

VIIIth Annual Report ***2002-2003***

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Gorani Industries Ltd.

BOARD OF DIRECTORS

Narendra Gorani	Chairman & Managing Director
Balkishan Gorani	
Anil Gorani	Technical Director
Sanjay Gorani	Executive Director
Dinesh Kumar Ajmera	Independent Director
Shyamsunder Jhavar	Independent Director
Anurag Nandecha	Independent Director

Auditors

M/s. A.P. Garg & Co.
Chartered Accountants

BANKERS

Central Bank of India, CFB, Siyaganj, Indore

LEGAL ADVISORS

C.L. Tiwari (Advocate)

REGISTERED OFFICE

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

NOTICE

Notice is hereby given that the EIGHTH ANNUAL GENERAL MEETING OF **GORANI INDUSTRIES LIMITED** will be held at Plot No. 32-33 Sector 'F' Industrial Area, Sanwer Road, Indore (M.P) on Saturday 30th August, 2003 at 4 P.M to transact the following Business:

ORDINARY BUSINESS

1. To receive consider and adopt the Audited Balance Sheet and Profit & Loss Account for the Financial Year ended 31st March 2003, together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Anil Gorani who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the company and to fix their remuneration. The retiring auditors M/s. A.P. Garg & Co., Chartered Accountants, Indore are eligible for reappointment.

SPECIAL BUSINESS

4. To consider, and if thought fit, to pass with or without modification the following resolution as an **"Ordinary Resolution"**

RESOLVED That Shri Dinesh Kumar Ajmera who was appointed as an additional Director of the Company pursuant to section 260 of the Companies Act, 1956 and provisions of Article No. 160 of the Articles of Association of the company and hold the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company subject to be liable to retire by rotation.

5. To consider, and if thought fit, to pass with or without modification the following resolution as an **"Ordinary Resolution"**

RESOLVED That Shri Shyam Sunder Jhavar, who was appointed as an additional Director of the Company pursuant to section 260 of the Companies Act, 1956 and provisions of Article No. 160 of the Articles of Association of the company and hold the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 in writing, proposing his candidature for the

office of Director be and is hereby appointed as a Director of the Company subject to be liable to retire by rotation.

6. To consider, and if thought fit, to pass with or without modification the following resolution as an **"Ordinary Resolution"**

RESOLVED That Shri Anurag Nandecha, who was appointed as an additional Director of the Company pursuant to section 260 of the Companies Act, 1956 and provisions of Article No. 160 of the Articles of Association of the company and hold the office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 257 of the Companies Act, 1956 in writing, proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company subject to be liable to retire by rotation.

7. To consider and if thought fit, to pass with or without modification the following resolution as on **"Special resolution"**

"RESOLVED That subject to such consents, permissions or sanction as may be required from any authority, statutory or otherwise, particularly from the Securities and Exchange Board of India (SEBI), if necessary, and pursuant to Section 61 of the Companies Act, 1956 and Clause 6 of the SEBI (Delisting of Securities) Guidelines, 2003, listing agreement entered into by the company with the Stock Exchanges where the shares of the company are listed and all other applicable provisions of the Companies Act, 1956 and guidelines, rules etc. framed by SEBI in this regard, and also subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, which may be agreed to or accepted by the Board of Directors of the Company (hereby after referred to as the 'Board' which expression shall include a committee thereof), consent of the company be and is hereby accorded to the Board to seek voluntary delisting of its equity shares listed at The Stock Exchange, Ahmedabad. The M. P. Stock Exchange, Indore, Jaipur Stock Exchange Limited, Jaipur and The Delhi Stock Exchange Associates Limited, New Delhi for the reasons stated in the explanatory statement annexed to the notice of this Annual General Meeting".

"RESOLVED Further that the Board of Directors be and is hereby authorised to settle all questions, difficulties or doubts as may arise in regard to the

aforesaid voluntary delisting of shares as it may in its absolute discretion deem fit and to take all necessary steps in this regard in order to comply with all the legal and procedural formalities”.

8. To consider and if thought fit, to pass with or without modification, the following resolution as an “**Ordinary Resolution**”:

RESOLVED That pursuant to the provision of section 198, 269 & 309, read with schedule XIII and all other applicable provisions, if any of the companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) the consent of the company be and is here by accorded to the re-appointment of Shri Sanjay Gorani as whole time Director designated as Executive Director” of the company, for a period of five years with effect from 1st April 2002, on the terms and conditions including remuneration as are set out in the Explanatory Statement and the draft of the agreement to be entered into between the Company and Shri Sanjay Gorani, a copy whereof is placed before this meeting”.

