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**32<sup>ND</sup>**

**ANNUAL REPORT**

**GRATEX INDUSTRIES LIMITED**  
**2015-2016**



## **Company Information**

### **Board Of Directors :**

Baldevkrishan Sharma - Chairman  
Karan Sharma - Managing Director  
Mona Menon - Chief Financial Officer  
Promila Sharma  
(resigned w.e.f. 11.08.2015)  
Pratap Menon (resigned w.e.f. 11.08.2015)  
K.P. Bharadwaj  
Gurvinder Singh Saggu  
Bhagwati Prasad Mangal  
Rekha Nagori (resigned w.e.f. 07.11.2015)

### **Registered Office :**

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

### **Auditors :**

#### **M/s. Lakhani & Lakhani**

3rd Floor, B wing  
Ashar IT park, Road no. 16,  
Waghle Estate, Thane (West).  
Thane - 400 604

### **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](mailto:info@adroitcorporate.com)

### **Bankers :**

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

### **Important Communication to members :**

Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with the Rules framed thereunder, the Notice calling the Annual General Meeting along with the Annual Report is sent by electronic mode to those Members whose e-mail addresses are registered with the Depository or the Company, unless the Members have requested for a physical copy of the same.

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 their e-mail address to the Company at [investor@gratex.in](mailto:investor@gratex.in) OR to the Registrars And Transfer Agents of the Company at [info@adroitcorporate.com](mailto:info@adroitcorporate.com) for Registration

### **CONTENTS :**

<i>Notice</i> .....	1	<i>MD and CFO certification</i> .....	26
<i>Directors' Report</i> .....	7	<i>Auditors' Report &amp; Annexure</i> .....	28
<i>Annexure to Directors' Report</i> .....	11	<i>Balance Sheet</i> .....	35
<i>Report on Corporate Governance</i> .....	20	<i>Profit &amp; Loss Statement</i> .....	36
<i>Management Discussion and Analysis</i> .....	25	<i>Notes To The Financial Statements</i> .....	38
		<i>Proxy Form &amp; Attendance Slip</i> .....	48,50

## NOTICE

Notice is hereby given that the thirty-second Annual General Meeting of Gratex Industries Limited will be held on Tuesday, September 27, 2016 at 10.00 a.m. at Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028 to transact the following business:

### ORDINARY BUSINESS :

- 1 To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2016 and the Reports of the Board of Directors and Auditors thereon.
- 2 To appoint a Director in place of Mrs. Mona Pratap Menon (DIN 00117025) who retires by rotation and being eligible, offers herself for re-appointment.
- 3 To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution** :

**“RESOLVED THAT** pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time and pursuant to the recommendations of the Audit Committee and the Board of Directors and pursuant to the approval of the Members, at the thirtieth Annual General Meeting, the Company hereby ratifies the appointment of M/s Lakhani & Lakhani, Chartered Accountants, (ICAI Registration No. 115728W), as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the thirty-third AGM of the Company to be held in the year 2017 at a remuneration to be determined by the Board of Directors of the Company.”

### SPECIAL BUSINESS :

- 4 To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution** :  
**Re-appointment of Mr. Krishna Prakash Bhardwaj (DIN-00276699), “Whole-Time Director” of the Company, liable to retire by rotation :**

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 along with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and whereas pursuant to the recommendations of the Nomination and Remuneration Committee, the approval of the members of the Company be and is hereby accorded for the reappointment of Mr. Krishna Prakash Bhardwaj (DIN-00276699) as “Whole-Time Director” of the Company, liable to retire by rotation, with effect from April 1, 2016 for a period of 5 years on the modified terms and conditions as set out in the Explanatory Statement annexed to the Notice convening this meeting and for the purpose of identification, initialed by the Managing Director for authentication.

**FURTHER RESOLVED THAT** consent of the Company be accorded to the Board of Directors (hereinafter referred to as ‘the Board’ which terms shall be deemed to include any Committee of the Board constituted to exercise its powers including the powers conferred by this Resolution) to alter and vary the terms and conditions and/or remuneration, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013 in such form and manner or with such modifications as the Board may deem fit and agreed to by Mr. Krishna Prakash Bhardwaj.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.”

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

**Karan Sharma  
Managing Director  
(DIN: 00117188)**

**Place : Mumbai  
Date : 26.05.2016**

**NOTES :**

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy/proxies to attend and vote instead of himself/herself and such proxy/proxies need not be a member of the company.**

A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder. Proxies, in order to be effective must be received at the registered office of the Company not less than 48 hours before the commencement of the meeting.

2. **The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.**
3. 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.
4. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, September 23, 2016 to Tuesday, September 27, 2016 (both days inclusive).
5. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
6. Details under Clause (3) of Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation 2015 with the Stock Exchange in respect of the Director seeking re-appointment at the Annual General Meeting, forms integral part of the notice. The Director has furnished the requisite declaration for her reappointment.
7. With the view to using natural resources responsibly, we request shareholders to update their email address with their Depository Participants to enable the Company to send communications electronically.
8. Copies of the Annual Report 2016 are being sent by electronic mode only to all the members whose e-mail addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies shall be sent only if requested in writing by the member.
9. Electronic copy of the Notice of the thirty-second Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with the Attendance Slip and Proxy Form is being sent to all members whose e-mail IDs are registered with the Company/ Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.
10. Members may also note that the Notice of the thirty-second Annual General Meeting and the Annual Report will also be available on the Company's website [www.gratex.in](http://www.gratex.in) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days. For any communication, the shareholders may also send requests to the Company's investor email id : [investor@gratex.in](mailto:investor@gratex.in)

**11. Voting through electronic means :**

In Compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the thirty-second Annual General meeting by electronic means and the business may be transacted through e-voting system provided by Central Depository Services (India) Limited (CDSL):

**A. The instructions for members for voting electronically are as under:-**

- (i) The voting period begins on Saturday, September 24, 2016 (10.00 a.m.) and ends on Monday, September 26, 2016 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, September 22, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- (iii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

- (iv) Click on Shareholders.
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> </ul>
	<ul style="list-style-type: none"> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	<ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for Gratex Industries Limited on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xviii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) **Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows**

phone users can download the app from the App Store and the Windows Phone Store respectively on or after June 30, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xx) **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
  - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

**B. In case of members receiving the physical copy upon request made to the Company:**

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

- a. The voting period begins on Saturday, September 24, 2016 (10.00 a.m.) and ends on Monday, September 26, 2016 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, September 22, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- C. Ms. Jacintha Castelino (ACS No. 33081) of M/s JC & Associates, Practising Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- D. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, and send it to the Chairman of the Company.
- E. The Results shall be declared at or after the Annual General Meeting (AGM) of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website [www.gratex.in](http://www.gratex.in) and on the website of CDSL and shall also communicated to the Bombay Stock Exchange (BSE).

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

**Karan Sharma  
Managing Director  
(DIN: 00117188)**

**Place : Mumbai  
Date : 26.05.2016**

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No. 5 :**

Section 196(3) of the Companies Act, 2013, inter alia, provides that no company shall continue the employment of a person who has attained the age of 70 years, as Managing Director, Whole time director or Manager unless it is approved by the members by passing a special resolution. Part 1 (c) of Schedule V to the Act contains a similar relaxation.

Mr. Krishna Prakash Bhardwaj, who was appointed Whole Time Director, will attain the age of 83 years on July 10, 2016 and hence continuation of his employment as Whole Time Director requires the approval of members by way of a special resolution.

Keeping in view that Mr. Krishna Prakash Bhardwaj has been involved in the operations of the Company over a long period of time, it would be in the interest of the Company to continue the employment of Mr. Krishna Prakash Bhardwaj for a further period of 5 years w.e.f April 1, 2016 designated as Whole Time Director.

Mr. Krishna Prakash Bhardwaj has done his Bachelor of Science degree in D.C.E and Engineering Diploma from City and Guild Institute of London. He has the expertise in Technology & Operations Management and General Management.

The following are the terms of appointment and remuneration :-

- i. Tenure : For a period of 5 years commencing from April 1, 2016.
- ii. Nature of Duties : Mr. Krishna Prakash Bhardwaj ("the Appointee") shall act as an Whole Time Director on the Board of Directors. The Appointee shall be in the whole time employment of the Company.
- iii. Remuneration : Salary in the scale of Rs.3,00,000/- to Rs.10,00,000/- per annum inclusive of conveyance and all perks.
- iv. Sitting Fees : In the scale of Rs.3000/- to Rs.10,000/- per meeting attended, Board or General.
- v. Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointee, the Company has no profits, or its profits are inadequate, the Company will pay remuneration by way of salary, as specified above.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as stipulated under sections 197 and all other applicable provisions, if any, of the Act read with Part II of Schedule V of the Companies Act, 2013.

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

In compliance with the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the terms of appointment and remuneration specified above are now being placed before the members for their approval.

Except Mr. Krishna Prakash Bhardwaj, no other Director has any interest or concern in the resolution.

