



33rd

ANNUAL REPORT

GRATEX INDUSTRIES LIMITED
2016-2017

Company Information

Board Of Directors :

Baldevkrishan Sharma - Chairman & Managing Director
(appointed as Managing Director w.e.f 07.08.2017)
Karan Sharma - Director
(resigned as Managing Director w.e.f 07.08.2017)
Mona Menon - Chief Financial Officer
K.P. Bharadwaj - Whole-Time Director
Gurvinder Singh Saggu - Independent Director
Bhagwati Prasad Mangal - Independent Director

Registered Office :

109, Kakad Udyog Bhavan,
L.J.Road, Mahim, Mumbai - 400 016.
Tel : 022 - 24392321 Fax : 022 - 40702161
Website : 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

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 OR to the Registrars And Transfer Agents of the Company at info@adroitcorporate.com for Registration

CONTENTS :

| | | | |
|---|-----------|--|--------------|
| <i>Notice</i> | <i>1</i> | <i>MD and CFO certification</i> | <i>27</i> |
| <i>Directors' Report.....</i> | <i>6</i> | <i>Auditors' Report & Annexure.....</i> | <i>29</i> |
| <i>Annexure to Directors' Report.....</i> | <i>10</i> | <i>Balance Sheet.....</i> | <i>35</i> |
| <i>Report on Corporate Governance</i> | <i>21</i> | <i>Profit & Loss Statement.....</i> | <i>36</i> |
| <i>Management Discussion and Analysis</i> | <i>26</i> | <i>Notes To The Financial Statements</i> | <i>38</i> |
| | | <i>Proxy Form & Attendance Slip</i> | <i>48,50</i> |

NOTICE

Notice is hereby given that the thirty-third Annual General Meeting of Gratex Industries Limited will be held on Tuesday, 19th September, 2017 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, 2017 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Krishna Prakash Bhardwaj, (DIN 00276699) who retires by rotation and being eligible, offers himself 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-fourth AGM of the Company to be held in the year 2018 at a remuneration to be determined by the Board of Directors of the Company."

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

**Place : Mumbai
Date : 29.05.2017**

**Baldevkrishan Sharma
Chairman
DIN: 00117161**

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. Corporate Members intending to send their authorized representative(s) to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing such representative(s) to attend and vote on their behalf at the meeting.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from Friday, 15th September, 2017 to Tuesday, 19th September, 2017 (both days inclusive).
4. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. 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.
6. Copies of the Annual Report 2017 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.
7. Electronic copy of the Notice of the thirty-third 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.
8. Members may also note that the Notice of the thirty-third Annual General Meeting and the Annual Report will also be available on the Company's website 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

9. 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-third 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 E-voting period begins on Saturday, 16th September, 2017 (10.00 a.m.) and ends on Monday, 18th September, 2017 (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, 14th September, 2017 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.
- (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:

| For Members holding shares in Demat Form and Physical Form | |
|--|---|
| 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"> 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. |
| | <ul style="list-style-type: none"> 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. |
| Dividend Bank Details OR Date of Birth (DOB) | <p>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.</p> <ul style="list-style-type: none"> 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). |

- (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. 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 and register themselves as Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to 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 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.

(xxi) 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, under help section or write an email to 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, 16th September, 2017 (10.00 a.m.) and ends on Monday, 18th September, 2017 (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, 14th September, 2017 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 under help section or write an email to 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 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**

**Place : Mumbai
Date : 29.05.2017**

**Baldevkrishan Sharma
Chairman
DIN: 00117161**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AS REQUIRED UNDER
REGULATION 17 OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS), 2015**

| | |
|---|---|
| Name of the Director | Mr. Krishna Prakash Bhardwaj |
| Date of Birth | 10th July, 1933 |
| Date of Appointment | 01st October, 1994 |
| Qualifications | Bachelor of Science degree in D.C.E and Engineering Diploma from City and Guild Institute of London |
| Expertise in specific functional areas | Expertise in Technology & Operations Management and General 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 | 5300 |

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

**Place : Mumbai
Date : 29.05.2017**

**Baldevkrishan Sharma
Chairman
DIN: 00117161**

DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their thirty-third Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS:

The financial performance of the Company, for the year ended March 31, 2017 as compared to the previous financial year is summarized below:

(Amount in Lacs)

| PARTICULARS | CURRENT YEAR 31.03.2017 | PREVIOUS YEAR 31.03.2016 |
|--|-------------------------|--------------------------|
| Revenue from Operations | 121.06 | 125.81 |
| Total Expenditure including Depreciation | 103.25 | 102.70 |
| Profit before Tax | 18.52 | (8.98) |
| Profit/Loss After Tax | 18.96 | (8.22) |

2. PERFORMANCE REVIEW:

The overall income from Franchisee operations for 2016-17 stood at Rs.24.92 Lakhs as compared to Rs.22.92 Lakhs in 2015-16 & Warehousing Income for 2016-17 stood at Rs.87.19 Lakhs as compared to Rs.102.88 Lakhs in 2015-16. Thus total income for 2016-17 amounted to Rs.1.21 Crores as compared to Rs.1.26 Crores in 2015-16. Our carry forward losses decreased, due to current year profit with losses now standing at a nominal of Rs.35.13 Lakhs with the target to completely make the Company Debt free resulting in a considerable increase in our profitability.

For the year ended 31.3.2017 the company has achieved an overall Net Profit of Rs.18.96 Lakhs as compared to Net Loss of Rs.8.22 Lakhs in previous year.

3. DIVIDEND:

The Directors have not recommended any dividend for the year under review.

4. OUTLOOK FOR 2017-2018:

Your Company's focus would be to maintain the profitability for the year by reducing the costs. With growth anticipated at 25% in the coming year emphasis would be in Infrastructure and Real Estate sector. With favourable economic conditions, your company expects considerable growth in both franchisee and warehouse operations.

