

Gorani Industries Ltd.



**XVIth Annual Report
2010-11**



Gorani Industries Ltd.

Board of Directors

Sanjay Gorani	Chairman & Managing Director
Manju Gorani	Director
Anil Gorani	Whole Time (Technical) Director
Shyamsunder Jhavar	Independent Director
Sandeep Kumar Jain	Independent Director
Dinesh Kumar Maheshwari	Independent Director

Auditor

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

Bankers

Central Bank of India
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 Sixteenth 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 Friday, the 30th day of September, 2011 at 11.00 A.M. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet and Profit & Loss Account for the year ended 31st March, 2011 and the Report of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri Dinesh Kumar Maheshwari 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.

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 260 and other applicable provisions of the Companies Act, 1956, Shri Sandeep Kumar Jain who was appointed as an Additional Director of the company and holds office upto the date of this Annual General Meeting and in respect of whom the company has received a notice in terms of provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the company, liable to retire by rotation."

By Order of the Board
for Gorani Industries Limited

Date: 30/08/2011
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 Friday, 26th September, 2011 to Tuesday, 30th September, 2011 (Both days inclusive).
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect to the business under item No.4 is annexed hereto.
4. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
5. Shri Dinesh Kumar Maheshwari is liable to retire by rotation and being eligible offers himself for reappointment. He is a Commerce Postgraduate and is well-known and reputed personality in the field of Accounts and Finance. He has a rich experience in the field of Industrial Administration.

EXPLANATORY STATEMENT

Explanatory Statement under Section 173 of the Companies Act, 1956

Item No. 4:

Shri Sandeep Kumar Jain was appointed as an Additional Director of the Company on 20th June 2011 in terms of provisions of section 260 of the Companies Act, 1956 and holds office up to the date of this Annual General Meeting and Company has received a notice in terms of provisions of Section 257 of the Companies Act, 1956 proposing his candidature for the office of the Director. Shri Sandeep Kumar Jain is Practising Chartered Accountant in the field of Finance, Audit, Taxation, also having knowledge and professional experience of engineering and steel industries.

The Board of Directors recommends the appointment of Shri Sandeep Kumar Jain for the approval of the members of the Company by way of passing the resolution as an ordinary resolution as set out in Item No. 4 of the Notice of the Annual General Meeting.

Except, Shri Sandeep Kumar Jain, none of the other directors are concerned or interested in the resolution.

By Order of the Board
for Gorani Industries Limited

Date: 30/08/2011
Place: Indore

Sanjay Gorani
(Managing Director)

**DIRECTORS REPORT**

To,
The Members,
Gorani Industries Limited

Your Directors have great pleasure in presenting herewith the Sixteenth Annual Report of your Company together with the Audited Accounts for the financial year ended 31st March, 2010.

1. FINANCIAL RESULTS:

Particulars	(Rs. in Lacs)	
	2010-11	2009-10
Gross Turnover	291.95	407.59
Profit Before Depreciation	32.18	29.46
Depreciation	20.68	23.17
Provisions For Taxation	0.00	0.00
Profit After Taxation	11.50	6.29
Add Profit/(Loss) Brought Forward	(227.65)	(233.90)
Surplus/(Deficiency) Carried To Balance Sheet	(216.23)	(227.65)

2. PERFORMANCE:

During the financial year under review, your Company has achieved a Gross Turnover of Rs. 291.95 Lakhs as against that of Rs. 407.59 Lakhs during the previous year. The company has achieved net profit of Rs. 11.50 Lakhs during the financial year as against that of Rs. 6.29 Lakhs during the previous year.

3. DIVIDEND:

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

4. DIRECTORS:

Shri Dinesh Kumar Maheshwari 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.O. 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(18) 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:

- In preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to purchase and sales.
- 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 31st March, 2011 and of profit and loss account of the profit for the year ended 31st March, 2011.
- 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 sanctioned letter of the bankers.
- f. In cases of very few delays in payments of statutory dues like PF, ESIC, TDS etc. applicable interest has also been paid which accrued to be nominal.

10. CORPORATE GOVERNANCE:

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

11. 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

Sanjay Gorani
Chairman & Managing Director

Place: Indore
Date: 30th August, 2011

Regd. Office:
Plot No. 32-33, Sector F,
Sanwer Road, Industrial Area,
Indore-452015 (M.P.)

ANNEXURE 1 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 Directors Report for the Year ended 31st March, 2011.