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

**Karan Sharma  
Managing Director  
(DIN: 00117188)**

**Place : Mumbai  
Date : 26.05.2016**



**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AS REQUIRED UNDER  
CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE :**

<b>Name of the Director</b>	<b>Mrs. Mona Menon</b>
Date of Birth	April 26, 1975
Date of Appointment	October 1, 1995
Qualifications	B.Com + Interior Designer
Expertise in specific functional areas	Wide experience in Marketing & Corporate Management.
Directorships held in other Public Companies (excluding foreign companies)	Nil
Memberships/ Chairmanships of committees of other public companies (Includes only Audit and Shareholders / Investors Grievance Committee)	Nil
Number of Shares held in the Company	137200

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

**Karan Sharma  
Managing Director  
(DIN: 00117188)**

**Place : Mumbai  
Date : 26.05.2016**

**DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting their thirty-second Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2016.

**1. FINANCIAL HIGHLIGHTS:**

The financial performance of the Company, for the year ended March 31, 2016 as compared to the previous financial year is summarized below:

(Amount in Lacs)

<b>PARTICULARS</b>	<b>CURRENT YEAR 31.03.2016</b>	<b>PREVIOUS YEAR 31.03.2015</b>
Revenue from Operations	125.81	80.45
Total Expenditure including Depreciation	102.70	75.89
Profit before Tax	(8.98)	(20.44)
Profit/Loss After Tax	(8.22)	(17.34)

**2. PERFORMANCE REVIEW:**

The overall income from Franchisee operations for 2015-16 is Rs.22.92 Lakhs as compared to Rs.38.30 Lakhs in 2014-15 & warehousing income for 2015-16 is Rs.1.03 crores as compared to Rs.86.97 Lakhs in 2014-15. Thus, total income for 2015-16 amounts to Rs.1.26 crores which is same as last year. However our profitability has increased.

For the year ended 31.3.2016 company is into overall Net loss of Rs.8.22 Lakhs as compared to Net Loss of Rs.17.34 Lakhs last year.

The major reason for the loss is the Loan written off of Elar Fashion Ltd of Rs.32.15 Lakhs. We had already written off the loan of Rs. 25 Lakhs of Andhra Pradesh Power Ltd in 2014-15. Now we have cleaned off our books of all old liabilities.

Our carry forward losses including the current year loss now stands Rs.54.09 Lakhs which we should easily cover up in the current year making us completely free of any liability or debt which will be a great achievement for us.

**3. DIVIDEND:**

In view of the losses suffered by the Company, the Directors regret their inability to recommend dividend for the year under review.

**4. OUTLOOK FOR 2016 – 2017:**

Even though the Franchisee operations have been hit with low sales, we have maintained the profitability by reducing the costs. However we expect to grow by at least 25% in the new year with infrastructure and real estate sector due to grow in the current year with the thrust given by the government the expectation of growth both in franchisee and warehouse operations is very high.

We have also been very conscious of our expenses, which will be controlled further to bring the company again into profitability state. During the year we will also resume the trading model which was followed earlier to grow our turnover. The idea of manufacturing digital wallcoverings is also being pursued which may happen during the year.

**5. FIXED DEPOSITS:**

Your Company has not accepted any deposits from the public or its employees during the year under review.

**6. DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

• **Composition :**

The Board comprises of six Directors, two of whom are Non-Executive Independent Directors, one Chairman, one Managing Director, one Chief Financial Officer & one Whole Time Director.

• **Retirement & Appointment / Re-appointment :**

Mrs. Promila Sharma and Mr. Pratap Menon resigned as Directors of the Company with effect from 11.08.2015. Mrs. Rekha Nagori resigned as Independent Director of the Company with effect from 07.11.2015. Your Directors place on record their sincere appreciation of the valuable contribution made by the aforesaid Directors.

In accordance with the relevant provisions of the Companies Act, 2013, Ms. Mona Pratap Menon (DIN 00117025), Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-appointment. The Board recommends her re-appointment at the ensuing Annual General Meeting. The details relating to the Director, 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.

Pursuant to the recommendations of the Nomination and Remuneration Committee, the Board recommends the re-appointment of Mr. Krishna Prakash Bhardwaj, who will attain the age of 83 years on July 10, 2016 as the Whole Time Director for a further period of 5 years w.e.f April 1, 2016 at the forthcoming Annual General Meeting by way of Special Resolution.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and clause (b) of Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**7. DETAILS PERTAINING TO EMPLOYEES AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013:**

There were no employees covered under provisions under Section 197(12) of the Companies Act, 2013.

**8. MEETINGS:**

This information has been furnished under Report on Corporate Governance, which is annexed.

**9. BOARD EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit, Nomination & Remuneration and Compliance Committees. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

**10. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF A DIRECTOR:**

Based on the recommendation of the Nomination and Remuneration Committee (NRC), the Board has adopted the Remuneration Policy for Directors, KMPs and other Employees. NRC has formulated the criteria for the determining qualifications, positive attributes and independence of an Independent Director and also the criteria for Performance evaluation of individual Directors, the Board as a whole and the Committees.

**11. AUDITORS:**

M/s Lakhani & Lakhani, Chartered Accountants, (ICAI Registration No. 115728W), were re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of the thirtieth Annual General Meeting ("AGM") of the Company held on September 13, 2014 until the conclusion of the third consecutive AGM of the Company to be held in the year 2017, (subject to the ratification of their appointment by the Members at every AGM held after the AGM held on September 13, 2014).

As required under the provisions of Section 139(1) of the Companies Act, 2013, the Company has received a written consent from M/s Lakhani & Lakhani, Chartered Accountants, to their appointment and a Certificate, to the effect that their appointment, if made, would be accordance with the Companies Act, 2013 and the Rules framed thereunder and that they satisfy the criteria provided in Section 141 of the Companies Act, 2013.

The Members are requested to ratify the appointment of the Statutory Auditors as aforesaid and fix their remuneration.

The Auditors' Report is unmodified i.e. it does not contain any qualification, reservation or adverse remark. Notes to Accounts and Auditors remarks in their report are self-explanatory and do not call for any further comments.

**12. EXTRACT OF ANNUAL RETURN:**

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and

Administration) Rules, 2014, an extract of annual return in Form No. **MGT-9** as a part of this Annual Report as **Annexure I**.

**13. INTERNAL AUDIT & CONTROLS:**

During the year, the Company continued to implement their suggestions and recommendations to improve the control environment. Their scope of work includes review of processes for safeguarding the assets of the Company, review of operational efficiency, effectiveness of systems and processes, and assessing the internal control strengths in all areas. Significant observations and corrective actions thereon are presented to the Audit Committee from time to time.

**14. WHISTLE BLOWER POLICY / VIGIL MECHANISM:**

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism Policy to deal with instances of fraud and mismanagement. The Vigil Mechanism Policy has been uploaded on the website of the Company.

**15. RISK MANAGEMENT POLICY:**

Risk management policy of the Company promotes a proactive approach in reporting, evaluating and resolving risks associated with the business. Identified risks are used as one of the key inputs for the development of strategy and business plan.

The risks are assessed on a periodical basis and it assists the Board of Directors in overseeing the Company's risk management processes and controls.

**16. SECRETARIAL AUDIT:**

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. JC & Associates, Practising Company Secretary (Certificate of Practice Number: 33081) to undertake the Secretarial Audit of the Company.

The Company has annexed to this Board Report as **Annexure II**, a Secretarial Audit Report given by the Secretarial Auditor.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

**17. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All Related Party Transactions entered during the year were in the Ordinary Course of Business and on Arms Length basis.

**18. CORPORATE GOVERNANCE & MANAGEMENT DISCUSSION AND ANALYSIS:**

As per the requirement of Listing Agreement with the Stock Exchanges, the Company has complied with the requirements of Corporate Governance in all material aspects.

A report on Corporate Governance together with a certificate of its compliance from the Statutory Auditors, forms part of this report.

**19. OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:**

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Company has adopted a policy for prevention of Sexual Harassment of Women at workplace and has set up Committee for implementation of said policy. During the year Company has not received any complaint of harassment.

**20. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information required u/s 134(3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 is given below :

Particulars with respect to consumption of Energy, Technology absorption are not applicable to the operations of the Company.

**21. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

The provisions of Section 135 of the Companies Act, 2013 pertaining to Corporate Social Responsibility (CSR) is not applicable to the Company.

**22. DIRECTORS' RESPONSIBILITY STATEMENT:**

The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013, shall state that—

1. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that your Directors have 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 loss of the Company for the year;
3. that your Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. that your Directors have prepared the annual accounts on a going concern basis.
5. that your Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
6. that your Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**23. LISTING WITH STOCK EXCHANGES:**

The Company confirms that it has paid the Annual Listing Fees for the year 2016-2017 to the Bombay Stock Exchange, where the Company's Shares are listed.

**24. ACKNOWLEDGEMENTS:**

Your Directors record their grateful appreciation for the encouragement, assistance, co-operation and consistent support received from Customers, Business Partners, Dealers, Financial institutions and Government Authorities. The Board thanks the employees of the Company for their continued support. Your Directors are thankful to all the Stakeholders for their continued patronage.

