

XIth Annual Report

2005-2006

For Gorani Industries Ltd.

[Signature]
Managing Director,



Gorani

Industries
Limited



Gorani Industries Ltd.

BOARD OF DIRECTORS

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

Auditors

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

BANKERS

Central Bank of India, CFB, Siyaganj, Indore

REGISTERED OFFICE

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



NOTICE

Notice is hereby given that the ELEVENTH 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 5th September, 2006 at 4.00 P.M to transact the following Business as:

ORDINARY BUSINESS

1. To receive consider and adopt the Audited Balance Sheet and Profit & Loss Account for the Financial Year ended 31st March 2006, together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Shri Dinesh Kumar Daga 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 Smt. Manju Gorani, 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 her 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 pursuant to the provision of section 198, 269 & 309, 310 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 appointment of Shri Sanjay Gorani as Managing Director designated as "Chairman & Managing Director" of the company, for a period of five years with effect from 1st June 2006 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 this meeting".

RESOLVED FURTHER THAT the Board of Director ("the Board") of the company be and is here by 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.

6. 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 309, 310 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 increase the remuneration of Shri Anil Gorani from Rs. 20,000/- to Rs. 30,000/- (Rupees Thirty Thousand only) P.M. for the remaining period of his tenure i.e. w.e.f. 1st June 2006 to 31st March 2007.

By order of the Board of Directors

Place : Indore

NARENDRA GORANI

Date : 2th Aug, 2006

(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 31/08/06 to 04/09/06 (Both days inclusive).
8. At the ensuing Annual General meeting, Shri Dinesh Kumar Daga is liable to retire by rotation and being eligible may be re appointed. Mr. Daga aged 49 years is a well known personality in market and field of Iron & Steel and other related business.
9. An explanatory statement as required by section 173 (2) of the Companies Act, 1956 in respect of items no. 4 set out above is annexed hereto.



By order of the Board of Directors

Place : Indore

SANJAY GORANI

Date : 2nd August, 2006 (Chairman & Managing Director)

EXPLANATORY STATEMENT

(Pursuant to section 173 (2) of the Companies Act, 1956 in respect of item No.4 & 6 contained in the Notice of meeting).

Item 4

Smt. Manju Gorani aged 41 years is a well known and reputed personality in the filed of commerce. She is a Commerce graduate and possess rich experience in industrial Administration.

The Board recommends resolution for approval of the shareholders.

Smt. Manju Gorani is interested in the resolution and Shri Sanjay Gorani being husband and Shri Anil Gorani being her brother in law deemed to be interested in the resolution.

Item 5

Shri Sanjay Gorani has rich experience in the marketing, operation and working of the company. He has significantly contributed to its all round growth. Due to his efforts the company has been able to establish its products all over the country and increased its market share. In the changed economic scenario and in the wake of globalisation 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 Board of Directors at their meeting held on 1st June, 2006 approved his appointment as Managing Director of the Company designated as "Chairman & Managing Director" for a period of five years with effect from 1st June, 2006

subject to the approval of share holders at the Annual General Meeting.

The Board recommends appointments of Shri Sanjay Gorani as Chairman & Managing 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 upto and including the day of the meeting.

Shri Sanjay Gorani is interested in the resolution and Shri Anil Gorani being his brother and Smt. Manju Gorani being his wife deemed to be interested in the resolution.

The above may also be treated as an Abstract as required under section 302 of the Companies Act 1956.

Item 6

Shri Anil Gorani has rich experience in the manufacturing, operation and working of the company. He has significantly contributed to its all round growth particularly from technical point of view.

The Board of Directors at their meeting held on 1st June 2006 approved increase in his remuneration w.e.f. 1st June 2006 subject to approval of share holders at the Annual General Meeting.

The Boards recommends the increase in remuneration.

Shri Anil Gorani is interested in the resolution and Shri Sanjay Gorani being his brother and Smt. Manju Gorani being his sister in law deemed to be interested in the resolution.

The above may also be treated as an Abstract as required under section 302 of the Companies Act 1956.



DIRECTORS REPORT

To,
The Members,
Gorani Industries Limited

Your Directors have pleasure in presenting the Eleventh Annual Report together with the Audited Accounts of the Company for the Financial year ended 31st March 2006.