1. CONSERVATION OF ENERGY

Energy conservation measures taken:

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

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

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.

Impact of above measures:

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

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	2010-11	2009-10
a. Electricity			
Purchased unit	KWH	253320	222780
Total amount	Rs.	1576499	1348960
Rate per unit	Rs./KWH	6.22	6.06
b. Own generation			
Units	KWH	1020	835
Units/ Ltr. of Diesel	KWH	0.88	0.86
Cost per Unit	Rs./KWH	41.32	41.35
Electricity consumed	KWH	0.99	0.99

2. TECHNOLOGY ABSORPTION, REASERCH & DEVELOPMENT (R&O)

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 in-house laboratory.

**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.

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

3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars	2010-11	2009-10
a. Earnings		
FOB value of exports	Nil	Nil
Freight Charges		
b. Outgo	651019	2666428
Import Expenses (Purchase)		

By Order of the Board

Sanjay Gorani
Chairman & Managing Director

Place: Indore

Date: 30th August, 2011

Regd. Office:

Plot No. 32-33, Sector F,
Sanwer Road, Industrial Area,
Indore-452015 (M.P.)

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

As the global economy roles slowly out of recession and starts to gain normalcy, the house wares industry begins to look up. Now, it's more of a home bound trend of entertainment that consumers prefer to stick to. 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. The global citizens are today more exposed to a wider variety of dining habits than ever. There is a steady infusion of different cultures in daily life. All these have led to the emergence of a series of new trends in kitchenware that are exclusively based on class and functionality.

The company is in the business of production and sales of Kitchen appliances and Kitchenware manufacturing and retailing is one such sector within the overall household segment, which has been in the limelight recently. Recent monetary easing along with rise in demand is likely to provide some support to consumption of company's product in the financial year 2011-12. All products of the Company are ISI certified and are sophisticated to bring the age old domestic appliances to a new height. The legendary products of the Company like NUTAN and BLOWHOT reflect the sophistication of the products and the reliability as well as exquisite look.

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. Kitchen appliances are manufactured where

intelligence embraces style, where brains collide with beauty, where quality and safety is controlled with utmost simplicity, where the ultimate practicality is encapsulated by breathtaking designs. Given the dependence of a large fraction of the population on the rural economy and the fact that number of product markets are under-penetrated, it provides opportunities for sustained growth for the company.

The threat in the domestic market continues from the unorganized players and regional brands. The Company has been adopting the strategy of continuous offering innovative, newer and improved products as well as marketing strategies to stay above competition whether organized or unorganized.

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 product considered as part of the segment are Kerosene wick stove, LPG stoves, Gas Hobs, 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.

Risks identified through our risk management processes are prioritized and, depending on the probability and severity of the risk. We have general response strategies for managing risks, which categorize risks according to whether the company will avoid, transfer, reduce or accept the risk.

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 and Analysis Report describing the Company's objectives, projections, estimates, expectations, predictions & contains forward looking statements within the meaning of applicable rules and regulations. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a number of risks and uncertainties that are inherent in any forward looking statement which could cause actual results to differ materially from those currently anticipated.

**CORPORATE GOVERNANCE REPORT**

For the Year 2010-2011

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 Sunder Jhavar	Independent and Non- Exe. Director	-	-	-
Shri Anurag Nandecha	Independent and Non- Exe. Director	-	-	-
Shri Dinesh Kumar Maheshwari	Independent and Non- Exe. Director	-	-	-

DIRECTORS SEEKING APPOINTMENT/ REAPPOINTMENT

Shri Dinesh Kumar Maheshwari is liable to retire by rotation and being eligible offers himself for reappointment. He is a Commerce Post Graduate and is well-known and reputed personality in the field of Accounts and Finance. He has a rich experience in the field of Industrial Administration.

2. ATTENDANCE OF EACH DIRECTOR AT BOARD MEETINGS AND LAST ANNUAL GENERAL MEETING:

During the year 2010-2011, 5 (Five) Board Meetings were held on 30th April, 2010, 30th July, 2010, 31th July, 2010, 30st October, 2010 and 31th January, 2011.

Name of Director	No. of Board Meeting held.	No. of Board Meeting attended	Attendance at last Annual General Meeting
Shri Sanjay Gorani	5	5	Present
Shri Anil Gorani	5	5	Present
Smt. Manju Gorani	5	4	Present
Shri Shyam Sunder Jhavar	5	4	Present
Shri Anurag Nandecha	5	4	Present
Shri Dinesh Kumar Maheshwari	5	3	Present

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 Maheshwari - 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 2010-2011, 4 (Four) Audit Committee Meetings were held on 30th April, 2010, 30th July, 2010, 29th October, 2010 and 29th January, 2011.