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

**Baldevkrishan Sharma  
Chairman**

**DIN: 00117161**

**Karan Sharma  
Managing Director**

**DIN: 00117188**

**Place : Mumbai  
Date : 26.05.2016**

**ANNEXURE I TO DIRECTORS REPORT**

**FORM NO. MGT-9  
EXTRACT OF ANNUAL RETURN  
FOR THE PERIOD ENDED 31ST MARCH, 2016**

[ Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I REGISTRATION AND OTHER DETAILS:**

- (i) CIN: L21093MH1984PLC032248  
 (ii) Registration date: 23rd February, 1984  
 (iii) Name of the Company: GRATEX INDUSTRIES LIMITED  
 (iv) Category / Sub-Category of the Company: Public Company Limited by Shares  
 (v) Address of the Registered office and contact details

1	0	9		K	A	K	A	D		U	D	Y	O	G	
B	H	A	V	A	N		L	J		R	O	A	D		
M	A	H	I	M											
M	U	M	B	A	I	-		4	0	0	0	1	6		
Telephone:	022	4	0	7	0	2	1	2	1						
Fax Number:	022	4	0	7	0	2	1	6	1						
E-mail Address:	inves	tor	@	g	r	a	t	e	x	.	i	n			

- (vi) Whether listed company Yes / No: YES  
 (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
 Adroit Corporate Services Pvt.Ltd.  
 19/20, Jaferbhoy Ind. Estate, Makwana Road,  
 Marol Naka, Marol, Andheri (E),  
 Mumbai- 400059  
 Tel: +91 (0) 22 42270400  
 pratapp@adroitcorporate.com  
 www.adroitcorporate.com

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SR.No	Name and Description of main Products and Services	NIC CODE	% of total turnover of Company
1	Wallpaper	17096	100%

**III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES: NIL**

**IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
<b>A. Promoters</b>								
<b>(1) Indian</b>								
a) Individual / H.U.F	0	0	0	0	0	0	0	0
b) Central Government	0	0	0	0	0	0	0	0
c) State Government	0	0	0	0	0	0	0	0
d) Body Corporate	0	0	0	0	0	0	0	0
e) Banks and FI	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0
f) Directors	1732997	1000	1733997	57.14	55.42	1754293	1755293	57.84
<b>Sub-Total (A) (1):-</b>	<b>1732997</b>	<b>1000</b>	<b>1733997</b>	<b>57.14</b>	<b>55.42</b>	<b>1754293</b>	<b>1755293</b>	<b>57.84</b>
<b>(2) Foreign</b>								
a) NRIs Individual	0	0	0	0	0	0	0	0
b) other Individual	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0
<b>Sub-Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(A) (2):-</b>								
<b>Total Shareholding of promoter</b>								
<b>(A)=(A)(1)+(A)(2)</b>	<b>1732997</b>	<b>1000</b>	<b>1733997</b>	<b>57.14</b>	<b>55.42</b>	<b>1754293</b>	<b>1755293</b>	<b>57.84</b>
<b>B) Public Shareholding</b>								
<b>1) Institutions</b>								
a) Mutual Fund	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0
c) Central govt.	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0
i) Other (Specify)	0	0	0	0	0	0	0	0
<b>Sub-total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>(B) (1)</b>								
<b>2) Non-Institutions</b>								
a) Body Corporate								
i) Indian	53020	57468	17900	70920	2.34	52120	70020	2.31
ii) Overseas	0	0	0	0	0	0	0	0
b) Individuals								
i) Individuals Shareholders holding nominal Share Capital Upto Rs.1 lakh	370983	558900	929883	30.64	359588	551400	910988	30.02
ii) Individuals Shareholders holding nominal Share Capital in excess of Rs.1 lakh	155300	40100	195400	6.44	153299	40100	193399	6.37
c) Other (Specify)								
NRIs	1000	103600	104600	3.45	2000	103100	105100	3.46
<b>Sub-total (B) (2)</b>	<b>580303</b>	<b>720500</b>	<b>1300803</b>	<b>42.86</b>	<b>567007</b>	<b>712500</b>	<b>1279507</b>	<b>42.16</b>
<b>Total public Shareholding of (B)=(B)(1)+(B)(2)</b>	<b>580303</b>	<b>720500</b>	<b>1300803</b>	<b>42.86</b>	<b>567007</b>	<b>712500</b>	<b>1279507</b>	<b>42.16</b>
c) Shares held by Custodian for GDRs and ADRs	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>2313300</b>	<b>721500</b>	<b>3034800</b>	<b>100.00</b>	<b>2321300</b>	<b>713500</b>	<b>3034800</b>	<b>100.00</b>

(ii) Shareholding of Promoters

SR. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No.of shares	%of Total Shares of the Company	%of shares Pledge/ Encumbered to the total shares	No.of shares	%of Total Shares of the Company	%of shares Pledge/ Encumbered to the total shares	% of change in the shareholding Durint the year
1	Baldev Sharma	1272297	41.92	0	1293593	42.63	0	0.71
2	Karan Sharma	27600	0.91	0	27600	0.91	0	NIL
3	Krishna Prakash Bhardwaj	5300	0.18	0	5300	0.18	0	NIL
4	Mona Pratap Menon	137700	4.54	0	137700	4.54	0	NIL
5	Pratap Ramankutty Menon	1000	0.03	0	1000	0.03	0	NIL
6	Promila Sharma	290100	9.56	0	290100	9.56	0	NIL
	<b>Total</b>	<b>1733997</b>	<b>57.14</b>	<b>0</b>	<b>1755293</b>	<b>57.84</b>	<b>0</b>	<b>0.71</b>

(iii) Change in promoters Shareholding (please specify if there is no change)

SR. No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No.of shares	% of Total Shares of the Company	No.of shares	%of Total Shares of the Company1
1	At the Beginning of the year Baldevkrishan Sharma	1272297	41.92	1272297	41.92
2	Promila Sharma	290100	9.56	290100	9.56
3	Mona Menon	137700	4.54	137700	4.54
4	Karan Sharma	27600	0.91	27600	0.91
5	Krishna Prakash Bhardwaj	5300	0.18	5300	0.18
6	Pratap Menon	1000	0.03	1000	0.03
	Date wise Increase/Decrease in promoters Share holding during the year specifying the reason for increase/decrease(e.g.allotment/ transfer/bonus/sweat equity etc)		21296 (Acquired from the open market)		0.71
	<b>At the End of the year</b>				
1	Baldevkrishan Sharma	1293593	42.63	1293593	42.63
2	Promila Sharma	290100	9.56	290100	9.56
3	Mona Menon	137700	4.54	137700	4.54
4	Karan Sharma	27600	0.91	27600	0.91
5	Krishna Prakash Bhardwaj	5300	0.18	5300	0.18
6	Pratap Menon	1000	0.03	1000	0.03



(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GRDs and ADRs)

SR. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company <sup>1</sup>
	<b>At the Beginning of the year:</b>				
1	Surekha Mahendra Khetani	50000	1.65	50000	1.65
2	Pushpa Sedhmal Gupta	45700	1.51	45700	1.51
3	Signora Finance Private Limited	45000	1.48	45000	1.48
4	Kundanlal Wasan	40100	1.32	40100	1.32
5	Pallvi Hitenkumar Raja	20000	0.66	20000	0.66
6	Hitenkumar Amritlal Raja	20000	0.66	20000	0.66
7	Lalitaben Amritlal Shah	15000	0.49	15000	0.49
8	Vinita Sunil Patodia	13500	0.44	13500	0.44
9	Shah Sanjay Satish	12300	0.41	12300	0.41
10	Shefali Hemantkumar Shah	12200	0.40	12200	0.40
	<b>Date wise Increase/ Decrease in Share holding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):</b>		600 (Transfer)		0.02
	<b>At the End of the year (or on the date of separation, if separated during the year):</b>				
1	Surekha Mahendra Khetani	50000	1.65	50000	1.65
2	Pushpa Sedhmal Gupta	45700	1.51	45700	1.51
3	Signora Finance Private Limited	45000	1.48	45000	1.48
4	Kundanlal Wasan	40100	1.32	40100	1.32
5	Pallvi Hitenkumar Raja	20000	0.66	20000	0.66
6	Hitenkumar Amritlal Raja	20000	0.66	20000	0.66
7	Lalitaben Amritlal Shah	15000	0.49	15000	0.49
8	Vinita Sunil Patodia	13500	0.44	13500	0.44
9	Shah Sanjay Satish	12300	0.41	12300	0.41
10	Shefali Hemantkumar Shah	11600	0.38	11600	0.38

(v) Shareholding of Directors and Key Managerial Personnel :

SR. No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
	Karan Sharma	27600	0.91	27600	0.91
	Mona Menon	137700	4.54	137700	4.54
	Baldevkrishan Sharma	1272297	41.92	1293593	42.63
	Krishna Prakash Bhardwaj	5300	0.18	5300	0.17

