies of corresponding size and nature.

During the accounting year 2010-11, four Remuneration Committee Meetings were held on May 14, 2010, July 19, 2010, October 25, 2010 and January 5, 2011.

| Name of Directors       | No. of Remuneration Committee Meetings attended |
|-------------------------|---|
| Mr. Dhirajlal B. Jangla | 4   |
| Mr. Sushil Kumar Saraf  | 4   |

|                     |   |
|---------------------|---|
| Mr. Hiten D. Jangla | 4 |
| Mr. Bidhan Gujarati | 4 |

## 5. Shareholders Grievance Committee

The committee has the mandate to review, redress shareholders' grievances, to approve all share transfers.

a. The functions of the Shareholders' grievance committee include the following:-

- Transfer /transmission of shares,
- Issue of duplicate share certificates,
- Review of shares dematerialized and all other related matters,
- Monitors expeditious redressal of investors' grievances,
- Non receipt of Annual report,
- All other matters related to shares.

The Chairman of the Committee is an Independent Non- Executive Director.

b. Size and Composition:-

The Company reconstituted Shareholders Grievance Committee in to specifically look into the redressal of the shareholders grievances and also the share transfers and other investor related matters. The Committee consists of :-

Mr. Dhirajlal B. Jangla - Chairman and Mr. Kiran D. Jangla and Mr. Hiten D. Jangla - Members. Mr. Anant Gawde - Junior Officer has been designated as the Compliance Officer.

c. Meeting of the Shareholders' grievance committee Meetings:-

During the accounting year 2010-11, four Shareholders' grievance committee Meetings were held on May 14, 2010, July 19, 2010, October 25, 2010 and January 5, 2011.

## 6. General Body Meetings

Location and time of Annual General Meetings held in last Four years are as under:-

| Financial Year | Day and Date                | Location  | Time       |
|----------------|-----------------------------|---|------------|
| 2006-2007      | Saturday September 29, 2007 | 327, Arun Chambers, 3 <sup>rd</sup> Floor, Tardeo, Mumbai - 400 034 | 9.30 A.M.  |
| 2007-2008      | Tuesday September 30, 2008  | 327, Arun Chambers, 3 <sup>rd</sup> Floor, Tardeo, Mumbai - 400 034 | 10.00 A.M. |

|           |                              |   |           |
|-----------|------------------------------|---|-----------|
| 2008-2009 | Tuesday September 29, 2009   | 327, Arun Chambers, 3 <sup>rd</sup> Floor, Tardeo, Mumbai - 400 034 | 10.00 A.M |
| 2009-2010 | Wednesday September 29, 2010 | 327, Arun Chambers, 3 <sup>rd</sup> Floor, Tardeo, Mumbai - 400 034 | 11.00 A.M |

## 7. Disclosures

- The related party transactions as per Accounting Standard 18 is set out at note no. 4 of Schedule "I" in notes forming part of accounts in the Annual Report. These transactions are not likely to have any conflict with the Company's interest.
- The Company has complied with the requirements of the Stock Exchanges, SEBI and Statutory Authorities on all matters related to capital markets and no penalties / strictures were imposed on the Company during the last three years.
- No penalty has been imposed on the Company by the Stock Exchange (BSE) or the Securities and Exchange Board of India (SEBI) or any statutory authority on any matters related to capital markets during last three years.
- The Company has made a reference to BIFR in July 1998 where it declared the Company a Sick Company and appointed IDBI as OA to examine the validity and prepare rehabilitation Scheme for the Company. Thereafter, the Company has submitted the Rehabilitation Scheme under SICA as per the directions from Honorable AAIFR to the appointed OA (IDBI) and OA has assessed the same and had submitted the same for their approval. On the hearing by Honorable AAIFR on 12/04/2007, the Honorable bench has set aside the order dated 27/11/2002 passed by the Honorable BIFR with a direction to consider Rehabilitation Scheme submitted by O.A. on 05/04/2007 and pass the order in accordance with the provisions of SICA. 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.
- There were no transfers to Investor Education and protection fund during the year.
- Adoption of non mandatory requirements under Clause 49 of the Listing Agreement are being reviewed by the Board from time to time.

## 8. Code of Conduct:-

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management. The Code is reviewed from time to time by the Board. The said Code has been communicated to the Directors and the Members of the Senior Management.

## 9. Trading in the Company's shares by Directors and Designated Employees:-

There was no trading in the Company's shares in the year under review as the trading was suspended by the Bombay Stock Exchange.

## 10. Means of Communication:

- The quarterly and half-yearly results of the Company are published in English and Marathi National dailies.
- The Management Discussion and Analysis Report forms a part of this Annual Report, which is sent to each member by post.
- The Company informs the Stock Exchange all price sensitive matters or such other matters which are material and of relevance to the shareholders and subsequently issues a Press Release on the said matters.

## 11. General Shareholder Information:

### a. Annual General Meeting

- Date : September 29, 2011
- Time : 11.00 A.M
- Venue : 327, Arun Chambers, 3<sup>rd</sup> Floor, Tardeo, Mumbai - 400 034.

### b. Financial Calendar:

#### ➤ Financial Reporting for

|   |                     |
|---|---------------------|
| Quarter ending June 30,2010             | By end July 2010    |
| Quarter/Half year ending Sept. 30, 2010 | By end October 2010 |
| Quarter ending December 31, 2010        | By end January 2011 |
| Quarter/Year ending March 31, 2011      | By end April 2011   |

- Date of Book Closure : September 21, 2011 to September 29, 2011  
(both days inclusive)

### c. Market information

- Listing on Stock Exchange : The Stock Exchange, Mumbai.
- Listing fee for the year 2010-11 has been paid to the Stock Exchange.
- Stock Code : 513343 on The Stock Exchange, Mumbai
- ISIN No.CDSL& NSDL : INE534A01010
- Market Price Data : High / Low price during each month of 2010-11 on The Stock Exchange, Mumbai and BSE

Sensex are as under:

|                 | The Stock Exchange, Mumbai                            |   |
|-----------------|---|---|
|                 | Highest<br>(Rs.)                                      | Lowest<br>(Rs.)                                       |
| April, 2010     | No<br>Trading<br>In<br>The<br>Year<br>Under<br>Review | No<br>Trading<br>In<br>The<br>Year<br>Under<br>Review |
| May, 2010       |   |   |
| June, 2010      |   |   |
| July, 2010      |   |   |
| August, 2010    |   |   |
| September, 2010 |   |   |
| October, 2010   |   |   |
| November, 2010  |   |   |
| December, 2010  |   |   |
| January, 2011   |   |   |
| February, 2011  |   |   |
| March, 2011     |   |   |

d. Share Transfer System and other related matters

➤ Registrar and Share

Transfer Agent : For both physical & demat segments:  
M/s Computech Sharecap Limited  
47, M.G. Road, 3<sup>rd</sup> Floor, Opp. Jehangir  
Art Gallery, Fort, Mumbai - 400 023.  
Tel No. 022-22671824/25. Fax No.22635000.

➤ Share Transfer System

:The shares lodged for transfer are processed by the Registrar and Transfer Agent and are approved by Shareholders Grievance Committee. Shares sent for transfer in physical form are registered and returned within a maximum period of 30 days from the date of receipt, subject to documents being valid and complete in all respects. Similarly all requests for demat are received and processed by the Registrar and Transfer Agents and confirmations given to the depositories within the prescribed time limit.