RESOLVED Further That the Board of Directors (“the Board”) of the company be and is hereby authorised to alter and vary the terms and conditions of the said reappointment including the remuneration, so long as it does not exceed the limits specified in Schedule XIII to the Companies Act, 1956 and also the Board be and is hereby authorised to do all such act, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

RESOLVED Further That in the event of absence or inadequacy of profits in any financial year, Shri Sanjay Gorani be paid the aforesaid remuneration as minimum remuneration for that year.

9. To consider and if thought fit, to pass with or without modification, the following resolution as an “**Ordinary Resolution**”:

RESOLVED That pursuant to the provision of section 198, 269 & 309, read with schedule XIII and all other applicable provision, if any of the companies Act, 1956 (including any statutory modification or reenactment thereof, for the time being in force) the consent of the company be and is here by accorded to the re-appointment of Shri Anil Gorani as whole time Director designated as “Technical Director” of the company, for a period of five years with effect from 1st April 2002, on the terms and conditions including remuneration as are

set out in the Explanatory Statement and the draft of the agreement to be entered into, between the Company and Shri Anil Gorani, a copy whereof is placed before this meeting”.

RESOLVED Further That the Board of Directors (“the Board”) of the company be and is hereby authorised to alter and vary the terms and conditions of the said reappointment including the remuneration, so long as it does not exceed the limits specified in Schedule XIII to the Companies Act, 1956 and also the Board be and is hereby authorised to do all such act, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.

RESOLVED Further That in the event of absence or inadequacy of profits in any financial year, Shri Anil Gorani be paid the aforesaid remuneration as minimum remuneration for that year.

By order of the Board of Directors

Place : Indore

NARENDRA GORANI

Date : 24th July, 2003 (Chairman & Managing Director)

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself. The proxy need not to be the member of the Company. The proxy representation must be registered at the registered office of the Company not less than 48 hours before the meeting.
2. Member seeking any information with regard to Annual Accounts of the Company are required to write at least 10 days in advance so as to enable the company to keep the information ready. Replies will be provided only at the meeting.
3. Members who have multiple accounts in identical names or joint names in same order are required to intimate the company the Ledger Folio of such account to enable the company to consolidate all such shareholdings in one account.
4. Members are requested to bring their copy of Annual Report to the Annual General meeting as additional copies will not be circulated at the meeting.
5. Members/ proxies should bring the attendance slip duly filled in for attending the meeting.
6. The Shareholders are requested to inform the

change of their address if any to the Company.

7. The Register of Members and the Share Transfer Book of the Company will remain closed from 27th August, 2003 to 30th August, 2003 (Both days inclusive).
8. At the ensuing Annual General meeting, Shri Anil Gorani retire by rotation and being eligible offer himself for reappointment. The information or details to be provided for the aforesaid Directors under Corporate Governance code is as under.
Shri Anil Gorani aged 50 years a Gold Medallist, holds a bachelor's degree in Engineering and an MBA, hails from the promoter group family. He is one of founder director of the company. He takes care of production of the company.
9. An explanatory statement as required by section 173 (2) of the Companies Act, 1956 in respect of items no. 4 to 9 set out above is annexed hereto.

By order of the Board of Directors

Place : Indore

Date : 24th July, 2003

NARENDRA GORANI

(Chairman & Managing Director)

EXPLANATORY STATEMENT

(Pursuant to section 173 (2) of the Companies Act, 1956 in respect of item No.4 & 9 contained in the Notice of meeting).

Item 4

Shri Dinesh Kumar Ajmera aged 48 years is a well known and reputed personality in the Cotton Yarn lace business. He is a Commerce graduate and possess rich experience in the engineering goods.

The Board recommend resolution for approval of the shareholders.

None of the Directors except Shri Dinesh Kumar Ajmera is in any way concerned or interested in the said resolution.

Item 5

Shri Shyam Sunder Jhavar aged 48 years is a well known and reputed personality in the marketing of Iron & Steel. He has earned a good name in the brokerage business related to steel market. He is a Commerce post graduate and possess rich experience in the field of engineering industry.

The Board recommend resolution for approval of the shareholders.

None of the Directors except Shri Shyam Sunder Jhavar is in any way concerned or interested in the said resolution.