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the financial year</b>				
i) Principal Amount	---	---	---	---
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
<b>Total(i +ii +iii)</b>	---	---	---	---
<b>Change in Indebtedness during the financial year</b>				
• Addition	---	---	---	---
• Reduction	---	---	---	---
<b>Net Change</b>	---	---	---	---
<b>Indebtedness at the End of the financial year</b>				
i) Principal Amount	---	---	---	---
ii) Interest due but not paid	---	---	---	---
iii) Interest accrued but not due	---	---	---	---
<b>Total(i +ii +iii)</b>				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SR.No.	Particulars of Remuneration	Name of MD/WTD/Manager	
		Karan Baldev Sharma - M.D.	Krishna Prakash Bhardwaj - WTD
1	<b>Gross Salary</b>	660000	366000
	(a) Salary as per provision contained in section 17(1) of the Income-Tax Act,1961	---	---
	(b) Value of perquisites u/s 17(2) Income-Tax Act,1961	---	---

	<b>(c) Profits in lieu of Salary u/s 17(3) Income-Tax Act,1961</b>	---	---
2	Stock option	---	---
3	Sweat Equity	---	---
4	Commision	---	---
	- as% of profit		
	- others,specify		
<b>5</b>	<b>Others,please specify</b>		
	- Conveyance	60000	---
	- Interest on Loan	---	40000
	- Sitting fees	---	15000
	- Conveyance	---	---
<b>Less : TDS</b>		203940	0
	<b>Total (A)</b>	<b>516060</b>	<b>421000</b>
	Ceiling as per the Act, 2013		

**B. Remuneration to other directors:**

SR. No.	Particulars of Remuneration	Name of Directors					Total Amount
		Promila Sharma (resigned w.e.f. 11.08.2015)	Pratap Menon (resigned w.e.f. 11.08.2015)	Gurvinder Fauja Singh	Bhagwati Prasad Mangal	Rekha Nagori (resigned w.e.f. 07.11.2015)	
	<b>Independent Directors</b>						
	• Fee for attending board/ committee meetings	---	---	33000	60000	22500	115500
	• Commission	---	---	---	---	---	---
	• Others,Please specify	---	---	---	---	---	---
	- Remuneration	---	---	---	---	---	0
	- Interest on Loan	---	---	---	---	---	0
	- Conveyance	---	---	---	---	---	---
	<b>Total (1)</b>	0	0	33000	60000	22500	115500
	<b>Other Non-Executive Directors</b>						
	• Fee for attending board committee meetings	5000	5000	---	---	---	10000
	• Commission	---	---	---	---	---	---
	• Others,Please specify						
	<b>Total(2)</b>	0	0	0	0	0	0
	<b>Total(B)=(1+2)</b>	5000	5000	33000	60000	22500	125500
<b>Less :</b>	<b>TDS</b>	500	500	3300	6000	2250	12550
	<b>Total Managerial Remuneration</b>	<b>4500</b>	<b>4500</b>	<b>29700</b>	<b>54000</b>	<b>20250</b>	<b>112950</b>
	Overall Ceiling as per the Act						

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SR. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mona Pratap Menon CFO	Baldevkrishan Ramratan Sharma (Chairman)	
1	Gross Salary	---	660000	660000
	(a) Salary as per provision contained in section 17(1) of the Income-Tax Act,1961	---	---	---
	(b) Value of perquisites u/s 17(2) Income-Tax Act,1961	---	---	---
	(c) Profits in lieu of Salary u/s 17(3) Income-Tax Act,1961	---	---	---
2	Stock option	---	---	---
3	Sweat Equity	---	---	---
4	Commision	---	---	---
	- as% of profit	---	---	---
	- others,specify	---	---	---
5	Others,please specify	---	---	---
	• Fee for attending board meetings	25000	---	25000
	• Conveyance	---	60000	60000
<b>Less :</b>	<b>TDS</b>	2500	228413	230913
	<b>Total</b>	22500	491587	514087

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [ RD/ NCLT/ COURT]	Appeal made if any (give Details)
<b>A.</b>	<b>COMPANY</b>	-	-	-	-
	Penalty	-	-	-	-
	Punishment	-	-	-	-
	Compounding	-	-	-	-
<b>B.</b>	<b>DIRECTORS</b>				-
	Penalty	-	-	-	-
	Punishment	-	-	-	-
	Compounding	-	-	-	-
<b>C.</b>	<b>OTHERS OFFENCES IN DEFAULT</b>				
	Penalty	-	-	-	-
	Punishment	-	-	-	-
	Compounding	-	-	-	-

**Annexure II**

Form No. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED  
31.03.2016**

[Pursuant to section 2041(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members of Gratex Industries Limited

I have conducted the secretarial audit of the compliance of applicable provisions and the adherence to good corporate practices by **Gratex Industries Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representative during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2016 complied with the statutory provisions listed hereunder. The Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended 31<sup>st</sup> March, 2016 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (vi) As informed to me the following other Laws specifically applicable to the Company as under:
  - 1 Income Tax Act, 1961 and Rules.
  - 2 State Shops and Establishment Act.

- 3 The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
- 4 Employees' State Insurance Act, 1948.
- 5 Payment of Bonus Act, 1965
- 6 The Factories Act, 1948.
- 7 Industrial Dispute Act, 1948
- 8 Payment of Wages Act, 1956
- 9 Minimum Wages Act, 1948
- 10 Industrial Employment (Standing Orders) Act, 1946
- 11 Payment of Gratuity Act, 1972
12. Central Excise Act, 1944
13. Cenvat Credit Rules, 2004
14. Finance Act, 1994 (Service Tax)
15. Customs Act, 1962
16. State VAT Acts
17. Employees Compensation Act, 1923
18. Central Sales Tax Act, 1956
19. Wealth Tax Act, 1957
20. Contract Labour (Regulation and Abolition) Act, 1970

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the Listing Obligations and Disclosure Requirements, Regulations 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report that** the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes. **All the decisions at the Board Meetings were passed unanimously and with requisite majority in General Meeting.**

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report that** during the audit period, no specific event has taken place which has major bearing on the Company's affairs.

**For JC & Associates  
Company Secretaries**

**Jacintha Castelino  
Proprietor  
CP No : 12162  
ACS : 33081**

**Place : Mumbai  
Date : 26.05.2016**

## REPORT ON CORPORATE GOVERNANCE

Pursuant to Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, given below is a report on the Corporate Governance in the Company:

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has worked with a philosophy and mission of good governance in every field. The Company believes that the Corporate Governance code will enhance the growth of benefits to all the stakeholders. The Company's Governance philosophy enshrines the goal of achieving the highest level of transparency, accountability and equity in all spheres of its operations and in all dealings with the Shareholders, Employees, the Government and other parties. As a responsible corporate citizen our business fosters a culture of ethical behavior and disclosures aimed at building trust and long-term shareholders' value and respect minority rights in all its business decision.

The Company's governance framework is based on the following principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- Timely disclosures of material operational and financial information to the stakeholders;
- The Management is the trustee of the shareholders' capital and not the owner.
- Communicate externally, and truthfully, about how the company is run internally.

### 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 6 (Six) Directors. Five Board Meetings were held in 2015-16. 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 Directorship in other Companies
Mr. Baldevkrishan Sharma	Chairman, Executive	3	Yes	1
Ms. Promila Sharma (resigned w.e.f 11.08.2015)	Non-Executive, Promoter	2	No	1
Mr. K.P. Bharadwaj	Non-Executive, 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 (resigned w.e.f 11.08.2015)	Non-Executive Director	0	No	NIL
Mr. Gurvinder Singh Saggu	Non-Executive Independent Director	3	Yes	NIL
Mr. Bhagwati Prasad Mangal	Non-Executive Independent Director	4	Yes	6
Mrs. Rekha Nagori (resigned w.e.f 07.11.2015)	Non-Executive Independent Director	2	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. COMMITTEES OF THE BOARD:

- AUDIT COMMITTEE:**

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's financial reporting process, appointment of external auditors and reviewing with the Management the quarterly and annual financial statements. All the members of the Audit Committee are financially literate and bring in expertise in the field of Finance, Taxation, Economics, Risk and International Finance.

