

*XIV<sup>th</sup> Annual Report*  
*2008-2009*



**Gorani**

**Industries**  
**Limited**



## **Gorani Industries Ltd.**

### ***BOARD OF DIRECTORS***

Sanjay Gorani	Chairman & Managing Director
Manju Gorani	Director
Anil Gorani	Whole Time (Technical) Director
Shyamsunder Jhavar	Independent Director
Anurag Nandecha	Independent Director
Dinesh Kumar Daga	Independent Director

### ***Auditors***

M/s. B.D. Sharda & Co.  
Chartered Accountants

### ***BANKERS***

Central Bank of India, CFB, Siyaganj, Indore

### ***REGISTERED OFFICE***

Plot No. 32-33, Sector F,  
Sanwer Road, Industrial Area,  
INDORE-452 015 (M.P.)

**NOTICE**

Notice is hereby given that the **FOURTEENTH ANNUAL GENERAL MEETING** OF the company **GORANI INDUSTRIES LIMITED** will be held at Plot No. 32-33 Sector 'F' Industrial Area, Sanwer Road, Indore (M.P) on Wednesday on 30<sup>th</sup> September, 2009 at 11.00 a.m. to transact the following Business :

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet and Profit & Loss Account for the Year ended 31<sup>st</sup> March 2009, and the report of the Directors and Auditors thereon.
2. To appoint a Director in place of Smt. Manju Gorani who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Smt. Dinesh Kumar Daga who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

By order of the Board  
For **Gorani Industries Limited**

Place : Indore

Date : 28<sup>th</sup> July, 2009

**SANJAY GORANI**  
(Chairman & Managing Director)

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT TO BE THE MEMBER OF THE COMPANY. A BLANK FORM OF PROXY IS ENCLOSED AND IF INTENDED TO BE USED, IT SHOULD BE RETURNED, DULY COMPLETED, TO THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE MEETING.
2. The Register of Members and the Share Transfer Book of the Company will remain closed from 25<sup>th</sup>

September 2009 to 30<sup>th</sup> September, 2009 (Both days inclusive).

3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. Smt. Manju Gorani is a well known and reputed personality in the field of Commerce. She is a Commerce graduate and possesses rich experience in Industrial Administration.
5. Shri Dinesh Kumar Daga is a well known and reputed personality in the field of Accounts and finance. He is a Commerce graduate and possesses rich experience in Industrial Consultancy.

None of the Directors has any personal interest / concern in the said resolution.

BY ORDER OF THE BOARD  
for **Gorani Industries Limited**

Date : 28<sup>th</sup> July 2009

Place : Indore

**SANJAY GORANI**  
(Chairman & Managing Director)



## DIRECTORS REPORT

To,  
The Members,  
**Gorani Industries Limited**

Your Directors have pleasure in presenting herewith the Fourteenth Annual Report of your Company together with the Audited Accounts for the Financial year ended 31<sup>st</sup> March 2009.

### 1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	<u>2008-09</u>	<u>2007-08</u>
Gross Turnover	428.72	357.72
Profit Before Depreciation	56.23	32.44
Depreciation	23.02	24.15
Provisions for Taxation	0.10	0.11
Net Profit After Taxation	33.11	8.18
Add Profit/Loss Brought forward	(267.01)	(275.19)
Surplus/(Deficiency) Carried to Balance Sheet	(233.90)	(267.01)

### 2. PERFORMANCE

During the financial year under review your Company has achieved a Gross Turnover of Rs. 428.72 Lacs as against that of Rs. 357.72 Lacs during the previous year. The company has also achieved net profit of Rs. 33.11 lacs during the financial year.

The inspiring profitability has been achieved due to focused, continuous and sincere efforts put forth for cost reduction measures, and increasing iron trading activity involving much better profit margin. Further in the current year also upcoming products like kitchen hoods, hobs etc shall certainly lead to overall improved capacity utilization resulting into further increased bottom-line profitability.

### 3. DIVIDEND

Looking to the Financial Position of the company your

Directors are not recommending any dividend for the year.

### 4. DIRECTORS

Smt. Manju Gorani and Shri Dinesh Kumar Daga who are liable to retire by rotation at the ensuing Annual General Meeting, being eligible offers themselves for re-appointment.

### 5. AUDITORS :

M/s. B.D. sharda & Co., Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. They have furnished a certificate to the effect that their appointment, if made, would be within the prescribed limit under section 224 (1B) of the Companies Act, 1956.

### 6. AUDITORS REPORT :

Auditors in their report have made certain observations for which suitable explanation have been provided in the notes forming part of Accounts. These notes may be considered as explanations.

### 7. FIXED DEPOSIT :

The Company has not accepted any Deposits under the provisions of section 58A of The Companies Act, 1956 and the Rules made there under.

### 8. STATEMENT UNDER SECTION 217 OF THE COMPANIES ACT 1956 :

No employees in the Company have been paid remuneration in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975.



## 9. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The information relating to conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo as requires under section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, is given of Annexure 1. forming part of this report.

## 10. DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of section 217 of the companies Act, 1956, the board of Directors hereby state and confirm that :

- a. In preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to purchase and sales.
- 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 as at 31<sup>st</sup> March, 2009 and profit and loss account of the profit for the year ended 31<sup>st</sup> March, 2009.
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of companies Act, 1956 for safeguarding the assets of the company and for preventing and deleting fraud and other irregularities.
- d. The Directors have prepared the Annual Accounts on a going concern basis.

## 11. CORPORATE GOVERNANCE :

A separate report on Corporate Governance along with Auditors Certificate on its compliance is attached to this report.

## 12. ACKNOWLEDGEMENT

The Board wishes to place on record their gratitude for the co-operation being received from the Banks, Share Transfer Agent, Stock Exchanges, and Share Holders, Customers, staff and workers of the company and thank them for their continued support.

By order of the Board  
SD/-

**Sanjay Gorani**  
Chairman & Managing Director

Place : Indore

Date : 28<sup>th</sup> July, 2009

Regd. Office :

Plot No. 32-33, Sector -F,

Sanwer Road, Industrial Area,

Indore - 452 015 (M.P.)

### ANNEXURE I TO THE DIRECTORS REPORT

Information as per Section 217 (1) (e) read with the companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Director Report for the year ended 31<sup>st</sup> March 2009.

#### 1. Conservation of Energy

##### 1.1 Energy conservation measures taken:

Our focus on the impact of our operation on climate change leads to our energy conservation strategy where we can best evaluate our performance through measurement of emission to the atmosphere.

1. Additional power capacitors and power factor control equipments are installed to limit down demand.
2. Changeover switch system has been employed to avoid electricity wastage.

##### 1.2 Additional investments and proposal, if any, being implemented for reduction of consumption of energy:

Due to effective steps already taken to conserve energy, there is no immediate proposal to invest further.

