

NOTICE

Notice is hereby given that the 27th Annual General Meeting of the members of Gratex Industries Limited will be held on Wednesday, 21st September, 2011, 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 receive, consider and adopt the Audited Balance Sheet as at March 31, 2011 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 Mrs. Promila Sharma, who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint M/s Doshi Doshi & Associates, Chartered Accountants, (ICAI Registration No. 121773W) in place of M/s B. H. Patel & Co., Chartered Accountants, as Statutory Auditors of the Company, for the period commencing from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to authorize the Board of Directors to fix their remuneration.

Place : Mumbai

Date : 09.08.2011

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

By Order of the Board
For Gratex Industries Limited

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 the Director retiring by rotation and proposed to be reappointed.

Particulars	Profile of the Director
Name of the Director	Mrs. Promila Sharma
Date of Birth	02/03/1949
Date of Appointment	09/09/1992
Qualifications	Bachelors in Arts (B. A.)
Expertise in specific functional areas	Mrs. Promila Sharma is a B .A. and is a Director since 2000. She is the Chief Operating Officer of M/s Marshalls Group an Apex Body of the Group since 1975. She has 30 years of experience in Wallcovering Business and is actively involved with the Company.
Directorships held in other Public Companies (excluding foreign companies)	Marshalls Enterprise India Private Limited
Memberships/ Chairmanships of committees of other public companies (Includes only Audit and Shareholders / Investors Grievance Committee)	NIL
Number of Shares held in the Company	290100

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. The instrument appointing a proxy in order to be valid must be duly filled in all respects and should be deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.
2. Corporate members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the Meeting.
3. Members / Proxy holders are requested to bring their Attendance slip duly signed along with their copy of Annual Report to the meeting.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 16th September, 2011 to Wednesday, 21st September, 2011(both days inclusive).
5. The equity shares of the Company are compulsorily tradable in electronic form and your Company has established connectivity with both the depositories i.e. NSDL and CDSL. Members are requested to avail the facility of dematerialization of the Company's shares on either of the depositories, as aforesaid.
6. The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011 has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Director's Report, Auditor's Report and Explanatory Statement etc., through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive the documents in electronic mode are requested to provide their details (name, folio no., e-mail id) on the space provided on the last page of this Annual Report. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

Place : Mumbai
Date : 09.08.2011

By Order of the Board
For Gratex Industries Limited

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

Karan Sharma
Managing Director

DIRECTORS' REPORT

Your Directors are pleased to present the 27th Annual Report along with the Audited Accounts of the Company for the financial year ended 31st March, 2011.

1. FINANCIAL HIGHLIGHTS :

The financial performance of the Company, for the year ended 31st March, 2011 is summarized below:

(Amount in Lacs)

	CURRENT YEAR 31.03.2011	PREVIOUS YEAR 31.03.2010
Income from Operations	413.93	320.02
Total Expenditure	405.92	298.04
Profit before Interest & Depreciation	8.006	21.62
Interest	2.882	4.00
Depreciation	0.907	1.19
Profit After Tax	4.217	16.44

2. PERFORMANCE REVIEW :

During the year under review, Income from Operations was Rs. 4,13,92,700/- against Rs.3,20,00,097/- in the previous financial year showing an increase of Rs.93,90,603/-. However the NPAT for the year was Rs.4,21,669/- compared to Rs.16,43,781/- in the previous year.

Even though the sales showed healthy trend, we were able to generate a nominal profit due to loss incurred in the sale of old plant & machinery & other assets which were scrapped. We are hopeful that we shall be able to meet the challenges and give our shareholders their dues.

3. DIVIDEND :

Due to carry forward losses, which now stand at Rs. 56,91,677/- your Directors do not recommend any Dividend for the financial year ended 31st March, 2011.

4. OUTLOOK FOR 2011 - 12 :

The outlook for the year 2011-12 is very positive and we are targeting a further 25% increase in sales. We continue to surge forward in this new era of trading and are looking at adding more products to our portfolio.

5. FIXED DEPOSITS:

During the period under review, the Company has not accepted/ renewed and deposit within the meaning of Section 58A of the Companies Act, 1956 and as such, no amount of principal / interest was outstanding as on the balance sheet date.