During the year, four meetings were held. The said meetings were held on May 29, 2015, August 11, 2015, November 7, 2015 and February 9, 2016. The constitution of the Committee and the attendance of each member of the Committee are given below:

Name	Status	Number of Audit Committee meetings	
		Held	Attended
Mr. Bhagwati Prasad Mangal ( <i>Chairman</i> )	Independent Non-Executive	4	4
Mr. Gurvinder Singh Saggu	Independent Non-Executive	4	3
Ms. Mona Menon	Non-Independent Non-Executive	4	4

- STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Stakeholders' Relationship 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 Stakeholders' Relationship Committee met three times. The said meetings were held on August 11, 2015, November 7, 2015 and February 9, 2016. The constitution of the Committee and the details of attendance of each member of the Committee are given below:

Name	Category	Number of Stakeholders' Relationship Committee meetings	
		Held	Attended
Mr. Gurvinder Singh Saggu ( <i>Chairman</i> )	Independent Non-Executive	3	3
Mr. Bhagwati Prasad Mangal	Independent Non-Executive	3	3

Note : 1. The Committee was reconstituted on 07.11.2015

2. Mrs. Rekha Pradeep Nagori ceased to be the Chairman of the Committee due to resignation on 07.11.2015

### 4. 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, September 28, 2015 at 10.00 a.m	Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028	<ol style="list-style-type: none"> <li>To fix the remuneration of Mr. Baldevkrishan Sharma, Chairman.</li> <li>Appointment of Rekha Nagori as an Independent Director.</li> <li>Alteration of Main Objects in the Memorandum of Association</li> <li>Approval of Related Party Transactions</li> </ol>
Saturday, September 13, 2014 at 11.00 a.m	Kohinoor Banquet, Ground Floor, Opp. Siddhivinayak Mandir, Swatantrya Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025	<ol style="list-style-type: none"> <li>Appointment of Mr. Bhagwati Prasad Mangal (DIN 00134847) as Non-Executive Director of the Company.</li> <li>Appointment of Mr. Gurvinder Singh Saggu (DIN 00117386) as Non-Executive Director of the Company.</li> <li>Re-appointment of Mr. Karan Sharma (DIN 00117188) "Managing Director" for a period of five years effective from 1st April, 2014</li> </ol>
Saturday, August 10, 2013 at 12.00 p.m	Giants International, 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.

**5. DISCLOSURES:**

- Transaction with related parties have been disclosed vide Notes on Accounts - 20, 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.

**6. 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 (d) of sub regulation (2) of Regulation 6 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, investors may use the E-mail ID : <a href="mailto:investor@gratex.in">investor@gratex.in</a> for redressal of complaints.
• Website of the Company	<a href="http://www.gratex.in">www.gratex.in</a>

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

• AGM: Date, Time and Venue	Tuesday, September 27, 2016 at 10.00 a.m. at Kite Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028
• Date of Book Closure	Friday, September 23, 2016 to Tuesday, September 27, 2016 (both days inclusive).
• Corporate Identity Number(CIN) allotted by Ministry of Corporate Affairs(MCA)	L21093MH1984PLC032248
• Listing on Stock Exchange	Yes – Bombay Stock Exchange (BSE), Mumbai
• Stock codes: Bombay Stock Exchange Limited ISIN for Dematerialisation	526751 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.	109, Kakad Udyog Bhavan, L.J.Road, Mahim, Mumbai – 400 016. Tel No. : 40702120/21

**Financial Calendar 2016– 2017 (tentative)**

Financial reporting for the quarter ending June 30, 2016	Upto August 14, 2016
Financial reporting for the half year ending September 30, 2016	Upto November 14, 2016
Financial reporting for the quarter ending December 31, 2016	Upto February 14, 2017
Financial reporting for the quarter and year ending March 31, 2017	Upto May 30, 2017
<b>Annual General Meeting for the year ending March 31, 2017</b>	<b>Upto September 30, 2017</b>

**8. THE DISTRIBUTION OF SHAREHOLDERS AS ON 31.03.2016 IS AS FOLLOWS:**

Range of Holding	No. of Shareholders	% to Shareholders	Total Shares	Amount	% to Capital
1-500	3443	92.8	536614	5366140	17.68
501-1000	126	3.4	107400	1074000	3.54
1001-2000	72	1.94	108899	1088990	3.59
2001-3000	16	0.43	40795	407950	1.34
3001-4000	15	0.4	53800	538000	1.77
4001-5000	9	0.24	44600	446000	1.47
5001-10000	12	0.32	89700	897000	2.96
Above 10000	17	0.45	2052992	20529920	67.65
<b>Total</b>	<b>3710</b>	<b>100</b>	<b>3034800</b>	<b>30348000</b>	<b>100</b>

**9. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2016:**

Category	Sub-category	No. of securities held
Promoter's holding	Indian Promoters	1755293
Foreign Promoters	0	
Persons Acting in Concern	0	
Sub Total	1755293	
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	70020
	Indian Public	1104387
	Any Other	105100
		1279507
	Grand Total	3034800

**10. 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
Jun-15	12.00	12.00	10.65	11.17	2000	9	21717	1.35	-0.83
Jul-15	10.62	10.62	9.60	9.60	2312	11	23397	1.02	-1.02
Aug-15	9.60	12.14	9.00	9.90	3357	22	36202	3.14	0.30
Sep-15	9.90	11.44	9.41	11.44	1700	5	19036	2.03	1.54
Oct-15	11.00	11.55	10.45	10.45	8701	30	98020	1.10	-0.55
Nov-15	10.00	10.54	9.93	10.54	428	13	4409	0.61	0.54
Dec-15	10.02	10.52	9.50	9.50	204	7	2013	1.02	-0.52
Jan-16	9.03	9.55	9.00	9.55	500	4	4623	0.55	0.52
Feb-16	9.55	10.02	9.52	9.99	2801	6	27008	0.50	0.44
Mar-16	10.00	10.00	10.00	10.00	900	3	9000	0.00	0.00
Apr-16	10.50	11.57	10.00	11.16	2400	8	26563	1.57	0.66
May-16	11.71	11.71	9.17	9.17	3315	15	36508	2.54	-2.54

**11. MD AND CFO CERTIFICATION**

As per the requirement of sub-regulation (8) of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Certificate duly signed by Managing Director and the Chief Financial Officer of the Company has been submitted to the Board.

**For & on Behalf of the Board of  
Gratex Industries Limited**

**Baldevkrishan Sharma**  
Chairman  
DIN: 00117161

**Karan Sharma**  
Managing Director  
DIN: 00117188

Place : Mumbai  
Date : 26.05.2016

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report has been included in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India (SEBI) and in compliance with the provisions of the Listing Agreement.

### 1 Industry Overview:

Gratex Industries Limited (GIL), 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 through our retail operations is on the end Consumer which will significantly help us expand our income.

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 Compliance:

Gratex Industries Ltd has established a Risk Management Framework under which all the risks covering the entire spectrum of operation are listed and categorized into high, medium and low risks. All the risks are discussed in the Senior Management Committee meetings periodically to ensure that the risk mitigation plans are well thought out and implemented and adverse impact of risks is avoided or kept within manageable proportions.

An internal check process is in place to prevent and limit risk of non compliance. The Company ensures compliance of all applicable laws including those relating to establishment, Taxation, Export controls, health, safety, Environment and Company laws.

### 4. Internal Control Systems :

The Internal Control is intended to increase transparency and accountability in an organisation's process of designing and implementing a system of internal control. The framework requires a company to identify and analyse risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness.

The scope of internal audit is oriented towards mitigating or eliminating risks in business processes. The Audit Committee reviews the internal audit plan, significant audit findings and sustainability of measures for corrective actions. The internal audit plan is also aimed at addressing concerns, if any of statutory auditors of the Company.

The Company's internal controls are commensurate with its size and the nature of its operations.

### 5 Corporate Social Responsibility:

GIL is committed to being a socially responsible corporate citizen. GIL's CSR policy aims to protect and nourish the interest of all its stakeholders and contributes for an equitable and sustainable development. Ethics, Values and Transparency are the factors which lie in all its interaction within the community.

GIL has adopted a clearly defined Occupational Health and Safety Policy.

### 6 Human Resources Management:

In the dynamic and competitive environment where every company has access to available resources, the Company believes that upgrading and updating of skill levels of employees are highly important for achieving continuous improvement and to stay ahead in the market. As a company it focuses in effective Human Resource Management.

The company continues to maintain cordial and healthy industrial relations and it takes pride in its record of congenial work atmosphere.

### 7 Cautionary Statement:

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, natural calamities over which the Company does not have any direct control.

### **MD and CFO certification**

To

The Board of Directors

Gratex Industries Limited

Mumbai

We, Karan Sharma, Managing Director and Mona Menon, Chief Financial Officer of Gratex Industries Limited, to the best of our knowledge and belief, certify that :

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement and all the notes on accounts and the Directors' report.
2. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct and Ethics.
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :
  - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company is made known to us, particularly during the period in which this report is being prepared.
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP) in India.
  - c. Evaluated the effectiveness of the Company's disclosure, controls and procedures
  - d. Disclosed in this report changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed, based on our most recent evaluation of the Company's internal control over financial reporting, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
  - a. There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
  - b. There were no significant changes in internal controls during the year covered by this report.
  - c. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - d. There were no instances of fraud of which we are aware that involve the Management or other employees who have a significant role in the Company's internal control system.
7. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.

8. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct and Ethics for the current year.