##### 1.3 Impact of the above measures:



Efficient utilisation of power and consumption of electricity per unit of production has decreased.

- 1.4 Total energy consumption and energy consumption per unit of production as per form-A of the Annexure in respect of Industries specified in the schedule thereto.

Particulars	Unit	2008-09	2007-08
<b>a. Electricity</b>			
Purchased unit	KWH	191820	227120
Total Amount	Rs.	1096798	1260221
Rate per Unit	Rs./KWH	5.72	5.55
<b>b. Own generation</b>			
Units	KWH	1510	1550
Units/Ltr. of Diesel	KV	0.91	1.70
Cost per Unit	Rs./KWH	41.61	20.55
Electricity consumed	KWH	0.99	0.99

**2. Technology Absorption, Research & Development (R & D) :**

- 2.1 The Company has technical agreements with Indian Institute of Petroleum and Indian Oil Corporation. The Reserach and Development done by these institutions in the field of conservation of Kerosene are incorporated by the company in its inhouse laboratory.
- 2.2 Expenditure on R&D  
As the company has technical agreements with IOC & IIP, there is no need to make any additional expenditure on research and development of Kerosone wick stove.
- 2.3 Technology obtained from IOC & IIP has been successfully adopted and implemented.

**3. Foreign Exchange Earnings & Outgo :**

Particulars	2008-09	2007-08
<b>a. Earnings</b>		
FOB value of Exports	Nil	Nil
Freight Charges	Nil	Nil
<b>b. Out go</b>		
Import Expenses (Purchase)	3337071	Nil
	By order of the Board	SD/-

**Sanjay Gorani**  
Chairman & Managing Director

Place : Indore  
Date : 28th July, 2009

Regd. Office :  
Plot No. 32-33, Sector -F, Sanwer Road,  
Industrial Area,  
Indore - 452 015 (M.P.)

**MANAGEMENT DISCUSSION & ANALYSIS REPORT**  
**Industry Structure and Developments**

The Indian economy faced significant slowdown in growth momentum in 2008-09, driven by severe downturn in the global economy on the back of sustained pressure on the global financial system.

The Company is in the business of production and sales of kitchen appliances and it is believed that growth in the Housing sector will also driven the growth in sales of company's products. Recent monetary easing along with rise in demand is likely to provide some support to consumption of company's product in the financial year 2009-10. The discussion on the financial performance of the Company is covered in the Director's report. During the year net profit of the company is increased.

**Opportunities and Threats**

The company is in the process of implementing strategies to capitalize available opportunities. Given the dependence of a large fraction of the population on the rural economy and the fact that a number of product markets are under-penetrated, it provides opportunities for sustained growth for the company. Continuously increase in prices of raw material and competition from unorganized sectors, are the main threats faced by the company.

**Segment-wise performance**

The company's has only segment of Home Appliances and the products considered as part of the segment are Kerosene wick stove, LPG stove and Gas geysers and Kitchen Chimneys. The company is hopeful that through a combination of powerful marketing strategies, innovative new products and market development and expansion activities, it would increase its share in the domestic market of most of its products.

**Internal Control**

The Company has adequate system of management - supervised internal control, which is aimed at achieving efficiency in operations, optimum utilization of resources, effective monitoring and compliance with all applicable laws. These ensure that all corporate policies are strictly adhered to an absolute transparency is followed in accounting and all its business dealings.

The company ensures adherence to all internal control policies and procedures. A qualified and independent audit committee of the Board, comprising the independent directors reviews the adequacy of internal control.

**Human Resources/Industrial Relations Front**

The Company continues to focus on training employees on a continuous basis. The Company continued to havethe cordial and harmonious relations with its employees. The Company considers the quality of its human resources to be most important asset and constantly endeavors to attract and recruit best possible talent.

**Cautionary statement**

Statements in the Management Discusssion Analysis Report describing the Company's objectives and predictions may be forward looking within meaning of applicable rules and regulations. Actual results may differ materially from those either expressed or implied in the statement depending on circumstances.



## CORPORATE GOVERNANCE

For the Year 2008-09

### 1. Company's Philosophy on Code of Governance

Good governance facilitates effective management and control of business, maintaining a high level of business ethics and optimizing the value for all its stake holders. The ultimate objective of the Corporate Governance at Gorani Industries Limited is to enhance shareholders' value in the long term. A good governance process aims to achieve this by providing long-term visibility of its businesses, ensuring effective relationship with stakeholders, establishing systems that help the Board in understanding risk appetite and monitoring risk at every stage of the corporate evolution process.

### Board Composition and particulars of Directors

#### Board Composition

The Company's policy is to maintain optimum combination of Executive and Non-Executive Directors. The Board consists of 6 Directors, out of which three are independent Directors. The Board believes that its current composition is appropriate. Composition of the Board and category of Directors are as follows :

Name of Director	Category	No. of Directorships held in other public companies	No. of Memberships of Board committees held in other public companies	No. of Board committees of which Director is a chairperson
Shri Sanjay Gorani	Promoter and Exe. Director	-	-	-
Shri Anil Gorani	Promoter and Exe. Director	-	-	-
Smt. Manju Gorani	Promoter and Exe. Director	-	-	-
Shri Shyam Sunder Jhavar	Independent and Non-Exe. Director	-	-	1
Shri Anurag Nandecha	Independent and Non-Exe. Director	-	-	1
Shri Dinesh Kumar Daga	Independent and Non-Exe. Director	-	-	1

### Directors Seeking Appointment/Reappointment

Smt. Manju Gorani is liable to retire by rotation and being eligible offers herself for reappointment. She is a Commerce graduate and possesses rich experience in Industrial Administration and is a well known and reputed personality in the field of Commerce.

Shri Dinesh Kumar Daga is liable to retire by rotation and being eligible offers herself for reappointment. He is a Commerce graduate and possesses rich experience in Industrial Administration and is a well known and reputed personality in the field of Commerce.

### 2. Attendance of Each Director at Board Meetings and Last Annual General Meeting :

During the year 2008-2009, 6 Board Meetings were held on 10<sup>th</sup> April, 2008, 28<sup>th</sup> June, 2008, 28<sup>th</sup> July, 2008, 30<sup>th</sup> August, 2008, 31<sup>st</sup> October 2008, 31<sup>st</sup> January, 2009.

Name of Director	No. of Board Meeting held.	No. of Board Meeting attended	Attendance at Last Annual General Meeting
Sanjay Gorani	6	6	Persent
Anil Gorani	6	6	Persent
Manju Gorani	6	3	Persent
Shyam Sunder Jhavar	6	5	Persent
Anurag Nandecha	6	4	Persent
Dinesh Kumar Daga	6	4	Persent

### Code of Conduct

The company has laid down the Code of Conduct for Directors and Senior personnel, annual affirmation from each of the Directors regard to the adherence to the said Code of Conduct drawn are being received on a yearly basis and placed before the Board.