6. DIRECTORS :

In accordance with the relevant provisions of the Companies Act, 1956, Mrs. Promila Sharma, Director of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommends her re-appointment at the ensuing Annual General Meeting.

The brief resume and other details relating to the Directors, who is to be re-appointed as stipulated under clause 49(IV)(G) of the Listing Agreement, is furnished in the Notice forming part of the Annual Report.

7. 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

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

As per Clause 49 of Listing Agreement with the Stock Exchanges, a report on Corporate Governance is attached to this Report along with the Management Discussion and Analysis statement.

9. STATEMENT PURSUANT TO LISTING AGREEMENT:

The Company's Securities are listed at the Bombay Stock Exchange and The Ahmedabad Stock Exchange.

10. AUDITORS AND AUDITORS' REPORT:

M/s. B.H. Patel & Co., Chartered Accountants, Mumbai have confirmed that they are yet to complete the Peer Review Audit Process conducted by the Institute of Chartered Accountants of India. Hence they are ineligible to be reappointed in the ensuing Annual General Meeting. Hence M/s. Doshi Doshi & Associates, Chartered Accountants, Mumbai have been appointed as Statutory Auditors of the Company for the Financial Year 2011-12 and they have confirmed their eligibility as Auditors of a Listed Company.

The Company has received a confirmation from them to the effect about their eligibility under section 224(1B) of the Companies Act, 1956.

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 2010-11 was NIL while the outgo was Euro 4,37,360, USD 1,16,807 & GBP 5,903.

13. ACKNOWLEDGEMENTS :

Your Directors record their grateful appreciation for the encouragement, assistance, co-operation and consistent support received from Members, Dealers, Government Authorities, Dealers, Banks, Financial institutions, Business Partners and Customers. 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 all the Stakeholders for their continued patronage.

Place : Mumbai

Date : 09.08.2011

By Order of the Board
For Gratex Industries Limited

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

Karan Sharma
Managing Director

REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, given below is a report on the Corporate Governance in the Company :

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

The Company believes that ethics are very important in any business as they are directly related to the goodwill of the Company.

The Corporate Governance Policy of the Company is based on principles of equity and ensures the following:

- Proper composition of the Board of Directors;
- Timely dissemination of material information to the Stakeholders concerning their interests;
- Adequate Internal Checks and Balances;
- Transparency and Accountability; and
- Compliance with the applicable laws and regulations.

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 2010-11. The following table shows the detailed composition of Board of Directors as well as their attendance details at the Board Meetings:-

Name of the Director	Category of Directorship	No. of Board meetings attended	Attendance at last AGM	No. of other Directorship
Mr. Baldevkrishan Sharma	Chairman, Executive	5	Yes	1
Ms. Promila Sharma	Non-Executive, Promoter	4	No	1
Mr.K.P. Bharadwaj	Non-Executive, Independent Director	4	Yes	NIL
Ms. 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 Saggu	Non-Executive Independent Director	4	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 :

As a measure of good Corporate Governance and to provide assistance to the Board of Directors in fulfilling the Board's responsibilities, an Audit Committee has been constituted. The functions of the Audit Committee include :

- ▣ Reviewing the adequacy of internal control systems and the internal audit reports and their compliance thereof.
- ▣ Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- ▣ Recommending the appointment of external auditors, fixation of their audit fee, and also approval for payment for any other services.
- ▣ Reviewing with Management the quarterly and annual financial statements for submission to the Board.

During the year, four meetings were held one of which was before finalization of accounts. The said meetings were held on 28th April, 2010, 11th August, 2010, 11th November, 2010 and 9th February, 2011. The constitution of the Committee and the attendance of each member of the Committee as on 31st March, 2011 are given below :

Name	Status	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. SHAREHOLDERS GRIEVANCE COMMITTEE :

The Shareholders Grievances Committee was constituted to redress the shareholders' grievances/ complaints relating to transfer & transmission of shares, non-receipt of annual report, dividend, share certificate etc and to provide the responses to the queries, if any, raised by the investors. The Committee also considers the matters which can aid better investor services and relations.