**Karan Sharma**  
Managing Director

**Mona Menon**  
Chief Financial Officer

Place : Mumbai  
Date : 26.05.2016

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF GRATEX INDUSTRIES LIMITED

#### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **GRATEX INDUSTRIES LIMITED**, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

#### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit & loss statement and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors Report) Order, 2016 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give **Annexure** a statement on the matters specified in paragraphs 3 & 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (f) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (g) The internal financial controls over financial reporting of the Company and the operating effectiveness of such controls are given in the **Annexure** attached.
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The company does not have any pending litigations which would impact its financial position.
    - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

**For Lakhani and Lakhani**  
**Chartered Accountants**  
**FRN : 115728W**

**DEEPAK MOJIDRA**  
**(Partner)**  
**Membership No : 129704**

Place: Mumbai  
Date:26/05/2016



## **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF GRATEX INDUSTRIES LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of**

### **Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of GRATEX INDUSTRIES LTD as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended 31<sup>st</sup> March 2016.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with

the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the

"Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion

or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the

essential components of internal control stated in the Guidance Note on Audit of Internal

Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

**For Lakhani and Lakhani**  
**Chartered Accountants**  
**FRN : 115728W**

**DEEPAK MOJIDRA**  
**(Partner)**  
**Membership No : 129704**

Place: Mumbai  
Date:26/05/2016

**Annexure to the Auditors' Report**

The Annexure referred to in our report to the members of Gratex Industries Limited for the year Ended on 31<sup>st</sup> March 2016. We report that:

<b>Sr. No.</b>	<b>Particulars</b>	<b>Auditors Remark</b>								
(i)	(a) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;	The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.								
	(b) Whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	We are informed that the Company has formulated a programme of physical verification of all the fixed assets in a phased manner. We are also informed that a physical verification of the fixed assets has been carried out by management during the year and there is no material discrepancies observed between assets physically verified and book balances.								
	(c) Whether title deeds of immovable properties are held in the name of the company If not provide details thereof.	The title deeds of immovable properties are held in the name of the company. Also, land appearing in the books of accounts as on 31 <sup>st</sup> March 2016 was taken on lease on Maharashtra Industrial Development Corporation (MIDC) in 1984-85 for a period 99 years.								
(ii)	Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, how they have been dealt with in the books of account	The stock of finished goods of the company has been physically verified by its management during the year.								
(iii)	Whether the company has granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so,	The Company has not granted any secured or unsecured loan to its director and parties in the register maintained under Section 189 of the Companies Act, 2013. Hence, this as well as the related subsequent points are Not Applicable.								
(iv)	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	The provisions of section 185 and 186 of the Companies Act, 2013 have been complied with in respect of loans. The company has written off the loan given to ELAR Fashion. Following are the details thereon:								
		<table border="1"> <thead> <tr> <th>Sr No</th> <th>Name of the party</th> <th>Maxim-um Outstanding (Rs.)</th> <th>Balance as on 31st March,2016</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>ELAR Fashion LTD</td> <td>32,15,490</td> <td>NIL</td> </tr> </tbody> </table>	Sr No	Name of the party	Maxim-um Outstanding (Rs.)	Balance as on 31st March,2016	1	ELAR Fashion LTD	32,15,490	NIL
Sr No	Name of the party	Maxim-um Outstanding (Rs.)	Balance as on 31st March,2016							
1	ELAR Fashion LTD	32,15,490	NIL							
(v)	In case the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under, where applicable, have been complied with? If not, the nature of contraventions should be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?	During the year, the Company has not accepted any deposits from the public.								

(vi)	Where maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 whether such accounts and records have been made and maintained;	The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, in respect of the activities carried on by the Company.
(vii)	(a) Is the company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as at the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated.	The Company has been generally regular in depositing undisputed applicable statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax and any Other Statutory Dues with the appropriate authorities during the year. In respect of the said dues, there are no outstanding dues as at 31st March 2016, which have remained unpaid for more than six months from the date they became payable.
	(b) Where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not constitute a dispute).	At the end of the financial year, there were no disputed dues of Income Tax, Sales Tax, Wealth Tax, Excise Duty, Customs Duty and Cess, which have not been deposited.
(viii)	Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).	Not Applicable as the company has not taken any loans or borrowings from financial institution, bank, Government.
(ix)	Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	Not Applicable as no moneys were raised by way of initial public offer or further public offer during the year
(x)	Whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;	To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by or on the Company by its officers or employees was noticed or reported during the year.
(xi)	Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same	Managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197.
(xii)	Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;	The Company is not a Nidhi Company

(xiii)	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
(xiv)	Whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;	During the year under review the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures
(xv)	Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;	According to our observation and information given to us the company has not entered into any non-cash transactions with directors or persons connected with him.
(xvi)	Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.	The Company is not required to be registered under section 45-IA of RBI Act, 1934.

**For Lakhani and Lakhani**  
**Chartered Accountants**  
**FRN : 115728W**

**DEEPAK MOJIDRA**  
**(Partner)**  
**Membership No : 129704**

Place: Mumbai  
Date:26/05/2016

**BALANCE SHEET AS AT 31ST MARCH, 2016**

Particulars	Note No.	As at 31 <sup>st</sup> March, 2016 ₹	As at 31 <sup>st</sup> March, 2015 ₹
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	2	30,348,000	30,348,000
Reserves and surplus	3	(5,408,763)	(4,586,605)
		<b>24,939,237</b>	<b>25,761,395</b>
<b>Non-current liabilities</b>			
Deffered tax liabilities		218,233	294,511
Other Long term liabilities	4	-	-
		<b>218,233</b>	<b>294,511</b>
<b>Current liabilities</b>			
Short-term borrowings	5	400,000	400,000
Trade payables	6	75,857	-
Other current liabilities	7	141,707	445,764
Short-term provisions	8	441,782	408,313
		<b>1,059,346</b>	<b>1,254,077</b>
<b>TOTAL</b>		<b>26,216,816</b>	<b>27,309,983</b>
<b>II. ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
(i) Tangible assets	9	8,565,728	9,254,959
(ii) Capital work-in-progress			
Long-term loans and advances	10	180,958	3,396,448
Other non-current assets	11	-	-
		<b>8,746,686</b>	<b>12,651,407</b>
<b>Current assets</b>			
Inventories	12	4,985,224	4,985,224
Cash and cash equivalents	13	127,274	82,790
Short-term loans and advances	14	-	-
Other current assets	15	12,357,632	9,590,562
		<b>17,470,130</b>	<b>14,658,576</b>
<b>TOTAL</b>		<b>26,216,816</b>	<b>27,309,983</b>

Significant Accounting Policies 1  
Notes on Financial Statements 2 to 19

As per attached report of even date

**FOR LAKHANI & LAKHANI**  
**CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF THE BOARD**

**DEEPAK MOJIDRA**  
**PARTNER**  
Membership No. : 129704  
Mumbai: May 26, 2016

**BALDEVKRISHAN SHARMA**  
**CHAIRMAN**

**KARAN SHARMA**  
**MANAGING DIRECTOR**

**PROFIT AND LOSS STATEMENT  
FOR THE YEAR ENDED 31ST MARCH, 2016**

Particulars	Note No.	Year Ended 31 <sup>st</sup> March, 2016 ₹	Year Ended 31 <sup>st</sup> March, 2015 ₹
<b>I. INCOMES</b>			
Revenue From Operations (Net of Sales Return)		12,580,610	8,045,772
<b>II. Other Income</b>			
Interest on IT Refund		6,900	-
<b>TOTAL</b>		<b>12,587,510</b>	<b>8,045,772</b>
<b>III. EXPENSES</b>			
Purchases of Material		-	21,600
(Increase) / Decrease in Inventory	16	-	(4,985,224)
Employee benefits expense	17	5,407,519	6,431,640
Finance costs	18	40,000	48,407
Depreciation and amortization expense	9	1,139,110	1,416,908
Other expenses	19	3,683,557	4,656,609
<b>TOTAL</b>		<b>10,270,186</b>	<b>7,589,940</b>
<b>Profit before Extraordinary and Exceptional items and tax</b>		<b>2,317,324</b>	<b>455,832</b>
Extraordinary / Exceptional Items	*	3,215,490	2,500,000
<b>Profit before tax</b>		<b>-898,166</b>	<b>-2,044,168</b>
Prior Period Expense		270	154,928
Tax expense:			
Current tax			
Deferred tax		-76,278	465,008
<b>Profit / (Loss) for the period</b>		<b>-822,158</b>	<b>-1,734,088</b>
<b>* Exceptional Items represent Loans W/off on the basis of representation from Management</b>			
Earning per equity share of Face Value of ₹ 10 /- each:			
Basic and Diluted		(0.27)	(0.57)
Weighted average number of shares outstanding		3,034,800	3,034,800
Significant Accounting Policies	1		
Notes on Financial Statements	2 to 19		

As per attached report of even date  
**FOR LAKHANI & LAKHANI**  
CHARTERED ACCOUNTANTS

