

26th Annual Report 2009-2010

Board Of Directors:

Baldevkrishan Sharma - Chairman
Karan Sharma - Managing Director
K.P. Bharadwaj
Promila Sharma
Mona Menon
Pratap Menon
Pradeep Nagori
Gurvinder Singh Saggu

Registered Office :

109, Kakad Udyog Bhavan,
L.J.Road, Mahim,
Mumbai - 400 016.
Tel : 022 - 40702121 / 20
Fax : 022 - 40702161
Email : gratex@bom3.vsnl.net.in

Factory :

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

Auditors :

M/s. B. H. Patel & Co.
Chartered Accountants.
Mukta Bhavan, 1st Floor,
22-Popatlwadi, Kalbadevi Road,
Mumbai - 400 002

Registrar And Transfer Agents :

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

Bankers :

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

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NOTICE

Notice is hereby given that the 26th Annual General Meeting of the members of Gratex Industries Limited will be held on Monday, 20th September, 2010, at 11.30 a. m., at Giants International, 2nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007 to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the audited Balance Sheet as at March 31, 2010 the Profit and Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. K. P. Bharadwaj, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pratap Menon, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Mona Menon, who retires by rotation and being eligible, offers herself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to section 224 of the Companies Act, 1956, M/s B.H. Patel & Co., Chartered Accountants (ICAI Registration No. 107664W), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration as may fixed by the Board of Directors."

SPECIAL BUSINESS:

6. To consider and if thought fit to pass with or without modification the following resolution as a Special Resolution:

Remuneration to Mr. Baldevkrishan Sharma, Chairman - Executive :

"RESOLVED THAT pursuant to sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, and whereas pursuant to the recommendations of the Remuneration Committee, approval of the Company be and is hereby accorded to the re-appointment of Mr. Baldevkrishan Sharma as Chairman of the Company for a further period of 5 years with effect from 1st April, 2010 on the modified terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting and for the purpose of identification, initialed by the Managing Director for authentication.

FURTHER RESOLVED THAT consent of the Company be accorded to the Board of Directors (hereinafter referred to as 'the Board' which terms shall be deemed to include any Committee of the Board constituted to exercise its powers including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Schedule XIII to the Companies Act, 1956, in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Baldevkrishan Sharma.

RESOLVED FURTHER THAT Mr. Baldevkrishan Sharma, be and is hereby not entitled to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this Resolution."

NOTES :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the company.
2. Proxy form duly stamped and executed in order to be effective, must reach the registered office of the company not less than 48 hours before the time of commencement of the annual general meeting.

3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed and forms part of this notice.
4. Members / Proxy holders are requested to bring their Attendance slip duly signed along with their copy of Annual Report to the meeting.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, 15th September, 2010 to Monday, 20th September, 2010 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Annual General Meeting.
6. In all correspondence with the Company or with its Share Transfer Agent, members are requested to quote their folio number and in case the shares are held in the dematerialized form, they must quote their Client ID Number and their DPID Number.
7. Members desiring any information on the Accounts of the Company are requested to write to the Company at least 7 days in advance so as to enable the Company to keep the information ready.

Place : Mumbai.

Date : 11th August, 2010

Registered Office

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

For Gratex Industries Limited

By Order of the Board

Karan Sharma
Managing Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 6 :

The Board propose to appoint Mr. Baldevkrishan Sharma, as Chairman of the Company for a period of 5 years w.e.f April 1, 2010.

Mr. Baldevkrishan Sharma is a BSC (Hons) from Mumbai University. He is a visionary and looks after the planning and finance of the Company. A brief resume of Mr. Baldevkrishan Sharma is given in the Annexure attached to the Notice.

The following are the terms of appointment and remuneration :-

- i. Tenure : For a period of 5 years commencing from April 1, 2010.

Nature of Duties : Mr. Baldevkrishan Sharma ("the Appointee") shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with the Company.

- a. Salary - In the scale of Rs. 40,000/- to 75,000/- per month

Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointee, the Company has no profits, or its profits are inadequate, the Company will pay remuneration by way of salary, as specified above.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as stipulated under sections 198, 309 and all other applicable provisions, if any, of the Act read with Schedule XIII of the Act, as amended from time to time.