### 3. Audit Committee :

The Audit Committee consists of three independent Non-executive Directors. The Members of the Committee are well versed in finance matters, accounts, company law and general business practices.

The composition of the Audit Committee is as under -

- Shri Shyam Sunder Jhavar Chairman
- Shri Anurag Nandecha Member
- Shri Dinesh Kumar Daga Member

The terms of reference of the Audit Committee include:



- To review financial statements and pre-publication announcements before submission to the Board.
- To ensure compliance of internal control systems and action taken on internal audit reports.
- To apprise the Board on the impact of accounting policies, accounting standards and legislation.
- To hold periodical discussions with statutory auditors on the scope and content of the audit.
- To review the Company's financial and risk management policies.

During the financial year 2008-2009, 4 Audit Committee Meetings were held on 27<sup>th</sup> June 2008, 25<sup>th</sup> July 2008, 29<sup>th</sup> October 2008, and 30<sup>th</sup> January 2009.

Names of Director	No. of Committee Meeting held	No. of Committee Meetings attended
Shri Shyam Sunder Jhavar	4	4
Shri Anurag Nandecha	4	3
Shri Dinesh Kumar Daga	4	2

#### 4. Remuneration Committee

The Remuneration Committee consists of three independents, Non-executive Directors viz Shri Dinesh Kumar Daga (Chairman), Shri Shyam Sunder Jhavar and Shri Anurag Nandecha.

The Remuneration Committee has been constituted to recommend/ review the remuneration package of the Managing / whole time Directors, based on performance and defined criteria.

The remuneration policy is directed towards rewarding performance based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing Industry practice.

During the year on 20th January, 2009 meeting of the remuneration committee was held, which is attended by all the members of the committee. There is no revision in the remuneration paid to the whole time director Shri Anil Gorani of the company and sitting fee paid to Directors of the Company during the year ended March 31<sup>st</sup>, 2009.

Names of Director	No. of Committee Meeting held	No. of Committee Meetings attended
Shri Dinesh Kumar Daga	1	1

Shri Anurag Nandecha	1	1
Shri Shyam Sunder Jhavar	1	1

#### 5. Shareholders'/Investors' Grievance Committee

The Committee consists of three independent, Non-executive Directors, Viz. Shri Anurag Nandecha (Chairman), Shri Shyam Sunder Jhavar and Shri Dinesh Kumar Daga.

The Company had acted upon all valid share transfers received during the year 2008-2009. The Company has not received any complaints during the year.

During the financial year 2008-2009, 4 Investors' Grievance Committee Meetings were held on 15<sup>th</sup> April 2008, 30<sup>th</sup> July 2008, 10<sup>th</sup> November 2008, 13<sup>th</sup> February 2009.

Names of Director	No. of Committee Meeting held	No. of Committee Meetings attended
Shri Dinesh Kumar Daga	4	4
Shri Anurag Nandecha	4	4
Shri Shyam Sunder Jhavar	4	4

#### 6. General Body Meeting

Location and time of last three Annual General Meetings were held are given below -

Year	Date	Location	Time
2005-2006	05.09.06	Registered office of the Company	4 P.M.
2006-2007	29.09.07	do	4 P.M.
2007-2008	30.09.08	do	11A.M.

#### 7. Disclosures:

There are no materially significant related party transactions made by the Company with its promoters, Directors or Management, their subsidiaries or relatives, etc. that may have potential conflict with the interest of the Company of large.

The Company has complied with the requirements of regulatory authorities on capital markets and no penalty/ stricture was imposed on the Company during the last three years.





### 8. Means of Communication :-

The quarterly, half yearly and full year results were sent to exchange and official releases were made through press every time. These are not sent individually to the shareholders. There were no presentations made to the institutional investors or analysts.

The Management Discussion and Analysis Report forms part of the Directors Report.

### 9. General Shareholder Information: -

#### Annual General Meeting -

Date	: 30 <sup>th</sup> Sep., 2009
Time	: 11.00 a.m.
Venue	: At the registered office of the Company at 32-33, Sector 'F', Industrial Area, Sanwer Road, Indore 452015 (M.P)

#### Financial Calendar

The Company follows April - March as its financial year. The result for every quarter beginning from April is declared in the month following the quarter.

#### Dates of Book Closure :

Commencement - 25th September 2009.

Ending - 30th September 2009.

(Both days inclusive)

#### Listing on Stock Exchange :

1. The Stock Exchange, Mumbai

#### Registrar and Share Transfer Agents :

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound,  
L.B.S. Marg, Bhandup (West),  
Mumbai 400 078

#### Share Transfer System

Gorani Industries has appointed Intime Spectrum Registry Ltd. as its Registrar and Transfer Agent. All share transfers and related operations are conducted by Intime Spectrum. The Company has constituted an Investors' Grievance Committee for redressing

shareholders' and investors complaints.

#### Market Price Data

Trading of equity shares of the Company was suspended by BSE as on 31st March 2009 however w.e.f. 16<sup>th</sup> July 2009 suspension is revoked and trading is permitted.

#### Dematerialization of Shares **INE792J01015**

As on 31st March 2009, 994000 shares of the company were held in dematerialized form.

#### Distribution of Shareholding :

S	Shareholding No. of Share	Share	Share	Share
N	of Nominal Share- holding amount holding	value of holders %	in Rs.	%
	Rupees			
1	Upto 5000	247	16.2820	1165000 2.1420
2	5001-10000	872	57.4820	8351000 15.3570
3	10001-20000	148	9.7560	2723000 5.0070
4	20001-30000	97	6.3940	2539000 4.6690
5	30001-40000	37	2.4390	1390000 2.5560
6	40001-50000	66	4.3510	3152000 5.7960
7	50001-1 lac	17	1.1210	1375000 2.5290
8	100000 above	33	2.1750	33685000 61.9440
	<b>Total</b>	<b>1517</b>	<b>100%</b>	<b>54380000 100%</b>

#### Shareholding Pattern :

S	Category	No. of Share held	% of Share holding
N			
A	Promoters & person acting in Concert	1957500	35.99
B	Banking, Financial Institutions/Insurance Companies (Central/ State Govt. Institutions Non-Govt. Institutions), Mutual Funds, UTI, Institutional Investors & FIIs	100000	1.84



C	Private Corporate Bodies	787300	14.48
D	Indian Public	2593200	47.69
E	NRIs/OCBs (Foreign Share Holding)	0	0
<b>Total</b>		<b>5438000</b>	<b>100.00</b>

**Address for correspondence**

The Shareholders may address their communications, suggestions, grievances and queries to :

**The Managing Director,**

Gorani Industries Limited

Plot No. 32-33, Sector-F, Sanwer Road,  
Industrial Area, Indore - 452 015 (M.P.)