During the year the Company would resume the trading model which would help the turnover grow.

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.

7. PARTICULARS OF EMPLOYEES:

Particulars as required under section 197 of the Companies Act, 2013 read with Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, is annexed as **ANNEXURE-I** to this Report.

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 fourth consecutive AGM of the Company to be held in the year 2018, (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 II**.

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 III**, 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.

Value of Imports on CIF basis:

| Particulars | 2016-2017 | 2015-2016 |
|-------------------|-----------|-----------|
| Purchase of Goods | NIL | NIL |
| EURO | NIL | NIL |
| USD | NIL | NIL |
| GBP | NIL | NIL |

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. in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed with no material departures;
2. the 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 as at March 31, 2017 and of the profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. the Directors have prepared the annual financial statements on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

23. LISTING WITH STOCK EXCHANGES:

The Company confirms that it has paid the Annual Listing Fees for the year 2017-2018 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 : 29.05.2017

Annexure - I

Particulars as required under Section 197 of the Companies Act, 2013 read with Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

| Sr. No. | Name | Designation of the Employee | Remuneration Received (in Rs.) | Nature of Employment - Whether Contractual or otherwise | Qualification and Experience of the Employee | Date of Commencement of Employment | Age | Last Employment held |
|---------|--------------------------|-----------------------------|--------------------------------|---|--|------------------------------------|--------|----------------------|
| 1 | Mr. Baldevkrishan Sharma | Chairman | 6,60,000.00 | Permanent | Bachelors in Science (B.Sc.), 41 Yrs | | 70 Yrs | |
| 2 | Mr. Karan Sharma | Managing Director | 6,60,000.00 | Permanent | B.Com , 17 Yrs | | 37 Yrs | |
| 3 | Mr. K.P. Bhardwaj | Whole time Director | 3,81,000.00 | Permanent | B.Sc. | | 86 Yrs | |
| 4 | Mr. Dilip Mankame | Asst. Manager | 2,89,916.00 | Permanent | 12th | 01-09-1992 | 56 Yrs | |
| 5 | Mrs. Rashmi Nadkarni | Customer Care Executive | 2,99,808.00 | Permanent | B.Com , | 18-06-2012 | 43 Yrs | |
| 6 | Mr. Kamlakar Patil | Accounts & Admin Head | 2,19,696.00 | Permanent | B.Com , | 02-11-2000 | 43 Yrs | |
| 7 | Mr. Vinod Waman | Store Officer | 2,19,836.00 | Permanent | 12th | 02-04-2012 | 43 Yrs | |
| 8 | Mr. Rajan Patil | Store Assistant | 2,12,690.00 | Permanent | F.Y. B.Com. | 02-11-2000 | 43 Yrs | |
| 9 | Mr. Girish Kulkarni | Store Assistant | 2,04,371.00 | Permanent | 10th | 26-12-1998 | 53 Yrs | |
| 10 | Mr. Pravin Shinde | Store Assistant | 2,12,968.00 | Permanent | S.Y. B. Com. | 02-04-2012 | 24 Yrs | |

Date : 29.05.2017
Place : Mumbai

Karan Baldev Sharma
Managing Director
(DIN: 00117188)

Baldevkrishan Sharma
Chairman
(DIN: 00117161)

ANNEXURE II TO DIRECTORS REPORT

**FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
FOR THE PERIOD ENDED 31ST MARCH, 2017**

[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 | 2 | 4 | 3 | 9 | 2 | 3 | 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 |
| A. Promoters | | | | | | | | |
| (1) Indian | | | | | | | | |
| 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 |
| fi) Directors | 1754293 | 1000 | 1755293 | 57.84 | 1784211 | 1000 | 1785211 | 58.82 |
| Sub-Total (A) (1):- | 1754293 | 1000 | 1755293 | 57.84 | 1784211 | 1000 | 1785211 | 58.82 |
| (2) Foreign | | | | | | | | |
| 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 |
| Sub-Total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (A) (2):- | | | | | | | | |
| Total Shareholding of promoter (A)-(A)(1)+(A)(2) | 1754293 | 1000 | 1755293 | 57.84 | 1784211 | 1000 | 1785211 | 58.82 |
| B) Public Shareholding | | | | | | | | |
| 1) Institutions | | | | | | | | |
| 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 |
| Sub-total | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (B) (1) | | | | | | | | |
| 2) Non-Institutions | | | | | | | | |
| a) Body Corporate | | | | | | | | |
| i) Indian | 52120 | 17900 | 70020 | 2.3 | 96620 | 17900 | 114520 | 3.77 |
| ii) Overseas | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| b) Individuals | | | | | | | | |
| i) Individuals Shareholders holding nominal Share Capital Upto Rs.2 lakh | 417187 | 551400 | 968587 | 31.92 | 394769 | 544900 | 939669 | 30.96 |
| ii) Individuals Shareholders holding nominal Share Capital in excess of Rs.2 lakh | 95700 | 40100 | 135800 | 4.48 | 95700 | 40100 | 135800 | 4.47 |
| c) Other(Specify) | | | | | | | | |
| NRIs | 2000 | 103100 | 105100 | 3.46 | 1500 | 103100 | 104600 | 3.44 |

| | | | | | | | | |
|--|---------|--------|---------|--------|---------|--------|---------|--------|
| Sub-total (B) (2) | 624475 | 712500 | 1279507 | 42.16 | 588589 | 706000 | 1294589 | 42.64 |
| Total public Shareholding of (B)=(B)(1)+(B)(2) | 624475 | 712500 | 1279507 | 42.16 | 588589 | 706000 | 1294589 | 42.64 |
| c) Shares held by Custodian for GDRs and ADRs | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total (A+B+C) | 2378768 | 713500 | 3034800 | 100.00 | 2372800 | 707000 | 3079800 | 100.00 |

