

GRATEX INDUSTRIES LIMITED

...progressing towards excellence

28th

ANNUAL REPORT

2011 - 2012

28th Annual Report 2011 - 2012

Board Of Directors :

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

Registered Office :

109, Kakad Udyog Bhavan,
L.J.Road, Mahim,
Mumbai - 400 016.
Tel : 022 - 40702120/21
Fax : 022 - 40702161
Website : www.gratex.in

Auditors :

M/s Lakhani & Lakhani
Chartered Accountants
F/ 1, Shanti Bhunvan
Co-Operative Hsg. Soc., S.N. Road,
Mulund (West), Mumbai - 400 080

Registrar And Transfer Agents :

Adroit Corporate Services Pvt. Ltd.,
19, Jaferbhoy Industrial Estate,
Makwana Road, Marol Naka,
Andheri (East), Mumbai. - 400 059.
Email : info@adroitcorporate.com

Bankers :

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

IMPORTANT COMMUNICATION TO MEMBERS :

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies and has issued circulars stating that service of documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in Physical form are requested to send the above information i.e. e-mail address to the Company at investor@gratex.in OR to the Registrars And Transfer Agents of the Company at gratexgogreen@adroitcorporate.com for registration of their e-mail address.

A REQUEST :

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of the Annual Report to the meeting.

CONTENTS :

Notice	1	Balance Sheet	19
Directors' Report	4	Profit & Loss Account	20
Report on Corporate Governance	7	Notes on Balance Sheet & Profit & Loss Account	21
Management Discussion and Analysis	13	Cash Flow Statement	32
Auditors' Report	16		

NOTICE

Notice is hereby given that the 28th Annual General Meeting of the members of Gratex Industries Limited will be held on Tuesday, 25th September, 2012, 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, 2012 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. Pradeep Nagori who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Gurvinder Singh Saggi who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Lakhani & Lakhani, Chartered Accountants, (ICAI Registration No. 115728W) in place of M/s Doshi Doshi & Associates, 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.

SPECIAL BUSINESS :

5. Voluntary Delisting of Shares from Ahmedabad Stock Exchange Limited.

To consider &, if thought fit, to pass, with or without modification, following resolution as a Special Resolution :

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, and the rules framed thereunder, listing agreements, SEBI (Delisting of Securities) Guidelines, 2003, and such other applicable laws, rules, regulation and guidelines, and subject to such approvals, permission and sanctions, as may be necessary, the Board of Directors of the Company be and is hereby authorised to seek voluntary delisting of its securities from Ahmedabad Stock Exchange Limited.

RESOLVED FURTHER THAT the securities of the Company shall continue to be listed on the Bombay Stock Exchange Limited and therefore as per the said guidelines issued by the Securities and Exchange Board of India, no exit opportunity need to be given to the Shareholders of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things as it may in its absolute discretion deem necessary or desirable and to execute all such deeds and documents as may be considered necessary and expedient to give effect to the above said resolution."

By Order of the Board

For **Gratex Industries Limited**

Place : Mumbai

Karan Sharma

Date : 11.08.2012

Managing Director

Registered Office

109, Kakad Udyog Bhavan,

L. J. Road, Mahim,

Mumbai - 400 016

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 the 21st September, 2012 to Tuesday the 25th September, 2012 (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.

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

Item No. 5 :

The Securities & Exchange Board of India (SEBI) notified guidelines for Voluntary delisting of Securities from the Stock Exchanges. As per clause 5.2 of SEBI (Delisting of Securities) Guidelines, 2003 and exit opportunity to the Shareholders need not be given where securities of the Company remain listed on the Stock Exchange having nation wide trading terminal, i.e. Bombay Stock Exchange Limited.

At present the equity shares of the Company are listed at Bombay Stock Exchange Limited and Ahmedabad Stock Exchange Limited. Considering the negligible volume of trading on Ahmedabad Stock Exchange Limited and as a part of its cost reduction measure, the consent of members is sought for getting its securities delisted from Ahmedabad Stock Exchange Limited as proposed in the Special Resolution. The securities of the Company shall continue to be listed on the Bombay Stock Exchange Limited.

The Board recommends the resolution for approval of members.

None of the Directors is, in any way, concerned or interested in the said resolution.

By Order of the Board
For Gratex industries Limited

Karan Sharma
Managing Director

Place : Mumbai
Date : 11.08.2012

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

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	Mr. Pradeep Nagori	Mr. Gurvinder Singh Saggu
Date of Birth	14/07/1956	23/07/1957
Date of Appointment	09/03/2006	09/03/2006
Qualifications	B.Com, LLB, FCA, DISA(ICAI)	B.Sc. & MBA.
Expertise in specific functional areas	Practicing Chartered Accountant	He has a career spanning 24 years in the field of Industrial Marketing and SBU Management.
Directorships held in other Public Companies (excluding foreign companies)	NIL	NIL
Memberships/ Chairmanships of committees of other public companies (Includes only Audit and Shareholders / Investors Grievance Committee)	NIL	NIL
Number of Shares held in the Company	NIL	NIL

DIRECTORS' REPORT

Your Directors are pleased to present the 28th Annual Report along with the Audited Accounts of the Company for the financial year ended 31st March, 2012.

1. FINANCIAL HIGHLIGHTS :

The financial performance of the Company, for the year ended 31st March, 2012 is summarized below:

(Amount in Lacs)

	31st March 2012	31st March 2011
Income from Operations	528.02	412.23
Total Expenditure including Depreciation	498.09	408.01
Profit before Tax	29.92	4.21
Profit After Tax	5.72	4.21

2. PERFORMANCE REVIEW :

During the year under review, Income from Operations was ₹ 52,801,951/- against ₹ 41,223,220/- in the previous financial year showing an increase of ₹ 11,578,731/-. However the NPAT for the year is ₹ 572,982/- compared to ₹ 421,669/- 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 ₹ 5,118,695/- your Directors do not recommend any Dividend for the financial year ended 31st March, 2012.