- Nomination Facility for Shareholding : 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
- Correspondence regarding Change in Address : 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, 3<sup>rd</sup> Floor, Opp. Jehangir Art Gallery, Fort, Mumbai - 400 023.  
Tel No. 022-22671824/25. Fax No.22635000

➤ Distribution of Share holding as on 31.3.2011

| NO. OF EQUITY SHARES HELD<br>(1) | NO. OF SHAREHOLDERS<br>(2) | % OF SHAREHOLDERS<br>(3) | NO. OF SHARES HELD<br>(4) | % OF SHARE HOLDING<br>(5) |
|----------------------------------|----------------------------|--------------------------|---------------------------|---------------------------|
| UPTO 5000                        | 24122                      | 99.10%                   | 6059196                   | 58.09%                    |
| 5001 - 10000                     | 119                        | 0.49%                    | 942671                    | 9.04%                     |
| 10001 - 20000                    | 51                         | 0.21%                    | 778925                    | 7.47%                     |
| 20001 - 30000                    | 22                         | 0.09%                    | 518665                    | 4.97%                     |
| 30001 - 40000                    | 3                          | 0.01%                    | 103175                    | 0.99%                     |
| 40001 - 50000                    | 5                          | 0.02%                    | 250000                    | 2.40%                     |
| 50001 - 100000                   | 14                         | 0.06%                    | 1007395                   | 9.66%                     |
| 100001 - 9999999                 | 5                          | 0.02%                    | 769973                    | 7.38%                     |
| TOTAL                            | 24341                      | 100.00%                  | 10430000                  | 100.00%                   |

➤ Shareholding Pattern as on 31.3.2011

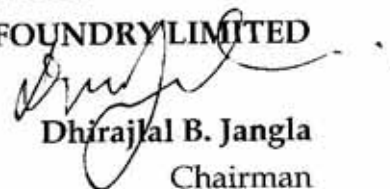
| Category  | No. of Shares held | Percentage to total (%) |
|---|--------------------|-------------------------|
| a. Promoters, Directors & Relatives                                     | 1336590            | 12.81                   |
| b. Persons acting in concert  | 0                  | 0                       |
| c. Mutual Funds / UTI   | 2600               | 0.02                    |
| d. Banks & Financial Institutions & Insurance Companies(Central/ State) | 4580               | 0.04                    |
| e. Govt. Institutions/ Non - Govt. Institutions                         | 0                  | 0.00                    |
| f. Private Corporate Bodies   | 737165             | 7.07                    |
| g. Indian Public  | 8332402            | 79.89                   |
| h. NRIs/OCBs  | 16663              | 0.16                    |
| Total   | 10430000           | 100                     |

- Dematerialisation of Shares : No dematerialisation took place during the quarter
- Outstanding GDRs/ ADRs : Nil  
/ Warrants or any convertible Instrument, conversion date and likely impact on equity.
- Address for Correspondence : 327, Arun Chambers,  
3<sup>rd</sup> Floor, Tardeo,  
Mumbai - 400 034.

## DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 31<sup>st</sup> March 2011.

For **GRAND FOUNDRY LIMITED**

A handwritten signature in black ink, appearing to read 'Dhirajlal B. Jangla', is written over the printed name and title.

**Dhirajlal B. Jangla**  
Chairman

Place : Mumbai

Date: August 30, 2011



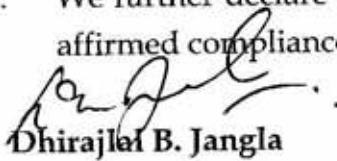
**CHIEF EXECUTIVE OFFICER (CEO) and CHIEF FINANCIAL OFFICER (CFO)**  
**CERTIFICATION**

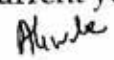
We, Dhirajlal B. Jangla, Chairman and Mr. Anant Gawde Junior Officer & Compliance Officer, of GRAND FOUNDRY LIMITED, to the best of our knowledge and belief, certify that:

1. We have reviewed the balance sheet and profit and loss account and notes on accounts, as well as the cash flow statements and the directors' report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
3. Based on our knowledge and information, the financial statements and other financial information included in this report, fairly present in all material respects, the financial condition, results of the operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct.
5. The Company's other certifying officers and we, are responsible for establishing and maintaining disclosure controls and procedures for the Company, and we have :
  - a. designed such disclosure controls and procedures to ensure that material information relating to the Company, is made known to us by others within those entities particularly during the period during which this report is being prepared; and
  - b. Evaluated the effectiveness of the company's disclosure, controls and procedures.
6. The Company's other certifying officers and we, have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and the Audit Committee of the Company's Board of Directors (and persons performing equivalent functions):
  - a. all significant deficiencies in the design or operation of internal controls , which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors, any material weakness in

internal controls;

- b. any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal controls;
  - c. the company's other certifying officers and we, have indicated in this report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weakness; and
  - d. All significant changes in the accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
7. In the event of any materially significant misstatements or omissions, the signing officers will return to the Company that part of any bonus or incentive or equity - based compensation, which was inflated on account of such errors, as decided by the Audit Committee;
8. We affirm that we have not denied any personnel access to the Audit Committee of the Company;
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

  
**Dhirajlal B. Jangla**  
Chairman

  
**Anant Gawade**  
Accounts Officer & Compliance Officer

Place: Mumbai

Date : August 30, 2011

## COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

Company Secretary's Certificate on compliance with the conditions of Corporate Governance under Clause 49 of the Listing Agreement (s)

The Members of  
Grand Foundry Limited

We have examined the compliance of conditions of Corporate Governance by Grand Foundry Limited for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

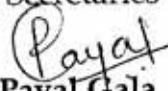
The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Mumbai  
Date: August 30, 2011

For Payal Gala & Associates  
Practicing Company Secretaries

  
Payal Gala  
CP No. 9513

To:

The Members,  
Grand Foundry Limited.

We have examined the compliance of Corporate Governance by GRAND FOUNDRY LIMITED for the nine months period ended on 31<sup>st</sup> March,2011, as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to review of the procedures and implementations thereof, adopted by the company for ensuring the compliance of the conditions of the Certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor expression of opinion on the financial statements of the company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that, subject to comments given in the Report on Corporate Governance, the company has complied with the conditions of Corporate governance as stipulated in the above mentioned List Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of Indian and on basis of information and explanation given to us we have to state that no investor grievances are remaining unattended/pending against the company as at 31<sup>st</sup> March,2010 for more than 30 days as per the records maintained by the Registrars of the Company and presented to the shareholders/investors Grievance Committee of the Company.

We further state that such compliance is neither an assurance as to the future viability of the company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For THACKER BUTALA DESAI  
CHARTERED ACCOUNTANTS  
FRN: 110864 W

MIHIR .N.MAJMUDAR, PARTNER  
Membership No. 032724



Mumbai  
Dated : August 30, 2011

PROXY FORM

**GRAND FOUNDRY LIMITED**

**Registered Office: 327, Arun Chambers, 3<sup>rd</sup> Floor, Tardeo, Mumbai-400034.**

Membership Folio No : \_\_\_\_\_ No. of shares held : \_\_\_\_\_

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ being a member/members of Grand Foundary Limited,  
hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our  
behalf at the Annual General Meeting of the Company to be held on Thursday,  
September 29, 2011 at 11.00 A.M. at, 327, Arun Chambers, 3<sup>rd</sup> Floor, Tardeo,  
Mumbai-400034 or at the adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011.

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**Important**

- a. Revenue Stamp of Rs. 1/- is to be affixed on this form.
- b. The Form should be signed across the stamp as per the specimen signature Registered with the Company.
- c. The Companies, 1956 lays down that an instrument appointing a Proxy shall be deposited at the Registered Office of the Company and not less than **FORTY-EIGHT-HOURS** before the time fixed for the Meeting,
- d. A proxy need not be a Member.

ATTENDANCE SLIP

**GRAND FOUNDRY LIMITED**

**Registered Office : 327, Arun Chambers, 3<sup>rd</sup> Floor, Tardeo, Mumbai-400034.**

(Please complete this Attendance Slip and hand it over at the entrance of the meeting hall)

I hereby record my presence at the Nineteenth Annual General Meeting of the of the Company being held on Thursday, September 29, 2011 at 11.00 A. M. at 327, Arun Chambers, 3<sup>rd</sup> Floor, Tardeo, Mumbai-400034.

Membership Folio No. : \_\_\_\_\_ No. of shares held : \_\_\_\_\_

Name of the Shareholder/Proxy\*: - \_\_\_\_\_

\*Strike out whichever is not applicable.

Signature of Shareholder/ Proxy\*: - \_\_\_\_\_

\*Strike out whichever is not applicable.

Grand Jounchy Hotel.

Balance sheet

**ACCOUNTS  
FOR THE YEAR  
ENDED**

31-03-2011.

**THACKER BUTALA DESAI**

CHARTERED ACCOUNTANTS

Ismail Building, 2nd Floor,  
381, Dr. D. N. Road, Mumbai-400 001.

Phones : 2204 2086, 2204 9473

Fax No. : 2204 0148

AUDITORS' REPORT

**TO THE MEMBERS  
GRAND FOUNDRY LIMITED.**

We have audited the attached Balance Sheet of **GRAND FOUNDRY LIMITED** as at 31<sup>st</sup> March, 2011 and also the Profit and Loss Account for the year ended on that date annexed hereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.

