



GRATEX INDUSTRIES LIMITED

...progressing towards Growth

30th



**ANNUAL REPORT
2013 - 2014**

30th Annual Report 2013 - 2014

Board Of Directors :

Baldevkrishan Sharma - Chairman
Karan Sharma - Managing Director
Mona Menon - Chief Financial Director
Promila Sharma
Pratap Menon
K.P. Bharadwaj
Pradeep Nagori (Cessation w.e.f 27.11.2013)
Gurvinder Singh Saggu
Bhagwati Prasad Mangal
(Appointed w.e.f. 30.05.2014)

Registered Office :

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

Auditors :

M/s. Lakhani & Lakhani

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

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NOTICE

Notice is hereby given that the 30th Annual General Meeting ("AGM") of the members of Gratex Industries Limited will be held on Saturday the 13th September, 2014 at 11.00 a.m. at Kohinoor Banquet, Ground Floor, Opp. Siddhivinayak Mandir, Swatantrya Veer Savarkar Marg, Prabhadevi, Mumbai - 400 025 to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Promila Sharma (DIN 00118066) who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. Pratap Menon (DIN 00117080) who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration and in this regard to consider and, if thought fit, to pass, with or without modification, the following resolution as an **Ordinary Resolution** :

"**RESOLVED THAT** pursuant to provisions of Section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s Lakhani & Lakhani, Chartered Accountants, (ICAI Registration No. 115728W), be and are hereby re-appointed as the Statutory Auditors of the Company for a period of three years from the date of this AGM (subject to ratification of the appointment by the Members at every AGM held after this AGM) at a remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS :

5. 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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Bhagwati Prasad Mangal (DIN 00134847), who was appointed as a Non-Executive Director of the Company by the Board of Directors w.e.f. 30th May, 2014 and who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act, be and is hereby appointed as an Independent Director of the Company for five consecutive years upto 29th May, 2019, not liable to retire by rotation."

6. 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 Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Gurvinder Singh Saggu (DIN 00117386), a Non -Executive Director of the Company who has submitted a declaration that he meets the criteria of independence as provided in Section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for five consecutive years upto 29th May, 2019, not liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Special Resolution**:

"**RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Karan Sharma (DIN 00117188) be and is hereby appointed as the "Managing Director" of the Company for a period of five years effective from 1st April, 2014, on the terms and conditions of appointment as specified in the Explanatory Statement pursuant to Section 102 (1) of the Companies Act, 2013 annexed to this Notice and on the remuneration to be paid by way of Salary in the scale of Rs.45,000/- to Rs.1,00,000/- per month."

RESOLVED FURTHER THAT the Board of Directors be and hereby authorized to alter and vary the terms and conditions of appointment and / or remuneration, subject to the same not exceeding the limits specified under Section 197 read with Schedule V to the Companies Act, 2013."

NOTES:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the company. 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. 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.**
2. The Register of Members and Share Transfer Books of the Company shall remain closed from Tuesday, 9th September, 2014 to Saturday, 13th September, 2014 (both days inclusive).
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
4. Members / Proxies should bring the duly filled Attendance Slip enclosed herewith to attend the meeting.
5. 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.
6. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declaration for their appointment / reappointment.
7. Members holding shares in electronic form should get their e-mail id's updated with their respective Depository Participants so that they can get the copies of correspondence etc. sent by the Company via e-mail.
8. Copies of the Annual Report 2014 are being sent by electronic mode only to all the members whose e-mail addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same. For members who have not registered their e-mail addresses, physical copies shall be sent only if requested in writing by the member.
9. Electronic copy of the Notice of the 30th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with the Attendance Slip and Proxy Form is being sent to all members whose e-mail IDs are registered with the Company / Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same.
10. Members may also note that the Notice of the 30th 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

11. Voting through electronic means :

In Compliance with the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 30th Annual General meeting by electronic means and the business may be transacted through e-voting system provided by Central Depository Services (India) Limited (CDSL) :

The instructions for members for voting electronically are as under:-

A. In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com

- (ii) Click on "Shareholders" tab.
- (iii) 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.
- (iv) Next enter the Image Verification as displayed and Click on Login.
- (v) 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.
- (vi) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>" 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 last 8 digits of the demat account/ folio number in the PAN field.</p> <p>" In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.</p>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly 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.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN (Electronic Voting Sequence Number) for Gratex Industries Limited.
- (xi) 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.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) 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.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

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

- a. Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - b. The voting period begins on Sunday, 7th September, 2014 (10.00 a.m.) and ends on Tuesday, 9th September, 2014 (6.00 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 of 10th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - c. 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).