4. OUTLOOK FOR 2012 - 2013 :

The beginning of this year has been very auspicious with the grand opening of our Franchisee Marshalls showroom inside our property covering 8000 sq.ft.

This year for our trading wallpaper sales we are introducing an unprecedented 25 new catalogues with complete stocks. The market is growing well and we need to add more variety across all price ranges to maintain our superiority in the market. This year we have set a target of increasing our rates by 35% and are working towards achieving the same and making Gratex a highly profitable and dividend paying company in the near future. Through our Franchisee business we estimate to earn a gross income of ₹ 36 lakhs in the first year.

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 :

- **Composition**

The Board comprises of eight Directors, four of whom are Non-Executive & Independent Directors, one non-executive Director, two Executive Directors & one Managing Director.

● **Retirement by Rotation**

In accordance with Article 127 of the Articles of Association of the Company Mr. Pradeep Nagori and Mr. Gurvinder Singh Saggi, Independent 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 re-appointment of the Directors retiring by rotation at the ensuing Annual General Meeting.

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, is furnished in the Notice forming part of the Annual Report.

7. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 ("Act"), and based on the representations received from the operating management, the Directors hereby confirm that:

- (i) in the preparation of the Annual Accounts for the year 2011-12, the applicable Accounting Standards have been following and there are no material departures;
- (ii) they have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a fair & true view of the state of affairs of the Company at the end of the Financial year and of the profit of the Company for the financial year.
- (iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Act. They confirm that there are adequate systems and controls for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) they have 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 Limited and Ahmedabad Stock Exchange Limited. The Company has paid the Annual Listing fee to both the Stock Exchanges.

10. AUDITORS AND AUDITORS' REPORT :

M/s. Doshi Doshi & Associates, Chartered Accountants, Mumbai, have tendered their resignation and expressed their un-willingness to be reappointed. Hence the Audit Committee and Board of Directors recommend the appointment of M/s Lakhani & Lakhani, Chartered Accountants as the Statutory Auditors of the Company for the year 2012-13 and they have confirmed their eligibility as Auditors of a Listed Company.

The Company has received a confirmation from them to be 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 ₹ 6,000,000/- or more p.a. if employed for the entire year or ₹ 500,000/- 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 2011-12 was NIL while the outgo was Euro 445728, USD 98477, & GBP 11713.

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.

By Order of the Board
For **Gratex Industries Limited**

Karan Sharma
Managing Director

Place : Mumbai
Date : 11.08.2012

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

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 2011-12. 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	Executive, Promoter	5	Yes	1
Mr. K.P. Bharadwaj	Non-Executive, Independent Director	5	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	No	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. The said meetings were held on 11th May, 2011, 9th August, 2011, 12th November, 2011 and 9th February, 2012. The constitution of the Committee and the attendance of each member of the Committee as on 31st March, 2012 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. Gurvinder Singh Saggu	Chairman	4	4
Mr. Pradeep Nagori	Member	4	4
Mr. Karan Sharma	Member	4	4

The Company had received no complaints during the year from 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, 2012 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
Wednesday, 21 st September, 2011 at 11.30 a.m.	Giants International, 2 nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007	NIL
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 morandum of Association.

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 :

- a. Transaction with related parties have been disclosed vide Notes on Accounts- Schedule '20', forming part of the Annual Report.
- b. 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.
- c. Your Company has complied with all the mandatory requirements of Corporate Governance as required by the Listing Agreements.
- d. 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
Tuesday, 25th September, 2012, 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, 21st September, 2012 to
Tuesday, 25th September, 2012
- Listing on stock exchange Yes
- Stock codes:
Bombay Stock Exchange Limited 526751
Ahmedabad Stock Exchange Limited 19673
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.

Financial Calendar 2012- 2013 (tentative)

Financial reporting for the quarter ending June 30, 2012	Upto August 14, 2012
Financial reporting for the half year ending September 30, 2012	Upto November 14, 2012
Financial reporting for the quarter ending December 31, 2012	Upto February 14, 2013
Financial reporting for the quarter ending March 31, 2013	Upto May 15, 2013
Annual General Meeting for the year ending March 31, 2013	Upto September 30, 2013

Note : Annual Listing fee for the financial year 2012-2013 has been paid to both the Stock Exchanges

10. THE DISTRIBUTION OF SHAREHOLDERS AS ON 31.03.2012 IS AS FOLLOWS :

Range of Holding	No. of Shareholders	% to Shareholders	Total Shares	Amount	% to Capital
1-500	3696	92.26	590201	5902010.00	19.45
501-1000	153	3.82	130000	1300000.00	4.28
1001-2000	80	2.00	121399	1213990.00	4.00
2001-3000	16	0.40	40600	406000.00	1.34
3001-4000	17	0.42	60700	607000.00	2.00
4001-5000	10	0.25	48900	489000.00	1.61
5001-10000	16	0.40	119300	1193000.00	3.93
Above 10000	18	0.45	1923700	19237000.00	63.39
Total	4006	100.00	3034800	3034800.00	100.00

11. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012 :