Further to our comments in the Annexure referred to above, we report that:

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March, 2011, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31<sup>st</sup> March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- (vii) Read with clauses (i), (iv), (x) and (xi) to the attached annexure CARO and subject to the following clauses in Schedule L being Notes to Accounts to the Balance Sheet:
  - (a) Non provision of penal interest for default in payment of installments to Financial Institutions and under hire purchase agreements to the extent of Rs.397,82,603 & interest to others (ICD) Rs.1,45,06,038/-.
  - (b) Non provision of import duty liability of Rs. 628,71,249/- for non-fulfillment of export obligation.
  - (c) For non information on liability to Small Scale Industrial Units.
  - (d) In absence of confirmations from sundry debtors and various advances given, it's not possible to comment whether they are good.





In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2011, and
- (ii) in the case of the Profit and Loss Account, of the Loss for the year ended on that date.



For THACKER BUTALA DESAI  
CHARTERED ACCOUNTANTS  
FRN: 110864 W

*[Signature]*  
MIHIR N. MAJMUDAR, PARTNER  
Membership No. 032724

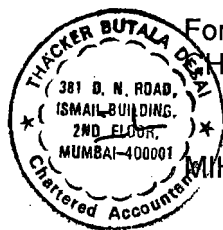
Date: August 30, 2011

GRAND FOUNDRY LIMITED  
ANNEXURE TO THE AUDITOR'S REPORT

- (i) (a) On the basis of checks carried out by us on records produced before us, we have to state that the quantitative details and situation of fixed assets are not readily available and thus not produced before us.
- (b) We are informed by the Management that they have physically verified these fixed assets at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) No substantial part of the fixed assets have been disposed off during the year.
- (ii) (a) We are informed by the Management that physical verification of inventory has been conducted by them at reasonable intervals.
- (b) We are of the opinion that the procedures for physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) We are of the opinion that the company is maintaining proper records of inventory and material discrepancies, if any, noticed on physical verification have been properly dealt with in the books of Accounts.
- (iii) On the basis of information and explanation made available to us, we find that the company has not granted any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) From the checks carried out by us, we are of the opinion that there exists no adequate internal control/audit procedure commensurate with the size of the company and nature of its business, for purchase of inventory and fixed assets and for sale of goods.
- (v) (a) From the checks carried out by us, we find that the transactions that need to be entered into a register in pursuance of section 301 of the Act have been so entered.
- (b) From the information and explanation made available to us, we find that each of these transactions have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) From the checks carried out by us, we are of the opinion that the company has not accepted deposits from the public.
- (vii) From the checks carried out by us, we are of the opinion that the company has an internal audit system commensurate with its size and nature of its business.
- (viii) From the information and explanation made available to us, we are of the opinion that prima facie the prescribed accounts and records as required under clause (d) of sub-section (I) of section 209 of the Act, have been made and maintained.
- (ix) (a) According to the records of the company, no Provident Fund deductions have been made. We have been informed by the management that the company is not covered

under the Employee's State Insurance Scheme.

- (x) The company has an accumulated loss of more than hundred percent of its net worth and it is a sick company within the meaning of clause (o) of subsection (1) of section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985.
- (xi) From the checks carried out by us and from explanation and information made available to us, we are of the opinion that the company has defaulted in repayment of dues to a financial institution or bank or debenture holders.
- (xii) We are informed by the management that the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) We are informed by the management that the company is neither a chit fund or a niddhi/Mutual benefit fund or a society.
- (xiv) From the checks carried out by us, we are of the opinion that the Company has not done any dealing or trading in shares, securities, debentures and other investments.
- (xv) We are informed by the management that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) From the checks carried out by us and from the information and explanation made available to us, we are of the opinion that the term loans, if any, were applied for the purpose for which the loans were obtained.
- (xvii) From the checks carried out by us and from the information and explanation made available to us, we are of the opinion that the funds raised on short term basis have not been used for long term investments and vice versa.
- (xviii) We are informed that the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act and if so, the price at which such shares have been issued are not prejudicial to the interest of the company.
- (xix) We are informed that the securities created in respect of debentures, if any, issued in the past is as stated in Sch D to the Balancesheet.
- (xx) The Company has not raised any money from public issue during the year.
- (xxi) From the checks carried out by us, we find that no fraud on or by the company has been noticed or reported during the year.



For THACKER BUTALA DESAI  
CHARTERED ACCOUNTANTS  
FRN: 110864 W

*M. N. Majmudar*  
M. N. MAJMUDAR, PARTNER  
Membership No. 032724

Date : August 30, 2011

# GRAND FOUNDRY LTD

## SCHEDULE - F

### CURRENT LIABILITIES AND PROVISIONS

|                             | Balance as at<br>31-03-2011<br>(Rupees) | Balance as at<br>31-03-2010<br>(Rupees) |
|-----------------------------|---|---|
| <b>Current Liabilities:</b> |   |   |
| Bill Acceptance             | 4000000                                 | 4000000                                 |
| Sundry Creditors            | 0                                       | 0                                       |
| Liability for Expenses      | 35036696                                | 35632413                                |
| <b>Total</b>                | <b>39,036,696</b>                       | <b>39,632,413</b>                       |



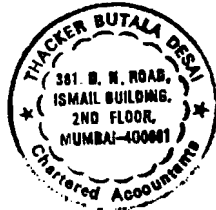
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# GRAND FOUNDRY LTD

## SCHEDULE - E

### CURRENT ASSETS, LOANS & ADVANCES

|  | Balance as at<br>31-03-2011<br>(Rupees) |         | Balance as at<br>31-03-2010<br>(Rupees) |          |
|--|---|---------|---|----------|
| <b>Current Assets:</b>   |   |         |   |          |
| <b>Sundry Debtors :</b>  |   |         |   |          |
| (Unsecured considered good)  |   |         |   |          |
| Outstanding for more than<br>6 months considered good                | 40390                                   | 3319163 | 0                                       | 5906272  |
| Less than 6 months   | 3278773                                 | 3319163 | 5906272                                 | 5906272  |
| <b>Cash &amp; Bank Balances</b>                                      |   |         |   |          |
| Balance with Scheduled Banks<br>In Current A/C                       | 4600                                    |         | 18947                                   |          |
| Cash on Hand   | 70585                                   |         | 77193                                   |          |
|  |   | 75185   |   | 96140    |
| Deposits-Sunflag   |   | 480000  |   | 215000   |
| <b>Other Current Assets :</b>  |   |         |   |          |
| V.A.T.(NET OF A/C)   |   | 107463  |   | 108312   |
| <b>Loans and Advances :</b>  |   |         |   |          |
| (Unsecured considered good unless<br>otherwise stated )              |   |         |   |          |
| Advances Recoverable In Cash Or<br>Kind Or For Value To Be Received. |   |         |   |          |
| A. Advances to Suppliers   | 118810                                  |         | 26526489                                |          |
| B. Advances & Taxes paid   | 1113806                                 |         | 566048                                  |          |
|  |   | 1232616 |   | 27092537 |
| <b>Total</b>   |   | 5214426 |   | 33418262 |



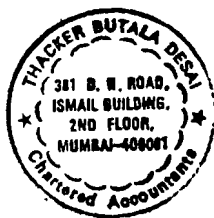
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# GRAND FOUNDRY LTD

## SCHEDULE - G

### DEFERRED TAX

|   | Balance as at<br>31-03-2011<br>Rupees | Balance as at<br>31-03-2010<br>Rupees |
|---|---------------------------------------|---------------------------------------|
| Deferred Tax Asset<br>(Deferred Tax Asset is attributable to<br>carried forward losses)           | 49,876,783                            | 51,031,671                            |
| Add/Less :- Deferred Tax Liability<br>(Deferred Tax Liability is attributable to<br>Depreciation) | (70,239,919)                          | (1,154,888)                           |
| <b>Total</b>  | <b>-20363136</b>                      | <b>49,876,783</b>                     |