Name of Director	No. of committee Meetings held	No. of committee Meetings attended
Shri Shyam Sunder Jhawar	4	4
Shri Anurag Nandecha	4	3
Shri Dinesh Kumar Maheshwari	4	3

4. REMUNERATION COMMITTEE

The Remuneration Committee consists of three independent, Non-executive Directors viz Shri Dinesh Kumar Maheshwari (Chairman), Shri Shyam Sunder Jhawar 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 financial year 2010-2011 Meeting of the remuneration committee was held on 30th March 2011, 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 31st March 2011.

Name of Director	No. of committee Meetings held	No. of committee Meetings attended
Shri Dinesh Kumar Maheshwari	1	1
Shri Anurag Nandecha	1	1
Shri Shyam Sunder Jhawar	1	1

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

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

The Company has acted upon all valid share transfers received during the year 2010-2011. The Company has not received any complaints during the year.

During the financial year 2010-2011, 5 (Five) Investors' Grievance Committee Meetings were held on 16th June 2010, 16th August 2010, 2nd September 2010, 27th November 2010 and 16th February 2011.

Name of Director	No. of committee Meetings held	No. of committee Meetings attended
Shri Dinesh Kumar Maheshwari	5	4
Shri Anurag Nandecha	5	5
Shri Shyam Sunder Jhawar	5	3

6. GENERAL BODY MEETING

Location and time where last three Annual General Meetings were held are given below:

Year	Date	Location	Time
2009-2010	30.09.2010	Registered office of the company	11.00 A.M.
2008-2009	30.09.2009	Registered office of the company	11.00 AM
2007-2008	30.09.2008	Registered office of the company	11.00 AM

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 at 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 exchanges 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.



Gorani Industries Ltd.

9. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

DATE : 30th September 2011.
 TIME : 11.00 A.M.
 VENUE : At the registered office of the company at
 32-33, Sector 'F', Industrial Area, Sanwer
 Road, Indore (M.P.) 452015.

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- 26th September 2011.

Ending- 30th September 2011.

(Both days inclusive)

Listing on Stock Exchange:

1. The Stock Exchange, Mumbai. (Scrip Code 531608)

Registrar and Share Transfer Agents:

Link - Intime India Private Ltd
 C-13, Pannalal Silk Mills Compound,
 L.B.S. Marg, 8handp (West),
 Mumbai 400 078.
 Ph. No. 022-25963838

Share Transfer System

Gorani Industries has appointed Link - Intime India Private Ltd as its Registrar and Transfer Agent. All share transfers and related operations are conducted by Link - Intime India Pvt. Ltd. The Company has constituted an Investors' Grievance Committee for redressing shareholders' and investors complaints.

Market price data

The monthly high and low Share prices of the Company traded at the Stock Exchange, Mumbai for the Financial Year 2010-11 are as under:

Period	High (Rs.)	Low (Rs.)
April, 2010	--	--
May, 2010	--	--
June, 2010	--	--
July, 2010	52.50	50.00
August, 2010	55.10	50.00
September, 2010	--	--
October, 2010	--	--
November, 2010	47.55	45.20
December, 2010	42.95	42.95
January, 2011	--	--
February, 2011	--	--
March, 2011	59.00	45.00

Dematerialization of Shares

As on 31st March 2011, 2897200 shares of the company were held in dematerialized form.

Distribution of Shareholding and its pattern as on 31st March, 2011

Distribution of Shareholding:

S. N.	Shareholding of Nominal value of Rupees	No. of Share-holders	Share holding %	Share amount in Rupees	Share holding %
1.	Up to 5000	257	19.2220	1190000.00	2.1880
2.	5001 - 10000	759	56.7690	7223000.00	13.2820
3.	10001 - 20000	118	8.8260	2154000.00	3.9610
4.	20001 - 30000	77	5.7590	2013000.00	3.7020
5.	30001 - 40000	30	2.2440	1124000.00	2.0670
6.	40001 - 50000	56	4.1880	2676000.00	4.9210
7.	50001 - 100000	15	1.1220	1199000.00	2.2050
8.	100000 Above	25	1.8700	36801000.00	67.6740
TOTAL		1337	100.0000	54380000.00	100.0000

Shareholding Pattern:

SN	Category	No. of Shares held	% of Share Holding
A	Promoters & Person acting in Concert	2363000	43.45
B	Banking, Financial Institutions/ Insurance Companies (Central/ State Govt. Institutions Non- Govt. Institutions), Mutual Funds, UTI, Institutional Investors & FII's	99500	1.83
C	Private Corporate Bodies	848400	15.60
D	Indian Public	2127100	39.12
E	NRI's/ OCB's (Foreign Share Holding)	0	0.00
Total		5438000	100.00

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 - 452015 (M.P.)



**CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE
UNDER CLAUSE 49 OF THE LISTING AGREEMENT**

CERTIFICATE

To,
The Members
GORANI INDUSTRIES LIMITED

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

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions 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 based on 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 future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Indore
Date: 30th August 2011

For: B. D. Sharda & Co.
Chartered Accountant

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 Limited, Indore (M.P.) as at 31st March 2011 and Profit and 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 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 31st March, 2011, and taken on record by the Board of Directors, we report that none

of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 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 31st March, 2011.
 - (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
FIRM REG. NO. 00161C

Place: Indore
Date : 30th August 2011

(B.O. SHARDA)
PROPRIETOR
Membership no. 070209

Annexure to Auditor's Report of even date to the members of Gorani Industries Limited, on the financial statements for the year ended 31 March 2011 referred to in paragraph 2 of our report, we report that:

- i(a) The company has maintained proper records showing full particulars including quantitative details and situation of 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 business. 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 only maintaining records of basic raw material 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 had taken interest free unsecured loan from three parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved at any time during the year was Rs. 310.15 lacs and the year-end balance of loans taken from such parties is Rs. 310.15. 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, service tax & cess and other material statutory dues applicable to it with the appropriate authorities.
- (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 month 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.



Gorani Industries Ltd.

- 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
FIRM REG. NO. 00161C

Place: Indore
Date : 30th August 2011

(B.D. SHARDA)
PROPRIETOR
Membership no. 070209

**Gorani Industries Ltd.****BALANCE SHEET AS AT 31ST MARCH 2011**

PARTICULARS	SCHEDULE	AS AT 31/03/2011	AS AT 31/03/2010
I SOURCES OF FUNDS			
SHARE HOLDERS FUNDS			
Share Capital	01	48933000	48488000
Reserve & Surplus		-	-
II LOAN FUNDS			
Secured Loan	02	0	4706470
Unsecured Loan	03	31014735	30783235
TOTAL		<u>79947735</u>	<u>83977705</u>
III APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	04	57557868	56181550
Less: Depreciation		35479357	33411554
Net Block		22078511	22769996
Capital Work-in-Progress		0	0
		<u>22078511</u>	<u>22769996</u>
IV CURRENT ASSETS, LOANS & ADVANCES			
Inventories	05	26889094	32363749
Sundry debtors	06	9197231	8453710
Cash & Bank Balances	07	1380468	1238532
Loans & Advances	08	282719	318917
Other Current Assets	08	926458	38618
		<u>38675970</u>	<u>42413526</u>
Less:			
CURRENT LIABILITIES AND PROVISIONS	09	2429487	3970635
NET CURRENT ASSETS		<u>36246483</u>	<u>38442891</u>
MISCELLANEOUS EXPENDITURE			
(To the extent not written off or adjusted)			
PROFIT & LOSS ACCOUNT		21622741	22764818
TOTAL		<u>79947735</u>	<u>83977705</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNT	17		

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

FOR: **S.O.SHARDA & CO**
 CHARTERED ACCOUNTANTS
 Firm Reg. No. 00161C

(S.D. SHARMA)

PROPRIETOR

Place: Indore

Dated : 30/08/2011

(SANJAY GDRANI)

CHAIRMAN & MANAGING DIRECTOR

(ANIL GDRANI)

DIRECTOR

**Gorani Industries Ltd.****PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2011**

PARTICULARS	SCHEDULE	AS AT 31/03/2011	AS AT 31/03/2010
1 INCOME			
Sales	10	29195192	40758678
Increase/(Decrease) in stock	11	510519	4558015
Other Income	12	25143	78463
TOTAL		29730854	45395156
2 EXPENDITURE			
Material Consumed	13	13611875	11802741
Trading Goods Purchase		0	17520184
Manufacturing & Personnel Expenses	14	10853399	10237165
Administrative, Sales & Other Expenses	15	1654089	2099560
Financial Expenses	16	393291	789721
Depreciation	04	2067803	2317355
TOTAL		28580456	44766726
PROFIT BEFORE TAX		1150398	628430
Less: Provision for Income Tax		-	-
PROFIT AFTER TAX		1150398	628430
Add: Balance Brought Forward from Previous Year		(22764818)	(23390842)
Prior year tax		(8321)	(2406)
NET PROFIT / (LOSS) CARRIED TO		(21622741)	(22764818)
BALANCE SHEET			
EARNING PER SHARE			
Basic		0.24	0.13
Diluted		0.24	0.13
SIGNIFICANT ACCOUNTING POLICIES	17		
AND NOTES ON ACCOUNT			