Category	Sub-category	No. of securities held
Promoter's holding	Indian Promoters	1,624,900
	Foreign Promoters	0
	Persons Acting in Concern	0
	Sub Total	1,624,900
Institutional Investors	Mutual Funds & UTI	0
	Banks, FIs, Insurance Co's, Central /State Govt./Non-Govt. Institutions	0
	FI	0
	Sub-Total	0
Others	Private Corporate Bodies	79,300
	Indian Public	1,217,500
	Any Other	113,100
	Sub Total	1,409,900
	Grand Total	3,034,800

12. STOCK MARKET PRICE DATA AT BOMBAY STOCK EXCHANGE :

Month	Open	High	Low	Close	No. of Shares	No. of Trades	Total Turnover	Spread	
								H-L	C-O
April 11	7.00	7.00	6.20	6.30	4,100	20	26,628	0.80	-0.70
May 11	5.99	5.99	5.43	5.70	1,000	5	5,675	0.56	-0.29
June 11	5.98	10.35	5.98	9.36	8,000	56	73,154	4.37	3.38
July 11	9.18	9.18	9.00	9.00	3,400	13	30,636	0.18	-0.18
August 11	8.83	9.00	8.66	8.73	22,800	37	2,03,177	0.34	-0.10
September 11	8.56	8.56	7.96	7.96	1,500	7	12,481	0.60	-0.60
October 11	8.35	11.20	8.35	10.14	8,400	31	87,444	2.85	1.79
November 11	9.64	10.83	7.99	7.99	14,600	31	1,40,505	2.84	-1.65
December 11	8.38	9.55	8.38	9.55	9,900	21	90,459	1.17	1.17
January 12	9.20	10.00	8.17	8.17	5,700	15	53,848	1.83	-1.03
February 12	7.77	11.95	7.03	10.80	10,300	42	1,06,423	4.92	3.03
March 12	10.27	10.27	9.17	9.60	3,900	10	37,995	1.10	-0.67
April 12	9.13	9.90	9.00	9.90	2,900	15	26,970	0.90	0.77
May 12	10.35	10.40	8.63	8.63	6,100	17	60,723	1.77	-1.72
June 12	8.50	8.50	8.08	8.08	1,100	2	9,308	0.42	-0.42
July 12	7.68	7.68	6.60	7.50	6,975	28	50,042	1.08	-0.18

13. COMPLIANCE CERTIFICATE AND CORPORATE GOVERNANCE CERTIFICATE

The Company has obtained Certificate from Ashita Kaul & Associates, Practising Company Secretary regarding Compliance as per Companies Act, 1956 and Compliance of conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

14. CEO AND CFO CERTIFICATION

As per the requirement of Clause 49 of the Listing Agreement, a Certificate duly signed by Managing Director and the Chairman of the Company has been submitted to the Board.

FOR & ON BEHALF OF THE BOARD

Baldevkrishan Sharma
Chairman

Karan Sharma
Managing Director

PLACE : Mumbai

DATED : 11.08.2012

MANAGEMENT DISCUSSION AND ANALYSIS

1. Industry Overview :

Gratex Industries Limited, being well known in the Industry as a pioneer, its product commands a strong brand image. GIL has been in the forefront in launch of new designs, which make a life-style statement. Our focus is also on the Industrial Consumer and this will significantly expand the market base.

During the year, the Company has consolidated in the area of setting up the infrastructure for efficient Warehousing of imported Stocks and Network Marketing on all India basis.

Significant progress is also made by the Company in installation of wallpapers by up-grading the Adhesives used and providing technical back up support for post sales problems.

2. Perceived Business Risks :

Wallpaper industry is a largely unorganized industry with lack of proper infrastructure. The influx of cheap Chinese & Korean wallpapers is creating an impact on the lower end of the market which may be a long term concern as it may damage the industry name due to poor quality standards.

3. Risk Management and Environment Policy :

We have a good policy structure in place with which we can make response to any crisis. We have tied up with largely renowned companies from Europe & USA for exclusive wallpaper imports into India, thus buffering ourselves by offering only high quality products at a very competitive price.

The Company is committed to achieving excellence in environmental performance, and preservation and promotion of environment are of fundamental concern in all our business activities. In this pursuit, your Board conducts its meeting in a paperless environment.

4. Internal Control Systems :

The Company has a well defined organizational structure, proper policy guidelines and internal controls to ensure efficiency of operations, compliance with applicable laws and regulations and protection of resources from unauthorized use or losses.

Certain salient features of Internal Control Systems are :

- Regular meeting of the concerned officials at apex level to review operations and plans in key business areas;
- Properly established Audit Committee that timely reviews the operations; and
- Preparation and monitoring of quarterly/ half yearly/ annual budgets for all operating and service functions.

Internal Check system and control is exercised with proper adherence to various procedures laid down by law, rules and regulations applicable. The top management and the Audit Committee of the Board review the findings and recommendations of the internal audit panel.

5. Social Commitment :

Your Company has commitment for fulfilling its responsibilities towards the enrichment of the society.

6. Human Resources Management :

The Company is committed to provide an environment that helps its employees and workers to deliver their best. Therefore, the Company designs its human resource policies in such a way that it motivates the budding professional who are led by experienced personnel. Differentiated compensation and growth opportunities were provided to ensure retention of key talent and successors for all critical positions. The Company ensures that the employees are encouraged to take up voluntary ventures that enable them to work, learn and develop in such a way that their personal achievements contribute to organizational growth.

7. Cautionary Statement :

Statements in this Management Discussions and Analysis Report describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ materially from those either expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the markets in which the company operates, changes in the Government regulations, tax laws and other statutory and incidental factors.