Place : Mumbai
Date : 30.05.2014

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

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

Karan Sharma
Managing Director

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

Name of the Director	Mrs. Promila Sharma	Mr. Pratap Menon
Date of Birth	March 2, 1949	June 12, 1973
Date of Appointment	September 9, 1992	August 10, 2004
Qualifications	B. A.	B.Com + D.M.M.
Expertise in specific functional areas	Experience of more than 35 years in Wallcovering Business and is actively involved with the Company.	Experience of more than 10 years in Marketing and General Management. He is heading the Dealer Market with Network spread all over India.
Directorships held in other Public Companies (excluding foreign companies)	Marshalls Enterprise India Private Limited	Nil
Memberships / Chairmanships of committees of other public companies (Includes only Audit and Shareholders / Investors Grievance Committee)	Nil	Nil
Number of Shares held in the Company	290100	1000

Place : Mumbai
Date : 30.05.2014

By Order of the Board
For Gratex Industries Limited

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

Karan Sharma
Managing Director

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 5 :

Mr. Bhagwati Prasad Mangal (DIN 00134847) was appointed as the Non-Executive Director of the Company w.e.f. 30th May, 2014. He is a Chartered Accountant by profession.

He is the Chairman of the Audit Committee and Stakeholder's Relationship Committee of the Board of Directors of the Company.

He does not hold any equity shares in the Company. He is a Director in the following Companies:

Morries Constructions Private Limited
Jessyindia Advisory Services Private Limited
Saguna Real Estate Private Limited
Sauvir Infrastructure Private Limited
Dineshchandra R Agarwal Infracon Private Limited

In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Bhagwati Prasad Mangal being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years term upto 29th May, 2019. A notice has been received by the Company from a member proposing Mr. Bhagwati Prasad Mangal as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Bhagwati Prasad Mangal fulfils the condition specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director and is independent of the Company's management. Copy of the draft letter for appointment of Mr. Bhagwati Prasad Mangal as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue avail services of Mr. Bhagwati Prasad Mangal as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Bhagwati Prasad Mangal as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Bhagwati Prasad Mangal, being an appointee himself, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 5.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 6 :

Mr. Gurvinder Singh Saggu (DIN 00117386) is the Non-Executive Independent Director of the Company since 9th March, 2006. He did his MBA in 1981. He has a career spanning over 30 years in the field of Industrial Marketing and SBU Management.

He is the Chairman of the Nomination and Remuneration Committee of the Board of Directors of the Company.

He does not hold any equity shares in the Company. He is not a Director in any other Company.

He retires by rotation at the ensuing Annual General Meeting under the provisions of erstwhile Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013, Mr. Gurvinder Singh Saggu being eligible and offering himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years term upto 29th May, 2019. A notice has been received by the Company from a member proposing Mr. Gurvinder Singh Saggu as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Gurvinder Singh Saggu fulfils the condition specified in the Companies Act, 2013 and rules made thereunder for his appointment as an Independent Director and is independent of the Company's management. Copy of the draft letter for appointment of Mr. Gurvinder Singh Saggu as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue avail services of Mr. Gurvinder Singh Saggu as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Gurvinder Singh Saggu as an Independent Director, for the approval by the shareholders of the Company.

Except Mr. Gurvinder Singh Saggu, being an appointee himself, none of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the resolution set out at Item No. 6.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item No. 7 :

The Board proposed to appoint Mr.Karan Sharma as the Managing Director of the Company for a period of 5 years w.e.f 1st April, 2014 subject to the approval of the Members.