The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion deem fit, within the maximum amounts payable to the Appointee, in accordance with the provision of the Act or any amendments made hereafter in this regard and subject to such approvals as may be required.

In compliance with the provisions of section 269, 309 and other applicable provisions of the Act read with Schedule XIII of the Act, the terms of appointment and remuneration specified above are now being placed before the members for their approval.

The Directors commend the resolution at Item No. 6 of the accompanying notice for approval of the members of the Company.

Except Mr. Baldevkrishan Sharma, Mrs. Promila Sharma, Mrs. Mona Menon and Mr. Karan Sharma, no other Director has any interest or concern in the resolution.

For Gratex Industries Limited

By Order of the Board

Place : Mumbai.

Date : 11th August, 2010

Registered Office

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

Karan Sharma
Managing Director

APPOINTMENT/ RE-APPOINTMENT OF DIRECTORS

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	Mr. Baldevkrishan Sharma
Date of Birth	July 10, 1933	April 26, 1975	June 12, 1973	April 21, 1947
Date of Appointment	October 1, 1994	October 1, 1995	August 10, 2004	October 1, 1992
Qualifications	Bachelor of Science degree in D.C.E and Engineering Diploma from City and Guild Institute of London	B.Com + Interior Designer	B.Com + D.M.M.	Bachelor of Science degree from Mumbai University.
Expertise in specific functional areas	Expertise in Technology & Operations Management and General Management	Wide experience in Marketing & Corporate Management.	Experience of more than 10 years in Marketing and General Management. He is heading the Dealer Market with Network spread all over India.	First Generation Entrepreneur. Promoter of Gratex Industries Limited. He looks after planning and finance of the company.
Directorships held in other Public Companies (excluding foreign companies)	Nil	Nil	Nil	Nil
Memberships/ Chairmanships of committees of other public companies (Includes only Audit and Shareholders / Investors Grievance Committee)	Nil	Nil	Nil	Nil
Number of Shares held in the Company	5300	137200	1000	1017000

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 26th Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2010.

1. FINANCIAL HIGHLIGHTS:

The financial performance of the Company, for the year ended 31st March, 2010 is summarized below:

(Amount in Lacs)

	CURRENT YEAR 31.03.2010	PREVIOUS YEAR 31.03.2009
Income from Operations	320.02	392.26
Total Expenditure	298.04	404.45
Profit before Interest & Depreciation	21.62	(11.90)
Interest	4.00	3.35
Depreciation	1.19	3.17
Profit After Tax	16.44	(18.44)

2. PERFORMANCE REVIEW:

The year under review was a transformational year for the Company. Turnover for the year under review is Rs. 3,20,02,097 against Rs. 3,91,95,679 (previous year) showing a decrease of Rs.71,93,582. However, Net Profit After tax for the year was Rs.16,43,781 as against a loss of Rs. 18,44,411 in the previous year.

3. DIVIDEND :

Due to carry forward losses, which now stand at Rs.61,13,348 your Directors do not recommend any Dividend for the financial year ended 31st March, 2010.

4. PUBLIC DEPOSITS:

The Company has not accepted any deposits from the Public during the year under review, under the provisions of the Companies Act, 1956 and the rules framed.

5. DIRECTORS :

In accordance with the relevant provisions of the Companies Act, 1956, Mr. K. P. Bharadwaj, Mr. Pratap Menon and Mrs. Mona Menon, Directors of the Company are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

Further, the approval of Shareholders pursuant to applicable Sections of the Companies Act, 1956 read with Schedule XIII thereof, is sought w.e.f. 1st April, 2010, for the re-appointment of Mr. Baldevkrishan Sharma, - Chairman for a period of five years. The brief resume and other details relating to the directors, who are to be re-appointed as stipulated under clause 49(IV)(G) of the Listing Agreement, are furnished in the Notice convening the Annual General Meeting.