(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 | 1293593 | 42.63 | 0 | 1323511 | 43.61 | 0 | 0.98 |
| 2 | Karan Sharma | 27600 | 0.91 | 0 | 27600 | 0.91 | 0 | NIL |
| 3 | Krishna Prakash Bhardwaj | 5300 | 0.17 | 0 | 5300 | 0.17 | 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 |
| | Total | 1755293 | 57.84 | 0 | 1785211 | 58.82 | 0 | 0.98 |

(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 Company |
| | At the Beginning of the year | | | | |
| 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 | 0.17 | 5300 | 0.17 |
| 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): | | | 29918 (Acquired from the open market) | |
| | At the End of the year | | | | |
| 1 | Baldevkrishan Sharma | 1323511 | 43.61 | 1323511 | 43.61 |
| 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 | 0.17 | 5300 | 0.17 |
| 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 |
| | At the Beginning of the year | | | | |
| 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 | Shelfali Hemantkumar Shah | 12200 | 0.40 | 12200 | 0.40 |
| | Date wise Increase/ Decrease in Share holding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc): | | | 600 (Transfer) | 0.02 |
| | At the End of the year (or on the date of separation, if separated during the year): | | | | |
| 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 | Sarla Gems Limited | 11600 | 0.38 | 11600 | 0.38 |

(v) Shareholding of Directors and Key Managerial Personnel :

| 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 Company |
| | Karan Sharma | 27600 | 0.91 | 27600 | 0.91 |
| | Mona Menon | 137700 | 4.54 | 137700 | 4.54 |
| | Baldevkrishan Sharma | 1293593 | 42.63 | 1293593 | 42.63 |
| | Krishna Prakash Bhardwaj | 5300 | 0.17 | 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 |
| Indebtedness at the Beginning of the financial year | | | | |
| i) Principal Amount | --- | 400000 | --- | 400000 |
| ii) Interest due but not paid | --- | --- | --- | --- |
| iii) Interest accrued but not due | --- | --- | --- | --- |
| Total(i +ii +iii) | --- | 400000 | --- | 400000 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 242897 | --- | --- | 242897 |
| Reduction | --- | --- | --- | --- |
| Net Change | 242897 | --- | --- | 242897 |
| Indebtedness at the End of the financial year | | | | |
| i) Principal Amount | 242897 | 400000 | --- | 400000 |
| ii) Interest due but not paid | --- | --- | --- | --- |
| iii) Interest accrued but not due | --- | --- | --- | --- |
| Total(i +ii +iii) | 242897 | 400000 | | 642897 |

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 | Gross Salary | 660000 | 381000 |
| | (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 | | |
| | - Conveyance | 60000 | --- |
| | - Interest on Loan | --- | 40000 |
| | - Sitting fees | --- | 12000 |
| | - Conveyance | --- | --- |
| Less: | TDS | 203940 | 0 |
| | Total (A) | 516060 | 433000 |
| | Ceiling as per the Act, 2013 | | |

B. Remuneration to other directors:

| SR. No. | Particulars of Remuneration | Name of Directors | | | | | Total Amount |
|---------------|---|-----------------------|------------------------|-------------------------------|-------------------|----------|---------------|
| | | Gurvinder Fauja Singh | Bhagwati Prasad Mangal | Baldevkrishan Ramratan Sharma | Mona Pratap Menon | ---- | |
| | Independent Directors | | | | | | |
| | • Fee for attending board/ committee meetings | --- | --- | --- | --- | --- | --- |
| | • Commission | --- | --- | --- | --- | --- | --- |
| | • Others,Please specify | --- | --- | --- | --- | --- | --- |
| | - Remuneration | --- | --- | --- | --- | --- | --- |
| | - Interest on Loan | --- | --- | --- | --- | --- | --- |
| | - Conveyance | --- | --- | --- | --- | --- | --- |
| | - Sitting Fees | 36000 | 75000 | --- | --- | --- | 111000 |
| | Total (1) | 36000 | 75000 | 0 | 0 | 0 | 111000 |
| | Other Non-Executive Directors | | | | | | |
| | • Fee for attending board committee meetings | --- | --- | --- | --- | --- | --- |
| | • Commission | --- | --- | --- | --- | --- | --- |
| | • Others,Please specify | --- | --- | --- | --- | --- | --- |
| | - Remuneration | --- | --- | 660000 | --- | --- | --- |
| | - Conveyance | --- | --- | 60000 | --- | --- | --- |
| | - Sitting Fees | --- | --- | --- | 25000 | --- | --- |
| | Total(2) | --- | --- | 720000 | 25000 | 0 | 745000 |
| | Total(B)=(1+2) | 36000 | 75000 | 720000 | 25000 | 0 | 856000 |
| Less : | TDS | 3600 | 7500 | 203940 | 2500 | 0 | 217540 |
| | Total Managerial Remuneration | 32400 | 67500 | 516060 | 22500 | 0 | 638460 |
| | 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 |
|---------------|---|--------------------------|-----|--------------|
| | | | | |
| 1 | Gross Salary | --- | --- | --- |
| | (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 | --- | --- | --- |
| | • Conveyance | --- | --- | --- |
| Less : | TDS | --- | --- | --- |
| | Total | 0 | 0 | 0 |

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) |
|-----------|-----------------------------------|-------------------|--|------------------------------|-----------------------------------|
| A. | COMPANY | - | - | - | - |
| | Penalty | - | - | - | - |
| | Punishment | - | - | - | - |
| | Compounding | - | - | - | - |
| B. | DIRECTORS | - | - | - | - |
| | Penalty | - | - | - | - |
| | Punishment | - | - | - | - |
| | Compounding | | | | |
| C. | OTHERS OFFENCES IN DEFAULT | - | - | - | - |
| | Penalty | - | - | - | - |
| | Punishment | - | - | - | - |
| | Compounding | - | - | - | - |

Annexure III

Form No. MR-3

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED
31.03.2017**

[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 31st March, 2017 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 31st March, 2017 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.