## CERTIFICATE

To the members of

**GORANI INDUSTRIES LIMITED**

We have examined the compliance of conditions of corporate governance by Gorani Industries Limited for the year ended 31st March 2009, 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 a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said clause. 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 knowledge and according to the information and explanation given to us, and representations made by the Directors and the Management, we certify that the Company has complied with the conditions of corporate governance as stipulated in clause 49 of the above mentioned Listing Agreement.

As required by the guidance note issued by the Institute of Company Secretaries of India we have to state that no investor grievances were pending for a period exceeding one month against the Company as per the records maintained by the Shareholders/Investors Grievance Committee and as produced before us.

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

**Place : Indore**  
**Date : 28<sup>th</sup> July, 2009**

**For : B.D. Sharda & Co.**  
**Company Secretaries**

**B.D. SHARDA**  
(Proprietor)



## AUDITOR'S REPORT

To the members of M/s. **GORANI INDUSTRIES LIMITED.**

We have audited the attached Balance Sheet of **Gorani Industries Ltd. Indore (M.P.)** as at 31<sup>st</sup> March 2009 and Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. 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.

1. We conducted our audit in accordance with auditing standard 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

2. As required by the Companies (Auditor's Report) Order, 2003 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 paragraph 4 and 5 of the said Order.

3. Further to our comments in the Annexure referred to in paragraph 2 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 it appears from our examination of those books;
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement 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 and Cash Flow Statement 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 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March 2009 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 read together with the Significant Accounting Policies and other note thereon 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 :

- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2009.
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the cash flow statement, of the cash flow for the year ended on that date.

**FOR : B.D. SHARDA & CO.**  
Chartered Accountants

**PLACE : INDORE**  
**DATE : 30/06/2009**

**B.D. SHARDA**  
Proprietor  
M.No. 070209

### ANNEXURE TO AUDITOR'S REPORT

Annexure to auditor's report of even date to the members of Gorani Industries Limited, on the financial statements for the year ended 31<sup>st</sup> March 2009 referred to in paragraph 2 of our report, we report that :

- 1.(a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.
- (b) As informed to us, the fixed assets have been physically verified by the management during the year in a phased manner, which in our opinion is reasonable, having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such physical verification.
- c. During the year, the company has not disposed off substantial part of its fixed assets, which will affect the going concern status of the company.
- ii.a As explained to us, inventories have been physically verified by the management at regular intervals



- during the year.
- b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c. The company is maintaining records of only basic raw materials on monthly basis. The discrepancies noticed on verification between the physical stocks and the book records were not material as explained to us.
- iii.a. The Company has taken unsecured loans from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 304.82 lacs and the year - end balance of loans taken from such parties was Rs. 304.82. The company has not granted any loan to the companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956.
    - b. In our opinion, the rate of interest and other terms and conditions on which loans have been taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956, are not, prima facie, prejudicial to the interest of the company.
    - c. There is no stipulation as to the payment of the principal on the loan taken by the company.
    - d. There is no overdue amount of more than rupee one lakh on account of loan taken from the companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
  - iv. In our opinion and according to the information and explanation given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
    - v.a. According to the information and explanation given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, there are no transactions exceeding the value of rupees five lacs in respect of each party made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956.
  - vi. The Company has not accepted any deposits from the public within the meaning of section 58A and 58 AA of the Companies Act, 1956 and the rules framed there under.
  - vii. In our opinion and according to the information and explanations given to us, the company has its own internal audit system commensurate with the size and nature of its business.
  - viii. The Central Government has not prescribed for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.
  - ix.a. The company is regular in depositing undisputed statutory dues including provident fund, investor education protection fund, employee' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax, cess and other material statutory dues applicable to it with the appropriate authorities. However a slight delay in depositing PF, ESIC, TDS, dues of the company with appropriate authorities is observed.
    - b. According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employee' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, service tax and cess and other undisputed statutory dues were outstanding at the year end for a period of more than six months from the date they become payable.
    - c. According to the information and explanation given to us, there are no dues of sales tax, income tax, custom duty, wealth tax, excise duty service tax and cess, which have not been deposited on account of any dispute.
  - x. In our opinion, the accumulated losses of the company are more than fifty percent of its net worth. However the company has incurred cash losses during the financial year covered by



- our audit but having cash loss in immediately preceeding financial year.
- xi. As per our verification, the company has not paid amount of Rs. 1.63 lakh to the Madhya Pradesh Financial Corporation and It is explained that said amount is pending in want of no dues certificate from the corporation before deposit of the same. Apart from above, the company has not defaulted on repayment of dues to any financial institution or banks.
- xii. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provision of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiv. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments, Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv. According to the information and explanation given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions during the year.
- xvi. The Company has not taken any term loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. According to the information and explanations given to us, the company has not made any preferential allotment of share to parties and Companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. The Company has not issued any secured debentures during the year or in earlier year.
- xx. The Company has not raised any money by way of public issues during the year.
- xxi. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the company, noticed and reported during the year, nor have we been informed of such case by the management.

**FOR : B.D. SHARDA & CO.**  
Chartered Accountants

**PLACE : INDORE**  
**DATE : 30/06/2009**

**B.D. SHARDA**  
(Proprietor)  
M.No. 070209



## BALANCE SHEET AS AT 31ST MARCH 2009

PARTICULARS	SCHEDULE No.	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>I. SOURCES OF FUNDS</b>			
<b>1. SHARE HOLDERS FUNDS</b>			
Share Capital	'01'	48481000	46229000
Reserve & Surplus		— —	— —
<b>2. LOAN FUNDS</b>			
Secured Loan	'02'	6379671	4935808
Unsecured Loan	'03'	30481735	30213235
Total		85342406	81378043
<b>II APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	'04'	57305380	56470922
Less : Depreciation		32071800	29769730
Net Block		25233580	26701192
Capital Work in-Progress		0	209937
		25233580	26911129
<b>2. (i) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories	'05'	20385460	19681997
(b) Sundry debtors	'06'	21863295	17826748
(c) Cash & Bank Balances	'07'	1382820	1063641
(d) Loans & Advances	'08'	346418	768227
		43977993	39340613
Less :			
(ii) CURRENT LIABILITIES AND PROVISIONS	'09'	7260009	11575184
<b>NET CURRENT ASSETS</b>		36717984	27765429
<b>3. MISCELLANEOUS EXPENDITURE</b>			
(To the Extent not written off or adjusted)		0	0
<b>4. PROFIT &amp; LOSS ACCOUNT</b>			
Total		23390842	26701485
		85342406	81378043
<b>5. EARNING PER SHARE</b>			
Basic		0.69	0.18
Diluted		0.69	0.18
(Nominal Value of Shares Rs. 10)			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT	'17'		

'As per our report of even date'

'FOR AND ON BEHALF OF BOARD'