Item 6

Shri Anurag Nandecha aged 46 years famous personality in the field of Cold Storage and other related business. He has a rich experience in the field of real Estate and Engineering Goods.

The Board recommend resolution for approval of the shareholders.

None of the Directors except Shri Anurag Nandecha is in any way concerned or interested in the said resolution.

Item 7

It has been observed that since last few years trading of shares of your company on The M.P. Stock Exchange, Indore, The Delhi Stock Exchange Association Limited, New Delhi, The Jaipur Stock Exchange Limited, Jaipur and The Stock Exchange, Ahmedabad has been very rare and of very low volume and / or no trading. Investors / shareholders do not get any benefit despite the company spending good amount of expenditure on account of various compliances with regard to listings.

With the extensive networking of BSE terminals to other cities, the investor have access to trade and deal in the company's securities across the country.

Considering the facts, your Board of Directors has proposed delisting of equity shares of your company from the above said Stock Exchanges and has put before you the special resolution for your approval.

The Board recommend resolution for approval of the shareholders.

None of the Directors is in any way concerned or interested in the said resolution.

Item 8

Shri Sanjay Gorani has rich experience in the field of product designing and development, operation and working of the company. During the last 7 years as Director of the company, he has significantly contributed to its all round growth. The company has been able to establish its product all over the country and increase its market share. In the changed economic scenario and in the wake of globalization the vast experience and abilities of Shri Sanjay Gorani would help the Company to realign itself to face the emerging domestic and international challenges.

The remuneration committee at its meeting held on 28th September 2002, approved his re-appointment as whole time Director (Executive Director) for a period of 5 years w.e.f 1st April 2002. Subject to the approval of shareholders at this Annual General meeting on the following terms.

1. The remuneration comprising of salary payable to Shri Sanjay Gorani, Director (Executive) shall be

Rs. 20,000/- p.m. or Rs. 2,40,000/- per annum.

2. The Company's contribution to Provident Fund, Superannuation fund or Annuity Fund to the Income Tax Act, 1961, gratuity payable at a rate not exceeding half a month's salary for every completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of the remuneration set out in paragraph (1) above.
3. The aforesaid remuneration shall be reviewed by the Board after close of every financial year and if the company has made sufficient profits in that year Shri Sanjay Gorani may be paid such enhanced remuneration and / or commission as the Board may then decide, subject to the provisions and ceiling limits laid down in Sections 198, 309 and in Schedule XIII of the Companies Act, 1956, respectively or any modification or reenactment thereof for the time being in force.
4. In the absence or inadequacy of profits, the remuneration set out in paragraph (1) above shall be treated as the minimum remuneration payable to him.
5. Shri Sanjay Gorani shall be liable to retire by rotation as a Director of the Company.

The Board recommends re-appointment of Shri Sanjay Gorani as Executive Director.

A draft of the Agreement proposed to be entered into with Shri Sanjay Gorani is open for inspection to the members at the Registered Office between 10.30 a.m. and 1.00 p.m on all working days of the Company up to and including day of the Meeting. Shri Sanjay Gorani is interested in the resolution and Shri B.K. Gorani being uncle and Shri Anil Gorani and Shri Narendra Gorani being brothers may be deemed to be interested in the resolution.

The above may also be treated as an abstract as required U/s 302 of the Companies Act, 1956.

Item 9

Shri Anil Gorani has rich experience in the operation and working of the company. During the last 7 years as Director of the company, he has significantly contributed to its all round growth. The company has been able to establish its product all over the country and increase its market share. In the changed economic scenario and in the wake of globalization the vast experience and abilities

of Shri Anil Gorani would help the Company to realign itself to face the emerging domestic and international challenges.

The remuneration committee at its meeting held on 28th September, 2002, approved his re-appointment as whole time Director (Technical) for a period of 5 years w.e.f 1st April 2002. Subject to the approval of shareholders at the Annual General meeting on the following terms.

1. The remuneration comprising of salary payable to Shri Anil Gorani, Director (Technical) shall be Rs. 20,000/- p.m. or Rs. 2,40,000/- per annum.
2. The Company's contribution to Provident Fund, Superannuation fund or Annuity Fund to the Income Tax Act, 1961, gratuity payable at a rate not exceeding half a month's salary for every completed year of service and encashment of leave at the end of the tenure shall not be included in the computation of the remuneration set out in paragraph (1) above for the time being in force.
3. The aforesaid remuneration shall be reviewed by the Board after close of every financial year and if the company has made sufficient profits in that year Shri Anil Gorani may be paid such enhanced remuneration and / or commission as the Board may then decide, subject to the provisions and ceiling limits laid down in Sections 198, 309 and in Schedule XIII of the Companies Act, 1956, respectively or any modification or reenactment thereof.
4. In the absence or inadequacy of profits, the remuneration set out in paragraph (1) above shall be treated as the minimum remuneration payable to him.
5. Shri Anil Gorani shall be liable to retire by rotation as a Director of the Company.

