

Gratex Industries Limited

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20th Annual Report
2003-2004

Our Mission

To be leaders in the business of Wallcoverings, Nationally and Globally, through excellence in Quality and Service, providing the best of product - mix to the market. To build up market infrastructure through Direct-marketing, Franchising, I.E.N. [Independent Entrepreneur

Network] & I.K.N.* [Independent Karigar Network], so as to provide a single window "Total Interior Surface Solution" [TISS] to the Customer.

* [The I.K.N. will be drawn from socially & educationally disadvantaged youth, equipping them with technical skills and helping them earn with dignity]

Company Information**BOARD OF DIRECTORS**

Mr. Baldev Sharma	-	<i>Managing Director</i>
Ms. Promila Sharma	-	<i>Director</i>
Mr. K. P. Bharadwaj	-	<i>Director</i>
Ms. Mona Menon	-	<i>Director</i>
Mr. Karan Sharma	-	<i>Director</i>
Mr. Prtap Menon	-	<i>Director</i>

AUDITORS

M/s. B.H. Patel & Co.
22, Popat Wadi, Kalbadevi Road,
Mumbai - 400 002.

BANKERS

Bank of Maharashtra,
Gadkari Chowk Branch,
Dadar, Mumbai - 400 028.

REGISTERED OFFICE

109, Kakad Udyog Bhavan,
L.J. Road, Mahim.
Mumbai - 400 016.

WORKS

Gratex House,
TTI Industrial Area, Khairne
Thane - Belapur Road
New Bombay - 400 703

REGISTRAR & TRANSFER AGENT

Adroit Corporate Services Pvt. Ltd.
19, Jaferbhoy Indl. Estate, Makwana Road,
Marol Naka, Andheri (East), Mumbai - 400 059

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NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Gratex Industries Limited will be held on Thursday, 23rd September, 2004 at Orient Club Buldg., 2nd Floor, 9, Chowpatty Seaface, Mumbai – 400 007., at 12 noon to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as on 31st March, 2004 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint Director in place of Mr. K.P.Bharadwaj, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Director in place of Mrs. Mona Menon, who retires by rotation and being eligible, offers herself for re-appointment.
4. To appoint Director in place of Mr. Pratap Menon, who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint M/s B.H.Patel & Company, 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.

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 and the proxy need not be a member. Proxies, in order to be effective, should be duly completed, stamped, signed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
2. The Register of Members and Share Transfer Books of the Company shall remain closed for 4 days from Monday, the 20th September, 2004 to Thursday, the 23rd September, 2004 both days inclusive, for the purpose of AGM.
3. Members are requested to bring their copies of the Annual Report at the meeting.
4. Members are requested to intimate to the Registered Office of the Company changes, if any in their postal address immediately.

By Order of the Board
For Gratex Industries Limited

Baldev Sharma
Managing Director

Place : Mumbai.
Date : 10th August, 2004

Registered Office :
109, Kakad Udyog Bhavan,
L. J. Road, Mahim,
Mumbai – 400 016.

Gratex - Hallmark of Innovation**Gratex**

The Following Information is being furnished in terms of Clause 49 of the Listing Agreement in respect of Directors retiring by rotation and proposed to be reappointed.

The Following Information is being furnished in terms of Clause 49 of the Listing Agreement in respect of Directors retiring by rotation and proposed to be reappointed.

