

*XV<sup>th</sup> Annual Report*  
*2009-2010*



**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 HERE BY GIVEN THAT** the **Fifteenth** Annual General Meeting of the members of the company Gorani Industries Limited will be held at Plot No.32-33, Sector 'F' Sanwer Road, Industrial Area, Indore on Thursday, the 30<sup>th</sup> day of September, 2010 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, 2010 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Anurag Nandecha who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors M/s. B.D. Sharda & Co. Chartered Accountants 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

Date: 30/07/2010  
Place: Indore

Sanjay Gorani  
(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 BE A 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 & Share Transfer Book of the Company will remain closed from 25<sup>th</sup> September, 2010 to 30<sup>th</sup> September, 2010 (Both days inclusive).
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. Shri Anurag Nandecha is a Science Graduate and is well-known and reputed personality in the field of Cold storage including other related business. He has a rich experience in the field of Real Estate and Engineering goods too.

BY ORDER OF THE BOARD  
for Gorani Industries Limited

Date: 30/07/2010  
Place: Indore

Sanjay Gorani  
(Managing Director)



## DIRECTORS REPORT

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

Your Directors have great pleasure in presenting here-with the Fifteenth Annual Report of your Company together with the Audited Accounts for the financial year ended 31<sup>st</sup> March, 2010.

### 1. FINANCIAL RESULTS :

	(Rs. in Lacs)	
	<u>2009-10</u>	<u>2008-09</u>
Gross Turnover	407.59	428.72
Profit Before Depreciation	29.46	56.23
Depreciation	23.17	23.02
Provisions for Taxation	0.00	0.10
Net Profit After Taxation	6.29	33.11
Add Profit/Loss Brought forward	(233.90)	(267.01)
Surplus/(Deficiency) Carried to Balance Sheet	(227.65)	(233.90)

### 2. PERFORMANCE

During the financial year under review, your Company has achieved a Gross Turnover of Rs. 407.59 Lakhs as against that of Rs.428.72 Lakhs during the previous year. The company has achieved net profit of Rs.6.29 Lakhs during the financial year.

### 3. DIVIDEND:

Looking to the Financial Position of the Company your Directors are not recommending any dividend for the year.

### 4. DIRECTORS:

Shri Anurag Nandecha is liable to retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.

### 5. AUDITORS:

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

### 7. 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.

### 8. CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The information relating to conservation of Energy, Technology absorption and Foreign Exchange earnings and outgo as required 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 in Annexure 1 forming part of this report.

### 9. 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, 2010 and of profit and loss account of the profit for the year ended 31<sup>st</sup> March, 2010.

- 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 deleting fraud and other irregularities.
- d. The Directors have prepared the annual accounts on a going concern basis.
- e. Interest Free Unsecured Loan is taken from the directors and promoters in pursuance of conditions stipulated in the sanction letter of the bankers.

#### 8. CORPORATE GOVERNANCE:

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

#### 9. 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 : 30th July, 2010

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 2010.

#### 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	2009-10	2008-09
<b>a. Electricity</b>			
Purchased unit	KWH	222780	191820
Total Amount	Rs.	1348960	1096798
Rate per Unit	Rs/KWH	6.06	5.72



**b. Own generation**

Units	KWH	835	1510
Units/Ltr. of Diesel	KWH	0.86	0.91
Cost per Unit	Rs./KWH	41.35	41.61
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 Research 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 Kerosene wick stove.

2.3 Technology obtained from IOC & IIP has been successfully adopted and implemented.

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

Particulars	2009-10	2008-09
<b>a. Earnings</b>		
FOB value of Exports	Nil	Nil
Freight Charges	Nil	Nil
<b>b. Out go</b>		
Import Expenses (Purchase)	2666428	3337071

By order of the Board  
SD/-

**Sanjay Gorani**  
Chairman & Managing Director

Place : Indore

Date : 30th July, 2010

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**

Over the last few years, organized retail or large-scale retail has been witnessing tremendous impetus in India. The growth story is expected to continue in the future, even though growth rate is likely to be moderated in the short term due to global economic meltdown. The company is in the business of production and sales of Kitchen appliances. Kitchenware manufacturing and retailing is one such sector within the overall household segment, which has been in the limelight recently. It is believed that growth in the housing sector coupled with changing life style will also drive the growth in sale 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 2010-11. The discussion on the financial performance of the Company is covered in the Director's report.