6. DIRECTORS' RESPONSIBILITY STATEMENT :

As required under Section 217(2AA) of the Companies Act, 1956, your Directors confirm having:-

- followed in the preparation of the Annual Accounts, the applicable the applicable accounting standards with proper explanation relating to material departures if any;
- 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 at the end of the financial year and of the profit or loss of the Company for that period;

- taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- prepared the annual accounts on a going concern basis

7. CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

A report on Corporate Governance is attached to this Report along with the Management Discussion and Analysis statement.

8. INSURANCE:

Properties and Assets of the Company are adequately insured.

9. SUBSIDIARY COMPANIES:

The Companies does not have any subsidiary.

10. AUDITORS AND AUDITORS' REPORT:

M/s B.H. Patel & Co., Chartered Accountants, holds office until the conclusion of the ensuing Annual General Meeting of the shareholders of the Company, and are eligible for re-appointment.

The Company has received a confirmation from them to the effect that, their re-appointment if made, would be in accordance with Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

11. PARTICULARS OF EMPLOYEES :

Information in accordance with the provision of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particular of Employees) Rules 1975, as amended, regarding employees to the Directors Report is as follows.

None of the Employees of the Company are in receipt of remuneration aggregating to Rs.24,00,000/- or more p.a. if employed for the entire year or Rs.2,00,000/- or more per month, if employed for the part of the year.

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

In view of the nature of activities which are being carried on by the Company, Rules 2A and 2B of the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, regarding conservation of Energy and Technology absorption respectively, are not applicable.

Foreign Exchange earning of the Company during the year 2009-10 was Nil while the outgo was EURO 2,31,394, USD 47,161 and GBP 9,675.

13. ACKNOWLEDGEMENTS :

The Board acknowledges with gratitude the co-operation and assistance provided to your Company by all government authorities, financial institutions, banks, transfer agents, consultants, solicitors of the Company for their continued support and encouragement. The Board wishes to place on record its appreciation to the contribution made by employees of the Company during the year under review. Your Directors are thankful to the shareholders and depositors for their continued patronage.

For Gratex Industries Limited

By Order of the Board

Place : Mumbai.

Date : 11th August, 2010

Registered Office

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

Karan Sharma
Managing Director

REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India, the report containing the details of governance systems and processes at Gratex Industries Limited is as under :

1. COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE :

Your Company is committed to good Corporate Governance and adheres to the highest standards of business ethics, compliance with statutory and legal requirements and commitment to transparency in business dealings.

Your Company has always believed in adopting the best practices of Corporate Governance with an aim to maximise the interest of the shareholders with those of the other stakeholders, customers, employees, investors, dealers and society at large in order to achieve long term sustained value while ensuring accountability in the exercise of corporates' financial, legal and contractual obligations.

Your Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance contained in the Listing Agreement.

2. BOARD OF DIRECTORS AND MEETINGS:

The Board of Directors of the Company has an optimum combination of executive, non-executive and independent directors. The present strength of the Board of Directors of the Company is 8 (Eight) Directors. Five Board Meetings were held in 2009-10. The following table shows the detailed composition of Board of Directors as well as their attendance details at the Board Meetings :-

Names of the Directors	Category of Directorship	No. of meeting attended	Whether attended last AGM	No. of other Directorship
Mr. Baldevkrishan Sharma	Chairman, Executive	5	Yes	1
Mrs. Promila Sharma	Non-Executive, Promoter	5	Yes	1
Mr. K.P. Bharadwaj	Non-Executive, Independent Director	4	No	NIL
Mrs. Mona Menon	Non-Executive Promoter	5	Yes	1
Mr. Karan Sharma	Managing Director, Executive	5	Yes	1
Mr. Pratap Menon	Non-Executive Independent Director	5	Yes	NIL
Mr. Pradeep Nagori	Non-Executive Independent Director	5	Yes	NIL
Mr. Gurvinder Singh Saggi	Non-Executive Independent Director	5	Yes	NIL

Code of Conduct :

The Board has laid down a Code of Conduct for all Board members and Senior Management Personnel of the Company. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

The Code of Conduct seeks to ensure that the Directors and the Senior Management Personnel observe a total commitment to their duties and responsibilities while ensuring a complete adherence with the applicable statutes on one hand and values and ethics on the other.