Mr. Karan Sharma is a B.Com (Hons) Graduate from Mumbai University. Mr.Karan Sharma joined the Company in September, 2000 and has been responsible, in various executive position, for manufacturing, sales and marketing functions in the Company. The proposed remuneration and terms and conditions of appointment of Mr.Karan Sharma as Managing Director are given below :

- i. Tenure : For a period of 5 years commencing from April 1, 2014.
- ii. Nature of Duties : Mr. Karan Sharma ("the Appointee") shall devote his whole time and attention to the business of the Company and carry out such duties as may be entrusted to him by the Board from time to time and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with the Company.
- iii. Remuneration : Salary in the scale of Rs.45,000/- to Rs.1,00,000/- per month inclusive of all perks.
- iv. Minimum Remuneration : Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Appointee, the Company has no profits, or its profits are inadequate, the Company will pay remuneration by way of salary, as specified above.

The aggregate of the remuneration as aforesaid shall be within the maximum limits as stipulated under sections 197 and all other applicable provisions, if any, of the Act read with Part II of Schedule V of the Companies Act, 2013.
- v. The terms and conditions of the said appointment may be altered and varied from time to time by the Board as it may, in its discretion deem fit, within the maximum amounts payable to the Appointee, in accordance with the provision of the Act or any amendments made hereafter in this regard and subject to such approvals as may be required.

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

No director, key managerial personnel except Mr. Karan Sharma to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in Item No. 7 of the accompanying notice for approval of the members of the Company.

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

**Place : Mumbai
Date : 30.05.2014**

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

**Karan Sharma
Managing Director**

DIRECTORS' REPORT

Your Directors are pleased to present the 30th Annual Report along with the Audited Accounts of the Company for the financial year ended 31st March, 2014.

1. FINANCIAL HIGHLIGHTS:

The financial performance of the Company, for the year ended 31st March, 2014 as compared to the previous financial year is summarized below:

(Amount in Lacs)

	CURRENT YEAR 31.03.2014	PREVIOUS YEAR 31.03.2013
Income from Operations	727.56	496.37
Total Expenditure including Depreciation	678.55	432.53
Profit before Tax	13.06	23.78
Profit/Loss After Tax	23.77	(9.24)

2. PERFORMANCE REVIEW :

During the year under review, your Company achieved an operational Profit before Tax of Rs.49.01 lacs. However after appropriations the Net Profit After Tax for the year stood at Rs.23.77 lacs as compared to a loss of Rs.9.24 lacs in the previous year. The carry forward loss of the company is reduced from Rs. 42 lacs to Rs.18 lacs.

In the current year the income from Franchisee operations marginally grew by 5% from Rs.36.60 lacs to Rs.38.50 lacs, the furniture business of the Company too rose to Rs.6.30 lacs a 50% increase to the amount of Rs.4.20 lacs in the previous year.

3. DIVIDEND:

Due to nominal profits which are required for the future growth and expansion of the Company, your Directors do not recommend any Dividend for the financial year ended March 31, 2014.

4. OUTLOOK FOR 2014 - 2015:

This year the Company achieved its target of liquidating its complete stocks, whereby it will focus on providing warehousing services as well as grow the franchisee operations of the company. The target is to achieve a commission of Rs.60 lacs in the current year a jump estimated at 60% from the previous year.

Your Company intends to consolidate its business segments and be profit centre thus transforming the Company into a profitable organization.

5. FIXED DEPOSITS:

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

6. DIRECTORS:

• Composition

The Board comprises eight Directors, five of whom are Non-Executive Independent Directors, one Chairman, one Managing Director & one Chief Financial Officer.

• Retirement & Appointment / Re-appointment :

Mr. Pradeep Nagori, ceased to be an Independent Director of the Company due to his death on 27th November, 2014. The Board condoned his untimely demise and conveyed heartfelt condolences to his bereaved family. Ms. Mona Menon was appointed as Chief Financial Officer w.e.f 30th May, 2014.