**FOR AND ON BEHALF OF THE BOARD**

**DEEPAK MOJIDRA**  
PARTNER  
Membership No. : 129704  
Mumbai: May 26, 2016

**BALDEVKRISHAN SHARMA**  
CHAIRMAN

**KARAN SHARMA**  
MANAGING DIRECTOR

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	Amount
<b>I. Cash flow from operating activities:</b>	
Net Profit / (Loss) before tax as per Profit and Loss Account	<b>(822,158)</b>
<b>Add/(Deduct):</b>	
Depreciation and Amortisation	1,139,110
<b>Changes in Working Capital</b>	
Decrease in Duties & Taxes	(116,027)
Increase in Provisions	33,469
Increase in Creditors	75,857
Decrease in Deferred tax	(76,278)
Decrease in Outstanding expenses	(188,030)
Decrease in Loan and advances	3,215,490
Decrease in Sundry Debtors	(2,250,147)
Decrease in Advances	(516,923)
<b>Net Cash Flow in the course of Operating activities</b>	<b>494,363</b>
<b>II. Cash flow from Investing activities:</b>	
<b>Inflow/ (Outflow) on account of:</b>	
Purchase of Fixed Asset	(449,879)
<b>Net Cash flow in the course of Investing activities</b>	<b>(449,879)</b>
<b>III. Cash flow from Financing activities:</b>	
<b>Loan Repayment</b>	
	-
<b>Inflow/ (Outflow) on account of:</b>	
Increase/ (Decrease) in Unsecured Loans	
Interest and Finance Charges	
<b>Net Cash flow in the course of Financing activities</b>	-
<b>Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III)</b>	<b>44,484</b>
<b>Add: Balance at the beginning of the year</b>	<b>82,790</b>
<b>Cash and Cash Equivalents at the close of the year</b>	<b>127,274</b>
Significant Accounting Policies	1
Notes on Financial Statements	2 to 19

As per attached report of even date

**FOR LAKHANI & LAKHANI**  
**CHARTERED ACCOUNTANTS**

**FOR AND ON BEHALF OF THE BOARD**

**DEEPAK MOJIDRA**  
**PARTNER**  
Membership No. : 129704  
Mumbai: May 26, 2016

**BALDEVKRISHAN SHARMA**  
**CHAIRMAN**

**KARAN SHARMA**  
**MANAGING DIRECTOR**



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2016**

**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, 2013. 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, 2013.

**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 Written down value Method at the rates and in the manner specified in Schedule II to the Companies Act, 2013. 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.

**D.** The Company has not been maintaining proper records to show full particulars including quantitative details and situation of the fixed assets and has also not maintained Fixed Assets Register Item Wise .

#### **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 nor disclosed in the financial statements.

**NOTE - 2**

<b>SHARE CAPITAL</b>	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
<b>AUTHORISED</b>		
40,00,000 (P.Y. 40,00,000) Equity Shares of Rs. 10/- each	40,000,000	40,000,000
	<u><b>40,000,000</b></u>	<u><b>40,000,000</b></u>
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
30,34,800 (P.Y. 30,34,800) Equity Shares of Rs. 10/- each fully paid up	30,348,000	30,348,000
<b>TOTAL</b>	<u><b>30,348,000</b></u>	<u><b>30,348,000</b></u>

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

	<b>No. of equity shares</b>	
	<b>As at 31st March, 2016</b>	<b>As at 31st March, 2015</b>
Number of Shares at the Beginning	3,034,800	3,034,800
Add/(Less) :		
Issue during the period	-	-
Buyback during the period	-	-
Redemption / Conversion during the period	-	-
<b>At the end of the reporting period (Nos)</b>	<u><b>3,034,800</b></u>	<u><b>3,034,800</b></u>

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

<b>Name of Shareholder</b>	<b>Equity Shares</b>			
	<b>As at 31 March 2016</b>		<b>As at 31 March 2015</b>	
	<b>No. of Shares held</b>	<b>% of Holding</b>	<b>No. of Shares held</b>	<b>% of Holding</b>
Baldevkrishan Sharma	1,293,593	42.63%	1,272,297	41.92%
Promila Sharma	290,100	9.56%	290,100	9.56%
Others	1,451,107	47.82%	1,472,403	48.52%
	<u><b>3,034,800</b></u>	<u><b>100%</b></u>	<u><b>3,034,800</b></u>	<u><b>100%</b></u>

**1.3 Terms / Right attached to Ordinary Equity Shares:**

The company has a single class of equity shares having a par value of Rs. 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 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>RESERVES AND SURPLUS</b>		
<b>Capital Reserves</b>		
Opening Balance / Closing Balance	1,046,026	1,046,026
<b>General reserve</b>		
Opening Balance / Closing Balance	806,783	806,783
<b>Profit &amp; Loss Account</b>		
Opening Balance	(6,439,414)	(3,666,107)
Add/(Less) : Current Year Transaction	(822,158)	(1,734,088)
Less Assets Written/off	-	(1,039,219)
	<b>(7,261,572)</b>	<b>(6,439,414)</b>
<b>Grand Total</b>	<b>(5,408,763)</b>	<b>(4,586,605)</b>

**Note - 4**

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>OTHER LONG TERM LIABILITIES</b>		
<b>Unsecured Loans</b>		
Trade Payables	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**Note - 5**

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>SHORT TERM BORROWINGS</b>		
Repayable on Demand		
- from banks (against Bookdebts)	-	-
<b>Unsecured</b>		
- from directors / related parties	400,000	400,000
<b>Total</b>	<b>400,000</b>	<b>400,000</b>

**Note - 6**

	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>TRADE PAYABLES</b>		
<b>Trade payables</b>		
Micro, small & Medium enterprises*	75,857	-
Others	-	-
<b>Total</b>	<b>75,857</b>	<b>-</b>

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  
31st March, 2016  
₹

As at  
31st March, 2015  
₹

**OTHER CURRENT LIABILITIES**

Other payables :

- statutory dues	119,707	235,734
- others	22,000	210,030
<b>Total</b>	<b>141,707</b>	<b>445,764</b>

**Note - 8**

As at  
31st March, 2016  
₹

As at  
31st March, 2015  
₹

**SHORT TERM PROVISIONS**

Provision for Expenses	441,782	408,313
<b>Total</b>	<b>441,782</b>	<b>408,313</b>

**NOTE - 9**

**FIXED ASSETS as at 31 March, 2016**

Fixed Assets	GROSS BLOCK				DEPRECIATION / AMORTISATION				IMPAIRMENT	NET BLOCK	
	Balance as at 1st April 2015	Additions/ (Disposals)	Deduction / Adjustments	Balance as at 31st March 2016	Balance as at 1st April 2015	Provided during the year	Deduction / Adjustments	Balance as at 31st March 2016	Provided during the year	Balance as at 31st March 2016	Balance as at 31st March 2015
<b>Tangible Assets</b>											
Leasehold Land	240,000	-	-	240,000	-	-	-	-	-	240,000	240,000
Buildings	11,057,821	300,000	-	11,357,821	3,363,465	646,374	-	4,009,839	-	7,347,982	7,694,356
Plant and Equipment	6,967,524	-	-	6,967,524	6,036,456	272,244	-	6,308,700	-	658,824	931,068
Furniture and Fixtures	1,672,473	105,803	-	1,778,276	1,374,965	149,241	-	1,524,206	-	254,070	297,508
Office equipment	870,538	21,501	-	892,039	780,071	61,711	-	841,782	-	50,257	90,467
Computers	943,943	22,575	-	966,518	942,383	9,540	-	951,923	-	14,595	1,560
<b>Total</b>	<b>21,752,299</b>	<b>449,879</b>	<b>-</b>	<b>22,202,178</b>	<b>12,497,340</b>	<b>1,139,110</b>	<b>-</b>	<b>13,636,450</b>	<b>-</b>	<b>8,565,728</b>	<b>9,254,959</b>

**NOTE -10**

	As at 31st March, 2016	As at 31st March, 2015
<b>Long Term Loans and Advances</b>		
<b>Security Deposits</b>		
Unsecured, considered good	180,958	180,958
<b>Total</b>	<u><u>180,958</u></u>	<u><u>180,958</u></u>

	As at 31st March, 2016	As at 31st March, 2015
<b>Name of the party</b>		
Elar Fashions Limited	-	3,215,490
<b>Total</b>	<u><u>-</u></u>	<u><u>3,215,490</u></u>

**NOTE -11**

**OTHER NON CURRENT ASSETS**

	As at 31st March, 2016	As at 31st March, 2015
Unsecured, considered good	-	-
<b>Total</b>	<u><u>-</u></u>	<u><u>-</u></u>

**NOTE -12**

**INVENTORIES**

	As at 31st March, 2016	As at 31st March, 2015
Stock in hand	4,985,224	4,985,224
<b>Total</b>	<u><u>4,985,224</u></u>	<u><u>4,985,224</u></u>

**NOTE -13**

**CASH AND CASH EQUIVALENTS**

	As at 31st March, 2016	As at 31st March, 2015
Cash on hand	41,467	63,698
Balances with Bank in Current Accounts	85,807	19,092
<b>Total</b>	<u><u>127,274</u></u>	<u><u>82,790</u></u>

**NOTE -14**

As at  
31st March, 2016

As at  
31st March, 2015

**SHORT TERM LOANS AND ADVANCES**

Advances recoverable in cash or kind or for value to be received:

Unsecured, considered good

-

-

**NOTE -15**

As at  
31st March, 2016

As at  
31st March, 2015

**OTHER CURRENT ASSETS**

Other Advances

1,168,853

772,856

Advance to creditors

153,200

32,274

Sundry Debtors

11,035,579

8,785,432

**12,357,632**

**9,590,562**

**NOTE - 16**

Year Ended  
31st March 2016  
₹

Year Ended  
31st March 2015  
₹

**(INCREASE)/ DECREASE IN INVENTORY**

Opening Stock of Inventory

4,985,224

-

Less : Closing stock of Inventory

4,985,224

4,985,224

**Total**

-

**4,985,224**

**Particulars**

Year Ended  
31st March 2016  
₹

Year Ended  
31st March 2015  
₹

**Material sold during the year:**

- Wall papers & Related Products

-

-

**Total**

-

-

**Inventory as at 31st March:**

- Wall papers & Related Products

4,985,224

4,985,224

**Total**

**4,985,224**

**4,985,224**

**NOTE -17**

Year Ended  
31st March 2016  
₹

Year Ended  
31st March 2015  
₹

**EMPLOYEE COST**

Salaries, wages, bonus, & others

5,155,957

6,143,680

Employer's contribution to PF, ESIC etc.