**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 has only one 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.

**Outlook**

Both global and Indian economies are on the path of recovery. However, persistent high level of inflation in the long run can impact the disposable income and hence the purchasing power. However, the overall market sentiment is positive and your Company expects to maintain its growth rates aided by the new range of products, barring unforeseen circumstances.

**Risk and Concerns**

The overall inflationary trend in general and the food inflation in particular are causes of concern. The significant and steady increase of key metal prices is a matter of concern which may have some impact on margins of your Company if it is not in a position to pass on the increase in input costs to the customers. However, with improved efficiencies and economies of scale your Company is hopeful of maintaining a healthy margin and return on capital employed.

**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 have the 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 Discussion Analysis Report describing the Company's objectives and predictions may be forward looking within the 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 2009-10

### 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 stakeholders by maintaining the productivity with sense of corporate social responsibility. 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 non executive 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 Sundar Jhavar	Independent and Non-Exe. Director	-	-	-
Shri Anurag Nandecha	Independent and Non-Exe. Director	-	-	-
Shri Dinesh Kumar Daga	Independent and Non-Exe. Director	-	-	-

### Directors Seeking Appointment/Reappointment

Shri Anurag Nandecha is liable to retire by rotation and being eligible offers himself for reappointment. He is a Science Graduate and is well-known and reputed personality in the field of Cold storage including other related business. He has a rich experience in the field of Real Estate and Engineering goods too.

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

During the year 2009-2010, 6 Board Meetings were held on 20<sup>th</sup> April, 2009, 30<sup>th</sup> June, 2009, 28<sup>th</sup> July, 2009, 31<sup>st</sup> October, 2009, 30<sup>th</sup> January, 2010 and 30<sup>th</sup> March 2010.

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	2	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 with 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:

- A) Shri Shyam Sunder Jhavar - Chairman
- B) Shri Anurag Nandecha - Member
- C) Shri Dinesh Kumar Daga - Member

The terms of reference of the Audit Committee include:

- a) To review financial statements and pre-publication announcements before submission to the Board.
- b) To ensure compliance of internal control systems and action taken on internal-audit reports.
- c) To appraise the Board on the impact of accounting



policies, accounting standards and legislation.

- d) To hold periodical discussions with statutory auditors on the scope and content of the audit.
- e) To review the Company's financial and risk management policies.

During the financial year 2009-2010, 4 Audit Committee Meetings were held on 29<sup>th</sup> June, 2009, 27<sup>th</sup> July, 2009, 30<sup>th</sup> October, 2009 and 29<sup>th</sup> January, 2010.

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

#### 4. Remuneration Committee

The Remuneration Committee consists of three independent, 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 22<sup>nd</sup> March, 2010 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. There is no sitting fee paid to any Directors of the Company during the year ended March 31<sup>st</sup>, 2010.

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-ex-

ecutive Directors, Viz. Shri Anurag Nandecha (Chairman), Shri Shyam Sunder Jhavar and Shri Dinesh Kumar Daga.

The Company has acted upon all valid share transfers received during the year 2009-2010. The Company has not received any complaints during the year.

During the financial year 2009-2010, 4 Investors' Grievance Committee Meetings were held on 2<sup>nd</sup> June 2009, 11<sup>th</sup> August 2009, 11<sup>th</sup> November 2009 and 19<sup>th</sup> March 2010.