CERTIFICATE OF CHAIRMAN AND OF THE MANAGING DIRECTOR

We have reviewed the financial statements and the cash flow statement for the financial year 2011 - 2012 and certify that:

- (a) These statements to the best of our knowledge and belief:
 - (i) do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.;
 - (ii) present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.
- (d) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have also indicated to the Auditors and the Audit Committee:
 - (i) Significant changes in internal control during the year.
 - (ii) Significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvements therein, if any, of the Management or an employee having a significant role in the company's internal control system.
 - (iv) We affirm that we have not denied any personal access to the Audit Committee of the Company (in respect of matters involving alleged misconduct, if any)

Baldevkrishan Sharma
Chairman

Karan Sharma
Managing Director

PLACE : Mumbai

DATED : 11.08.2012

ASHITA KAUL & ASSOCIATES

Company Secretaries

A004, Angelica Building, Pride Park, Ghodbunder Road, Next to R Mall, Thane West 400 607

Phones : 989 233 2128 / 022 2589 8656

CERTIFICATE ON CORPORATE GOVERNANCE

TO THE MEMBERS OF

GRATEX INDUSTRIES LIMITED

We have examined the Compliance of conditions of Corporate Governance by **GRATEX INDUSTRIES LIMITED** ("the Company"), for the year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Ashita Kaul & Associates

Proprietor

Place : Mumbai

Date : 11.08.2012

ACS No : 17756

CP No : 6529

AUDITORS' REPORT TO THE MEMBERS OF GRATEX INDUSTRIES LIMITED

To

The Members of Gratex Industries Limited

1. We have audited the attached Balance Sheet of **Gratex Industries Limited** ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books of the Company;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account of the Company;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
5. *During the year, the Company had given remuneration to a non executive director.*
6. *The company has not provided towards liability towards employee benefits / obligations for the year.*
7. In our opinion, and to the best of our information and according to the explanations given to us, *subject to the matter included in paragraph 5 and 6 above*, the said financial statements and the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and present a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b. in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c. in the case of cash flow statement, of the cash flows for the year ended on that date.

For Doshi Doshi & Associates
Firm Registration Number: 121773W
Chartered Accountants

Dinesh Doshi
Partner

Membership No.: F - 9464

Mumbai : August 11, 2012

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of Gratex Industries Limited on the financial statements for the year ended 31st March, 2012

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

1. (a) The Company is in the process of updating its records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management at regular intervals which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. However, no physical verification was conducted during the year.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
(b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
(c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. The Company has not granted / taken any loans, secured or unsecured, to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for sale of services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which appear to be reasonable considering the arrangement with such parties and non availability of comparative figures.
6. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no Order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company in respect of the aforesaid deposits.
7. The company does not have any internal audit department as such. However, in our opinion, the Company has reasonable internal checks and controls, which ensure an internal audit system which is commensurate with its size and the nature of its business.
8. We are informed that the Central Government of India has not prescribed the maintenance of cost records under Section 209(1)(d) of the Act;

9. (a) According to the records of the Company, it has been generally regular in depositing, wherever applicable, undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Wealth Tax, VAT, Custom Duty, Cess and other statutory dues with the appropriate authorities. However, there were no amounts outstanding at the last day of the financial year for a period exceeding six months from the date they became payable. There were no dues during the year towards Employees State Insurance and Excise Duty;
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income-tax, sales-tax, VAT, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute;
10. The Company has accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holder.
12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, the Company has not taken any term loan.
17. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The Company has not issued any debentures.
20. The Company has not raised any money by public issues during the year.
21. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, for the year under report, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year. We are informed of instances' of fraud on the company in earlier year, which have been disclosed appropriately in the financials of the Company.

For Doshi Doshi & Associates

Firm Registration Number: 121773W

Chartered Accountants

Dinesh Doshi

Partner

Membership No.: F - 9464

Mumbai : August 11, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No.	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	30,348,000	30,348,000
Reserves and surplus	3	(3,265,886)	(3,838,868)
		27,082,114	26,509,132
Non-current liabilities			
Deffered tax liabilities		1,366,217	-
Other Long term liabilities	4	282,179	-
		1,648,396	-
Current liabilities			
Short-term borrowings	5	3,105,058	3,410,818
Trade payables	6	3,012,353	111,205
Other current liabilities	7	18,479,629	7,072,703
Short-term provisions	8	3,003,151	-
		27,600,191	10,594,726
TOTAL		56,330,701	37,103,858
II. ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible assets	9	8,577,248	6,888,345
(ii) Capital work-in-progress	9	5,249,447	-
Long-term loans and advances	10	12,632,689	12,635,962
Other non-current assets	11	616,436	616,436
		27,075,820	20,140,743
Current assets			
Inventories	12	24,402,546	15,122,620
Cash and cash equivalents	13	36,730	67,582
Short-term loans and advances	14	4,400,689	1,520,325
Other current assets	15	414,916	252,588
		29,254,881	16,963,115
TOTAL		56,330,701	37,103,858

Significant Accounting Policies 1
Notes on Financial Statements 2 to 30

As per attached report of even date
FOR DOSHI DOSHI AND ASSOCIATES
FIRM REGISTRATION NO: 121773W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