**FOR : B.D. SHARDA & CO.**

Chartered Accountants

**B.D. SHARDA**

Proprietor

Date : 30th June, 2009

PLACE : INDORE

**SANJAY GORANI**

[Chairman & Managing Director]

**ANIL GORANI**

[Director]

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2009**

PARTICULARS	SCHEDULE No.	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>1. INCOME</b>			
Sales	'10'	42899746	32827757
Increase / (Decrease) in Stock	'11'	(185969)	2857061
Other Income	'12'	158467	87557
<b>Total</b>		<b>42872244</b>	<b>35772375</b>
<b>2. EXPENDITURE</b>			
Material Consumed	'13'	17537416	16142937
Trading Goods Purchased		10304004	7651096
Manufacturing & Personnel Expenses	'14'	7046841	6242292
Sales, Administrative & Other Expenses	'15'	1735123	1259527
Financial Expenses	'16'	625617	1232426
Depreciation	'04'	2302070	2414917
<b>Total</b>		<b>39551071</b>	<b>34943195</b>
<b>PROFIT BEFORE TAX</b>		<b>3321173</b>	<b>829180</b>
Less : Provision for Income Tax		0	0
Provision for Fringe Benefit Tax		9860	11235
<b>PROFIT AFTER TAX</b>		<b>3311313</b>	<b>817945</b>
Add : Balance Brought Forward from Previous Year		(26701485)	(27519430)
Prior year income tax		(670)	
<b>NET PROFIT/(LOSS) CARRIED TO BALANCE SHEET</b>		<b>(23390842)</b>	<b>(26701485)</b>
<b>EARNING PER SHARE</b>			
Basic		0.69	0.18
Diluted		0.69	0.18
(Nominal Value of Shares Rs. 10)			
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT</b>			
	'17'		

'As per our report of even date'

**FOR : B.D. SHARDA & CO.**

Chartered Accountants

'FOR AND ON BEHALF OF THE BOARD'

**(B.D. SHARDA)**

Proprietor

Date : 30th June, 2009

PLACE : INDORE

**SANJAY GORANI**

[Chairman &amp; Managing Director]

**ANIL GORANI**

[Director]

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2009**  
**PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

(Rs. in Lacs)

	As at 31st March, 2009	As at 31st March 2008
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary items	33.21	8.29
Adjusted for :		
Depreciation	23.02	24.15
Interest (Net)	5.68	11.78
	28.70	35.93
Operating Profit before working Capital Changes	61.91	44.22
Adjustment for :		
Increase in Inventories	(7.03)	(27.57)
Increase in Trade and Other Receivables	(40.37)	(39.02)
Decrease in Loans & Advances	(4.21)	(2.80)
Decrease in Trade payables & Others Liabilities	(43.15)	(42.82)
	(86.34)	(112.21)
Cash Generated from operation	(24.43)	(67.99)
FBT Tax Paid	(0.10)	(0.03)
<b>Cash flow before extraordinary Items</b>	<b>(24.53)</b>	<b>(68.02)</b>
Extraordinary Items		
Profit on sale of Fixed Asset	-	0.04
Net Cash from operating activities	<b>(24.53)</b>	<b>(67.98)</b>
<b>(B) Cash flow from investing activity</b>		
Purchase of Fixed Assets	(8.34)	(0.74)
Increase in capital WIP	2.10	(0.38)
Sale of Fixed Assets	-	0.29
Interest Income	0.14	0.01
Net Cash from investing activity	<b>(6.10)</b>	<b>(0.82)</b>
<b>(C) Cash flow from financing Activities</b>		
Proceeds from calls unpaid	22.52	0.00
Proceeds from short term borrowings (Net)	17.12	76.44
Interest paid	(5.82)	(11.79)
Net cash inflow in Financing Activities	<b>33.82</b>	<b>64.65</b>
Net Increase/decrease in cash & cash equivalent [a+b+c]	<b>3.19</b>	<b>(4.22)</b>
Cash and Cash Equivalents as at 1st April 2008 [Opening Balance]	<b>10.64</b>	<b>14.86</b>
Cash and Cash Equivalents as at 31st March 2009 [Closing Balance]	<b>13.83</b>	<b>10.64</b>

‘for and on behalf of board of directors’

Date : 30th June 2009  
 PLACE : INDORE

**SANJAY GORANI**  
 [Managing Director]

**ANIL GORANI**  
 [Director]

**AUDITOR'S CERTIFICATE**

We have examined the attached Cash Flow Statement of Gorani Industries Limited, Indore for the year ended 31st March 2009. The Statement has been prepared by the Company in accordance with the requirement of Clause 32 of listing agreements with the Stock Exchange and is based on and derived from the audited accounts of the Company for the year ended on 31st March 2009.

For : **B.D. SHARDA & CO.**  
 Chartered Accountants  
**B.D. SHARDA**  
 (Proprietor)

Date : 30th June 2009  
 Place : Indore





**SCHEDULE 1 TO 17 ANNEXED TO AND FORMING PART OF BALANCE SHEET  
AS AT 31ST MARCH 2009**

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)		CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule-1</b>			<b>Schedule-2</b>		
<b>SHARE CAPITAL</b>			<b>SECURED LOANS</b>		
<b>Authorised</b> 60,00,000 Equity Shares of Rs. 10/- each	60000000	60000000	1. Term Loan from MPFC, Indore [Secured by equitable Mortgage of fixed assets]	162826	162826
<b>Issued</b> 54,38,000 Equity Shares of Rs. 10/- each	54380000	54380000	2. Central Bank of India [W.C. Loans] [Secured by hypothecation of raw materials, semi finished and finished goods stock in process, stores & spares and book debts both present & future and second charge on the fixed assets of the company]	6216845	4772982
<b>Subscribed &amp; Paid up</b> 54,38,000 Shares of Rs. 10/- each fully paid up Less : Unpaid calls	54380000   (5899000)	54380000   (8151000)	<b>TOTAL</b>	<b>6379671</b>	<b>4935808</b>
<b>TOTAL</b>	<b>48481000</b>	<b>46229000</b>	<b>Schedule-3</b>		
			<b>UNSECURED LOANS</b>		
			From Directors, Shareholders & Promotors	30481735	30213235
			<b>TOTAL</b>	<b>30481735</b>	<b>30213235</b>