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
2006-2007	29.09.07	Registered office of the Company	4 P.M.
2007-2008	30.09.08	do	11 A.M.
2008-2009	30.09.09	do	11 A.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., 2010
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 2010.  
Ending - 30th September 2010.  
(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  
Ph. No. : 022-25963838

##### 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

There was no trading in Equity Shares during the financial year 2009-10

##### Dematerialization of Shares

As on 31st March 2010, 2448900 shares of the company were held in dematerialized form.

##### Distribution of Shareholding :

(As on 31/03/2010)

S	Shareholding No. of Share	Share	Share	Share
N	of Nominal	Share- holding amount holding	value of	value of
	holders	%	in Rs.	%
			Rupees	
1	Upto 5000	247	16.8720	1164000 2.1400
2	5001-10000	861	59.0530	8241000 15.1540
3	10001-20000	122	8.3680	2229000 4.0990
4	20001-30000	92	6.3100	2407000 4.4260
5	30001-40000	33	2.2630	1238000 2.2770
6	40001-50000	57	3.9090	2726000 5.0130
7	50001-1 lac	17	1.1660	1375000 2.5290
8	100000 above	30	2.0580	3500000 64.3620
	<b>Total</b>	<b>1458</b>	<b>100%</b>	<b>54380000 100%</b>

##### Shareholding Pattern :

S	Category	No. of	% of
N		Share	Share
		held	holding
A	Promoters & person acting in Concert	2216000	40.7503
B	Banking, Financial Institutions/Insurance Companies (Central/ State Govt. Institutions Non-Govt. Institutions), Mutual Funds, UTI, Institutional Investors & FII's	100000	1.84
C	Private Corporate Bodies	846100	15.56
D	Indian Public	2275900	41.85



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 2010, 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 Chartered Accountants 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 : 30<sup>th</sup> July, 2010**

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

Chartered Accountants

**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 2010 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 misstatements. 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 as amended, 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 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 this report comply with the Accounting Standard 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, 2010, 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 2010 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 accounts read together with the Significant Accounting Policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view of 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, 2010;
- (b) in the case of the Profit and Loss Account, 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 : 30/07/2010

B.D. SHARMA

Proper

M.No. 07

### 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 2010 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



- 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. 307.83 lacs and the year - end balance of loans taken from such parties was Rs. 307.83. 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, being no interest is to be paid 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 repayment of the principal amount 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 transaction 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 arrangement 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 58 A 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 generally 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, cess and other material statutory dues applicable to it with the appropriate au-

thorities.

- (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 not more than fifty percent of its net worth. Further the company has not incurred cash losses during the financial year covered by our audit and in immediately preceding financial year.
- xi In our opinion, and according to the information and explanation given to us, the company has not defaulted in repayment of any dues to any financial institution or bank during the year.
- 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 we have been informed of such case by the management.

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

**PLACE : INDORE**  
**DATE : 30/07/2010**

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



thorities.

- (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 not more than fifty percent of its net worth. Further the company has not incurred cash losses during the financial year covered by our audit and in immediately preceding financial year.
- xi In our opinion, and according to the information and explanation given to us, the company has not defaulted in repayment of any dues to any financial institution or bank during the year.
- 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 we have been informed of such case by the management.