DINESH DOSHI
PARTNER
Membership No.: F - 9464

BALDEVKRISHAN SHARMA
CHAIRMAN

KARAN SHARMA
MANAGING DIRECTOR

Mumbai : August 11, 2012

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Note No.	Year Ended 31 st March, 2012 ₹	Year Ended 31 st March, 2011 ₹
I. INCOMES			
Revenue From Operations		52,801,951	41,223,220
TOTAL		52,801,951	41,223,220
II. EXPENSES			
Purchases of Material		48,972,181	35,498,149
(Increase) / Decrease in Inventory	16	(9,279,926)	(3,622,800)
Employee benefits expense	17	3,628,854	3,153,710
Finance costs	18	302,122	288,238
Depreciation and amortization expense	9	341,624	169,449
Other expenses	19	5,844,915	5,314,805
TOTAL		49,809,770	40,801,551
Profit before Extraordinary and Exceptional items and tax		2,992,181	421,669
Extraordinary / Exceptional Items		-	-
Profit before tax		2,992,181	421,669
Prior Period Expense		372,673	-
Tax expense:			
Current tax		680,309	-
Deferred tax		1,366,217	-
Profit / (Loss) for the period		572,982	421,669
Earning per equity share of Face Value of ₹ 10 /- each:			
Basic and Diluted		0.19	0.14
Weighted average number of shares outstanding		3,034,800	3,034,800
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 30		

As per attached report of even date
FOR DOSHI DOSHI AND ASSOCIATES
FIRM REGISTRATION NO: 121773W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

DINESH DOSHI
PARTNER
Membership No.: F - 9464

BALDEVKRISHAN SHARMA
CHAIRMAN

KARAN SHARMA
MANAGING DIRECTOR

Mumbai : August 11, 2012

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE - 1

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

1 Corporate Information

Gratex Industries Limited is a listed public limited Company domiciled in India, incorporated under the Companies Act, 1956. The Company is a trader, reseller and a wholeseller of wall papers and related products.

2 Significant Accounting Policies

I. Basis Of Preparation Of Financial Statements

The financial statements have been prepared and presented under the historical cost convention using the accrual basis of accounting in accordance with the accounting principles generally accepted in India and are in accordance with the applicable Accounting Standards, Guidance Notes and the relevant provisions of the Companies Act, 1956.

II. Use Of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known / materialized

III. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will accrue to the Company and the revenue can be reliably measured.

A Income from Operating / Trading Activities :

Revenue from sale of trading materials is recognized on transfer of significant risks and rewards of ownership to the buyer. Revenue recognition is postponed to the extent of significant uncertainty.

B Interest:

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

C Others:

Other Revenues / Incomes and Costs / Expenditure are generally accounted on accrual, as they are earned or incurred.

IV. Tangible Assets and Depreciation / Amortisation

- A. Tangible Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation / amortisation and accumulated impairment losses, if any.
- B. Depreciation is provided on the Straight Line Method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to assets or on sale/disposal of assets is calculated pro-rata from the date of such addition, or upto the date of such sale/disposal, as the case may be.
- C. Leasehold Land, being held under a very long lease and in the nature of a perpetual asset has not been amortised.

V. Inventories

Inventories are stated at Cost or Net Realizable Value, whichever is lower.

Cost of Inventory includes Invoice rate as increased by related government duties and charges and other related direct costs.

Method of valuation is first in first out (FIFO) basis.

VI. Employee Benefits

Employee benefits in the nature of short term employee benefits as well as post term employee benefits are recognised as an expense in the statement of Profit & Loss for the year in which they are incurred.

VII. Borrowing Costs

Interests and other borrowing costs attributable to qualifying assets are allocated as part of the cost of development of such assets. Such allocation is suspended during extended periods in which active development is interrupted. Other borrowing costs are charged to the Profit and Loss Statement.

VIII. Foreign Currency Transactions

- A. All transaction in foreign currency are recorded in the reporting currency, at the rates of exchange prevailing on the dates the relevant transactions take place.
- B. Monetary Assets and Liabilities in foreign currency, outstanding at the close of the year are converted in Indian Currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.

IX. Segment Reporting

The company is engaged in the business of Trading of Wall Papers and Related Products, which as per Accounting Standards AS-17-'Segment Reporting' is considered to be the only reportable business segment. The Company is also operating within the same geographical segment. Hence, disclosures under AS-17 are not applicable.

X. Taxations

Income tax expense comprises Current Tax and Deferred Tax charge or credit. Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year. The deferred tax asset and deferred tax liability is calculated by applying tax rate and laws that have been enacted or substantively enacted by the Balance Sheet date. Deferred tax assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws, are recognized, only if there is a virtual certainty of its realization, supported by convincing evidence. Deferred tax assets on account of other timing differences are recognized only to the extent there is a reasonable certainty of its realization. At each Balance Sheet date, the carrying amounts of deferred tax assets are reviewed to reassure realization.

XI. Impairment of Assets

The carrying amount of assets is reviewed at each Balance Sheet date. If there is any indication of impairment based on internal/external factors, i.e. when the carrying amount of the assets exceeds the recoverable amount, an impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. An impairment loss recognised in prior accounting periods is reversed or reduced if there has been a favourable change in the estimate of the recoverable amount.

XII. Provisions, Contingent Liability and Contingent Assets

Provisions involving a substantial degree of estimation in measurement are recognised when there is present obligation as a result of past events and its probable there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the financial statement. Contingent assets are neither recognised not disclosed in the financial statements.

NOTE - 2 SHARE CAPITAL	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
AUTHORISED		
40,00,000 (P.Y. 40,00,000) Equity Shares of ₹ 10/- each	40,000,000	40,000,000
	<u>40,000,000</u>	<u>40,000,000</u>
ISSUED, SUBSCRIBED AND PAID UP		
30,34,800 (P.Y. 30,34,800) Equity Shares of ₹ 10/- each fully paid up	30,348,000	30,348,000
TOTAL	<u>30,348,000</u>	<u>30,348,000</u>

Foot Note:

1.1 Reconciliation of the number of shares outstanding at the beginning and at the end of reporting period:

	No. of equity shares	
	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
Number of Shares at the Beginning	30,34,800	30,34,800
Add/(Less) :		
Issue during the period	-	-
Buyback during the period	-	-
Redemption / Conversion during the period	-	-
At the end of the reporting period (Nos)	<u>3,034,800</u>	<u>3,034,800</u>

1.2 Equity shareholders holding more than five percent shares in the company :

Name of Shareholder	As at 31 st March, 2012		As at 31 st March, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Baldevkrishan Sharma	1,163,400	38.34%	1,089,900	35.91%
Promila Sharma	290,100	9.56%	290,100	9.56%
Others	1,581,300	52.11%	1,654,800	54.53%
	<u>3,034,800</u>	<u>100%</u>	<u>3,034,800</u>	<u>100%</u>

1.3 Terms / Right attached to Ordinary Equity Shares :

The company has a single class of equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing annual general meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company in proportion to the number of equity shares held by each shareholder, after the settlement of all preferential obligations.