**Schedule-4****FIXED ASSETS**

Particulars	Gross Block			Depreciation					Net Block	
	As on 01-04-08	Additions/ Adjustments	Deletion Adjustments	As on 31.03.09	As on 01.04.08	Add. in the Year	Dele. in the Year	up to 31.03.09	As on 31.03.09	As on 31.03.08
Lease Hold Land	465016	0	0	465016	0	0	0	0	465016	465016
Building	16434814	0	0	16434814	6286514	548923	0	6835437	9599377	10148300
Plant & Machinery	24814258	350320	0	25186690	12635637	1191402	0	13827039	11359651	12200733
Dies & Tools	3814730	383930	0	4198660	3814729	8267	0	3822996	375664	1
Office Equipments	545916	0	0	545916	291020	25930	0	316950	228966	254896
Laboratory Equipment	276217	0	0	296217	106795	14070	0	120865	175352	189422
Electrical Installation	3478108	50840	0	3528948	1843956	167132	0	2011088	1517860	1634152
Furniture & Fixture	4659496	14218	0	4673714	3364668	295301	0	3659969	1013745	1294828
Computer	204784	35150	0	239934	204783	1624	0	206407	33527	1
Air Conditioner	246192	0	0	246192	131631	11694	0	143325	102867	114561
ETP	715979	0	0	715979	374099	34009	0	408108	307871	341880
Vehicles	695039	0	0	695039	695038	0	0	695038	1	1
Fire Fighting Equip.	78261	0	0	78261	20860	3717	0	24577	53684	57401
<b>Total</b>	<b>56470922</b>	<b>834458</b>	<b>0</b>	<b>57305380</b>	<b>29769730</b>	<b>2302070</b>	<b>0</b>	<b>32071800</b>	<b>25233580</b>	<b>26701192</b>
Previous Year	56431815	74107	35000	56470922	27364445	2414917	9632	29769730	26701192	29067370



	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 5</b>		
<b>INVENTORIES</b>		
(As valued and certified by the Management)		
Raw Materials	7293038	6432931
Stores & Spares	93098	63773
Work in Progress	10329406	12177258
Finished Goods	2004270	882475
Trading Goods	665648	125560
<b>Total</b>	<b>20385460</b>	<b>19681997</b>

**Schedule 6****SUNDRY DEBTORS**

[Unsecured Considered good except otherwise stated]

Over Six Months	11291303	4738505
Other Debts	10571992	13088243
<b>Total</b>	<b>21863295</b>	<b>17826748</b>

**Schedule 7****CASH & BANK BALANCES**

Cash in hand	1260686	1053327
Balance with Scheduled Bank in Fixed Deposit Account	122134	10314
<b>Total</b>	<b>1382820</b>	<b>1063641</b>

**Schedule 8****LOANS AND ADVANCES**

[Unsecured Considered good]

Advances recoverable in cash or kind or for value to be received	54749	494987
Deposits	291669	
<b>Total</b>	<b>346418</b>	<b>494987</b>

**Schedule 9****CURRENT LIABILITIES AND PROVISIONS****CURRENT LIABILITIES :**

Sundry Creditors	6579075	697436
Provisions	680934	
<b>Total (A)</b>	<b>7560009</b>	<b>10753980</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 10</b>		
<b>SALES</b>		
Manufactured Goods	30901673	23959885
Trading Goods	11998073	8867872
<b>Total</b>	<b>42899746</b>	<b>32827757</b>

**Schedule 11****INCREASE / DECREASE IN STOCK****CLOSING STOCK**

Work in Process	10329406	12177258
Finished Goods	2004270	882475
Trading Goods	665648	125560
<b>TOTAL (A)</b>	<b>12999324</b>	<b>13185293</b>

**OPENING STOCK**

Work in Process	12177258	8280850
Finished Goods	882475	1921822
Trading Goods	125560	125560
<b>TOTAL (B)</b>	<b>13185293</b>	<b>10328232</b>

Increase/(Decrease) in Stock (A-B)

**(185969)**      **2857061****Schedule 12****OTHER INCOME**

Profit on sale of Fixed Assests	-	3632
Interest (TDS Rs. 3336/-, L.Y. Rs.3333)	14712	15841
Miscellaneous	6141	-
Liabilities & Provisions written back	137614	68084
<b>Total</b>	<b>158467</b>	<b>87557</b>

**Schedule 13****MATERIAL CONSUMED**

SR. NO.	PARTICULARS	AS AT 31.03.2009	AS AT 31.3.2008
	Opening Stock	6432931	6250411
Add-	Purchase	18397523	16325457
Less -	Closing Stock	7293028	6432931
	<b>Material Consumed</b>	<b>TOTAL</b>	
		<b>17537416</b>	<b>16142937</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 14</b>		
<b>MANUFACTURING AND PERSONNEL EXPENSES</b>		
Power & Fuel	1156574	1287995
Freight Inward & Cartage	101600	138110
Store & Spares Consumed	362018	578564
Repairs & Maintenance of Dies	358132	425762
Plant & Machinery Repairs & Maint.	324809	266555
Electric Repairs & Maintenance	117397	101021
Entry Tax	102789	60584
Laboratory Expenses	45950	34565
ETP Maintenance Expenses	16278	11152
Other Factory Expenses	189058	89574
Employee Remuneration and Benefit	4272236	2661147
<b>Total</b>	<b>7046841</b>	<b>6242292</b>

**Schedule 15****ADMINISTRATIVE, SALES AND OTHER EXPENSES**

Office Expenses	44303	23365
Rent, Rates & Taxes	101680	65191
Legal & Professional Charges	364868	155963
Insurance Expenses	57165	72751
Books & Periodicals	3045	1859

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
Postage & Courier	10080	5709
Telephone Expenses	126169	127425
Stationery & Printing	49069	40991
Travelling & Conveyance	1163	8635
Auditor Remuneration	30000	30000
Directors Remuneration	360000	360000
Directors Sitting Fee	9000	9000
Registration & fees	324137	204453
Building Repair & Maintenance	0	5153
Vehicle Running & Maintenance	22592	13513
Advertisement & Publicity	0	128887
Balances Written off	0	2926
Foreign Exchange Gain/ (Loss)	231852	0
<b>Total</b>	<b>1735123</b>	<b>1259527</b>

**Schedule 16****FINANCIAL CHARGES**

Interest on W. C. Loan	567959	1167487
Interest (Other)	-	11325
Bank Charges	57658	53614
<b>Total</b>	<b>625617</b>	<b>1232426</b>

**Schedule 17****SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS****1. SIGNIFICANT ACCOUNTING POLICIES FOLLOWED BY THE COMPANY****(A) Basis of Accounting :**

The financial statements of Gorani Industries Limited have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule 2006 and the relevant provision of the Companies Act, 1956. The Financial Statements have been prepared under historical cost convention on accrual basis. The accounting policies have been consistently applied by the company unless otherwise stated.

**(B) Sales :**

The sales of goods are recognised at the point of dispatch of the finished trading goods to the customers.

**(C) Income :**

The Income is accounted for on accrual basis.

**(D) Fixed Assets :**

Fixed Assets are stated at cost. The Cost of an asset comprises of its purchase price/cost of construction and

for additions, modifications, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the Profit & Loss Account. When assets are sold or discarded, their cost and accumulated depreciation (if any) are removed from the accounts and any gain or loss resulting from their disposal is included in the Profit and Loss Account.