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

**PLACE : INDORE**  
**DATE : 30/07/2010**

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



## BALANCE SHEET AS AT 31ST MARCH 2010

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'	48488000	48481000
Reserve & Surplus		— —	— —
<b>2. LOAN FUNDS</b>			
Secured Loan	'02'	4706470	6379671
Unsecured Loan	'03'	30783235	30481735
Total		83977705	85342406
<b>II APPLICATION OF FUNDS</b>			
<b>1. Fixed Assets</b>			
(a) Gross Block	'04'	56181550	57305380
Less : Depreciation		33411554	32071800
Net Block		22769996	25233580
Capital Work in-Progress		0	0
		22769996	25233580
<b>2. (i) CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) Inventories	'05'	32363749	20385460
(b) Sundry debtors	'06'	8453710	21863295
(c) Cash & Bank Balances	'07'	1238532	1382820
(d) Loans & Advances	'08'	318917	346418
(e) Other Current Assets	'09'	38618	33092
		42413526	43977993
Less :			
(ii) CURRENT LIABILITIES AND PROVISIONS	'09'	3970635	7260009
<b>NET CURRENT ASSETS</b>		38442891	36717984
<b>3. MISCELLANEOUS EXPENDITURE</b>			
(To the Extent not written off or adjusted)		0	0
<b>4. PROFIT &amp; LOSS ACCOUNT</b>			
Total		22764818	23390842
		83977705	85342406
<b>5. EARNING PER SHARE</b>			
Basic		0.13	0.69
Diluted		0.13	0.69
(Nominal Value of Shares Rs. 10)			
<b>SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT</b> '17'			

'As per our report of even date'

'FOR AND ON BEHALF OF BOARD'

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

Chartered Accountants (Firm Reg. No. 00161C)

**B.D. SHARDA**

Proprietor

Date : 30th July, 2010

PLACE : INDORE

**SANJAY GORANI**

[Chairman & Managing Director]

**ANIL GORANI**

[Director]



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2010

PARTICULARS	SCHEDULE No.	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>1. INCOME</b>			
Sales	'10'	40758678	42899746
Increase / (Decrease) in Stock	'11'	4558015	(185969)
Other Income	'12'	78463	158467
<b>Total</b>		<b>45395156</b>	<b>42872244</b>
<b>2. EXPENDITURE</b>			
Material Consumed	'13'	11802741	17537416
Trading Goods Purchased		17520184	10304004
Manufacturing & Personnel Expenses	'14'	10237165	7046841
Sales, Administrative & Other Expenses	'15'	2099560	1735123
Financial Expenses	'16'	789721	625617
Depreciation	'04'	2317355	2302070
<b>Total</b>		<b>44766726</b>	<b>39551071</b>
<b>PROFIT BEFORE TAX</b>		<b>628430</b>	<b>3321173</b>
Less : Provision for Income Tax		0	0
Provision for Fringe Benefit Tax		0	9860
<b>PROFIT AFTER TAX</b>		<b>628430</b>	<b>3311313</b>
Add : Balance Brought Forward from Previous Year		(23390842)	(26701485)
Prior year income tax		(2406)	(670)
<b>NET PROFIT/(LOSS) CARRIED TO BALANCE SHEET</b>		<b>(22764818)</b>	<b>(23390842)</b>
<b>EARNING PER SHARE</b>			
Basic		0.13	0.69
Diluted		0.13	0.69
(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  
(Firm Reg. No. 00161C)

(B.D. SHARDA)  
Proprietor  
Date : 30th July, 2010  
PLACE : INDORE

'FOR AND ON BEHALF OF THE BOARD'

SANJAY GORANI  
[Chairman & Managing Director]

ANIL GORANI  
[Director]



**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2010**  
**PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT**

(Rs. in Lacs)

	As at 31st March, 2010	As at 31st March 2009
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and Extraordinary items	6.28	33.21
Adjusted for :		
Depreciation	23.17	23.02
Interest (Net)	7.45	5.68
	32.03	28.70
Operating Profit before working Capital Changes	38.31	61.91
Adjustment for :		
Increase in Inventories	(119.79)	(7.03)
Increase in Trade and Other Receivables	(134.09)	(40.37)
Decrease in Loans & Advances	(0.06)	(4.21)
Decrease in Trade payables & Others Liabilities	(32.89)	(43.15)
	(18.71)	(86.34)
Cash Generated from operation	(19.60)	(24.43)
FBT Tax Paid	(0.00)	(0.10)
<b>Cash flow before extraordinary Items</b>	(19.60)	(24.53)
Extraordinary Items		
Profit on sale of Fixed Asset	-	-
Net Cash from operating activities	(19.60)	(24.53)
<b>(B) Cash flow from investing activity</b>		
Purchase of Fixed Assets	(4.85)	(8.34)
Increase in capital WIP	-	(2.10)
Sale of Fixed Assets	4.76	-
Interest Income	0.15	0.14
Net Cash from investing activity	(0.06)	(6.10)
<b>(C) Cash flow from financing Activities</b>		
Proceeds from calls unpaid	0.07	22.52
Proceeds from short term borrowings (Net)	13.73	17.12
Interest paid	(7.45)	(5.82)
<b>Net cash inflow in Financing Activities</b>	21.11	33.82
Net Increase/decrease in cash & cash equivalent [a+b+c]	1.45	(3.19)
Cash and Cash Equivalents as at 1st April 2009 [Opening Balance]	13.83	10.64
Cash and Cash Equivalents as at 31st March 2010 [Closing Balance]	12.83	13.83