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 : 29.05.2017**

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. Four Board Meetings were held in 2016-17. 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 | 2 | Yes | 1 |
| Mr. K.P. Bharadwaj | Executive, Director | 3 | Yes | NIL |
| Ms. Mona Menon | CFO-Executive Promoter | 4 | Yes | 1 |
| Mr. Karan Sharma | Managing Director, Executive | 4 | Yes | 1 |
| Mr. Gurvinder Singh Saggu | Non-Executive Independent Director | 4 | Yes | NIL |
| Mr. Bhagwati Prasad Mangal | Non-Executive Independent Director | 4 | Yes | 6 |

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 26, 2016, August 11, 2016, November 10, 2016 and February 9, 2017. 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 | 4 |
| 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 four times. The said meetings were held on May 26, 2016, August 11, 2016, November 10, 2016 and February 9, 2017. 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 | 4 | 4 |
| Mr. Bhagwati Prasad Mangal | Independent Non-Executive | 4 | 4 |

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 |
|--|---|--|
| Tuesday, September 27, 2016 at 10.00 a.m. | Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028. | 1. Re-appointment of Mr. Krishna Prakash Bhardwaj (DIN-00276699), "Whole-Time Director" of the Company. |
| Monday, September 28, 2015 at 10.00 a.m. | Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028. | 1. Remuneration to Mr. Baldevkrishan Sharma, Chairman - Executive. 2. Appointment of Mrs. Rekha Nagori as an Independent Director. 3. Alteration of Main Objects in the Memorandum of Association. 4. Approval of Related Party Transactions. |
| Saturday, September 13, 2014 at 11.00 a.m. | Kohinoor Banquet, Ground Floor, Opp. Siddhivinayak Mandir, Swatantrya Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025. | 1. Appointment of Mr. Bhagwati Prasad Mangal (DIN 00134847) as an Independent Director of the Company for five consecutive years. 2. Appointment of Mr. Gurvinder Singh Saggu (DIN 00117386) as an Independent Director of the Company for five consecutive years. 3. Re-appointment of Mr. Karan Sharma (DIN 00117188) "Managing Director" for a period of five years effective from 1st April, 2014. |

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:

- Transactions 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: investor@gratex.in for redressal of complaints. |
| • Website of the Company | www.gratex.in |

7. GENERAL SHAREHOLDER'S INFORMATION:

| | |
|---|--|
| • AGM: Date, Time and Venue | Tuesday, 19 th September, 2017 at 10.00 a.m. at Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028. |
| • Date of Book Closure | Friday, 15 th September, 2017 to Tuesday, 19 th September, 2017 (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. : 24392321 |

Financial Calendar 2017– 2018 (Tentative)

| | |
|--|--------------------------------|
| Financial reporting for the quarter ending June 30, 2017 | Upto August 14, 2017 |
| Financial reporting for the half year ending September 30, 2017 | Upto November 14, 2017 |
| Financial reporting for the quarter ending December 31, 2017 | Upto February 14, 2018 |
| Financial reporting for the quarter and year ending March 31, 2018 | Upto May 30, 2018 |
| Annual General Meeting for the year ending March 31, 2018 | Upto September 30, 2018 |

8. THE DISTRIBUTION OF SHAREHOLDERS AS ON 31.03.2017 IS AS FOLLOWS:

| Range of Holding | No. of Shareholders | % to Shareholders | Total Shares | Amount | % to Capital |
|------------------|---------------------|-------------------|----------------|-----------------|--------------|
| 1-500 | 3400 | 92.95 | 527796 | 5277960 | 17.39 |
| 501-1000 | 123 | 3.36 | 104800 | 1048000 | 3.45 |
| 1001-2000 | 70 | 1.91 | 105799 | 1057990 | 3.49 |
| 2001-3000 | 16 | 0.44 | 40795 | 407950 | 1.34 |
| 3001-4000 | 14 | 0.38 | 49800 | 498000 | 1.64 |
| 4001-5000 | 7 | 0.19 | 35000 | 350000 | 1.15 |
| 5001-10000 | 10 | 0.27 | 73300 | 733000 | 2.42 |
| Above 10000 | 18 | 0.49 | 2097510 | 20975100 | 69.11 |
| Total | 3658 | 100 | 3034800 | 30348000 | 100 |

9. SHAREHOLDING PATTERN AS ON 31ST MARCH, 2017:

| Category | Sub-category | No. of securities held |
|-------------------------|--|------------------------|
| Promoter's holding | Indian Promoters | 1785211 |
| | Foreign Promoters | 0 |
| | Persons Acting in Concern | 0 |
| | Sub Total | 1785211 |
| 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 | 69520 |
| | Indian Public | 1075469 |
| | Any Other | 104600 |
| | | 1249589 |
| | 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-16 | 9.10 | 11.00 | 9.10 | 10.50 | 4594 | 25 | 46949 | 1.90 | 1.40 |
| Jul-16 | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Aug-16 | 11.00 | 11.65 | 11.00 | 11.00 | 1000 | 6 | 11158 | 0.65 | 0.00 |
| Sep-16 | 11.00 | 11.00 | 11.00 | 11.00 | 2500 | 8 | 27500 | 0.00 | 0.00 |
| Oct-16 | 11.00 | 11.50 | 11.00 | 11.00 | 10121 | 43 | 111341 | 0.50 | 0.00 |
| Nov-16 | 11.00 | 11.00 | 11.00 | 11.00 | 1321 | 3 | 14531 | 0.00 | 0.00 |
| Dec-16 | 11.00 | 11.00 | 11.00 | 11.00 | 4100 | 3 | 45100 | 0.00 | 0.00 |
| Jan-17 | 11.00 | 11.00 | 11.00 | 11.00 | 100 | 1 | 1100 | 0.00 | 0.00 |
| Feb-17 | 11.00 | 11.00 | 10.90 | 10.90 | 650 | 7 | 7135 | 0.10 | -0.10 |
| Mar-17 | 11.00 | 11.00 | 8.97 | 8.97 | 2750 | 14 | 27202 | 2.03 | -2.03 |
| Apr-17 | 8.55 | 8.55 | 8.55 | 8.55 | 200 | 1 | 1710 | 0.00 | 0.00 |
| May-17 | 8.15 | 10.00 | 8.15 | 10.00 | 1400 | 10 | 12577 | 1.85 | 1.85 |