Particulars	Mr. K. P. Bharadwaj	Mrs. Mona Menon	Mr. Pratap Menon
Date of Birth & Age	July 10, 1933 72 years	April 26, 1975 29 years	June 12, 1973 31 years
Appointed on	01.10.1994	1.10.1995	10.08.2004
Qualifications	B.Sc. Graduate with technical Qualifications of D.C.E and Engineering Diploma from City and Guild Institute of London.	B.Com + Interior Designer	B.Com + D.M.M
Expertise in specific Functional areas	Mr. K.P.Bharadwaj is the Executive Director of the Company. He is heading the Production, Purchase, Planning & Administrative Deptt. & is overall incharge of the Factory. He is associated with the Company since 1987. He has 16 years of experience in Wallcovering business, and is actively involved with the Company.	Mrs. Mona Menon is Vice-President of M/s Marshall Enterprises, an Apex body of the Group Companies since 1999. She is actively associated in the Promotion and Marketing Division of the Company. She has 9 years of rich and wide experience in the Business and Industry.	Mr. Pratap Menon is heading the Dealer Market with Network spread all over India. He is actively associated with the Company for the last 10 years and has vast experience in the Business and Industry.
Directorships held in Other Companies (excluding Foreign companies)	-		
Memberships / Chairmanships of Committees across Public Companies	-		

DIRECTORS' REPORT

TO THE MEMBERS OF

GRATEX INDUSTRIES LIMITED

Your Directors present the Twentieth Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2004.

1. FINANCIAL RESULTS :

	2003-04	(Rs. in lacs) 2002-03
i. Income from Operations	231.14	230.54
ii. Total Expenditure	214.56	216.35
iii. Profit before Interest & Depreciation	16.58	14.16
iv. Interest	4.34	7.11
v. Depreciation	5.94	5.94
vi. Profit After Tax	6.30	1.11

2. DIVIDEND :

In view of the marginal profit earned during the year, the Board has not proposed dividend for the year.

3. PERFORMANCE REVIEW :

During the year 2003-04 under review your Company has posted a Net Profit of Rs. 6.30 lacs. There has been an increase in Turnover from Rs.20.19 million to Rs.23.12 million which is an increase of 15%, whereas the increase in Net Profit is 568%. The members are further informed that the Company is having a very controlled overheads and fixed cost and therefore any further increase in Turnover is going to result in spurt in Profit.

The members are further informed that there has been about Rs.60 lacs of Imports this year and the Company has set up the Infrastructure for efficient Warehousing of Imported Stocks and Network Marketing on all India basis.

Your Company has been successful in standardizing the Wallcoverings as an OEM (Original Equipment Manufacturer) product and have with us Major Giants like Everest Industries Limited, India Gypsum Limited, Bakelite Hylam Limited and DG Metal Private Limited.

Your Company is also getting a good response from the Hotel Industry and is taking up the decoration of all the major Call Centres, this is giving us both the confidence in Wallpaper business and the growth potential.

Your Directors wish to inform and place on record that in the current year we will flash more Smiles and our Investors will also have a reason to Smile.

4. DIRECTORS :

Mr. K.P.Bharadwaj, Director, Mrs. Mona Menon, Director and Mr.Pratap Menon, Director retire by rotation and being eligible, offer themselves for re-appointment.

5. PERSONNEL :

Your Directors wish to place on record their appreciation for the contribution made by the employees at all levels for the continued growth and prosperity of the Company.

6. AUDITORS :

M/s B.H.Patel & Co., Chartered Accountants of the Company, would be retiring at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

7. FIXED DEPOSIT :

During the financial year the Company had not accepted nor renewed any deposits from the public within the meaning of Section 58-A of the Companies Act, 1956.

8. PARTICULARS OF EMPLOYEES :

No Employees are drawing salary in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

9. DIRECTORS' RESPONSIBILITY STATEMENT :

The Company is in compliance with various accounting and financial reporting requirements in respect of the financial statements for the period under review. Pursuant to Section 217 (2AA) of the Companies Act, 1956, and in respect of the annual accounts for the period under review, the Directors hereby confirm that :

- i. In the preparation of the Annual Accounts, the applicable accounting standards have been followed.
- ii. Appropriate accounting policies have been selected and applied consistently and judgement and estimates that are reasonable and prudent have been made 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 loss of the Company for that period.
- iii. Proper and sufficient care for 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 detecting frauds and other irregularities have been taken to the best of their knowledge and ability.
- iv. The Annual Accounts have been prepared on a "going concern basis".

