

A stylized, light purple graphic of a plant with long, slender leaves and a cluster of rounded, leaf-like shapes at the top, positioned on the right side of the page.

32ND

ANNUAL REPORT

GRATEX INDUSTRIES LIMITED
2015-2016

Company Information

Board Of Directors :

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

Registered Office :

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

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

ORDINARY BUSINESS :

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

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

SPECIAL BUSINESS :

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

Re-appointment of Mr. Krishna Prakash Bhardwaj (DIN-00276699), "Whole-Time Director" of the Company, liable to retire by rotation :

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

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

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

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

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

**Place : Mumbai
Date : 26.05.2016**

NOTES :

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

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

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

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

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

- (iv) Click on Shareholders.
- (v) Now Enter your User ID
- For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - 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)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
	<ul style="list-style-type: none"> 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 respectively on or after June 30, 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.

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

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - 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, September 24, 2016 (10.00 a.m.) and ends on Monday, September 26, 2016 (5.00 p.m.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Thursday, September 22, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- b. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in 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 : 26.05.2016**

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

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

Item No. 5 :

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

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

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

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

The following are the terms of appointment and remuneration :-

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

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

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

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

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

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

**Place : Mumbai
Date : 26.05.2016**

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

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

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

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

**Place : Mumbai
Date : 26.05.2016**

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

DIRECTORS' REPORT

To,

The Members,

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

1. FINANCIAL HIGHLIGHTS:

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

(Amount in Lacs)

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

2. PERFORMANCE REVIEW:

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

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

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

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

3. DIVIDEND:

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

4. OUTLOOK FOR 2016 – 2017:

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

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

5. FIXED DEPOSITS:

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

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

• Composition :

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