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**GRAND FOUNDRY LTD.**

**BALANCE SHEET AS AT 31 MARCH 2011**

| Schedule   | As at<br>31-03-2011<br>Rupees | As at<br>31-03-2010<br>Rupees       |
|--|-------------------------------|-------------------------------------|
| <b>SOURCES OF FUND :</b>                         |                               |                                     |
| <b>Shareholders Funds :</b>                      |                               |                                     |
| Share Capital                                    | A 104300000                   | 104300000                           |
| Reserves and Surplus                             | B <u>5764000</u>              | <u>5764000</u> 110064000            |
| <b>LOAN FUNDS :</b>                              |                               |                                     |
| Unsecured Loans                                  | C 122707801                   | 132706357                           |
| Deferred Tax Liability                           | 20363136                      | 0                                   |
| <b>TOTAL Rs.</b>                                 | <b><u>253134937</u></b>       | <b><u>242770357</u></b>             |
| <b>APPLICATION OF FUND:</b>                      |                               |                                     |
| <b>Fixed Assets :</b>                            | D                             |                                     |
| Gross Block                                      | 87839083                      | 87839083                            |
| Less : Depreciation                              | <u>-47547037</u>              | <u>-45514766</u> 42324317           |
| <b>Current Assets,</b>                           |                               |                                     |
| Loans and Advances :                             | E                             |                                     |
| Sundry Debtors                                   | 3319163                       | 5906272                             |
| Cash and Bank Balances                           | 75185                         | 96140                               |
| Other Current Assets                             | 587463                        | 323312                              |
| Loans and Advances                               | <u>1232616</u>                | <u>27092537</u>                     |
|  | 5214427                       | 33418262                            |
| Less : - Current Liabilities<br>and Provisions : | F <u>-39036696</u>            | <u>-33822268</u> -39632413 -6214151 |
| Deferred Tax Asset                               | G 0                           | 49876783                            |
| Profit & Loss Account                            | 246665159                     | 156783408                           |
| <b>TOTAL Rs.</b>                                 | <b><u>253134937</u></b>       | <b><u>242770357</u></b>             |

**Notes Forming Part of Accounts** K  
As per our attached Report of even date  
For **THACKER BUTALA DESAI**  
Chartered Accountants  
FRN : 110864 W

*[Signature]*

**MIHIR N. MAJMUDAR, Partner**  
Membership No. 32724



For And On Behalf of The Board

*[Signature]*  
Dhirajlal B. Jangla, Chairman

*[Signature]*  
Kiran D. Jangla, Managing Director

*[Signature]*  
Hiten D. Jangla, Jt. Managing Director

Mumbai  
Date : August 30, 2011

Mumbai  
Date : August 30, 2011

**GRAND FOUNDRY LTD.**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

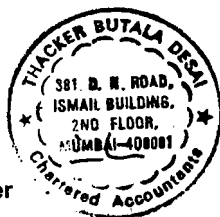
| Schedule  | 31-03-2011<br>Rupees     | 31-03-2010<br>Rupees     |
|---|--------------------------|--------------------------|
| <b>INCOME :</b>                                 |                          |                          |
| Sales   | 1479500                  | 345788                   |
| Job work  | 25001903                 | 26637495                 |
| Other Income                                    | <u>5634894</u>           | <u>4541813</u>           |
|   | 32116297                 | 31525096                 |
| <b>EXPENDITURE:</b>                             |                          |                          |
| Consumption of Materials                        | H 4678644                | 6503908                  |
| Personnel Cost                                  | I 9487975                | 7929271                  |
| Admin and other Expenses                        | J <u>6688713</u>         | <u>11807993</u>          |
|   | 20855333                 | 26241171                 |
| Profit before Interest,<br>Depreciation and Tax | 11260964                 | 5283925                  |
| Interest and Finance Charges                    | 28595527                 | 11125973                 |
| Depreciation                                    | <u>2032271</u>           | <u>2016334</u>           |
|   | 30627798                 | 13142307                 |
| Profit/(Loss) For The Year                      | -19366834                | (7,858,383)              |
| Less : Deferred Tax Liability                   | -70239919                | -1154888                 |
| Add: - Remission of Loan on settlement          | 0                        | 27500000                 |
| Excess Interest Provided                        | 0                        | 91868377                 |
| LESS : PRIOR PERIOD EXPS                        | -275000                  | -7636200                 |
|   | <u>-89881753</u>         | <u>102718906</u>         |
| Balance Brought Forward                         | -156783408               | -259502315               |
| <b>Balance carried to Balance Sheet</b>         | <u><u>-246665159</u></u> | <u><u>-156783408</u></u> |

Notes Forming Part of Accounts K

As per our attached Report of even date  
For **THACKER BUTALA DESAI**  
Chartered Accountants  
FRN : 110864 W

*Mihir N. Majmudar*

**MIHIR N. MAJMUDAR, Partner**  
Membership No. 32724



Mumbai  
Date : August 30,2011

For And On Behalf of The Board

*Dhirajlak B. Jangla*  
Dhirajlak B. Jangla, Chairman

*Kiran D. Jangla*  
Kiran D. Jangla, Managing Director

*Hiten D. Jangla*  
Hiten D. Jangla, Jt. Managing Director

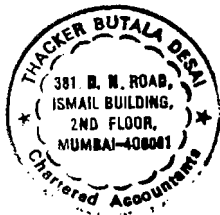
Mumbai  
Date : August 30,2011



# GRAND FOUNDRY LTD

## SCHEDULE 'A' SHARE CAPITAL

|  | Balance as at<br>31-03-2011<br>(Rupees) | Balance as at<br>31-03-2010<br>(Rupees) |
|--|---|---|
| <b>Authorised:</b>   |   |   |
| 3,00,00,000 Equity Shares<br>(P. YR. 3,00,00,000/- Equity Shares of Rs.10/- each.)   | 300000000                               | 300000000                               |
| 100,000 15% Preference Shares of Rs.10/- each  | 1000000                                 | 1000000                                 |
|  | <u>301000000</u>                        | <u>301000000</u>                        |
| <b>Issued &amp; Subscribed &amp; Paid Up</b>   |   |   |
| 1,04,30,000 Equity Shares of Rs.10/-<br>each (includes 59,80,000 Equity Shares<br>issued as Bonus shares of which<br>10,00,000 Equity Shares allotted as<br>Bonus Shares by capitalising general<br>reserves in 1989-90;<br>20,00,000 equity shares allotted as<br>bonus shares by capitalising general<br>reserves in 1991-92;& 29,80,000 equity<br>shares allotted as bonus shares<br>by capitalising share premium<br>in 1993-94. | 104300000                               | 104300000                               |
| <b>Total</b>   | <u>104300000</u>                        | <u>104300000</u>                        |



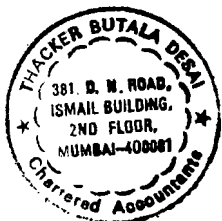
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# GRAND FOUNDRY LTD

## SCHEDULE - B

### RESERVES AND SURPLUS:

|                                     | Balance as at<br>31-03-2011<br>Rupees | Balance as at<br>31-03-2010<br>Rupees |
|-------------------------------------|---------------------------------------|---------------------------------------|
| <b>Share Premium Amount</b>         |                                       |                                       |
| As per last Balance Sheet           | 4671500                               | 4671500                               |
| <b>Debenture Redemption Reserve</b> |                                       |                                       |
| As per last Balance Sheet           | 882000                                | 882000                                |
| <b>Capital Reserve:</b>             |                                       |                                       |
| As per last balance sheet           | 199500                                | 199500                                |
| <b>Capital Redemption Reserve</b>   |                                       |                                       |
| As per last balance sheet           | 11000                                 | 11000                                 |
| <b>Total</b>                        | <b>5764000</b>                        | <b>5764000</b>                        |



109

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# GRAND FOUNDRY LTD

## SCHEDULE - C

### UNSECURED LOANS

|  | Balance as at<br>31-03-2011<br>(Rupees) | Balance as at<br>31-03-2010<br>(Rupees) |
|--|---|---|
| Short Term Deposit from<br>Financial Institution | 82797831                                | 80697831                                |
| Loan from Promotors                              |   |   |
| (a) Towards Proposed Sharecapital                | 20000000                                |   |
| (b) Others                                       | 19860585                                |   |
|  | 39860585                                | 53867555                                |
| <b>Total</b>                                     | <b>122658416</b>                        | <b>134565386</b>                        |