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 : 29.05.2017

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report have 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 : 29.05.2017

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** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss and the Cash Flow Statement, and a summary of the significant accounting policies and other explanatory information for the year then ended.

Management's Responsibility for the 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 and 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 Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the preparation of the Act for safeguarding 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.

Auditors' 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 31st March, 2017, and its profit/loss 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 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the "**Annexure A**" 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.
 - (d) 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
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) In our opinion the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"
 - (g) 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 has not disclosed the impact of pending litigations on its financial position in its financial statements.
 - 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 required to be transferred to the Investor's Education and Protection fund

For Lakhani and Lakhani
Chartered Accountants
FRN : 115728W

DEEPAK M. MOJIDRA
(Partner)
Membership No : 129704

Place: Mumbai
Date: 29th May, 2017

“ANNEXURE A” TO INDEPENDENT AUDITOR’S REPORT

1. The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

The fixed assets of the company have been physically verified by the Management during the year and no material discrepancies were noticed on such verification. In our opinion the verification is reasonable having regard to the size of the company and the nature of its assets.

2. The stock of finished goods of the company has been physically verified by its management during the year.

The value of stock held as on 31st March, 2017 has been re- certified by the management for the current year.

3. The Company has not granted 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 is Not Applicable.

4. During the year under audit, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees and security.

5. During the year under audit, the company has not accepted any deposits from the public to which the directives issued by Reserve Bank of India or the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under apply.

6. We have been informed that Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013, in respect of any activities carried on by the company.

7. According to the information and explanations given to us, the company has been regular in depositing Employees Provident Fund dues and has also been regular in depositing undisputed income tax and other applicable statutory dues with appropriate authorities.

8. On the basis of records examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

9. According to the information and explanations given to us, the company has not raised any moneys by way of initial public offer or further public offer or any term loans during the year under review

10. To the best of our knowledge and belief and according to the information and explanations given to us we have not come across any fraud by the company or any fraud on the Company by its officers or employees during the course of our audit of the period under review.

11. During the year under audit, Managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197.

12. In our opinion and according to information and explanations given to us, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the order is not applicable.

13. According to the information and explanations given to us and the records examined by us, the transaction with the related parties are in compliance with the provisions of section 177 and section 188 of the Companies Act, 2013 and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and the records examined by us, the company has not made any preferential allotment and private placement of shares during the year. Accordingly, paragraph 3(xiv) of the order is not applicable.

15. According to the information and explanations given to us and the records examined by us, the company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Lakhani and Lakhani
Chartered Accountants
FRN : 115728W

DEEPAK M. MOJIDRA
(Partner)
Membership No : 129704

Place: Mumbai
Date: 29th May, 2017

“ANNEXURE B” TO INDEPENDENT AUDITOR’S REPORT

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 LIMITED** (“the Company”) as of **31st March 2017** in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering 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 (‘ICAI’). 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 judgment, 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection

of unauthorized 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 31st March 2017, based on the internal control over financial reporting criteria established by the Company considering 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 M. MOJIDRA
(Partner)
Membership No : 129704

Place: Mumbai
Date: 29th May, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

| Particulars | Note No. | As at 31 st March, 2017 ₹ | As at 31 st March, 2016 ₹ |
|----------------------------------|----------|--------------------------------------|--------------------------------------|
| I. EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 2 | 3,03,48,000 | 3,03,48,000 |
| Reserves and surplus | 3 | (35,13,081) | (54,08,763) |
| | | 2,68,34,919 | 2,49,39,237 |
| Non-current liabilities | | | |
| Deffered tax liabilities | | 1,74,058 | 2,18,233 |
| Other Long term liabilities | 4 | 2,42,897 | - |
| | | 4,16,955 | 2,18,233 |
| Current liabilities | | | |
| Short-term borrowings | 5 | 4,00,000 | 4,00,000 |
| Trade payables | 6 | 30,241 | 75,857 |
| Other current liabilities | 7 | 1,19,258 | 1,41,707 |
| Short-term provisions | 8 | 5,11,206 | 4,41,782 |
| | | 10,60,705 | 10,59,346 |
| TOTAL | | 2,83,12,580 | 2,62,16,816 |
| II. ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| (i) Tangible assets | 9 | 81,25,101 | 85,65,728 |
| (ii) Capital work-in-progress | - | - | - |
| Long-term loans and advances | 10 | 1,80,958 | 1,80,958 |
| Other non-current assets | 11 | - | - |
| | | 83,06,059 | 87,46,686 |
| Current assets | | | |
| Inventories | 12 | 40,90,984 | 49,85,224 |
| Cash and cash equivalents | 13 | -45,913 | 1,27,274 |
| Short-term loans and advances | 14 | - | - |
| Other current assets | 15 | 1,59,61,450 | 1,23,57,632 |
| | | 2,00,06,521 | 1,74,70,130 |
| TOTAL | | 2,83,12,580 | 2,62,16,816 |
| 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 29, 2017