NOTE - 3

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
RESERVES AND SURPLUS		
Capital Reserves		
Opening Balance / Closing Balance	1,046,026	1,046,026
General reserve		
Opening Balance / Closing Balance	806,783	806,783
Profit & Loss Account		
Opening Balance	(5,691,677)	(6,113,346)
Add/(Less) : Current Year Transaction	572,982	421,669
	(5,118,695)	(5,691,677)
Grand Total	(3,265,886)	(3,838,868)

NOTE - 4

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
OTHER LONG TERM LIABILITIES		
Trade Payables	282,179	-
Total	282,179	-

NOTE - 5

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
SHORT TERM BORROWINGS		
Repayable on Demand		
Secured		
- from banks (secured against Bookdebts)	1,505,058	1,810,818
Unsecured		
- from directors / related parties	1,600,000	1,600,000
Total	3,105,058	3,410,818

NOTE - 6

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
TRADE PAYABLES		
Trade payables		
Micro, small & Medium enterprises*	-	-
Others	3,012,353	111,205
Total	3,012,353	111,205

Foot Note :

* In the absence of necessary information with the company relating to registration status of suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, the information required under the said Act, could not be compiled and disclosed.

NOTE - 7

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
OTHER LIABILITIES		
Advance from customers	17,938,379	7,072,703
Other payables :		
- statutory dues	451,250	-
- others	90,000	-
Total	18,479,629	7,072,703

NOTE - 8

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
SHORT TERM PROVISIONS		
Provision for Expenses	2,322,842	-
Provision for Income Tax	680,309	-
Total	3,003,151	-

NOTE - 9

FIXED ASSETS as at 31 March, 2012

(₹)

Fixed Assets	GROSS BLOCK			DEPRECIATION / AMORTISATION			IMPAIRMENT	NET BLOCK	
	Balance as at 1 April 2011	Additions/ (Disposals)	Deduction/ Adjustments*	Balance as at 31 Mar 2012	Balance as at 1 April 2011	Provided during the year		Deduction/ Adjustments*	Balance as at 31 March 2012
Tangible Assets									
Leasehold Land @	240,000	-	-	240,000	-	-	-	240,000	240,000
Buildings	4,249,365	-	-	4,249,365	1,550,036	90,158	-	2,009,171	2,699,329
Plant and Equipment	10,197,332	477,798	3,294,723	7,380,407	6,877,572	520,631	3,294,723	3,276,927	3,319,760
Furniture and Fixtures	1,044,673	453,525	-	1,498,198	695,660	40,857	-	761,681	349,013
Vehicles	307,145	-	307,145	-	307,145	-	307,145	-	-
Office equipment	399,113	1,469,402	131,396	1,737,119	318,087	27,883	131,396	1,522,545	81,026
Computers	943,461	-	-	943,461	744,244	32,293	-	166,924	199,217
Total	17,381,089	2,400,725	3,733,264	16,048,550	10,492,744	711,822	3,733,264	8,577,248	6,888,345
Capital Work in Progress								5,249,447	
Previous year figures	21,556,969	(4,175,880)		17,381,089	10,323,296	169,449		6,888,345	11,233,673

Foot Note:

@ Leasehold Land, being in the nature of a perpetual asset is not amortised.

* Figures disclosed under Deductions/Adjustments includes rectification adjustments / restatements pertaining to earlier years.

NOTE - 10

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
Long Term Loans and Advances		
Security Deposits		
Unsecured, considered good	102,058	105,331
Other loans and advances		
Unsecured, considered good*	12,530,631	12,530,631
Total	12,632,689	12,635,962

Foot Note:

* The above comprises of balances recoverable from parties, against whom criminal proceedings have been filed and which are considered as recoverable:

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
Name of the party		
Elar Fashions Limited	6,810,117	6,810,117
Andhra Pradesh Power Tools Limited	5,720,514	5,720,514
Total	12,530,631	12,530,631

NOTE - 11

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
OTHER NON CURRENT ASSETS		
Unsecured, considered good*	616,436	616,436
Total	616,436	616,436

Foot Note:

* The above comprises of balance misappropriated by an ex-employee against whom criminal proceedings have been filed and the amount is considered as recoverable.

NOTE - 12

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
INVENTORIES		
Stock in hand	24,402,546	15,122,620
Total	24,402,546	15,122,620

NOTE - 13

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
CASH AND CASH EQUIVALENTS		
Cash on hand	36,730	67,582
Balances with Bank in Current Accounts	-	-
Total	36,730	67,582

NOTE - 14

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
SHORT TERM LOANS AND ADVANCES		
Advances recoverable in cash or kind or for value to be received:		
Unsecured, considered good	4,400,689	1,520,325
	4,400,689	1,520,325

NOTE - 15

	As at 31 st March, 2012 ₹	As at 31 st March, 2011 ₹
OTHER CURRENT ASSETS		
Other Advances *	414,916	252,588
	414,916	252,588

Foot Note: * The above comprises of balance recoverable from a body corporate amounting to ₹167,586/- which the Director consider as recoverable.