*[Handwritten signatures]*

# GRAND FOUNDRY LTD

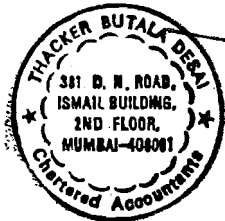
## SCHEDULE - D

### FIXED ASSETS

| PARTICULARS          | COST AS ON      |                                | SALES/<br>TRFS | COST AS ON      |                   | DEPRECIATION  |                     |                     | NET BLOCK AS ON |                 |
|----------------------|-----------------|--------------------------------|----------------|-----------------|-------------------|---------------|---------------------|---------------------|-----------------|-----------------|
|                      | 01./04/10       | ADDITION<br>DURING<br>THE YEAR |                | 31/03/2011      | UP TO<br>01/04/10 | DEP.<br>ADJ.  | FOR THE YR.<br>2011 | TOTAL<br>31/03/2011 | 31/03/2011      | 31/03/2010      |
| Plant & Machinery    | 87410094        | 0                              | 0              | 87410094        | 45493665          | 0             | 1991517             | 47485182            | 39924912        | 41916429        |
| Motor Car            | 428989          | 0                              | 0              | 428989          | 21101             | 0             | 40754               | 61855               | 367134          | 407888          |
| <b>TOTAL</b>         | <b>87839083</b> | <b>0</b>                       | <b>0</b>       | <b>87839083</b> | <b>45514766</b>   | <b>0</b>      | <b>2032271</b>      | <b>47547037</b>     | <b>40292046</b> | <b>42324317</b> |
| <b>PREVIOUS YEAR</b> | <b>87759054</b> | <b>428989</b>                  | <b>348960</b>  | <b>87839083</b> | <b>43672358</b>   | <b>173926</b> | <b>2016334</b>      | <b>45514766</b>     | <b>42324317</b> | <b>44086696</b> |

#### NOTES:

1. Depreciation on Assets has been provided on the W. D. V. method as per the rates prescribed under Schedule XIV of the companies Act 1956.
2. The Plant & Machinery are located at the factory of the Customer (Nagpur) where Jobwork activities is carried out exclusively for the said customer.



# GRAND FOUNDRY LTD

## SCHEDULE - H

### Consumption of Material

|                                      | Year Ended<br>31-3-2011<br>(Rupees) | Year Ended<br>31-3-2010<br>(Rupees) |
|--------------------------------------|-------------------------------------|-------------------------------------|
| Labour charges                       | 540                                 | 28740                               |
| Freight, Coolie & Cartage            | 57543                               | 67045                               |
| <b>CONSUMPTION :</b>                 |                                     |                                     |
| CONSUMPTION LDO                      | 1,007                               | 10,310                              |
| CONSUMPTION OIL                      | 706,206                             | 849,615                             |
| CONSUM. OF ACID                      | 671,843                             | 1,039,623                           |
| CONSUM OF OTHERS(PETROL,DIESEL)      | 4,000                               | 206,134                             |
| CONSUM OF MACH STORES-STC            | 734,824                             | 1,030,873                           |
| CONSUM OF STORES, SPARES             | 320,225                             | 479,621                             |
| CONSUM OF MACH-DIES                  | 102,082                             | 235,695                             |
| CONSUM OF GAS                        | 47,723                              | 0                                   |
| CONSUM OF MACH STORES-ELEC           | 14,703                              | 880                                 |
| Power Chgs                           | 1800425                             | 1991808                             |
| Factory Expenses                     | 217,523                             | 313,263                             |
| <b>Total</b>                         | <b>4,678,644</b>                    | <b>6,253,608</b>                    |
| <b>Schedule : I</b>                  |                                     |                                     |
| <b>Personnel Cost</b>                |                                     |                                     |
| Salar, Wages , Bonus and Allowances  | 7,175,275                           | 6,570,499                           |
| Contribution to P.F. and Other Funds | 2,249,395                           | 1,312,688                           |
| Staff Welfare and other benefits     | 63,305                              | 46,084                              |
| <b>Total</b>                         | <b>9,487,975</b>                    | <b>7,929,271</b>                    |
| <b>Schedule : J</b>                  |                                     |                                     |
| <b>Admin and Other Expenses</b>      |                                     |                                     |
| Office Equipment                     | 22576                               | 0                                   |
| Plant and Machinery                  | 378139                              | 79140                               |
| Others                               | 1482636                             | 8728429                             |
| Travelling and Conveyance            | 1248964                             | 447771                              |
| Bank charges & Commission            | 32024                               | 27710                               |
| Legal and Professional Fees          | 892193                              | 410715                              |
| Rent Paid                            | 75600                               | 71075                               |
| Vehicle Expenses                     | 218977                              | 173929                              |
| Miscellaneous Expenses               | 1957278                             | 1002630                             |
| Loss on Sale of Assets               | 0                                   | 43584                               |
| Sundry Balances written off          | 0                                   | 532797                              |
| Postage & Telephone                  | 320326                              | 230213                              |
| Audit fees                           | 60000                               | 60000                               |
| <b>Total</b>                         | <b>6688713</b>                      | <b>11807993</b>                     |



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GRAND FOUNDRY LTD

SCHEDULE 'K'

NOTES ATTACHED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011

1 Accounting Policies

(a) Method of accounting

The financial statement are prepared on accrual basis under the historical cost conventions.

(b) Fixed Assets

Fixed Assets are stated at cost less depreciation. Depreciation is provided on Written Down Value method, and Straight Line Method basis for some assets, as per the Schedule XIV of the Companies Act, 1956.

(c) Borrowing Cost

Borrowing cost include interest, fees and other charges incurred in connection with the borrowing of funds and is considered as revenue expenditure for the year in which it is incurred except for borrowing costs attributed to the acquisition / improvement of qualifying capital assets and incurred till the commencement of commercial use of the asset and which is capitalised as cost of the asset.

2 In the opinion of the Board of Directors :-

Contingent Liabilities have not been provided for :-

- (a) Sales Tax demand of RS. 3,61,78,263/- against which the company has preferred an appeal before higher authorities.
- (b) Interest to others(ICD) Rs. 1,45,06,038/- and Penal Interest payable to different financial institutions as well as Hire purchases parties is to the extent of RS. 3,97,82,603- for delay in the payment of instalments etc., as reported last year. The Company is confident for waiver / non-levy of Interest / Penal interest.
- (c) Liability in respect of Import Duty of Rs 6,28,71,249/- that may arise, if the export obligation of Rs. 9,24,20,888/- is not completed within the required time limit.
- (d) Against the order of BIFR dated 21.12.2009 the company is in Appeal before AAIFR. The hearing is in process
- (e) Pending the above appeal, the company proposes to file fresh application Under SICA Sec.22 (a) to BIFR and the same is in the process of being filed.

} 2457.60

3 Additional information pursuant to Part II of the Schedule

A. \* Capacity

| Class of Goods                       | Unit   | Current Year      |                    | Previous Year     |                    |
|--------------------------------------|--------|-------------------|--------------------|-------------------|--------------------|
|                                      |        | Licensed Capacity | Installed Capacity | Licensed Capacity | Installed Capacity |
| Machine Tools<br>Bright Bar Shafting | Tonnes | 13500             | 13500              | 13500             | 13500              |

\* As certified by the Director.

B. Actual Production: Including Production of Job Work and exclusive of production out of rejected materials)

| Bright Bars & Shafts<br>As Jobwork | Unit | Quantity |          | Quantity |        |
|------------------------------------|------|----------|----------|----------|--------|
|                                    |      | Tonnes   | Tonnes   | Tonnes   | Tonnes |
|                                    |      | 0        | 12179.26 | 3943     | 0      |

C. Purchases :-

| Black Steel Bars | Units | QTY    |        | AMT (Rs.) |        |
|------------------|-------|--------|--------|-----------|--------|
|                  |       | Tonnes | Tonnes | Tonnes    | Tonnes |
|                  |       | 0      | 0      | 3943      | 248135 |

D. Opening Stock :-

| Bright Bars & Shafts | Units | QTY    |        | AMT (Rs.) |        |
|----------------------|-------|--------|--------|-----------|--------|
|                      |       | Tonnes | Tonnes | Tonnes    | Tonnes |
|                      |       | 0      | 0      | 0         | 0      |

E Closing Stock :-

| Bright Bars & Shafts | Units | QTY    |        | AMT (Rs.) |        |
|----------------------|-------|--------|--------|-----------|--------|
|                      |       | Tonnes | Tonnes | Tonnes    | Tonnes |
|                      |       | 0      | 0      | 0         | 0      |

F Sales:-

| Bright Bars & Shafts | Units | QTY    |        | AMT (Rs.) |        |
|----------------------|-------|--------|--------|-----------|--------|
|                      |       | Tonnes | Tonnes | Tonnes    | Tonnes |
|                      |       | 0      | 0      | 3943      | 357617 |



Sales Qty. is exclusive of rejection)

|                                     |          |          |
|-------------------------------------|----------|----------|
| H. Expenditure in Foreign Currency: | 0        | 0        |
| <b>TOTAL</b>                        | <b>0</b> | <b>0</b> |

|                                   |              |               |
|-----------------------------------|--------------|---------------|
| I. Earning in Foreign Currency :- | Current Year | Previous Year |
|                                   | Nil          | Nil           |

4 Previous years figures are regrouped, re-classified and rearranged wherever necessary to make them comparable with the Current years figures.

