



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

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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) | 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. 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;