During the year, the Shareholders Grievances Committee met four times. The constitution of the Committee and the details of attendance of each member of the Committee are given below :

Name	Status	Number of Shareholders Grievances Committee meetings	
		Held	Attended
Mr. Pradeep Nagori	Chairman	4	4
Mr. Gurvinder Singh Saggu	Member	4	4
Mr. Karan Sharma	Member	4	4

The Company had received no complaints during the year from the shareholders and all of them have been resolved to the satisfaction of the shareholders.

5. DETAILS OF REMUNERATION TO DIRECTORS :

The Company has not set up a Remuneration Committee as the aggregate value of salary and perquisites paid for the year end 31st March, 2011 to the Directors does not exceed the prescribed limit.

6. 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
Monday, 20 th September, 2010 at 11.30 a. m.	Giants International, 2 nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007	1. Remuneration to Mr. Baldevkrishan Sharma, Chairman - Executive.
Tuesday, 8 th 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, 23 rd September, 2008 12 noon	Giants International, 2 nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007	NIL

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.

The details of Directors seeking appointment / re-appointment are provided in the Notice calling for the Annual General Meeting.

7. DISCLOSURES :

- There were no material significant related party transactions during the year that may have a potential conflict with the interests of the Company at large. Transaction with related parties have been disclosed vide Notes on Accounts- Schedule 'N', forming part of the Annual Report.
- There have been no instances of non-compliance by your Company on any matter related to the capital markets, nor have any penalty/stricture been imposed on your Company by the Stock Exchanges or SEBI or any other statutory authority or any matter related to capital markets.
- Your Company has complied with all the mandatory requirements of Corporate Governance as required by the Listing Agreements.
- No personnel have been denied access to the Audit Committee of your Company to discuss any matter of substance.

8. MEANS OF COMMUNICATION :

□ Publication of Results	The quarterly / annual results of the Company are published in the leading newspapers viz Financial Express in English and Apla Mahanagar in Marathi
□ Designated Email Id for redressal of investor complaints	In terms of Clause 47(f) of the Listing Agreement, investors may use the E-mail ID : investor@gratex.in for redressal of complaints.

9. **GENERAL SHAREHOLDER'S INFORMATION :**

□ AGM : Date, Time and Venue	Wednesday, 21st September, 2011, at 11.30 a. m., at Giants International, 2nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007
□ Date of Book Closure	Friday, 16th September, 2011 to Wednesday, 21st September, 2011
□ Listing on stock exchange	Yes
□ Stock codes: Bombay Stock Exchange Ahmedabad Stock Exchange ISIN for Dematerialisation	526751 19673 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.

Financial Calendar 2011- 2012(tentative)

Financial reporting for the quarter ending June 30, 2011	Upto August 14, 2011
Financial reporting for the half year ending September 30, 2011	Upto November 14, 2011
Financial reporting for the quarter ending December 31, 2011	Upto February 14, 2012
Financial reporting for the quarter ending March 31, 2012	Upto May 15, 2012
Annual General Meeting for the year ending March 31, 2012	Upto September 30, 2012

Note : Annual Listing fee for the financial year 2011-2012 has been paid to both the Stock Exchanges

10. THE DISTRIBUTION OF SHAREHOLDERS AS ON 31.03.2011 IS AS FOLLOWS :

Range of Holding	No. of shares	Amount (Rs.)	% to Capital	No. of Shareholders	% to Shareholders
1-500	604701	6047010	19.93	3767	91.83
501-1000	139800	1398000	4.61	166	4.05
1001-2000	130599	1305990	4.30	86	2.10
2001-3000	46400	464000	1.53	18	0.44
3001-4000	64200	642000	2.12	18	0.44
4001-5000	58100	581000	1.91	12	0.29
5001-10000	114800	1148000	3.78	15	0.37
Above 10000	1876200	18762000	61.82	20	0.48
Total	3034800	30348000	100.00	4102	100

11. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2011 :

Category	Sub-category	No. of securities held
Promoter's holding	Indian Promoters	1551200
	Foreign Promoters	0
	Persons Acting in Concern	0
	Sub Total	1551200
Institutional Investors	Mutual Funds & UTI	0
	Banks, FIs, Insurance Co.s, Central / State Govt./Non-Govt. Institutions	0
	FII	0
	Sub-Total	0
Others	Private Corporate Bodies	97279
	Indian Public	1271221
	Any Other	115100
	Sub Total	1483600
	Grand Total	3034800