5 Details relating to balances due to S.S.I. units are not readily available and thus not shown.

6 Principal Accounting Ratios

|   |     |     |
|---|-----|-----|
| 1) Sales to Total Assets                | Nil | Nil |
| 2) Operating Profit to Capital Employed | Nil | Nil |
| 3) Return On Net Worth                  | Nil | Nil |
| 4) Profit to Sales                      | Nil | Nil |

7 Related Party Disclosures :

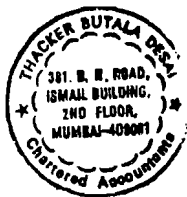
The disclosures pertaining to the related parties as required by the Accounting Standard As-18 Issued by the Institute of Chartered Accountants of India, as applicable, are indicated below :

- (i) Other related parties like Associates
  - > B.R. Corporation\*
  - > Dhiraj Iron & Steel Ltd.\*
  - > K.M. Properties Ltd
  - > Dhiraj Mercantiles Pvt. Ltd.\*
- (ii) Key Management Personnel
  - > Mr. Kiran D. Jangla Managing Director
  - > Mr. Hiten D. Jangla, Jt. Managing Director

\* Indicate no transactions during the year with these related parties.

|   |               |               |
|---|---------------|---------------|
| 8 Earning Per Share   | Current Year  | Previous Year |
| a) Weighted average number of shares at the beginning and end of the year | 10430000      | 10430000      |
| b) Net Profit / (-) Loss after Tax available for Equity Shareholders      | (246,665,159) | (156,783,408) |
| c) Basic and Diluted Earnings per share ( Rupees )                        | (23.65)       | (15.03)       |

9 Balance dues from Sundry Debtors and advances given are subject to confirmation.



*[Handwritten signatures]*

PART IV

BALANCE SHEET ABSTRACT & COMPANY'S GENERAL BUSINESS PROFILE

I) Registration Details  
 Registration No:  .. State Code :   
 Balance Sheet date :

II) Capital Raised during the year (Amount in RS. Thousands)

|              |                                  |                   |                                  |
|--------------|----------------------------------|-------------------|----------------------------------|
| Public Issue | <input type="text" value="NIL"/> | Right Issue       | <input type="text" value="NIL"/> |
| Bonus Issue  | <input type="text" value="NIL"/> | Private Placement | <input type="text" value="NIL"/> |

III) Position of Mobilisation and Deployment of Funds  
 (Amount in RS. Thousands)

|                      |                    |                                       |                   |                                       |
|----------------------|--------------------|---------------------------------------|-------------------|---------------------------------------|
| Sources of Funds     | Total Liabilities  | <input type="text" value="253,135"/>  | Total Assets      | <input type="text" value="253,135"/>  |
|                      | Paid-Up Capital    | <input type="text" value="104,300"/>  | Reserve & Surplus | <input type="text" value="5,764"/>    |
|                      | Secured Loans      | <input type="text" value="0"/>        | Unsecured Loans   | <input type="text" value="122,708"/>  |
| Application of Funds | Net Fixed Assets   | <input type="text" value="40,292"/>   | Investments       | <input type="text" value="0"/>        |
|                      | Net Current Assets | <input type="text" value="(33,822)"/> | Deferred Tax      | <input type="text" value="(20,363)"/> |
|                      | Accumulated Losses | <input type="text" value="246,665"/>  |                   |                                       |

iv) Performance of Company (Amount in RS. Thousands)

|                           |                                     |                          |                                       |
|---------------------------|-------------------------------------|--------------------------|---------------------------------------|
| Turnover & Jobwork        | <input type="text" value="26481"/>  | Total Expenditure        | <input type="text" value="51758"/>    |
| Profit/( Loss) Before Tax | <input type="text" value="11,261"/> | Profit/( Loss) After Tax | <input type="text" value="(89,882)"/> |
| Earning per share in Rs   | <input type="text" value="-"/>      | Dividend Rate:           | <input type="text" value="NIL"/>      |

v) Generic Names of Three Principal / Services of Company (as per monetary terms)  
 Item Code No   
 (ITC Code)  
 Productin Description :- STAINLESS STEEL BRIGHT BARS

Signatures to Schedule 'A' TO 'J'

As per our attached Report of even date  
**For THACKER BUTALA DESAI**  
 Chartered Accounts  
 FRN : 110864 W

*[Handwritten Signature]*



**MIHIR N. MAJMUDAR, Partner**  
 Membership No. 32724

Mumbai  
 Date : August 30 2011

For And On Behalf of The Board

*[Handwritten Signature]*  
**Dhirajal B.Jangla, Chairman**

*[Handwritten Signature]*  
**Kiran D Jangla, Managing Director**

*[Handwritten Signature]*  
**Hiten D.Jangla Jt.Managing Director**

Mumbai  
 Date : August 30.2011



**GRAND FOUNDRY LTD**

| CASH FLOW STATEMENT FOR THE YEAR ENDED          | 31.03.2011   | 31.03.2010    |
|---|--------------|---------------|
| <b>Cash Flow from Operating Activities</b>      |              |               |
| Net Profit Before Tax & Extraordinary Items     | (19,366,834) | (7,858,383)   |
| Adjustments                                     |              |               |
| Dépreciation                                    | 2,032,271    | 2,016,334     |
| Operating Profit Before Working Capital Charges | (17,334,563) | (5,842,049)   |
| Adjustment for                                  |              |               |
| Interest and Finance Charges                    | 28,595,527   | 11,125,973    |
| Trade and other receivable                      | 28,182,880   | (24,142,527)  |
| Trade and other payable                         | (595,716)    | 8,350,371     |
| Cash Generated from Operations                  | 38,848,128   | (10,508,232)  |
| Taxes Paid                                      | 0            | 0             |
| Cash Flow before Extraordinary Items            | 38,848,128   | (10,508,232)  |
| Prior Period Income                             | (275,000)    | (7,636,200)   |
| Extraordinary Items                             | 0            | 119,368,380   |
| Net Cash Flow from Operating Activities (a)     | 38,573,128   | 101,223,948   |
| <b>Cash Flow from Investing Activities</b>      |              |               |
| (Increase) / Decrease in Investment             | 0            | (428,863)     |
| Sale/Purchase of Fixed Assets (Net)             | 0            | 175,034       |
| Net Cash Flow from Investing Activities (b)     | 0            | (253,829)     |
| <b>Cash Flow from Finance Activities</b>        |              |               |
| Increase / (Decrease) in Unsecured Loans        | (9,998,556)  | (90,359,088)  |
| Interest and Finance Charges                    | (28,595,527) | (11,125,973)  |
| Net Cash Flow from Financing Activities (c)     | (38,594,083) | (101,485,061) |
| Net Cash & Cash Equivalents (a + b + c)         | (20,955)     | (514,942)     |
| Opening Cash Balance                            | 96,140       | 611,082       |
| Closing Cash Balance                            | 75,185       | 96,140        |

Notes :- a) Previous years figures are regrouped, re-classified and rearranged wherever necessary to make them comparable with the current years figures.

For And On Behalf of The Board

*[Signature]*  
Dhirajlal B. Jangla  
Chairman

*[Signature]*  
Kiran D. Jangla  
Managing Director

*[Signature]*  
Hitend. Jangla  
Jt. Managing Director

Mumbai  
Dated : August 30, 2011

**AUDITORS REPORT**

We have examined the above Cash Flow Statement of Grand Foundry Ltd. derived from Audited Financial Statements and the Books and records maintained by the Company for the year ended on 31st March 2011 and found the same in agreement therewith.