‘for and on behalf of board of directors’

Date : 30th July 2010  
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 2010. 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 2010.

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

Date : 30th July 2010  
Place : Indore



**SCHEDULE 1 TO 17 ANNEXED TO AND FORMING PART OF BALANCE SHEET  
AS AT 31ST MARCH 2010**

	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>			1. Term Loan from MPFC, Indore [Secured by equitable Mortgage of fixed assets]	0	162826
60,00,000 Equity Shares of Rs. 10/- each	60000000	60000000	2. Central Bank of India [W.C. Loans] [Secured by hypothication 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]	4706470	6216845
<b>Issued</b>			<b>TOTAL</b>	<b>4706470</b>	<b>6379671</b>
54,38,000 Equity Shares of Rs. 10/- each	54380000	54380000			
<b>Subscribed &amp; Paid up</b>			<b>Schedule-3</b>		
54,38,000 Shares of Rs. 10/- each	54380000	54380000	<b>UNSECURED LOANS</b>		
fully paid up			From Directors & Promotors	30783235	30481735
Less : Unpaid calls	(5892000)	(5899000)	<b>TOTAL</b>	<b>30783235</b>	<b>30481735</b>
<b>TOTAL</b>	<b>48488000</b>	<b>48481000</b>			

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

Particulars	Gross Block				Rate %	Depreciation				Net Block	
	As on 01-04-09	Add./ Adj.	Dele./ Adj.	As on 31.03.10		As on 01.04.09	Add. in the Year	Dele. in the Year	up to 31.03.10	As on 31.03.10	As on 31.03.09
Lease Hold Land	465016	0	0	465016	0	0	0	0	465016	465016	
Building	16434814	0	0	16434814	3.34	6835437	548923	7384360	9050454	9599377	
Plant & Machinery	25186690	217586	1609093	23795183	4.75	13827039	1122851	977601	13972289	11359651	
Dies & Tools	4198660	28000	0	4226660	11.31	3822997	45896	0	3868893	357767	
Office Equipments	545916	23250	0	569166	4.75	316950	26573	0	343523	228966	
Laboratory Equipment	296217	0	0	296217	4.75	120865	14070	0	134935	161282	
Electrical Installation	3528948	135877	0	3664825	4.75	2011088	170754	0	2181842	1482983	
Furniture & Fixture	4673714	0	0	4673714	6.33	3659969	295846	0	3955815	717899	
Computer	239934	80550	0	320484	16.21	206407	43021	0	249428	71056	
Air Conditioner	246192	0	0	246192	4.75	143325	11694	0	155019	91173	
ETP	715979	0	0	715979	4.75	408108	34009	0	442117	273862	
Vehicles	695039	0	0	695039	9.50	695038	0	0	695038	1	
Fire Fighting Equip.	78261	0	0	78261	4.75	24577	3718	0	28295	49966	
<b>Total</b>	<b>57305380</b>	<b>485263</b>	<b>1609093</b>	<b>56181550</b>		<b>32071800</b>	<b>2317355</b>	<b>977601</b>	<b>33411554</b>	<b>22769996</b>	<b>25233580</b>
Previous Year	56470922	834458	-	57305380		29769730	2302070	-	32071800	25233580	26701192