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

FOR: B.O.SHARDA & CD
CHARTERED ACCOUNTANTS
Firm Reg. No. 00161C

(B.D. SHARDA)
PROPRIETOR
Place: Indore
Dated : 30/08/2011

(SANJAY GORANI)
CHAIRMAN & MANAGING DIRECTOR

(ANIL GORANI)
DIRECTOR

**Gorani Industries Ltd.****CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2011**

PARTICULARS	AS AT 31/03/2011	AS AT 31/03/2010
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extra ordinary items	11.50	6.28
Add : Non-Operating Expenses		
Depreciation	20.68	23.17
Loss on Sale of Fixed Assets	0.80	1.56
Interest received	(0.13)	(0.15)
Interest Paid	3.33	7.45
Operating Profit before Working Capital Changes	36.18	38.31
Change in Working Capital		
Decrease in Inventories	54.75	(119.79)
Increase in Trade & Other Receivable	(7.44)	134.09
Increase Loans & Advances	0.36	(0.06)
Increase in Other Current Assets	(8.88)	(0.06)
Decrease in Trade Payable & Other Liabilities	(15.41)	(32.89)
Cash Generated from Operation	59.56	19.60
FBT Tax Paid	-	-
Cash Flow before Extraordinary Items	59.56	19.60
Extraordinary Items		
Prior Year Tax	(0.08)	-
Net cash flow from operating activities	59.48	19.60
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(23.51)	(4.85)
Sale of Fixed Assets	8.95	4.76
Interest Income	0.13	0.15
Net Cash Flow from Investing Activities	(14.43)	0.06
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Calls Unpaid	4.45	0.07
Proceeds from Short Term Borrowings	(44.75)	(13.73)
Interest Paid	(3.33)	(7.45)
Net Cash Flow from Financing Activities	(43.63)	(21.11)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS	1.42	(1.45)
Cash and Cash Equivalents as at 01.04.2010 (Op. Bal.)	12.38	13.83
Cash and Cash Equivalents as at 31.03.2011 (Cl. Bal.)	13.80	12.38

"for and on behalf of board of directors"

Dated : 30/08/2011

Place: Indore

(SANJAY GORANI)

Chairman & 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 2011. 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 2011.

Dated : 30/08/2011

Place: Indore

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

**SCHEDULE 1 TO 17 ANNEXED TO AND FORMING PART OF BALANCE SHEET
AS AT 31ST MARCH 2011**

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-01 SHARE CAPITAL		
Authorised		
60,00,000 Equity Shares of Rs. 10/- each	<u>60000000</u>	<u>60000000</u>
Issued		
54,38,000 Equity Shares of Rs.10/- each	<u>54380000</u>	<u>54380000</u>
Subscribed & Paid up		
54,38,000 Shares of Rs.10/- each	54380000	54380000
Less: Unpaid Calls	(5447000)	(5892000)
TOTAL	<u>48933000</u>	<u>48488000</u>

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-02 SECURED LOANS		
Central Bank of India [W.C. Loans] [Secured by hypothecation of raw materials, semi finished and finished goods, stock in progress, stores & spares and book debts both present & future and second charge on the fixed assets of the company]	0	4706470
TOTAL	<u>0</u>	<u>4706470</u>
SCHEDULE-03 UNSECURED LOANS		
From Directors & Promoters.	31014735	30783235
TOTAL	<u>31014735</u>	<u>30783235</u>