BALDEVKRISHAN SHARMA
CHAIRMAN

KARAN SHARMA
MANAGING DIRECTOR

PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

| Particulars | Note No. | Year Ended 31 st March, 2017 ₹ | Year Ended 31 st March, 2016 ₹ |
|---|----------|---|---|
| I. INCOMES | | | |
| Revenue From Operations | | 1,21,05,698 | 1,25,80,610 |
| II. Other Income | | | |
| Interest on IT Refund | | 67,516 | 6,900 |
| Discount | | 3,565 | - |
| TOTAL | | 1,21,76,779 | 1,25,87,510 |
| III. EXPENSES | | | |
| Purchases of Material | | - | - |
| (Increase) / Decrease in Inventory | 16 | 8,94,240 | - |
| Employee benefits expense | 17 | 49,74,209 | 54,07,519 |
| Finance costs | 18 | 78,076 | 40,000 |
| Depreciation and amortization expense | 9 | 10,35,592 | 11,39,110 |
| Other expenses | 19 | 33,43,031 | 36,83,557 |
| TOTAL | | 1,03,25,148 | 1,02,70,186 |
| Profit before Extraordinary and Exceptional items and tax | | 18,51,631 | 23,17,324 |
| Extraordinary / Exceptional Items | * | | 32,15,490 |
| Profit before tax | | 18,51,631 | -8,98,166 |
| Prior Period Expense | | 123 | 270 |
| Tax expense: | | | |
| Current tax | | | |
| Deferred tax | | -44,174 | -76,278 |
| Profit / (Loss) for the period | | 18,95,682 | -8,22,158 |
| * Exceptional Items represent Loans W/off on the basis of representation from Management | | | |
| Earning per equity share of Face Value of ₹ 10 /- each: | | | |
| Basic and Diluted | | 0.62 | (0.27) |
| Weighted average number of shares outstanding | | 30,34,800 | 30,34,800 |
| 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 29, 2017

BALDEVKRISHAN SHARMA
CHAIRMAN

KARAN SHARMA
MANAGING DIRECTOR

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

| Particulars | Amount |
|--|------------------|
| I. Cash flow from operating activities: | |
| Net Profit / (Loss) before tax as per Profit and Loss Account | 1,895,682 |
| Add/(Deduct): | |
| Depreciation and Amortisation | 1,035,593 |
| Changes in Working Capital | |
| Decrease in Duties & Taxes | (22,449) |
| Increase in Provisions | 69,424 |
| Decrease in Creditors | (45,616) |
| Decrease in Deferred tax | (44,174) |
| Decrease in Outstanding expenses | - |
| Increase in Long term Loan and advances | 242,897 |
| Increase in Sundry Debtors | (4,509,668) |
| Provision For Taxation | - |
| Decrease in Advances | 905,850 |
| Decrease in closing Stock | 894,240 |
| Net Cash Flow in the course of Operating activities | 421,778 |
| II. Cash flow from Investing activities: | |
| Inflow/ (Outflow) on account of: | |
| Sale of Fixed Assets | - |
| Purchase of Fixed Asset | (594,966) |
| Net Cash flow in the course of Investing activities | (594,966) |
| III. Cash flow from Financing activities: | |
| Loan Repayment | - |
| Inflow/ (Outflow) on account of: | |
| Increase/ (Decrease) in Unsecured Loans | |
| Interest and Finance Charges | |
| Net Cash flow in the course of Financing activities | - |
| Net Increase/(Decrease) in Cash and Cash Equivalents (I+II+III) | (173,188) |
| Add: Balance at the beginning of the year | 127,274 |
| Cash and Cash Equivalents at the close of the year | (45,914) |

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 29, 2017

BALDEVKRISHAN SHARMA
CHAIRMAN

KARAN SHARMA
MANAGING DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2017

NOTE - 2

| SHARE CAPITAL | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|---|---|---|
| AUTHORISED | | |
| 40,00,000 (P.Y. 40,00,000) Equity Shares of Rs. 10/- each | 4,00,00,000 | 4,00,00,000 |
| | 4,00,00,000 | 4,00,00,000 |
| ISSUED, SUBSCRIBED AND PAID UP | | |
| 30,34,800 (P.Y. 30,34,800) Equity Shares of Rs. 10/- each fully paid up | 3,03,48,000 | 3,03,48,000 |
| TOTAL | 3,03,48,000 | 3,03,48,000 |

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

| | No. of equity shares As at 31st March, 2017 | No. of equity shares As at 31st March, 2016 |
|---|--|--|
| Number of Shares at the Beginning | 30,34,800 | 30,34,800 |
| Add/(Less) : | | |
| Issue during the period - | - | - |
| Buyback during the period - | - | - |
| Redemption / Conversion during the period | - | - |
| At the end of the reporting period (Nos) | 30,34,800 | 30,34,800 |

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

| Name of Shareholder | Equity Shares | | | |
|----------------------------|-------------------------------|---------------------|-------------------------------|---------------------|
| | As at 31 March 2017 | | As at 31 March 2016 | |
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Baldevkrishan Sharma | 13,23,511 | 43.61% | 12,93,593 | 42.63% |
| Promila Sharma | 2,90,100 | 9.56% | 2,90,100 | 9.56% |
| Others | 14,21,189 | 46.83% | 14,51,107 | 47.82% |
| | 30,34,800 | 100% | 30,34,800 | 100% |