For THACKER BUTALA DESAI  
Chartered Accountants  
FRN : 110864 W

*[Signature]*

MIHIR N. MAJMUDAR, Partner  
Membership No. 032724

Mumbai

# GRAND FOUNDRY LTD

## GROUPING

### INTEREST AND FINANCE CHARGES

|   | Balance as at<br>31-03-2011<br>(Rupees) | Balance as at<br>31-03-2010<br>(Rupees) |
|---|---|---|
| <b>Interest</b>                                 |   |   |
| Fixed Deposits,<br>Debentures &<br>Others (Net) | 28595527                                | 11125973                                |
| <b>Total</b>                                    | <u>28595527</u>                         | <u>11125973</u>                         |

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# GRAND FOUNDRY LTD

2010-2011 for MARCH 2011

## .. Groupings

| 1                            |       | Year Ended        | Year Ended       |
|------------------------------|-------|-------------------|------------------|
| SALES                        | P & L | As on 31-03-2011  | As on 31-03-2010 |
| Local Sales / Octroi *       |       | 1479500.00        | 357617           |
| LESS :Rate Difference -sales |       | 0.00              | -11829           |
|                              |       | <b>1479500.00</b> | <b>345788.00</b> |

| 2                            |      | Year Ended       | Year Ended       |
|------------------------------|------|------------------|------------------|
| LOAN FROM PROMOTERS          | SC-C | As on 31-03-2011 | As on 31-03-2010 |
| DEBENTURES                   |      | 980000           | 980000           |
| GRAND SEC.& FIN.SERVICES LTD |      | 0                | 4671949          |
| DHIRAJ IRON & STEEL LTD      |      | 0                | 6292895          |
| INTEREST PAY'BLE(DEBENTURE)  |      | 10337652         | 1089250          |
| MINAL K JANGLA               |      | 0                | 925000           |
| NAMITA H JANGLA              |      | 0                | 1085000          |
| DHIRAJLAL B. JANGLA HUF      |      | 0                | 2249885          |
| HITEN D. JANGLA HUF          |      | 0                | 2299000          |
| KIRAN D. JANGLA HUF          |      | 0                | 2249885          |
| B.R.Corporation              |      | 0                | 9520000          |
| K M PROPERTIES PVT LTD       |      | 13296099         | 0                |
| DHIRAJ MERCANTILES PVT LTD   |      | 0                | 3306466          |
| KIRAN D JANGLA               |      | 0                | 665382           |
| HITEN D JANGLA               |      | 0                | 126126           |
| D.B. JANGLA                  |      | 0                | 310000           |
| DARSHI J JANGLA              |      | 0                | 250000           |
| GAZEBO INDUSTRIES LTD        |      | 0                | 17846717         |
| INTEREST PAYABLE(PROMOTERS)  |      | 15246834         | 0                |
|                              |      | <b>39860585</b>  | <b>53867555</b>  |

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**SHORT TERM DEPOSITS FROM FINANCIAL INSTITUTION**

-----

| SC-C                                    |          | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|---|----------|--------------------------------|--------------------------------|
| G. I. C. of India (Loan)-PRINCIPLE AMT  | 10000000 |                                |                                |
| INTEREST AMT                            | 31666151 | 41666151                       | 39566151                       |
| L. I. C. of India ( Loan)-PRINCIPLE AMT | 10000000 |                                |                                |
| INTEREST AMT                            | 31131680 | 41131680                       | 41131680                       |
|   |          | 82797831                       | 80697831                       |

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**BANK BALANCE IN CURRENT A/C SC-E**

-----

|             | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|-------------|--------------------------------|--------------------------------|
| I.C.I.C.I   | 2543.86                        | 18947                          |
| IOB BANK    | 2055.82                        | 0.00                           |
| TOTAL ..... | 4600                           | 18947                          |

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**CASH BALANCE SC - E**

-----

|             | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|-------------|--------------------------------|--------------------------------|
| Cash        | 70585.00                       | 77193                          |
| TOTAL ..... | 70585                          | 77193                          |

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**ADVANCE RECOVERABLE IN CASH OR  
IN KIND FOR VALUE TO BE RECD.  
SC- E**

-----

|                                     | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|-------------------------------------|--------------------------------|--------------------------------|
| Sundry Creditors ( Exps.. Dr Bal. ) | 112810.00                      | 249000                         |
| Loan to Staff                       | 6,000                          | 10000                          |
| K M PROPERTIES PVT LTD              | 0                              | 26267489                       |
| TOTAL .....                         | 118810                         | 26526489                       |

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**ADVANCE TAXES PAID SC -E**

-----

|                                  | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|----------------------------------|--------------------------------|--------------------------------|
| T. D. S. On Jobwork Recoverable  | 1051427                        | 551884                         |
| T. D. S. On Interest Recoverable | 14164                          | 14164                          |
| Prepaid Expenses                 | 48215                          | 0                              |
| TOTAL .....                      | 1113806                        | 566048                         |

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12/11/11

8

| =====                    |      | Year Ended       | Year Ended       |
|--------------------------|------|------------------|------------------|
| BILLS ACCEPTANCE         | SC-F | As on 31-03-2011 | As on 31-03-2010 |
| Sundry Creditors (Hundi) |      | 4000000          | 4000000          |
| TOTAL                    |      | 4000000          | 4000000          |

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| =====                              |      | Year Ended       | Year Ended       |
|------------------------------------|------|------------------|------------------|
| LIABILITY FOR EXPENSES-            | SC-F | As on 31-03-2011 | As on 31-03-2010 |
| Contribution to E.S.I.C Payable    |      | 1125000          | 1125000          |
| Audit Fees Payable                 |      | 295500           | 235500           |
| DGFT PAYABLE                       |      | 2519000          | 2519000          |
| Sales Tax Liability                |      | 22210000         | 22210000         |
| Central Excise Liability           |      | 1391356          | 1391356          |
| Provident Fund Liability           |      | 3600000          | 3600000          |
| Service Tax Payable                |      | 560,236          | 196829           |
| Sundry Creditors (Exps. Cr. Bal)   |      | 1283350          | 1377372          |
| TDS- INTEREST                      |      | 0                | 170255           |
| TDS- RETAINERSHIP FEES             |      | 2436             | 0                |
| TDS-PROFESSIONAL FEES              |      | 0                | 19500            |
| Contribution to M.L.W.F            |      | 11415            | 11415            |
| SALARY PAYABLE                     |      | 91829            | 207303           |
| WAGES PAYABLE                      |      | 302108           | 591232           |
| RETAINERSHIP FEES PAYABLE          |      | 135969           | 0                |
| OVERTIME WAGES PAYABLE             |      | 60142            | 345410           |
| Contribution to PF Payable         |      | 0.00             | 406              |
| PROVISION FOR EXPENSES             |      | 82900            | 266380           |
| SALES TAX APPEAL LIABILITY PAYABLE |      | 1365455          | 1365455          |
|                                    |      | 35036696         | 35632413         |

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| =====                             |  | Year Ended       | Year Ended       |
|-----------------------------------|--|------------------|------------------|
| MISCELLANEOUS INCOME              |  | As on 31-03-2011 | As on 31-03-2010 |
| Interest Received From Income Tax |  | 0.00             | 71871            |
| Conductorship Chgs Received       |  | 5439159.00       | 4308305          |
| Misc Income                       |  | 163025.00        | 20000            |
| Interest Received Others          |  | 0.00             | 141637           |
| Sundry Dr/Cr Bal.W/off            |  | 32709.98         | 0                |
|                                   |  | 5634894          | 4541813          |

| 11                   |      | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|----------------------|------|--------------------------------|--------------------------------|
| PURCHASE             | SC-H |                                |                                |
| Purchase Amount (LP) |      | 0.00                           | 250300                         |
| <b>TOTAL</b> .....   |      | <b>0</b>                       | <b>250300</b>                  |

| 12                 |      | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|--------------------|------|--------------------------------|--------------------------------|
| LABOUR CHARGES     | SC-H |                                |                                |
| Jobwork Paid       |      | 0                              | 740                            |
| Labour Chgs        |      | 540                            | 28,000                         |
| <b>TOTAL</b> ..... |      | <b>540</b>                     | <b>28740</b>                   |

| 13                     |      | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|------------------------|------|--------------------------------|--------------------------------|
| F. C. C.               | SC-H |                                |                                |
| Freight Coolie Cartage |      | 57543                          | 67045                          |
|                        |      | <b>57543</b>                   | <b>67045</b>                   |

| 14                       |      | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|--------------------------|------|--------------------------------|--------------------------------|
| TRAVELLING & CONVEYANCE  | SC-H |                                |                                |
| Conveyance               |      | 56134                          | 34291                          |
| Travelling Chgs -Foreign |      | 791471                         | 149884                         |
| Travelling Chgs -Local   |      | 401,359                        | 263596                         |
| <b>TOTAL</b> .....       |      | <b>1248964</b>                 | <b>447771</b>                  |

| 15                        |      | Year Ended<br>As on 31-03-2011 | Year Ended<br>As on 31-03-2010 |
|---------------------------|------|--------------------------------|--------------------------------|
| BANK CHARGES & COMMISSION | SC-H |                                |                                |
| Bank Charges Others       |      | 32024                          | 27710                          |
|                           |      | <b>32024</b>                   | <b>27710</b>                   |

