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Gratex Industries Limited



21st Annual Report 2004-2005

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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]*

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Gratex Industries Limited

Board of Directors :

Mr. Baldev Sharma	-	*Managing Director*
Ms. Promila Sharma	-	*Director*
Mr. K.P.Bharadwaj	-	*Director*
Ms. Mona Menon	-	*Director*
Ms. Karan Sharma	-	*Director*
Mr. Pratap Menon	-	*Director*

Auditors :
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.

Factory :
Gratex House,
TTI Industrial Area, Khairne,
Thane – Belapur Road,
New Bombay – 400 703

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NOTICE

NOTICE is hereby given that the Twenty First Annual General Meeting of the Members of Gratex Industries Limited will be held on Thursday, 29th September, 2005 at 109, Kakad Udyog Bhavan, L.J.Road, Mahim, Mumbai – 400 016., at 12 noon to transact the following business :

ORDINARY BUSINESS :

1. To consider and adopt the Audited Balance Sheet as on 31st March, 2005 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 Mrs. Promila Sharma, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Director in place of Mr. Karan Sharma, who retires by rotation and being eligible, offers himself for re-appointment.
4. 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 6 days from Saturday, the 24th September, 2005 to Thursday, the 29th September, 2005 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 : 25th July, 2005

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

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	Mrs. Promila Sharma	Mr. Karan Sharma
Date of Birth & Age	March 2, 1949 – 56 years	July 4, 1979 – 26 years
Appointed on	4th August, 2000	27th September, 2000
Qualifications	B.A	B.Com
Expertise in specific Functional areas	Mrs. Promila Sharma is the Chief Operating Officer of M/s Marshalls Group, an Apex Body of the Group since 1975. She has 28 years of experience in Wallcovering Business, and is actively involved with the Company.	Mr. Karan Sharma is the Executive Director heading the Production & Marketing Division of the Factory. He had 9 years of wide experience in Business and Industry.
Directorships held in Other companies (excluding Foreign companies)	-	-
Memberships / Chairmanships of Committees across Public Companies	-	-

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DIRECTORS' REPORT

TO THE MEMBERS OF

GRATEX INDUSTRIES LIMITED

Your Directors present the Twenty First Annual Report together with the Audited Statement of Accounts for the year ended March 31, 2005.

1. FINANCIAL RESULTS :

		2004-05 (Rs. in lacs)	2003-04 (Rs. in lacs)
i.	Income from Operations	224.72	231.14
ii.	Total Expenditure	232.94	214.56
iii.	Profit before Interest & Depreciation	(8.21)	16.58
iv.	Interest	2.35	4.34
v.	Depreciation	6.04	5.94
vi.	Profit After Tax	(16.61)	6.30

2. DIVIDEND :

In view of the losses incurred by the Company, the Board has not proposed dividend for the year.

3. BUSINESS OPERATIONS :

During the year 2004-05 under review, your Company has developed an Export Brand under the name Ethenic Wallcoverings, for the World Market. The Company has also expanded its production base with newer collection to have an edge over Competitors in the local Market. I am happy to state that we are the No. 1 Wallpaper Company in India and we shall do everything possible to see to it that the No. 2 is far behind.

The Company has undertaken steps to conserve energy by switching over the plant to Gas fired heating system which has saved at lease 12% of our fuel cost, we have also done everything possible to squeeze our cost to the bare minimum including the Interest cost.

We have inducted a Auto Colour Matching Technique and have computerized the entire operations from production to stores, to security including the administrative area.

4. PERFORMANCE REVIEW :

During the year 2004-05 under review your Company has posted a loss of Rs. 8 lacs, this loss is basically to adjust all the old debts, where the recovery has not been possible with all the best efforts. With this we have cleared all these heads amounting to Rs.20 lacs which would reduce all profits for the next year and impair declaring dividend. We have thus no cash loss during the year and the loss shown are only technical losses. We have also no further heads for carry forward losses except the depreciation and we hope that we shall be able to do everything possible that will make our Investors Smile.

Your Company is pleased to inform that there is a peaceful working environment. There has been an amicable settlement with the Union and in the current year we have paid all the arrears concerning wage revision. We are thankful to the Union for the co-operation and support.

5. DIRECTORS :

Mrs. Promila Sharma, Director and Mr. Karan Sharma, Director retire by rotation and being eligible, offer themselves for re-appointment.

6. 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.

7. AUDITORS :

M/s B.H.Patel & Co., Chartered Accountants of the Company, would be retiring at the conclusion of the ensuing Annual

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General Meeting and are eligible for re-appointment.

8. 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.

9. 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.

10. 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 sate 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".

11. 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.

12. 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 2004-05 was NIL while the outgo was EURO 31,939.17, USD 6,822.52 and GBP 1,483.

13. 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.

On behalf of the Board of Directors

Mumbai,
July 25, 2005

BALDEV SHARMA
MANAGING DIRECTOR

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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 2004-2005, the Board met on Ten occasions i.e. on 22.04.2004, 20.05.2004, 03.08.2004, 10.08.2004, 23.09.2004, 30.09.2004, 15.10.2004, 04.11.2004, 02.02.2005, 19.02.2005. 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	10
Mrs. Promila Sharma	Executive Director	6
Mr. K.P.Bhardwaj	Non-Executive Director	9
Mrs. Mona Menon	Non-Executive Director	8
Mr. Karan Sharma	Executive Director	10
Mr. Pratap Menon	Non-Executive Director	7

The last Annual General Meeting of the members was held on 23rd September, 2004 which was attended by all the above Directors.

Directors seeking appointment / re-appointment :

Mrs. Promila Sharma, who was appointed as Additional Director on 04.09.2000 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. Promila Sharma for the office of Director at the said meeting.

Mr. Karan Sharma, who was appointed as Additional Director on 27.09.2000 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. Karan Sharma for the office of Director at the said meeting.

3. COMMITTEES OF THE BOARD :

a. Executive Committee of the Board :

Members :

Mr. Baldev Sharma, Mr. K.P.Bharadwaj, Mr. Karan Sharma, Mr.Pratap Menon

1. To review various matters relating to the functioning of the Bank at periodical intervals.

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