3. AUDIT COMMITTEE :

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement read with the Section 292A of the Companies Act, 1956. The composition of members of the Audit Committee and their attendance for the meetings are as under:

Name	Nature of Membership	Number of Audit Committee meetings	
		Held	Attended
Mr. Pradeep Nagori	Chairman	4	4
Mr. Gurvinder Singh Saggu	Member	4	4
Mr. Karan Sharma	Member	4	4

4. INVESTORS/SHAREHOLDERS GRIEVANCE COMMITTEE :

The investors/Shareholders Grievances Committee oversees functions like issuance of physical share certificates on re materialization of shares, issuance of duplicate share certificates, redressing grievances received from the investors like non receipt of dividends and Annual Report and suggesting measures to improve investor satisfaction.

Names of the members	Designation
Mr. Gurvinder Singh Saggu	Chairman
Mr. Karan Sharma	Member
Mr. Pradeep Nagori	Member

The complaints received during the year from the shareholders have been resolved to the satisfaction of the shareholders. The committee met once during the year under review.

5. GENERAL BODY MEETINGS :

Details of the location, date and time of the last three Annual General Meetings (AGM) and the Resolutions passed therein are as under :

Day, Date & Time	Location	Particulars of Special Business
Tuesday, 8th September, 2009 at 12.30 p.m.	Giants International, 2 nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007	1. Alteration of Objects Clause in Memorandum of Association
Tuesday, 23rd September, 2008; 12 noon	Giants International, 2 nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007	NIL
Saturday, 29th September, 2007 12 noon	Giants International, 2 nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007	1. Appointment of Mr.Karan Sharma as Managing Director. 2. Preferential Allotment of 9,65,200 Equity Shares at par to Shri Baldev Sharma, Promoter of the Company.

The shareholders passed all the resolutions including the special resolutions set out in the respective Notices. No Postal Ballots were used for voting at these meetings.

6. DISCLOSURES :

a) Details on materially significant related party transactions:

None of the transactions with any of the related parties were in conflict with the interest of the Company. Attention of members is drawn to the disclosure of transactions with the related parties set out in Notes on Accounts- Schedule 'Q', forming part of the Annual Report.

b) Statutory Compliance, Penalties and Strictures:

There has been no instance of any non-compliance, penalties or strictures imposed on the Company by the Stock Exchanges, or any other statutory authority on any matter relating to the Capital Market.

c) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit

Though the Company does not have a Whistle Blower Policy, the Company encourages the employees to freely express their views on various issues faced by them and thereafter follow up the same for necessary resolution of it. The employees have access to the Audit Committee.

d) Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of Clause 49 :

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement. The details of these compliances have been given in the relevant sections of this Report.

7. MEANS OF COMMUNICATION :

- | | |
|---|---|
| □ Publication of Results | The quarterly / annual results of the Company are published in the leading newspapers viz Business Standard in English and Sakal in Marathi |
| □ Email Id for redressal of investor complaints | In terms of Clause 47(f) of the Listing Agreement, investors may use the E-mail ID : gratexinvestor@gmail.com for redressal of complaints. |

8. GENERAL SHAREHOLDER'S INFORMATION :

- | | |
|---|---|
| □ AGM: Date, Time and Venue | Monday, September 20, 2010, 11.30 a. m. Giants International, Orient Club Bldg. 2 nd Floor, No. 9, Chowpatty Seaface, Mumbai - 400 007 |
| □ Date of Book Closure | Wednesday, 15 th September, 2010 to Monday, 20 th September, 2010 |
| □ Listing on stock exchange | Yes |
| □ Stock codes: | |
| Bombay Stock Exchange | 526751 |
| Ahmedabad Stock Exchange | |
| ISIN for Dematerialisation | INE915E01013 |
| □ Registrar and Transfer Agents | Adroit Corporate Services Pvt. Ltd.,
19, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai. - 400 059. |
| □ Share Transfer System | Registrar and Transfer Agents |
| □ Outstanding GDRs /ADRs /Warrants or any convertible instruments conversion date and likely impact on equity | NIL |
| □ Address for correspondence. | Regd.Office: 109, Kakad Udyog Bhavan, L.J.Road, Mahim, Mumbai - 400 016. |