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| =====                               | Year Ended       | Year Ended       |
|-------------------------------------|------------------|------------------|
| MISCELLANEOUS EXP. SC-H             | As on 31-03-2011 | As on 31-03-2010 |
| =====                               | -----            | -----            |
| Custodian/Dematerialis Chgs         | 0                | 91723            |
| Stationery                          | 101072           | 47936            |
| Advertisement-Publication           | 10587            | 10327            |
| Filing Fees                         | 12000            | 53450            |
| Miscellaneous Expense -Others       | 98690            | 71174            |
| Directors Cr.Card Exps              | 85894            | 125000           |
| Diwali Gift                         | 57160            | 0                |
| Management chgs -IDBI               | 0                | 200000           |
| Shares Processing Chgs              | 43688            | 136225           |
| Interest /Penalty                   | 475              | 36330            |
| Donation                            | 601              | 8061             |
| Testing Chgs                        | 0                | 5213             |
| Books and Periodicals               | 2702             | 0                |
| fringe Benefit Tax                  | 0                | 6475             |
| Insurance/Workman Compansate        | 48307            | 56691            |
| Service Tax                         | 0                | 50836            |
| Professional Tax                    | 2500             | 0                |
| Office Expenses                     | 20830            | 0                |
| Business Promotion                  | 1447019          | 0                |
| Membership & Subscription           | 23127            | 0                |
| Paid to Steel Chamber K.B.&O.P.Sgc. | 2626             | 103189           |
| <br>                                |                  |                  |
| TOTAL .....                         | 1957278          | 1002630          |
|                                     | =====            | =====            |

| =====                             | Year Ended       | Year Ended       |
|-----------------------------------|------------------|------------------|
| INTEREST PAID -GRP P&L            | As on 31-03-2011 | As on 31-03-2010 |
| =====                             | -----            | -----            |
| Interest on Financial Institution | 4100002          | 9147952          |
| Interest on Debentures            | 9248402          | 0                |
| Interest to Promotors             | 15246834         | 0                |
| Interest to Others                | 289              | 1978021          |
|                                   | 28595527         | 11125973         |
|                                   | =====            | =====            |

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| =====                            | Year Ended       | Year Ended       |
|----------------------------------|------------------|------------------|
| STAFF WELFARE AND OTHER BENEFITS | As on 31-03-2011 | As on 31-03-2010 |
| =====                            | -----            | -----            |
| Staff Welfare                    | 6511             | 31497            |
| Canteen Exps Staff               | 44617            | 14135            |
| Medical Expenses                 | 12177            | 452              |
|                                  | 63305            | 46084            |
|                                  | =====            | =====            |

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| =====                      | Year Ended       | Year Ended       |
|----------------------------|------------------|------------------|
| REPAIRS & MAINTENANCE SC-H | As on 31-03-2011 | As on 31-03-2010 |
| =====                      | -----            | -----            |
| R & M - Others             | 1434276          | 8667596          |
| R & M - Motor Car          | 28,518           | 41867            |
|                            | 1462794          | 8709463          |
|                            | =====            | =====            |

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| =====                               | Year Ended       | Year Ended       |
|-------------------------------------|------------------|------------------|
| SALARY, WAGES                       | As on 31-03-2011 | As on 31-03-2010 |
| =====                               | -----            | -----            |
| Salary                              | 1456097          | 1394381          |
| Wages                               | 3864071          | 3594084          |
| Overtime Wages                      | 1241625          | 1105289          |
| Earning Leave                       | 119744           | 0                |
| Exgratia                            | 0                | 75000            |
| Bonus -Workers                      | 394486           | 229027           |
| Bonus -Staff                        | 64700            | 123192           |
| Arrears                             | 0                | 49526            |
| Medical Allowance                   | 17590            | 0                |
| Attendance and Production Bonus     | 16962            | 0                |
|                                     | 7175275          | 6570499          |
| Contribution to M.L.W.F. (Employer) | 7752             | -4658            |
| Contrib to Other Deductions         | -41196           | -2516            |
| Contribution to PF ( Employer)      | 490552           | 523384           |
| Contribution to Administ(Employer)  | 65815            | 46478            |
| Contribution to Union               | 1770             | 0                |
| Contrib to p.f. -GIWL               | 1724702          | 750000           |
|                                     | 2249395          | 1312688          |
|                                     | =====            | =====            |
| TOTAL SALARY, WAGES                 | 9424670          | 7883187          |
|                                     | =====            | =====            |

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GRAND FOUNDRY LTD

LIST OF ADVANCES TO SUNDRY CREDITORS FOR PERIOD ENDED 31.03.11

| NAME              | AMOUNT         |
|-------------------|----------------|
| SUSHMITA BANERJEE | 112,810        |
| TOTAL.....        | <u>112,810</u> |

GRAND FOUNDRY LTD

LIST OF SUNDRY CREDITORS -HUNDI FOR PERIOD ENDED 31.03.11

| NAME                         | AMOUNT           |
|------------------------------|------------------|
| CEAT FINANCIAL SERVICE LTD   | 400,000          |
| SUNDRAM FINANCE SERVICES LTD | 1,200,000        |
| ZENITH LTD                   | 2,400,000        |
| TOTAL.....                   | <u>4,000,000</u> |

GRAND FOUNDRY LTD

LIST OF SUNDRY CREDITORS -P/E FOR PERIOD ENDED 31.03.11

| NAME                             | AMOUNT           |
|----------------------------------|------------------|
| Ashutosh Trading Co.             | 2,352            |
| Maharashtra Bearing & Belting Co | 1,470            |
| Beauty Corner                    | 1,942            |
| BPL-9821226456                   | 1,895            |
| Vodafone No 9920819880           | 286              |
| Century Club -KDJ                | 259              |
| Navlakhi Tours & Travels         | 182,300          |
| Navratna Bearings                | 840              |
| Vishawkarma Rewinding Works      | 7,386            |
| Shriram Printing Press           | 3,000            |
| BPL 9821221794                   | 740              |
| Hodiwala Bhathena & Co.          | 12,399           |
| Exotic Stationers & Printers     | 16,943           |
| Exotic Copy Centre               | 12,131           |
| Indian Traders Corporation       | 13,073           |
| Alpha Marketing                  | 9,309            |
| Ambica Metal Inds                | 10,624           |
| Asian Traders                    | 11,520           |
| Asiatic Electric Trading Co      | 141,300          |
| Atlas Industrial Products        | 25,000           |
| Belcon Engineers Pvt Ltd         | 6,783            |
| Computech Sharecap Ltd           | 353,414          |
| Deep Jyoti Electrical            | 39,572           |
| Eagle Metacast & Fabricators     | 28,537           |
| Gati Ltd                         | 1,200            |
| Golden Chemical Agency           | 35,495           |
| Greenfield Material Handling     | 6,166            |
| Jain Automobiles                 | 10,238           |
| Kittroly                         | 3,181            |
| K.M.Diamond Tools                | 13,867           |
| Laxmi Drawing Dies               | 23,077           |
| Masrani Mill Gin Stores          | 1,259            |
| M.R.Trading Co.                  | 85,190           |
| M.S.E.D.C.Ltd                    | 120,328          |
| Panasonic Enterprises            | 63,363           |
| Perfect Tools Co                 | 16,644           |
| Victor Industries Trading Co     | 12,414           |
| Machinery & Machine Tools        | 7,853            |
| TOTAL.....                       | <u>1,283,350</u> |

GRAND FOUNDRY LTD

LIST OF SUNDRY DEBTORS FOR PERIOD ENDED 31.03.11

| NAME                     | AMOUNT           | MORE THAN 6 MTHS LESS THAN 6 MTHS |                  |
|--------------------------|------------------|-----------------------------------|------------------|
| D H EXPORTS PVT LTD      | 1,898,774        | 0                                 | 1,898,774        |
| SUNFLAG IRON & STEEL LTD | 1,420,389        | 40,390                            | 1,379,999        |
| TOTAL.....               | <u>3,319,163</u> | <u>40,390</u>                     | <u>3,278,773</u> |