	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 5</b>		
<b><u>INVENTORIES</u></b>		
(As valued and certified by the Management)		
Raw Materials	14520676	7293038
Stores & Spares	285734	93098
Work in Progress	14513992	10329406
Finished Goods	3030350	2004270
Trading Goods	12997	665648
<b>Total</b>	<b>32363749</b>	<b>20385460</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 6</b>		
<b><u>SUNDRY DEBTORS</u></b>		
[Unsecured Considered good except otherwise stated]		
Over Six Months	4480639	11291303
Other Debts	3973071	10571992
<b>Total</b>	<b>8453710</b>	<b>21863295</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 7</b>		
<b><u>CASH &amp; BANK BALANCES</u></b>		
Cash in hand	1163904	1260686
Balance with Scheduled Bank in Fixed Deposit Account	74628	122134
<b>Total</b>	<b>1238532</b>	<b>1382820</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 8</b>		
<b><u>LOANS AND ADVANCES</u></b>		
[Unsecured Considered good]		
Advances recoverable in cash or kind or for value to be received	23625	21657
Deposits	295292	291669
<b>Total</b>	<b>318917</b>	<b>313326</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 9</b>		
<b><u>CURRENT LIABILITIES AND PROVISIONS</u></b>		
<b><u>CURRENT LIABILITIES :</u></b>		
Sundry Creditors	2621267	6579075
Provisions	1349368	680934
<b>Total (A)</b>	<b>3970635</b>	<b>7260009</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 10</b>		
<b><u>SALES</u></b>		
Manufactured Goods	19319875	30901673
Trading Goods	21438803	11998073
<b>Total</b>	<b>40758678</b>	<b>42899746</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 11</b>		
<b><u>INCREASE / DECREASE IN STOCK</u></b>		
<b><u>CLOSING STOCK</u></b>		
Work in Process	14513992	10329406
Finished Goods	3030350	2004270
Trading Goods	12997	665648
<b>TOTAL (A)</b>	<b>17557339</b>	<b>12999324</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b><u>OPENING STOCK</u></b>		
Work in Process	10329406	12177258
Finished Goods	2004270	882475
Trading Goods	665648	125560
<b>TOTAL (B)</b>	<b>12999324</b>	<b>13185293</b>
Increase/(Decrease) in Stock (A-B)	4558015	185969

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 12</b>		
<b><u>OTHER INCOME</u></b>		
Interest (TDS Rs. 3336/-, L.Y. Rs.3333)	15335	14712
Miscellaneous	0	6141
Liabilities & Provisions written back	2338	137614
Foreign Exchange Gain/(Loss)	60790	0
<b>Total</b>	<b>78463</b>	<b>158467</b>

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

SR. NO.	PARTICULARS	AS AT 31.03.2010	AS AT 31.3.2009
	Opening Stock	729038	6432931
Add-	Purchase	19030379	18397523
Less -	Closing Stock	14520676	7293028
	<b>Material Consumed</b>	<b>11802741</b>	<b>17537416</b>

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
<b>Schedule 14</b>		
<b>MANUFACTURING AND PERSONNEL EXPENSES</b>		
Power & Fuel	1384270	1156574
Freight Inward & Cartage	130193	101600
Store & Spares Consumed	515395	362018
Repairs & Maintenance of Dies	647142	358132
Job Work Charges	300036	0
Plant & Machinery Repairs & Maint.	372071	324809
Electric Repairs & Maintenance	100590	117397
Entry Tax	146657	102789
Laboratory Expenses	53104	45950
ETP Maintenance Expenses	0	16278
Other Factory Expenses	242029	189058
Employee Remuneration and Benefit	6345678	4272236
<b>Total</b>	<b>10237165</b>	<b>7046841</b>