NOTE - 16

	Year Ended 31 st March, 2012 ₹	Year Ended 31 st March, 2011 ₹
(INCREASE)/ DECREASE IN INVENTORY		
Opening Stock of Inventory	15,122,620	11,499,820
Less : Closing stock of Inventory	24,402,546	15,122,620
Total	(9,279,926)	(3,622,800)

Foot note :

Particulars

	Year Ended 31 st March 2012 ₹	Year Ended 31 st March 2011 ₹
Material sold during the year:		
- Wall papers & Related Products	39,692,255	31,875,349
Total	39,692,255	31,875,349
Inventory as at 31st March:		
- Wall papers & Related Products	24,402,546	15,122,620
Total	24,402,546	15,122,620

NOTE - 17

	Year Ended 31 st March, 2012 ₹	Year Ended 31 st March, 2011 ₹
EMPLOYEE COST		
Salaries, wages, bonus, & others	3,161,798	2,618,296
Employer's contribution to PF, ESIC etc.	93,536	106,757
Gratuity	-	133,290
Staff welfare expense	373,520	295,367
Total	3,628,854	3,153,710

NOTE - 18

	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
	₹	₹
FINANCE COST		
Interest on borrowings	302,122	288,238
Total	302,122	288,238

NOTE - 19

	Year Ended 31 st March, 2012	Year Ended 31 st March, 2011
	₹	₹
OTHER EXPENSES		
Repairs and maintenance	3,264,431	1,470,150
Rent rates & taxes	156,682	159,182
Printing & stationary	183,517	98,840
Foreign exchange gain/ loss	127,343	-
Auditor's remuneration		
- as an auditor	100,000	45,000
- other certification fees	-	-
Director's Sitting fees	164,500	124,000
Electricity chrges	334,580	227,680
Professional charges	519,031	424,302
Delivery van expenses	227,235	286,073
Professional tax (Company)	2,500	-
Security charges	273,784	268,866
Advertising and sales promotion	55,409	106,306
Loss on sale of assets	-	1,496,266
Other expenses	435,903	608,139
Total	5,844,915	5,314,804

20. RELATED PARTY DISCLOSURES

A. Nature Of Relationship :

1. Company's under the same management, where control exists :

Marshalls Enterprise India Private Limited (MEIPL)

2. (a) Key Management Personnel (KMP)

Mr. Baldevkrishan Sharma

Mr. Karan Sharma

(b) Relatives of Key Management Personnel and their enterprises, where transactions have taken place

Mrs. Promila Sharma

Note: Related party relationships are as identified by the Company and relied upon by the Auditors.

B. Transactions with Related Parties :

(₹)

S.n	Nature of Transaction	MEIPL	KMP	Relatives of KMP
1	Loans and Advances Received / Recovered	6,59,12,757 (4,43,70,000)	20,000 (-)	20,000 (-)
2	Loans and Advances Given /Repaid/Adjusted	- (-)	20,000 (-)	20,000 (-)
3	Interest Paid	- (-)	- (-)	1,20,000 (1,20,000)
4	Reimbursement of Expences	24,55,040 (63,73,540)	- (-)	- (-)
5	Sale of Goods / Material	5,26,05,290 (4,12,23,220)	- (-)	- (-)
6	Rent Paid	- (-)	- (-)	60,000 (60,000)
7	Director Remuneration, Perks and sitting fees paid BaldevKrishan Sharma	- (-)	5,64,000 (5,64,000)	- (-)
	Karan Sharma	- (-)	4,20,000 (4,20,000)	- (-)
	Mrs. Promila Sharma	- (-)	- (-)	25,000 (25,000)
8	Balance Outstanding - Payable	1,79,38,379 (70,72,703)	59,000 (-)	12,14,000 (12,00,000)

Foot Note:

Previous year figures are given in brackets.

22. VALUE OF PAYMENTS MADE IN FOREIGN EXCHANGE :

Value of imports on CIF basis :

Particulars	2011-2012	2010-2011
Purchase of Goods:		
Euro	4,45,728	4,37,360
USD	98,477	1,16,,807
GBP	11,713	5,903

23. DISCLOSURE OF DERIVATIVES :

- a. No derivative instruments were outstanding at the close of the year.
b. Uncovered risks in foreign currency transactions disclosed as at 31st March, 2012 :

	EURO	USD	GBP
Cash on hand	- (-)	- (-)	- (-)
Creditors	36,742 (858.79)	- (-)	- (-)
Loans given	- (-)	- (-)	- (-)

Foot note:

Previous year figures are given in brackets.

24. Loans and Advances in the nature of loans disclosed under Note - 10 includes :

Loans to Others:

(₹)

S.n	Name of the Loanee	As as 31-03-2012	Maximum Balance 2011-2012	As as 31-03-2011	Maximum Balance 2010-2011
1	Andhra Pradesh Power Tools Limited	57,20,514	57,20,514	57,20,514	57,20,514
2	Elar Fashion Limited	68,10,117	68,10,117	68,10,117	68,10,117

Footnote:

- None of the directors of the above entity's are directors in the Company.
 - Interest has not been provided, on account of litigation and on conservative basis, on the above loans.
25. Debtors, Creditors and Loans and advances are subject to confirmations, reconciliation and adjustments and are considered payable/realizable, as the case may be.
26. In the opinion of the Board of Directors of the Company, all items of Current and Non Current Assets, Current and Non Current Liabilities and Loan and Advances continue to have a realizable value of at least the amounts at which they are stated in the balance sheets.