**(E) Depreciation :**

Depreciation on Fixed Assets has been provided on straight line method at the rates and in manner specified in Schedule XIV to the Companies Act, 1956. Assets, which are purchased during the year, depreciation thereon has been provided on pro-rata basis.

**(F) Borrowing Cost :**

Borrowing cost that are attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing cost is recognized as an expense in the period in which they are incurred.

**(G) Foreign Currency Transaction :**

The transactions in foreign currencies are recorded at the rate prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date. Exchange gains/ losses on settlement and on conversion of monetary items denominated in foreign currency are dealt with in the profit and loss account.

**(H) Inventories :**

Items of Inventory are valued at lower of cost or net realizable value. Cost of determined on the basis of FIFO method. The cost of work in progress and finished goods comprise direct material, direct labour, and other direct cost and related production overheads.

**(I) Excise Duty :**

Company is enjoying the benefit under Central Excise SSI exemption, hence not paying duty.

**(J) Retirement Benefits :**

- (i) The company accounts for Group gratuity for the eligible employees on the basis of payments to Life Insurance Corporation of India as actuarially determined with reference to agreement between them.
- (ii) Leave encashment liability is accounted on actual payment basis as per the rules applicable to the Company.
- (iii) Company's contribution to Provident Fund and ESIC are charged to Profit and Loss Account. But the payments thereof slight delay is observed during the year.

**(K) Research & development :**

Capital expenditure on research and development is treated in the same way as expenditure on Fixed Assets. The revenue expenditure on Research & Development is written off in the year in which it is incurred.

**(L) Earning Per share -**

The basic earning per share and diluted earning per share are calculated as under -

	<u>2008-09</u>	<u>2007-08</u>
i) Net Profit as per Profit & Loss Account Available for Equity Shareholders.	Rs. 33,11,313	Rs. 8,17,945
ii) Weighted average number of Equity Share for Earning per share computation		
A) For Basic Earning per Share (No.)	48,48,100	46,22,900
B) For Diluted Earning per Share (No.)	48,48,100	46,22,900
iii) Earning per Share for Basic & Diluted	Rs. 0.69	(0.18)

**(M) Segment Reporting Policies****Identification of segments :****a) Primary Segments**

Business Segment : The company has only one segment of hoe appliances and the products considered as part of the segment are Kerosene Wick Stove, LPG Stove Range hood (Chimney) and Gas Geysers. Since inherent nature of all activities of the company is governed by the same set of risks and returns and also all the products are falling in the same category therefore as per the guidelines of the AS-17 no primary segment is reporting required for the year.

**b) Secondary Segment**

Geographical Segment : The analysis of geographical segment is based on the geographical location of the customers. The following is the distribution of the Company's consolidated sales by geographical market :

Sales to Domestic Market in Rs.	42899746/-	32827757/-
Sales to Overseas Market in Rs.	-	-
	<u>42899746</u>	<u>32827757</u>



**(N) Disclosure of Related Party / Related party Transactions**

N a m e o f t h e r  
a A s s o c M/s Blow Hot Kitchen Appliances (P) Ltd.

**b) Key Management Personnel and their relatives**

Mr. Sanjay Gorani	Managing Director
Mr. Anil Gorani	Director
Smt. Maju Gorani	Director
Narendra Gorani	Relative of Director

**c) Transaction with Related parties.**

Name of the person	Nature of Transactions	Amount
Anil Gorani	Managerial	
	Remuneration	Rs. 3,60,000/-
	Unsecured loans taken	Rs. 2,68,500/-
M/S Blow Hot Kitchen Appliances (P) Ltd.	Rent	Rs. 36,000/-

**(O) Accounting for Taxes :**

Tax Expenses comprises current tax, deferred tax and fringe benefit tax. The provision for Fringe Benefit Tax for the year has been determined in accordance with the provisions of section 115 WC of the Income Tax Act, 1961.

Deferred tax is recognised, on timing difference being, the difference between taxable income and accounting income originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets in respect of unabsorbed depreciation and carry forward losses are recognised if there is virtual certainty that there will be sufficient future taxable income available to realizes such losses.

As explained by the management, the brought forward business loss and unabsorbed depreciation are more than timing difference between tax depreciation and book depreciation; therefore the provision as stipulated by AS-22 is not required. Company shall recognize deferred tax assets in succeeding years only when there is certainty that sufficient taxable income will be available.

**(P) Impairment of Fixed Assets :**

The Company on an annual basis makes on assessment of any indicator that may lead to impairment of assets. If any such indication exists, the company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and the same is charged to profit & loss account. Based on the aforesaid review, the Company is of opinion that there is no impairment of any of its fixed assets as at 31st March 2009.

**2. NOTES ON ACCOUNTS**

**1. Contingent Liabilities :**

Estimated amount of contracts remaining to be executed on capital account (Net of Capital Advance) not

provided for Rs. Nil (Previous Year Rs. 2.00 Lacs).

2. In the opinion of the management and to the best of their knowledge and belief the value of realisation of current assets, loans and advances in the ordinary course of business will not be less than the amount at which they are stated in the balance sheet. No provision has been made for the long outstanding debtors considered doubtful because it is still under negotiation stage
3. In cases of few delays in payments of statutory dues like PF, ESIC, TDS etc. applicable interest has also been paid which accrued to be nominal.
4. The balance of Rs. 1.63 Lakhs outstanding in MPFC loan account pertaining to penal interest has been paid off on 30<sup>th</sup> June 2009.

	Current Year	Previous Year	
<b>(a) Managerial Remuneration :</b>			
Remuneration	36000	360000	
Sitting fees	9000	9000	
Total	<u>369000</u>	<u>369000</u>	
<b>(b) Auditors Remuneration</b>			
(i) Audit Fees	30000	30000	
(ii) Tax Audit Fees	5000	5000	
(iii) Taxation Matter	-	10000	
(iv) Other Matters	-	30000	
Total	<u>35000</u>	<u>76500</u>	
<b>(c) Particulars of Capacity &amp; Production :</b>			
Particulars	Licensed Capacity	Installed Capacity	Actual Production
(i) Nutan Stoves	120000 (1200000)	120000 (1200000)	114974 (97166)
(ii) L.P.G. Stoves	125000 (125000)	125000 (125000)	2008 (0)
(iii) Gas Geysers	20000 (20000)	20000 (20000)	7841 (5200)
(iv) Range hood (Chimney)	15000 (15000)	15000 (15000)	251 (0)