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

Office Expenses	146673	44303
Rent, Rates & Taxes	267182	101680
Legal & Professional Charges	268242	364868
Insurance Expenses	37768	57165
Books & Periodicals	3835	3045

	CURRENT YEAR (Amount in Rs.)	PREVIOUS YEAR (Amount in Rs.)
Share Demat & Register Exp.	310209	0
Postage & Courier	15277	10080
Telephone Expenses	119720	126169
Stationery & Printing	52309	49069
Travelling & Conveyance	38311	1163
Auditor Remuneration	35000	30000
Directors Remuneration	360000	360000
Directors Sitting Fee	9000	9000
Registration & fees	133093	324137
Vehicle Running & Maintenance	11992	22592
Advertisement & Publicity	134455	0
Profit/Loss on sale of Asset	156494	0
Foreign Exchange Gain/ (Loss)	0	231852
<b>Total</b>	<b>2099560</b>	<b>1735123</b>

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

Interest on W. C. Loan	544857	567959
Interest (Other)	200548	-
Bank Charges	44316	57658
<b>Total</b>	<b>789721</b>	<b>625617</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 any directly attributable expenses for bringing the assets to their working condition for its intended use. Expenditure 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>2009-10</u>	<u>2008-09</u>
i) Net Profit as per Profit & Loss Account Available for Equity Shareholders.	Rs. 628430	Rs. 33,11,313
ii) Weighted average number of Equity Share for Earning per share computation		
A) For Basic Earning per Share (No.)	48,48,800	48,48,100
B) For Diluted Earning per Share (No.)	48,48,800	48,48,100
iii) Earning per Share for Basic & Diluted	Rs. 0.13	(0.69)

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

Business Segment : The company has only one segment of home 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.	40758678/-	42899746/-
Sales to Overseas Market in Rs.	-	-
	<u>40758678</u>	<u>42899746</u>



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

**Name of the related parties and relationship :**

a) **Associated Companies - 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.**

<b>Name of the person</b>	<b>Nature of Transactions</b>	<b>Amount</b>
Anil Gorani	Managerial	
	Remuneration	Rs. 3,60,000/-
	Unsecured loans taken	Rs. 3,01,500/-
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 an 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 2010.

**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. Nil).

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

	Current Year	Previous Year	
<b>(a) Managerial Remuneration :</b>			
Remuneration	360000	360000	
Sitting fees	9000	9000	
<b>Total</b>	<b>369000</b>	<b>369000</b>	
<b>(b) Auditors Remuneration</b>			
(i) Audit Fees	30000	30000	
(ii) Tax Audit Fees	5000	5000	
(iii) Taxation Matter	15000	-	
(iv) Other Matters	6000	-	
<b>Total</b>	<b>56000</b>	<b>35000</b>	
<b>(c) Particulars of Capacity &amp; Production :</b>			
Particulars	Licensed Capacity	Installed Capacity	Actual Production
(i) Nutan Stoves	1200000 (1200000)	1200000 (1200000)	42159 (114974)
(ii) L.P.G. Stoves	125000 (125000)	125000 (125000)	1761 (2008)
(iii) Gas Geysers	20000 (20000)	20000 (20000)	3300 (7841)
(iv) Range hood (Chimney)	15000 (15000)	15000 (15000)	2880 (251)





## (d) Particular of Stock &amp; Sales of goods produced :

Description	Units	Stock		Sales
		Opening	Closing	
(i) Nutan Stoves	Nos.	-	-	42159
		(2719)	(-)	(117693)
(Rs. in Lacs)		-	-	66.18
		(4.76)	(-)	(234.21)
(ii) L.P.G. Stoves	Nos.	1257	1021	1997
		(1053)	(1257)	(1804)
(Rs. in Lacs)		4.12	6.13	12.97
		(3.16)	(3.16)	(9.00)
(iii) Gas Geysers	Nos.	1794	1467	3627
		(121)	(1794)	(6168)
(Rs. in Lacs)		14.98	13.20	34.46
		(0.91)	(14.98)	(58.49)
(iv) Rangehood	Nos.	60	467	2473
(Chimney)		(0)	(60)	(191)
(Rs. in Lacs)		0.95	10.97	79.59
		(0)	(0.95)	(5.370)
(v) Others	(Rs. in Lacs)	0	0	0
		(0)	(0)	(1.95)