FINANCIAL RESULT

	(Rs. in Lacs)	
	2005-2006	2004-2005
Sales	239.76	238.89
Operating Profit/(Loss)	(37.40)	5.15
Interest	25.59	26.37
Depreciation	27.60	26.79
Misc. Expenses Write off	04.15	04.15
Profit /(Loss) for the year	(94.74)	(62.46)
Balance Brought Forward	(89.51)	(27.05)
Net Profit/(Loss) Carried to Balance Sheet	(184.51)	(89.51)

PERFORMANCE

During the year under review your Company was able to achieve turnover of only Rs. 239.76 Lacs as against that of Rs. 238.89 Lacs during the previous year. The Company has incurred net loss of Rs. 94.74 Lacs.

Your directors keep eyes on the market and look forward for other products like Gas Geysers, which was added recently and which is expected to contribute in turnover as well as to the profitability of the company in the current year.

Your director hope that next year performance will be much better than this year in all respects as other kitchen appliances like hobs, chimneys etc. are also the products to be added in the

basket which are having good market potential.

DIVIDEND

Your Directors do not recommend any dividend for the year, as the company has incurred losses during the year.

PUBLIC DEPOSITS

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

DIRECTORS

In accordance with the provisions of Companies Act, 1956, and the Articles of Association of the Company Shri Dinesh Kumar Daga retire by rotation at this Annual General Meeting of the Company and being eligible, offer himself for reappointment.

Shri Narendra Gorani resigned as Director of the company w.e.f. 1st June 2006. Your Director place on record their appreciation for his invaluable guidance and services rendered to the company.

Smt. Manju Gorani has been appointed as Additional Director of the Company in Board meeting held on 1st June 2006 and hold office upto the date of ensuing Annual general Meeting of the Company and is eligible for appointment as Director of the Company.

AUDITORS & THEIR OBSERVATIONS

M/s. A.P. Garg & Co., Chartered Accountants, Indore Auditors of the Company will retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, will be in accordance with Section 224 (1B) of the Companies Act, 1956. The Board recommends their re-appointment. The



observations of the auditors referred to in the Auditors Report have been suitably explained in the Notes on Accounts.

CORPORATE GOVERNANCE:

Pursuant to clause 49 of the listing agreement with the Stock Exchange, Management discussion and analysis and Corporate Governance report together with the auditor's certificate on compliance of conditions of Corporate Governance form part of this Annual Report.

DIRECTORS RESPONSIBILITY STATEMENT

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

1. In the preparation of the Annual Accounts the applicable accounting standards have been followed along with proper explanation relating to material departure.
2. The directors have selected such accounting policies and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The Directors have prepared the Annual Accounts on a going concern basis.

PERSONNEL

No employee has been paid remuneration in

excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956.

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

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.

ACKNOWLEDGEMENT

Your Directors place on record their appreciation for the assistance and support extended by the Financial Institutions, Commercial Bank, Shareholders, Customers, Staff and Workers of the Company.

Place : Indore

Date : 2nd August, 2006

For and on Behalf of the Board

Sanjay Gorani

Chairman & Managing Director



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 31st March 2006.

1. Conservation of Energy

1.1 Energy conservation measures taken:

1. Additional power capacitors 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..

2. 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	2005-06	2004-05
a. Electricity			
Purchased unit	KWH	208600	265160
Total Amount	Rs.	1371044	1621160
Rate per Unit	Rs/KWH	6.47	6.11

Particulars	Unit	2005-06	2004-05
b. Own generation			
Units	KWH	1510	475
Units/Ltr. of Diesel	KWH	1.30	0.75
Cost per Unit	Rs./KWH	9.34	18.32
Electricity consumed	KWH	0.99	0.99

3. Particulars as per Form B :

3.1. Research & Development (R&D) :

3.1.1. The Company has technical agreements with Indian Institute of Petroleum and Indian Oil Corporation. The Research and Developments done by these institutions in the field of conservation of Kerosene are incorporated by the Company in its in house laboratory.

3.1.2 Expenditure on Research & Development : 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 however during the year company has incurred Rs. 4,66,188 towards the development of different quality ranges of LPG Geysers, Chimneys to meet desired quality level from the safety & fuel efficiency point of view & charged the same to P&L A/c.

3.2. Technology Absorption, Adoption & Innovation:

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

3.3. Foreign Exchange Earnings & Outgo :

Earnings	2005-06	2004-05
FOB value of Exports	Nil	Nil
Freight Charges	Nil	Nil

Out go

Foreign Exchange (Loss)	(16577)	13383
Import Expenses	1044492	1134595