**(d) Particular of Stock & Sales of goods produced :**

Description	Units	Stock		Sales
		Opening	Closing	
(i) Nutan Stoves	Nos.	2719	-	117693
		(5358)	(2719)	(99805)
(Rs. in Lacs)		4.76	-	234.21
		(9.35)	(4.76)	(189.44)
(ii) L.P.G. Stoves	Nos.	1053	1257	1804
		(2607)	(1053)	(1554)
(Rs. in Lacs)		3.16	3.16	9.00
		(8.73)	(3.16)	(4.59)
(iii) Gas Geysers	Nos.	121	1794	6168
		(149)	(121)	(5228)
(Rs. in Lacs)		0.91	14.98	58.49
		(1.12)	(0.91)	(44.44)
(iv) Rangehood	Nos.	0	60	191
(Chimney)		(0)	(0)	(0)
(Rs. in Lacs)		0	0.95	5.37
		(0)	(0)	(0)
(v) Others	(Rs. in Lacs)	0	0	1.95
		(0)	(0)	(1.13)

**(e) Particulars of Trading Goods -**

(Amt. in Lacs)

(Qty. in MT)

Description	Current Year		Previous Year	
	Amount	Quantity	Amount	Quantity
i] Opening Stock				
- Iron and Steel	-	-	-	-
- Others	1.26	-	1.26	-
	<u>1.26</u>		<u>1.26</u>	
ii] Closing Stock				
- Iron and Steel	-	-	-	-
- Others	6.67	-	1.26	-
	<u>6.67</u>		<u>1.26</u>	
iii] Purchases				
- Iron and Steel	97.64	323.329	76.51	272.302
- Others	5.40	-	-	-
	<u>103.04</u>		<u>76.51</u>	





iv] Sales				
- Iron and Steel	119.98	323.329	88.68	272.302
- Others	-	-	-	-
	<u>119.98</u>		<u>88.68</u>	

**(f) Particulars of Raw Material, Store Spares, Component & Packing Material Consumed**

Raw Material Consumed	Unit	Current Year		Previous Year		
		Qty.	Value	Unit	Qty.	Value
(i) Iron & Steel	M.T.	187.46	10003065	M.T.	238.6389	10420454
(ii) Other Raw Material		-	1456524		-	1681966
(iii) Components & Stores		-	3934305		-	2752424
(iv) Packing Materials		-	2505540		-	1866656
<b>Total</b>			<b>17899434</b>			<b>16721500</b>

**(g) Expenditure in Foreign Currency :**

**(h) Earning in Foreign Exchange :**

FOB Value of Exports	-	-
Freight Charges	-	-

**(i) Value of Imports Calculated on CIF Basis :**

Trading Goods	363331	-
Raw Material	2741888	-

**(j) Details of Imported and Indigenous Raw Material, Stores & Spares Consumed :**

Imported	3226287	18.02%
Indigenous	14673147	81.98%
	<u>17899434</u>	<u>100.00%</u>

- The Management is of the opinion that there are no small Scale Industries or SMEs to whom the Company owes a sum exceeding Rs. 1.00 Lacs, which is outstanding for more than 30 days at the Balance Sheet date.
- The Balances in the accounts of customers, suppliers and others are subject to confirmation and reconciliation.
- Figures have been rounded off to nearest rupee.
- The figures in brackets indicate deduction or previous year.

'As per our report of even date'

**FOR : B.D. SHARDA & CO.**

Chartered Accountants

**B.D. SHARDA**

(Proprietor)

Date : 30/06/2009

PLACE : INDORE

'for and on behalf of board of directors'

**SANJAY GORANI**

[Managing Director]

**ANIL GORANI**

[Director]



**INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956**

**Balance Sheet Abstract and Company's General Business Profile**

**(I) REGISTRATION DETAILS**

Registration No.  State Code

Balance Sheet

**(II) CAPITAL RAISED DURING THE YEAR**

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

**(III) POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS**

TOTAL LIABILITIES	TOTAL ASSETS
<input type="text" value="8,53,42,406"/>	<input type="text" value="8,53,42,406"/>

**SOURCES OF FUNDS**

Paid up Capital	Reserve & Surplus
<input type="text" value="48,481,000"/>	<input type="text" value="NIL"/>
Secured Loans	Unsecured Loans
<input type="text" value="63,79,671"/>	<input type="text" value="3,04,81,735"/>

**APPLICATION OF FUNDS**

Net Fixed Assets	Investments
<input type="text" value="2,52,33,580"/>	<input type="text" value="NIL"/>
Net Current Assets	Mics. Expenditure
<input type="text" value="3,67,17,984"/>	<input type="text" value="NIL"/>

30th June 2009  
Indore

Accumulated Loss

**(IV) PERFORMANCE OF COMPANY**

Turnover	Total Expenditure
<input type="text" value="4,28,99,746"/>	<input type="text" value="3,95,51,071"/>
Profit/Loss Before Tax	Profit/Loss After Tax
<input type="text" value="33,21,173"/>	<input type="text" value="33,11,313"/>
Earnings Per Share (Rs.)	Dividend Rate
<input type="text" value="0.69"/>	<input type="text" value="NIL"/>

**(V) GENERIC NAMES OF THREE PRINCIPAL PRODUCTS/SERVICES OF COMPANY**

Item Code No.

(ITC Code)

Product Description

Item Code No.

(ITC Code)

Product Description

Item Code No.

(ITC Code)

Product Description

For and on behalf of Board of Directors

**Sanjay Gorani**  
(Managing Director)

**Anil Gorani**  
(Director)

ATTENDANCE SLIP  
**GORANI INDUSTRIES LIMITED**

Regd. Office : Plot No.32-33, Sector F, Sanwer Road, Industrial Area, Indore - 452 015 (M.P.)

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL  
Joint Shareholders may obtain additional slip on request.

Folio No.....

NAME AND ADDRESS OF THE SHAREHOLDER

No. of Share held :

I hereby by record my presence at the Fourteenth Annual General Meeting of the Company held on Wednesday, the 30th September, 09 at 11.00a.m. at Plot No.32-33, Sector F, Sanwer Road, Industrial Area, Indore-452 015 (M.P.).

SIGNATURE OF THE SHAREHOLDER OR PROXY\*

\* Strike out whichever is not applicable.

**GORANI INDUSTRIES LIMITED**

Regd. Office : Plot No.32-33, Sector F, Sanwer Road, Industrial Area, Indore - 452 015 (M.P.)

Folio No.....

**PROXY FORM**

I/We .....

of .....

being a member / members

of GORANI INDUSTRIES LIMITED hereby appoint .....

of .....

or failing him ..... of .....

as my / our proxy to vote for me / us and on behalf of the Fourteenth Annual General Meeting to be held of Wednesday, the 30th September, 2009 at 11.00 a.m. or at any adjournment thereof.

Signed this.....day of.....2009.

Affix a Re. 1 Revenue Stamp
--------------------------------------

NOTE : The proxy inorder to be effective should be duly stamped, completed and signed and must be deposited at the Registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the Company.

BOOK - POST

To,



*If Undelivered, please return to :*

**Gorani Industries Ltd.**

Reg. Office : Plot No. 32-33, Sector F,  
Sanwer Road, Industrial Area, INDORE-452 015 (M.P.)