## (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	6.67	-	1.26	-
	<u>6.67</u>		<u>1.26</u>	
ii] Closing Stock				
- Iron and Steel	-	-	-	-
- Others	0.13	-	6.67	-
	<u>0.13</u>		<u>6.67</u>	
iii] Purchases				
- Iron and Steel	173.96	592.319	97.64	323.329
- Others	1.24	-	5.40	-
	<u>175.20</u>		<u>103.04</u>	

iv] Sales				
- Iron and Steel	206.16	592.319	119.98	323.329
- Others	8.23	-	-	-
	<u>214.39</u>		<u>119.98</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.	73.934	<b>5481075</b>	M.T.	187.46	10003065
(ii) Other Raw Material		-	<b>314969</b>		-	1456524
(iii) Components & Stores		-	<b>4670201</b>		-	3934305
(iv) Packing Materials		-	<b>1851892</b>		-	2505540
<b>Total</b>			<b>12318137</b>			<b>17899434</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	63186	363331
Raw Material	2594962	2741888
Machinery	8278	-

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

Imported	4145306	33.65%
Indigenous	8172831	66.35%
	<u>12318187</u>	<u>100.00%</u>

- The Management is of the opinion that there are no Small Scale Industries 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.
- Based on the information available with us and relied upon by the Auditors the information as required to be disclosed under Micro, Small & Medium Enterprises Development Act, 2006 as on 31/03/2010 is NIL.
- The Balances in the accounts of customers, suppliers and others are subject to confirmation and reconciliation. But no confirmation is called in last three year by the company.
- 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 and on behalf of board of directors’

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

Chartered Accountants (Firm Reg. No. 00161C)

**B.D. SHARDA**

(Proprietor)

Date : 30/07/2010

PLACE : INDORE

**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="8,39,77,705"/>	<input type="text" value="8,39,77,705"/>

**SOURCES OF FUNDS**

Paid up Capital	Reserve & Surplus
<input type="text" value="4,84,88,000"/>	<input type="text" value="NIL"/>
Secured Loans	Unsecured Loans
<input type="text" value="47,06,470"/>	<input type="text" value="3,07,83,235"/>

**APPLICATION OF FUNDS**

Net Fixed Assets	Investments
<input type="text" value="2,27,69,996"/>	<input type="text" value="NIL"/>
Net Current Assets	Misc. Expenditure
<input type="text" value="3,84,42,891"/>	<input type="text" value="NIL"/>

**Accumulated Loss****(IV) PERFORMANCE OF COMPANY**

Turnover	Total Expenditure
<input type="text" value="4,07,58,678"/>	<input type="text" value="4,47,66,726"/>
Profit/Loss Before Tax	Profit/Loss After Tax
<input type="text" value="6,28,430"/>	<input type="text" value="6,28,430"/>
Earnings Per Share (Rs.)	Dividend Rate
<input type="text" value="0.13"/>	<input type="text" value="NIL"/>

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

Item Code No.	<input type="text" value="73211109"/>
(ITC Code)	
Product Description	<input type="text" value="KEROSENE WICK STOVE"/>
Item Code No.	<input type="text" value="73211110"/>
(ITC Code)	
Product Description	<input type="text" value="LPG STOVE"/>
Item Code No.	<input type="text" value="84191110"/>
(ITC Code)	
Product Description	<input type="text" value="LPG GEYSER"/>

For and on behalf of Board of Directors

**Sanjay Gorani**  
(Managing Director)

**Anil Gorani**  
(Director)

30th July 2010  
Indore