

# **Gorani Industries Ltd.**



**XVIth Annual Report  
2010-11**



## **Gorani Industries Ltd.**

### **Board of Directors**

Sanjay Gorani

Chairman & Managing Director  
Director

Manju Gorani

Whole Time (Technical) Director

Anil Gorani

Independent Director

Shyamsunder Jhavar

Independent Director

Sandeep Kumar Jain

Independent Director

Dinesh Kumar Maheshwari

### **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.)



## Gorani Industries Ltd.

### 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 30<sup>th</sup> 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 31<sup>st</sup> 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, 26<sup>th</sup> September, 2011 to Tuesday, 30<sup>th</sup> 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 20<sup>th</sup> 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&D)

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.