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, 2017 ₹ | As at 31st March, 2016 ₹ |
|---------------------------------------|--------------------------------|--------------------------------|
| RESERVES AND SURPLUS | | |
| Capital Reserves | | |
| Opening Balance / Closing Balance | 10,46,026 | 10,46,026 |
| General reserve | | |
| Opening Balance / Closing Balance | 8,06,783 | 8,06,783 |
| Profit & Loss Account | | |
| Opening Balance | (72,61,572) | (64,39,414) |
| Add/(Less) : Current Year Transaction | 18,95,682 | (8,22,158) |
| Less Assets Written/off | - | - |
| | (53,65,890) | (72,61,572) |
| Grand Total | (35,13,081) | (54,08,763) |

Note - 4

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|------------------------------------|--------------------------------|--------------------------------|
| OTHER LONG TERM LIABILITIES | | |
| Secured Loans | | |
| Car Loan | 2,42,897 | - |
| Trade Payables | - | - |
| Total | 2,42,897 | - |

Note - 5

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|------------------------------------|--------------------------------|--------------------------------|
| SHORT TERM BORROWINGS | | |
| Unsecured | | |
| - from directors / related parties | 4,00,000 | 4,00,000 |
| Total | 4,00,000 | 4,00,000 |

Note - 6

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|------------------------------------|--------------------------------|--------------------------------|
| TRADE PAYABLES | | |
| Trade payables | | |
| Micro, small & Medium enterprises* | 30,241 | 75,857 |
| Total | 30,241 | 75,857 |

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, 2017 ₹ | As at 31st March, 2016 ₹ |
|----------------------------------|--------------------------------|--------------------------------|
| OTHER CURRENT LIABILITIES | | |
| Other payables : | | |
| - statutory dues | 97,258 | 1,19,707 |
| - others | 22,000 | 22,000 |
| Total | 1,19,258 | 1,41,707 |

Note - 8

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|------------------------------|--------------------------------|--------------------------------|
| SHORT TERM PROVISIONS | | |
| Provision for Expenses | 5,11,206 | 4,41,782 |
| Total | 5,11,206 | 4,41,782 |

NOTE - 9

FIXED ASSETS as at 31 March, 2017

| Fixed Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | IMPAIRMENT | NET BLOCK | |
|------------------------|------------------------------|------------------------|-------------------------|-------------------------------|------------------------------|--------------------------|-------------------------|-------------------------------|--------------------------|-------------------------------|-------------------------------|
| | Balance as at 1st April 2016 | Additions/ (Disposals) | Deduction / Adjustments | Balance as at 31st March 2017 | Balance as at 1st April 2016 | Provided during the year | Deduction / Adjustments | Balance as at 31st March 2017 | Provided during the year | Balance as at 31st March 2017 | Balance as at 31st March 2016 |
| Tangible Assets | | | | | | | | | | | |
| Leasehold Land | 2,40,000 | - | - | 2,40,000 | - | - | - | - | - | 2,40,000 | 2,40,000 |
| Buildings | 1,13,57,821 | 85,000 | - | 1,14,42,821 | 40,09,839 | 5,34,877 | - | 45,44,716 | - | 68,98,105 | 73,47,982 |
| Plant and Equipment | 69,67,524 | - | - | 69,67,524 | 63,08,700 | 1,93,197 | - | 65,01,897 | - | 4,65,627 | 6,58,824 |
| Furniture and Fixtures | 17,78,276 | - | - | 17,78,276 | 15,24,206 | 76,789 | - | 16,00,995 | - | 1,77,281 | 2,54,070 |
| Motor Car | - | 5,09,965 | - | 5,09,965 | - | 1,97,236 | - | 1,97,236 | - | 3,12,729 | - |
| Office equipment | 8,92,039 | - | - | 8,92,039 | 8,41,782 | 23,028 | - | 8,64,810 | - | 27,229 | 50,257 |
| Computers | 9,66,518 | - | - | 9,66,518 | 9,51,923 | 10,465 | - | 9,62,388 | - | 4,130 | 14,595 |
| Total | 2,22,02,178 | 5,94,965 | - | 2,27,97,143 | 1,36,36,450 | 10,35,592 | - | 1,46,72,042 | - | 81,25,101 | 85,65,728 |

NOTE -10

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|-------------------------------------|--------------------------------|--------------------------------|
| Long Term Loans and Advances | | |
| Security Deposits | | |
| Unsecured, considered good | 1,80,958 | 1,80,958 |
| Total | 1,80,958 | 1,80,958 |

NOTE -11

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|---------------------------------|--------------------------------|--------------------------------|
| OTHER NON CURRENT ASSETS | | |
| Total | - | - |

NOTE -12

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|--------------------|--------------------------------|--------------------------------|
| INVENTORIES | | |
| Stock in hand | 40,90,984 | 49,85,224 |
| Total | 40,90,984 | 49,85,224 |

NOTE -13

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|--|--------------------------------|--------------------------------|
| CASH AND CASH EQUIVALENTS | | |
| Cash on hand | 25,551 | 41,467 |
| Balances with Bank in Current Accounts | -71,464 | 85,807 |
| Total | -45,913 | 1,27,274 |

NOTE -14

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|---|--------------------------------|--------------------------------|
| SHORT TERM LOANS AND ADVANCES | | |
| Advances recoverable in cash or kind or for value to be received: | | |
| Unsecured, considered good | - | - |
| Total | - | - |

NOTE -15

| | As at 31st March, 2017 ₹ | As at 31st March, 2016 ₹ |
|-----------------------------|--------------------------------|--------------------------------|
| OTHER CURRENT ASSETS | | |
| Other Advances | 4,16,203 | 11,68,853 |
| Advance to creditors | - | 1,53,200 |
| Sundry Debtors | 1,55,45,247 | 1,10,35,579 |
| Total | 1,59,61,450 | 1,23,57,632 |

NOTE - 16

| | Year Ended 31st March 2017 ₹ | Year Ended 31st March 2016 ₹ |
|--|------------------------------------|------------------------------------|
| (INCREASE)/ DECREASE IN INVENTORY | | |
| Opening Stock of Inventory | 49,85,224 | 49,85,224 |
| Less : Closing stock of Inventory | 40,90,984 | 49,85,224 |
| Total | 8,94,240.00 | - |