The Board recommends re-appointment of Shri Anil Gorani as Director (Technical).

A draft of the Agreement proposed to be entered into with Shri Anil Gorani is open for inspection to the members at the Registered Office between 10.30 a.m. and 1.00 P.M on all working days of the Company up to and including day of the Meeting. Shri Anil Gorani is interested in the resolution and Shri B.K. Gorani being father and Shri Sanjay Gorani and Shri Narendra Gorani being brothers may be deemed to be interested in the resolution. The above may also be treated as an abstract as required U/s 302 of the Companies Act, 1956.

DIRECTORS REPORT

To,
The Members,
Gorani Industries Limited

Your Directors have pleasure in presenting the Eighth Annual Report together with the Audited Accounts of the Company for the financial year ended March 31st, 2003.

FINANCIAL RESULT

	(Rs. in Lacs)	
	Current Year	Previous Year
Sales	582.13	560.03
Operating Profit	70.72	72.90
Interest	28.92	31.91
Depreciation	26.77	26.64
Misc. Expenses Write off	4.52	4.52
Profit /(Loss) for the year	10.51	8.71
Balance Brought Forward	(39.60)	(48.30)
Net Profit/(Loss) Carried to Balance Sheet	(29.09)	(39.60)

PERFORMANCE

Due to continuing economic slowdown of the past years and draught effect in most part of the country ; rural area buying capacity was adversely affected. But the impact of planned expenditure by Central Govt. in Roads and other infrastructure development are seen in second half of the year 2002-03. However, the market of the Kerosene Wick Stove could not pick up as compared to other consumer products mainly due to availability of LPG in rural area.

Nevertheless due to sincere and focused efforts of the management team company could able to consolidate its performance at every front. Your company recorded sales of Rs. 582 lacs as compared to Rs. 560 lacs last year depicting growth of 4%. Operating profit (before interest, depreciation, taxes etc) could not increase because of marginal increase in turnover but the net profit increased by 25% as compared to last year's of Rs. 8.70 resulting into highest ever net profit of Rs. 10.51 lacs. This was possible mainly due to reduction in finance and other expenses. Company could not explore export market as effectively as it did in last year.

MARKET

The Kerosene Stove Industry has been badly affected by

the over all sluggishness coupled with liberalized Govt. policy etc. Since last 2 years decreased rural spending has been the main reason for continuously decreasing demand of the stove. Hence to increase the capacity utilization and to over come from bottleneck company diversified and started LPG stove and Pressure Cooker manufacturing. These products are continuing to be very competitive. Within the challenging and competitive marketing conditions your company could establish its products but effective result of this product will take time to give good sales and contribute to net profit.

Therefore, the management is again putting the efforts to explore export market of Kerosene wick stove in other countries like U.A.E., Dubai etc. During the year also company has exported stoves (through a merchant exporter) to Dubai amounting to Rs. 13.0 lacs. This entry in the new international market seems to be promising and company is hopeful in this current year 2003-04 of getting good export orders.

A BETTER FUTURE

Concept of going concern, productivity, focused efforts, higher degree of integration and continued value addition by broad basing products and increasing control on operating and fixed cost, internally generated cash flow etc. are the factors which have been and will govern the tempo of growth of the company and will help in retaining, status of leadership in the industry of its kind.

Thus the company's emphasize will continue to remain focused towards cost reduction measures, brand building and targeted customers throughout the country and further improvement of productivity in the coming years.

The Governments priorities for development of rural sector by launching various schemes of up-liftment like rural roads, rural electrification and Panchayat Rajya will increase the rural spending and thus demand of our product. The reportedly good monsoon all over the country is another promising factor for increase in demand of rural products like Kerosene Stoves.

DIVIDEND

Your Directors do not recommend any dividend for the year though the company has come out with the profit of Rs. 10.51 lacs during the year; because it has been ploughed back to set off accumulated losses.

PUBLIC DEPOSITS

There were no Deposits at the begining or at the end of the year and the company did not accept any deposits from the Public during the year.