27. PRIOR PERIOD ADJUSTMENT :

(₹)

Particulars	As at 31-03-2012	As at 31-03-2011
Expenses:		
Depreciation Adjustment	3,70,198	-
Professional Fees	2,475	-
Total	3,72,673	-

28. CONTINGENT LIABILITY (Not Provided for)

In the opinion of the management, the company does not have any liabilities, which have not been provided for.

29. EARNINGS PER SHARE

Particulars		2011-2012	2010-2011
Net Profit as per Profit and Loss Account available for Equity Shareholders	₹	5,72,982	4,21,669
Number of Shares as on 31st March,	Nos.	30,34,800	30,34,800
Weighted average number of equity shares outstanding during the year	Nos.	30,34,800	30,34,800
Earnings Per Share of ₹10/- each (Basic and Diluted)	₹	0.19	0.14

30. The financial statements for the year ended March 31, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended March 31, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

AS PER OUR REPORT ANNEXED

FOR DOSHI DOSHI AND ASSOCIATES

FOR AND ON BEHALF OF THE BOARD

FIRM REGISTRATION NO: 121773W

CHARTERED ACCOUNTANTS

DINESH DOSHI
PARTNER
Membership No.: F - 9464

BALDEVKRISHAN SHARMA
CHAIRMAN

KARAN SHARMA
MANAGING DIRECTOR

Mumbai : August 11, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

Particulars	Year Ended 31 st March, 2012		Year Ended 31 st March, 2011	
	₹		₹	
I CASH FLOW ARISING FROM OPERATING ACTIVITIES :				
Net Profit before Tax as per Profit and Loss Account		2,619,508		421,669
Add / (Deduct) :				
Interest and Finance Charges	302,122		288,238	
Depreciation and Amortisation	341,624		169,449	
Loss on sale of fixed assets	-		1,496,267	
Profit on sale on current investments	-		-	
Prior Period Adjustments (Depreciation)	370,198	1,013,944	-	1,953,954
Operating Profit before Working Capital Changes		3,633,452		2,375,623
Add / (Deduct) :				
(Increase)/ Decrease in Inventories	(9,279,926)		(3,622,800)	
(Increase)/ Decrease in other current assets	(162,328)		961,313	
(Increase)/ Decrease in long term advances	3,273			
(Increase)/ Decrease in long term advances	(2,880,364)			
Increase / (Decrease) in Trade Payables	16,913,095		(494,640)	
Direct Taxes Paid	-	4,593,750		(3,156,127)
Net Cash Flow in the course of Operating Activities		8,227,202		(780,504)
II CASH FLOW ARISING FROM INVESTING ACTIVITIES :				
Inflow / (Outflow) on account of :				
Fixed Assets (Net)	(7,650,172)	(7,650,172)	2,679,612	2,679,612
Net Cash Flow in the course of Investing Activities		(7,650,172)		2,679,612
III CASH FLOW ARISING FROM FINANCING ACTIVITIES :				
Inflow / (Outflow) on account of :				
Increase / (Decrease) in Unsecured Loans	(305,760)		(1,595,404)	
Interest and Finance Charges	(302,122)	(607,882)	(288,238)	(1,883,642)
Net Cash Flow in the course of Financing Activities		(607,882)		(1,883,642)
Net Increase / (Decrease) in Cash and Cash Equivalents (I+II+III)		(30,852)		15,466
Add: Balance at the beginning of the year		67,582		52,116
Cash and Cash Equivalents at the close of the year		36,730		67,582

As per attached report of even date
FOR DOSHI DOSHI AND ASSOCIATES
FIRM REGISTRATION NO: 121773W
CHARTERED ACCOUNTANTS

FOR AND ON BEHALF OF THE BOARD

DINESH DOSHI
PARTNER
Membership No.: F - 9464

BALDEVKRISHAN SHARMA
CHAIRMAN

KARAN SHARMA
MANAGING DIRECTOR

Mumbai : August 11, 2012

GRATEX

GRATEX INDUSTRIES LIMITED

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

PROXY FORM

I/We _____ of _____
in the district of _____ being a member/ members of GRATEX INDUSTRIES LIMITED hereby appoint
_____ of in the district of _____ of failing him _____ for me/us and on my/
our behalf at the TWENTY-EIGHTH ANNUAL GENERAL MEETING of the Company to be held on 25th September,
2012, at Giants International, 2nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007 at
11.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Affix Re.1/-
Revenue
Stamp

Signature of Shareholder

Folio No.:

Client ID/ DP ID _____

NOTE : This form duly completed should be deposited at the Registered Office of the Company before 48 hours of the meeting. A Proxy need not be a Member.

GRATEX

GRATEX INDUSTRIES LIMITED

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

ATTENDANCE SLIP

(Shareholders attending the Meeting in person or by proxy are requested to complete the attendance slip and hand over at the entrance of the Meeting hall)

I hereby record my presence at the **TWENTY-EIGHTH ANNUAL GENERAL MEETING** of the Company to be held on 25th September, 2012, at Giants International, 2nd Floor, Orient Club Bldg. No. 9, Chowpatty Seaface, Mumbai - 400 007 at 11.30 a.m.

Folio No.: _____

Client ID/ DP ID _____

Full name of the Shareholder / Proxy _____

(in block letters)

Signature of the Shareholder/s or Proxy

PLEASE BRING THIS ATTENDANCE SLIP AT THE MEETING

Book - Post

If undelivered, please return to :

GRATEX INDUSTRIES LIMITED

**Regd. Office : 109, Kadad Udyog Bhavan,
L.J.Road, Mahim, Mumbai - 400 016.**