Material sold during the year:

| | | |
|----------------------------------|----------|----------|
| - Wall papers & Related Products | - | - |
| Total | - | - |

Inventory as at 31st March:

| | | |
|----------------------------------|------------------|------------------|
| - Wall papers & Related Products | 40,90,984 | 49,85,224 |
| Total | 40,90,984 | 49,85,224 |

NOTE -17

| | Year Ended 31st March 2017 ₹ | Year Ended 31st March 2016 ₹ |
|--|------------------------------------|------------------------------------|
| EMPLOYEE COST | | |
| Salaries, wages, bonus, & others | 47,86,171 | 51,55,957 |
| Employer's contribution to PF, ESIC etc. | 1,87,568 | 2,09,557 |
| Staff welfare expense | 470 | 42,005 |
| Total | 49,74,209 | 54,07,519 |

NOTE - 18

| | Year Ended 31st March 2017 ₹ | Year Ended 31st March 2016 ₹ |
|------------------------|------------------------------------|------------------------------------|
| FINANCE COST | | |
| Interest on borrowings | 71,489 | 40,000 |
| Bank Charges | 6,587 | - |
| Total | 78,076 | 40,000 |

NOTE 19

OTHER EXPENSES

| | Year Ended 31st March 2017 ₹ | Year Ended 31st March 2016 ₹ |
|---------------------------------|------------------------------------|------------------------------------|
| Repairs and maintenance | 3,16,623 | 8,27,103 |
| Rent rates & taxes | 1,71,082 | 1,41,900 |
| Printing & stationary | 42,756 | 57,203 |
| Auditor's Remuneration | 1,10,000 | 1,10,000 |
| Director's Sitting fees | 1,48,000 | 1,65,500 |
| Electricity charges | 5,34,520 | 4,72,800 |
| Professional charges | 10,51,799 | 7,06,393 |
| Delivery van expenses | 2,29,730 | 3,16,199 |
| Professional tax (Company) | 2,500 | 2,500 |
| Advertising and sales promotion | 35,707 | 90,682 |
| Conveyance | 1,43,816 | 2,08,878 |
| Insurance | 1,36,096 | 1,24,726 |
| Telephone charges | 77,358 | 77,065 |
| Membership and Subscription | 2,66,440 | 2,48,697 |
| Other expenses | 76,604 | 1,33,911 |
| Total | 33,43,031 | 36,83,557 |

20. RELATED PARTY DISCLOSURES

A. Nature of Relationship:

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

Marshall's 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 | 5,48,031 (13,06,014) | - (-) | - (-) |
| 5 | Sale of Goods /Material | - (-) | - (-) | - (-) |
| 6 | Warehousing Charges & Franchisee Commission Paid | 1,25,59,455 (1,38,86,160) | - (-) | - (-) |
| 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) |
| 8 | Balance Outstanding | | | |
| | - Payable | - (-) | 1,10,000 (1,10,000) | - (-) |
| | - Receivable | 1,55,45,247 (1,10,35,578) | - (-) | - (-) |

Foot note: Previous year figures are given in brackets.

21. DISCLOSURE OF DERIVATIVES

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

22. Debtors, creditors and loans and advance are subjects to confirmation, reconciliations and adjustment and are considered payable / realizable, as the case may be.
23. In the opinion of Board of directors of the company, all items of current and noncurrent Assets, current and noncurrent Liabilities and loans and advance continue to have a realizable value of least the amount at which they are stated in the balance sheets.

24. CONTINGENT LIABILITY (not provided for)

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

25. EARNING PER SHARE

| PARTICULARS | | 2016-17 | 2015-16 |
|---|------|-----------|------------|
| Net profit as per profit and loss account available for equity shareholders | Rs. | 18,95,682 | (8,22,158) |
| 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. | 0.63 | (0.27) |

As Per Our Report Annexed

FOR LAKHANI & LAKHANI
CHARTERED ACCOUNTANTS
FRN-115728W

FOR AND ON BEHALF OF THE BOARD

Deepak M. Mojitra
PARTNER
Membership No:129704
Place: Mumbai
Date: May 29, 2017

BALDEVKRISHAN SHARMA
CHAIRMAN

KARAN SHARMA
MANAGING DIRECTOR

GRATEX

GRATEX INDUSTRIES LIMITED

CIN : L21093MH1984PLC032248

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

Tel : 022 - 24392321. Fax : 022 - 40702161

Website : www.gratex.in E-mail id : investor@gratex.in

ATTENDANCE SLIP

I/We hereby record my/our presence at the thirty third **ANNUAL GENERAL MEETING** of the Company held on Tuesday, September 19, 2017 at 10.00 a.m. at Kite 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 - 400 016.

Tel : 022 - 24392321. Fax : 022 - 40702161 Website : www.gratex.in E-mail id : 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 third **ANNUAL GENERAL MEETING** to be held on Tuesday, September 19, 2017 at 10.00 a.m. at Kite 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 |
|----------------------------|---|-----|---------|
| Ordinary Business : | | | |
| 1. | Adoption of the Audited Financial Statements of the Company for the year ended March 31, 2017 and the reports of the Board of Directors and Auditors thereon. | | |
| 2. | To appoint a Director in place of Mr. Krishna Prakash Bhardwaj, (DIN 00276699) who retires by rotation in terms of Section 152(6) of Companies Act, 2013 and being eligible, offers himself for re-appointment. | | |
| 3. | Appoint Auditors and fix their remuneration. | | |

Signed this _____ day of _____ 2017

Signature of the shareholder _____

Signature of proxyholder(s) _____

Affix Re.1/-
Revenue
Stamp

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.