**SCHEDULE-04
FIXED ASSETS**

PARTICULARS	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	AS ON 01.04.2010	ADDITIONS	DELETION	AS ON 31.03.2011	AS ON 01.04.10	ADDITION IN THE YEAR	Adjustment	UP TO 31.03.2011	AS ON 31.03.11	AS ON 31.03.10
Lease Hold Land	465016	-	-	465016	0	0	-	0	465016	465016
Building	16434814	1,154,941	-	17589755	7384360	568157	-	7952517	9637238	9050454
Plant & Machinery	23795183	151400	-	23946583	13972289	1132869	-	15105158	8841424	9822893
Dies & Tools	4226660	56100	-	4282760	3868893	122193	297996	3693090	589670	357767
Office Equipments	569166	0	-	569166	343523	27035	-	370558	198608	225643
Laboratory Equipment	296217	9384	-	305601	134985	14394	-	149329	156272	161282
Electrical Installation	3664825	4493	-	3669318	2181842	174254	-	2356096	1313222	1482983
Furniture & Fixture	4673714	-	-	4673714	3955815	295846	7834	4243827	429887	717899
Computer	320484	-	-	320484	249428	22788	33324	238892	81592	71056
Air Conditioner	246192	-	-	246192	155019	11694	-	166713	79479	91173
ETP	715979	-	-	715979	442117	34009	-	476126	239853	273862
Vehicles	695039	975,000	975,000	695039	695038	0	-	695038	1	1
Fire Fighting Equipments	78261	-	-	78261	28295	3717	-	32012	46249	49966
Total	56181550	2351318	975000	57557868	33411554	2406957	339154	35479357	22078511	22769995
Previous Year	57305380	485263	1,609,093	56181550	32071800	2317355	-	33411554	22769995	25233581



Gorani Industries Ltd.

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-05		
INVENTORIES		
(As valued and certified by the Management)		
Raw Materials	8644981	14520676
Stores & Spares	176255	285734
Work in Progress	12320958	14513992
Finished Goods	5733903	3030350
Trading Goods	12997	12997
TOTAL	26889094	32363749

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-06		
SUNDRY DEBTORS		
(Unsecured, Considered good except otherwise stated)		
Over Six Months	1726742	4480639
Other Debts	7470489	3973071
TOTAL	9197231	8453710

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-07		
CASH & BANK BALANCES		
Cash in hand	716314	1163904
Balance With Scheduled Bank.	664154	74628
TOTAL	1380468	1238532

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-08		
LOANS, ADVANCES AND DEPOSITS		
Loans & Advances	70431	23625
Deposits	212288	295292
TOTAL	282719	318917

OTHER CURRENT ASSETS TOTAL	926458	38618
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	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-9		
CURRENT LIABILITIES AND PROVISIONS		
Sundry Creditors	928782	2621267
Provisions	1500705	1349368
TOTAL	2429487	3970635

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-10		
SALES		
Mfg. Goods	29195192	19319875
Trd. Goods	0	21438803
TOTAL	29195192	40758678

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-11		
INCREASE / (DECREASE) IN STOCK		
CLOSING STOCK		
Work in Process	12320958	14513992
Finished Goods	5733903	3030350
Trading Goods	12997	12997
TOTAL [A]	18067858	17557339

	AS AT 31/03/2011	AS AT 31/03/2010
OPENING STOCK		
Work in Process	14513992	10329406
Finished Goods	3030350	2004270
Trading Goods	12997	665648
TOTAL [B]	17557339	12999324

INCREASE / (DECREASE) IN STOCK	TOTAL [A-B]	510519	4558015
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	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE-12		
OTHER INCOME		
Interest (TDS Rs. 1292/-, P.Y. Rs. 2871/-)	13143	15335
Liabilities & Provisions written back	12000	2338
Foreign Exchange Gain / (Loss)	0	60790
	25143	78463



Gorani Industries Ltd.

SCHEDULE- 13 MATERIALS CONSUMED

	AS AT 31/03/2011	AS AT 31/03/2010
Opening Stock	14520676	7293037
Add:- Purchase	7736180	19030380
Less:- Closing Stock	8644981	14520676
Material Consumed	13611875	11802741

	AS AT 31/03/2011	AS AT 31/03/2010
SCHEDULE- 14 MANUFACTURING AND PERSONNEL EXPENSES		
Power & Fuel	1720218	1384270
Freight Inward & Cartage	62675	130193
Store & Spares Consumed	599300	515395
Repairs & Maintenance of Dies	333187	947178
Plant & Machinery Repairs & Maintenance	326114	372071
Electric Repairs & Maintenance	73524	100590
Entry Tax	99840	146657
Laboratory Expenses	31536	53104
Other Factory Expenses	106580	242029
Employee Remuneration and Benefits	7500425	6345678
TOTAL	10853399	10237165