10. CORPORATE GOVERNANCE :

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's Auditors confirming the compliance of conditions on Corporate Governance as stipulated in the clause 49 of the listing agreement with the Stock Exchanges is annexed thereto.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :**A. CONSERVATION OF ENERGY :**

The Company's operation do not involve substantial consumption of power, in comparison to the cost of production. However there are regulatory measures to ensure that the consumption of power is within the norms.

B. TECHNOLOGY ABSORPTION :

The Company has developed in-house technical know how.

C. FOREIGN EXCHANGE EARNING AND OUTGO :

Foreign Exchange earning of the Company during the year 2003-04 was NIL while the outgo was Euro - 39,572.20, US D 9,145.82 DHS- 217.00 GBP - 385.58

12. ACKNOWLEDGEMENTS :

The Directors wish to convey their appreciation to all of the Company's Employees for their enormous personal efforts as well as their collective contribution during the year. The Directors would also like to thank the Employee Unions, Shareholders, Customers, Dealers, Suppliers, Bankers and all the other Business Associates for the continuous support given by them to the Company and their confidence in its management.

For and on behalf of the Board

BALDEV SHARMA
Managing Director

Mumbai,

August 10, 2004

CORPORATE GOVERNANCE REPORT**1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Gratex Industries Limited (GIL) believe that good corporate governance is essential to achieve long term corporate goals and to enhance stakeholder value. There is no one universal model of a Corporate Governance Code. Different environments need specific solutions to meet the demands of legal compliances and regulations. In this pursuit, for Gratex Industries Ltd, good Corporate Governance implies :

- a. Commitment to values.
- b. A high degree of transparency.
- c. Ethical business conduct.
- d. Uncompromising emphasis on integrity and regulatory compliances.
- e. Unlocking the intellectual capabilities and moral authority of the Board to help in enhancing shareholder value while being sensitive to the legitimate needs of other stakeholders.

2. BOARD OF DIRECTORS :

The Management of your Company is entrusted to the Chairman and Managing Director and two Whole-time Directors of the Company. Your Board of Directors monitor the Company's activities, closely watches the performance of the Management, approves review strategy and evaluates Management decisions.

Your Board ensures legal and ethical conduct and accurate financial reporting. It holds itself accountable not only to the Shareholders but also other Stakeholders for the long term health of the Company.

During the financial year 2003-2004, the Board met on Six occasions i.e on 10.04.2003, 07.05.2003, 21.07.2003, 10.11.2003, 25.02.2004 Names & Categories of Directors and details of meetings attended by them are given below :

Name of the Director	Category	No. of Meetings attended
Mr. Baldev Sharma	Managing Director Promoter	6
Mrs. Promila Sharma	Non-Executive Promoter	4
Mr. K.P.Bhardwaj	Whole-time Director	6
Mrs. Mona Menon	Director	6
Mr. Karan Sharma	Whole-time Director	6

The last Annual General Meeting of the members was held on 29th September, 2003 which was attended by all the above Directors.

Directors seeking appointment / re-appointment :

Mr. K. P. Bharadwaj, who was appointed as an Additional Director on 01.10.1994 holds office upto the date of the ensuing Annual General Meeting. A notice has been duly received from a member proposing the candidature of Mr. K. P. Bharadwaj for the office of Director at the said meeting.

Mrs. Mona Menon, who was appointed as Additional Director on 01.10.1995 holds office upto the date of the ensuing Annual General Meeting. A notice has been duly received from a member proposing the candidature of Mrs. Mona Menon for the office of Director at the said meeting.

Mr. Pratap Menon, who was appointed as an Additional Director on 10.08.2004 holds office upto the date of the ensuing Annual General Meeting. A notice has been duly received from a member proposing the candidature of Mr. Pratap Menon for the office of Director at the said meeting.