209,557

230,567

Staff welfare expense

42,005

57,393

**Total**

**5,407,519**

**6,431,640**

**NOTE - 18**

	Year Ended 31st March 2016 ₹	Year Ended 31st March 2015 ₹
<b>FINANCE COST</b>		
Interest on borrowings	40,000	48,407
<b>Total</b>	<b>40,000</b>	<b>48,407</b>

**NOTE 19**

	Year Ended 31st March 2016 ₹	Year Ended 31st March 2015 ₹
<b>OTHER EXPENSES</b>		
Repairs and maintenance	827,103	769,072
Rent rates & taxes	141,900	138,500
Printing & stationary	57,203	55,446
- as an auditor	110,000	100,000
Director's Sitting fees	165,500	199,500
Electricity charges	472,800	590,513
Professional charges	706,393	362,487
Delivery van expenses	316,199	398,556
Professional tax (Company)	2,500	2,500
Advertising and sales promotion	90,682	117,143
Conveyance	208,878	190,732
Insurance	124,726	124,131
Telephone charges	77,065	20,764
Membership and Subscription	248,697	138,005
Other expenses	133,911	1,449,260
<b>Total</b>	<b>3,683,557</b>	<b>4,656,609</b>

**20 RELATED PARTY DISCLOSURES**

A. Nature of Relationship :

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

Marshalls Enterprises India Private Limited (MEIPL)

**2. (a) Key Management Personnel (KMP)**

Mr. Baldevkrishan Sharma

Mr. Karan Sharma

**(b) Relatives of KMP 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. Transaction with Related Parties**

SN	Nature of Transaction	MEIPL	KMP	Relatives of KMP
1	Loans and Advances Received / Recovered	- (-)	- (-)	- (-)
2	Loans and Advances Given / Repaid / Adjusted	- (-)	- (-)	- (-)
3	Interest Paid	- (-)	- (-)	- (-)
4	Reimbursement of Expenses	13,06,014 (14,09,172)	- (-)	- (-)
5	Sale of Goods /Material	- (-)	- (-)	- (-)
6	Warehousing Charges & Franchisee Commission Paid	1,38,86,160 (1,34,78,420)	- (-)	- (-)
7	Director Remuneration, Perks and Sitting fees paid			
	Baldevkrishan Sharma	- (-)	6,60,000 (6,60,000)	- (-)
	Karan Sharma	- (-)	6,60,000 (6,60,000)	- (-)
	Mrs. Promila Sharma	- (-)	- (-)	5,000 (25,000)
8	Balance Outstanding			
	- Payable	- (-)	1,10,000 (1,10,000)	- (-)
	- Receivable	1,10,35,578 (87,85,432)	- (-)	- (-)

Foot note: Previous year figures are given in brackets.

**21. DISCLOSURE OF DERIVATIVES**

- a. No Derivative Instruments were Outstanding at close of the year.
- b. Uncovered risks in foreign currency transactions disclosed as at March,2015:

**22 . Loans and advance in the loans disclosed under note – 10 includes :**

Loans to Others :

<b>Sn</b>	<b>Name of the Loanee</b>	<b>As at 31-3-2016</b>	<b>Maxmium balance 2015-16</b>	<b>As at 31.03.2015</b>	<b>Maximum balance 2014-15</b>
1	Andhra Pradesh power tools limited	0	0	0	25,00,000
2	Elar Fashions Limited	0	32,15,490	32,15,490	32,15,490

Foot Note:

- 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.
  - The company has written off loan given to Andhra Pradesh Power Tools Limited on the basis of representation from management.
23. Debtors, creditors and loans and advance are subjects to confirmation, reconciliations and adjustment and are considered payable / realizable, as the case may be.
24. In the opinion of Board of directors of the company, all items of current and noncurrent Assets, current and non current Liabilities and loans and advance continue to have a realizable value of least the amount at which they are stated in the balance sheets.

**25. CONTINGENT LIABILITY (not provided for)**

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

**26. EARNING PER SHARE**

<b>PARTICULARS</b>		<b>2015-16</b>	<b>2014-15</b>
Net profit as per profit and loss account available for equity shareholders	Rs.	(8,22,158)	(17,34,088)
Number of share At 31 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 Shares of. 10/- (Basic and Diluted)	Rs.	(0.27)	(0 .57)

As Per Our Report Annexed

**FOR LAKHANI & LAKHANI**  
CHARTERED ACCOUNTANTS  
FRN-115728W

FOR AND ON BEHALF OF THE BOARD

**Deepak M. Mojdra**  
PARTNER  
Membership No:129704

**BALDEVKRISHAN SHARMA**  
CHAIRMAN

**KARAN SHARMA**  
MANAGING DIRECTOR

Place: Mumbai

Date: 26/05/2016

**GRATEX**

**GRATEX INDUSTRIES LIMITED**

**CIN : L21093MH1984PLC032248**

**Regd office:** 109, Kakad Udyog Bhavan, off. L. J. Road, Mahim, Mumbai - 400016.

Tel : 022 - 40702120/21. Fax : 022 - 40702161

Website : [www.gratex.in](http://www.gratex.in) E-mail id : [investor@gratex.in](mailto:investor@gratex.in)

**ATTENDANCE SLIP**

I/We hereby record my/our presence at the thirty second **ANNUAL GENERAL MEETING** of the Company held on Tuesday, September 27, 2016 at 10.00 a.m. at Kittle Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028 and at any adjournment thereof.

Folio No.	DP ID No.	Client ID No.
Name of the Member(s) :		Signature :
Name of the Proxyholder :		Signature :

Notes : 1. Only Member/Proxyholder can attend the Meeting

2. Please complete the Folio No./DP ID No., Client ID No. and Name of the Member/Proxyholder, sign this Attendance Slip and hand it over, duly signed, at the entrance of the Meeting Hall.

3. A Member/Proxyholder attending the meeting should bring copy of the Annual Report for reference at the meeting



**GRATEX INDUSTRIES LIMITED**

CIN : L21093MH1984PLC032248

Regd office: 109, Kakad Udyog Bhavan, off. L. J. Road, Mahim, Mumbai - 400016.

Tel : 022 - 40702120/21. Fax : 022 - 40702161 Website : [www.gratex.in](http://www.gratex.in) E-mail id : [investor@gratex.in](mailto:investor@gratex.in)

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : _____
Registered address : _____
E-mail Id : _____
Folio No./Client ID No. : _____ DP ID No. _____

I/We being the member(s) of Gratex Industries Limited, holding \_\_\_\_\_ share hereby appoint :

1. Name : \_\_\_\_\_ E-mail id : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_  
Signature : \_\_\_\_\_ or failing him;
2. Name : \_\_\_\_\_ E-mail id : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_  
Signature : \_\_\_\_\_ or failing him;
3. Name : \_\_\_\_\_ E-mail id : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_  
Signature : \_\_\_\_\_ or failing him;

As my/our Proxy to attend and vote (on a poll) for me/us and on my /our behalf at the thirty second **ANNUAL GENERAL MEETING** to be held on Tuesday, September 27, 2016 at 10.00 a.m. at Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028 and at any adjournment thereof in respect of such resolutions as are indicated below :

Sr.No	Description of Resolution	For	Against
<b>Ordinary Business :</b>			
1.	Adoption of the Audited Financial Statements of the Company for the year ended March 31, 2016 and the reports of the Board of Directors and Auditors thereon.		
2.	Reappointment of Ms. Mona Pratap Menon (DIN 00117025) who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers herself for re-appointment.		
3.	Appoint Auditors and fix their remuneration		
<b>Special Business :</b>			
4.	Re-appointment of Mr. Krishna Prakash Bhardwaj (DIN-00276699), "Whole-Time Director" of the Company, liable to retire by rotation		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Affix Re.1/-  
Revenue  
Stamp

Signature of the shareholder \_\_\_\_\_

Signature of proxyholder(s) \_\_\_\_\_

Note : 1. This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.

2. A proxy need not be a member of the Company.

3. For the Resolutions, Explanatory Statement and Notes, please refer to the Notice of the thirty second Annual General Meeting.





**Book Post**

To.

**If undelivered, please return to :**

**GRATEX INDUSTRIES LIMITED**

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