SCHEDULE- 15

ADMINISTRATIVE, SALES AND OTHER EXPENSES

Office Expenses	114262	146673
Rent, Rates & Taxes	100252	267182
ISO 9000 & Certification	38605	9927
Legal & Professional Charges	121909	268242
Insurance Expenses	34556	37768
Books & Periodicals	2568	3835
Building Maintenance	59605	0
Share Demat & Registrar Exp.	130492	310209

	AS AT 31/03/2011	AS AT 31/03/2010
Postage & Courier	16798	15277
Telephone Expenses	124242	119720
Stationery & Printing	49349	52309
Travelling & Conveyance	5210	38311
Auditor Remuneration	35000	35000
Directors Remuneration	360000	360000
Directors Sitting fee	9000	9000
Registration & fees	31723	84966
Vehicle Running & Maintenance	53182	11992
Sundry Balances W/O	1541	0
Loss on sale/Theft of Asset	80493	156494
Advertisement & Publicity	130287	134455
Freight Outward	68490	0
Marking Fee	38200	38200
Foreign Exchange Loss	29834	0
VAT Tax after assessment	18490	0
TOTAL	1654088	2099560

SCHEDULE- 16

FINANCIAL CHARGES

Interest on W.C. Loan	329146	544857
Interest (Other)	3948	200548
Bank Charges	60197	44316
TOTAL	393291	789721

**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 recognized at the point of dispatch of the finished 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 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 capitalized and expenditure for maintenance and repairs are charged to the Profit & Loss Account.

E) Depreciation:

Depreciation on Fixed Assets has been provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Assets which are purchased during the year, depreciation has been provided on pro-rata basis. No depreciation is provided on assets sold or scrapped during the year.

F) Borrowing Cost:

Borrowing cost that is attributable to the acquisition or construction of qualifying assets is capitalized 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:

Inventories are stated at the lower of cost or net realizable value. Cost is 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 has enjoyed 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.

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:-

	2010-2011	2009-2010
i] Net Profit as per Profit & Loss Account available for Equity Shareholders.	Rs. 1150398	628430
ii] Weighted average number of Equity Share for Earning per Share Computation		
A] For Basic Earning per Share (No.)	4893300	4848800
B] For Diluted Earning per Share (No.)	4893300	4848800
iii] Earning per Share for Basic & Diluted	Rs. 0.24	0.13

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 in trade parlance 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	Rs 29195192/-	40758678
Sales to Overseas Market	---	---
	<u>Rs. 29195192/-</u>	<u>40758678/-</u>

**N] Disclosure of Related party /Related Party Transactions**

Name of the related parties and relationship.

(a) Associates 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 Manju Gorani Director

Mr. 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. 2,31,500/-
M/S Blow Hot Kitchen Appliances (P) Ltd.	Rent	Rs. 36,000/-

O] Accounting on Taxes

Tax Expenses comprises current tax and deferred tax.

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 realize 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 2011.

2. NOTES ON ACCOUNTS**1. Contingent Liabilities**

Estimated amount of contracts remaining to be executed on capital account and 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 realization 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
a) Managerial Remuneration:		
Remuneration	360000/-	360000/-
Sitting fees	9000/-	9000/-
Total	<u>369000/-</u>	<u>369000/-</u>
b) Auditors Remuneration		
i] Audit Fees	30000/-	30000/-
ii] Tax Audit Fees	5000/-	5000/-
iii] Taxation Matters	15000/-	15000/-
iv] Other Matters	6000/-	6000/-
Total	<u>56000/-</u>	<u>56000/-</u>

c) Particulars of Capacity & Production:

Particulars	Licensed Capacity	Installed Capacity	Actual Production
i] Nutan Stoves	1200000 (1200000)	1200000 (1200000)	69200 (42159)
ii] L.P.G Stoves	125000 (125000)	125000 (125000)	1755 (1761)
iii] Gas Geysers	20000 (20000)	20000 (20000)	5327 (3300)
iv] Range hood (Chimney)	15000 (15000)	15000 (15000)	3455 (2880)

**Gorani Industries Ltd.****d] Particulars of Stock & Sales of goods produced:**

Description	Units	Stock		Sales
		Opening	Closing	
i] Nutan Stoves	Nos.	-	-	69200
		(-)	(-)	(42159)
	(Rs. in Lacs)	-	-	148.56
ii] L.P.G. Stoves	Nos.	1021	771	2005
		(1257)	(1021)	(1997)
	(Rs. in Lacs)	6.13	4.63	16.93
iii] Gas Geysers	Nos.	1467	2636	4158
		(1794)	(1467)	(3627)
	(Rs. in Lacs)	13.20	23.72	39.50
iv] Rangehood (Chimney)	Nos.	467	1199	2723
		(60)	(467)	(2473)
	(Rs. in Lacs)	10.97	28.77	86.96
		(0.95)	(10.97)	(79.59)

e] Particulars of Trading Goods:

Description	Current Year		Previous Year	
	Amount	Quantity	Amount	Quantity
i] Opening Stock				
- Iron and Steel	-	-	-	-
- Others	0.13	-	6.67	-
	0.13		6.67	
ii] Closing Stocks				
- Iron and Steel	-	-	-	-
- Others	0.13	-	0.13	-
	0.13		0.13	
iii] Purchases				
- Iron and Steel	0		173.96	592.319
- Others	0		1.24	
	<u>0</u>		<u>175.20</u>	
iv] Sales				
- Iron and Steel	0		206.16	592.319
- Others	0		8.23	
	<u>0</u>		<u>214.39</u>	



Gorani Industries Ltd.

f) Particulars of Raw Material, Stores spares, Component & Packing Material Consumed.

Raw Material Consumed	Unit	Current Year		Previous Year		
		Qty.	Value	Unit	Qty.	Value
i) Iron & Steel	M.T	159.23	9716069	M.T	73.934	5481075
ii) Other Raw Materials		--	924490		--	314969
iii) Components & Stores		--	2190250		--	4670201
iv) Packing Materials		--	1380365		--	1851892
Total			14211174			12318137

	Current Year	Previous Year		
g) Expenditure in Foreign Currency	---	---		
Foreign Travelling	26358			
h) Earning in Foreign Exchange:				
FOB Value of Exports	---	---		
Freight Charges	---	---		
i) Value of Imports Calculated on CIF Basis:				
Trading Goods	0	63186		
Raw Material/Components	651019	2594962		
Machinery	0	8278		
j) Details of Imported and Indigenous Raw Material, Stores & Spares Consumed:				
Imported	957611	6.74%	4145306	33.65%
Indigenous	13253563	93.26%	8172831	66.35%
	14211174	100.00%	12318137	100%

- 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 31/03/2011 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 of previous year.

"AS PER OUR REPORT OF EVEN DATE"

"FOR AND ON BEHALF OF THE BOARD"

FOR: B.D. SHARDA & CO
 CHARTERED ACCOUNTANTS
 Firm Reg. No. 00161C

(B.D. SHARDA)
 PROPRIETOR
 Place: Indore
 Dated : 30/08/2011

(SANJAY GORANI)
 CHAIRMAN & MANAGING DIRECTOR

(ANIL GORANI)
 DIRECTOR



Gorani Industries Ltd.

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI OF THE COMPANIES ACT, 1956 BALANCE SHEET ABSTRACT AND COMPANY'S CENTRAL BUSINESS PROFILE

(I) Registration Details

Registration No. State Code
 Balance Sheet

(II) Capital Raised during the year

Public Issue Right Issue
 Bonus Issue Private Placement

(III) Position of Mobilisation and deployment of funds

TOTAL LIABILITIES TOTAL ASSETS

SOURCES OF FUNDS

Paid up capital Reserve & Surplus
 Secured Loans Unsecured Loans

APPLICATION OF FUNDS

Net Fixed Assets Investments
 Net Current Assets Misc. Expenditure
 Accumulated Loss

(IV) PERFORMANCE OF COMPANY

Turnover Total Expenditure
 Profit / Loss Before Tax Profit / Loss After Tax
 Earnings Per Share (Rs.) Dividend Rate

(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
 Item Code No.
 (ITC Code)
 Product Description

"FOR AND ON BEHALF OF BOARD OF DIRECTORS"

30th August 2011,
INDORE

Sanjay Gorani
[Managing Director]

Anil Gorani
[Director]



Gorani Industries Ltd.

ATTENDANCE SLIP

GDRANI 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 Sixteenth Annual General Meeting of the Company held on 30th September 2011 at 11.00 a.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.

GDRANI 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 behalf of the Sixteenth Annual General Meeting to be held on 30th September 2011 at 11.00 a.m. or at any adjournment thereof.

Signed this..... day of..... 2011.

Affix a
Re. 1
Revenue
Stamp

NOTE : The proxy in order 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, Sectr F,
Sanwer Road, Industrial Area, INDORE - 452 015 (M.P.)