



**35TH
ANNUAL REPORT
2018-2019**

GRATEX INDUSTRIES LIMITED

Company Information

Board Of Directors :

Mr. Baldevkrishan Sharma - Managing Director
Mrs. Mona Menon - Director & CFO
Mr. Karan Sharma - Director
Mrs. Rekha Pradeep Nagori - Independent Director
Mr. Prashant Sawant- Independent Director

Company Secretary :

Mr. Swapnil Chari

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. Jayesh R. Shah & Co.
C-36, Ground Floor,
The New Vasant Villa Co-op HSG Society,
Amrut Nagar, Ghatkopar (West).
Mumbai - 400 086

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 :

Notice	2	Auditors' Report & Annexure	38
Directors' Report	10	Balance Sheet	44
Annexure to Directors' Report	16	Profit & Loss Statement	45
Report on Corporate Governance	27	Notes To The Financial Statements	48
Management Discussion and Analysis	33	Proxy Form & Attendance Slip	78-79
MD and CFO certification	35	Route Map	81

NOTICE

Notice is hereby given that the thirty-fifth Annual General Meeting of Gratex Industries Limited will be held on Monday, 30th September, 2019 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, 2019 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mrs. Mona Menon who retires by rotation and being eligible, offers herself for re-appointment.

3. Appointment Of Statutory Auditor :

"RESOLVED THAT pursuant to the provisions of Section 139 (8) (i) and other applicable provisions of the Companies Act, 2013, if any and approval of the Shareholders of the Company be and hereby accorded for appointment of M/s Jayesh R. Shah & Co., Chartered Accountants (Firm Registration No. 104182W) as Statutory Auditors of the Company, to hold the office from the conclusion of this Annual General Meeting to be held on 30th September, 2019 till the conclusion of the Annual General Meeting to be held in the year 2025 at a remuneration to be fixed by the Board of Directors of the Company."

FURTHER RESOLVED THAT any of the Directors of the Company be and is hereby authorized to sign and submit the letter to the Auditor and be authorized to sign and submit the Form ADT - 1 to the ROC, Mumbai."

SPECIAL BUSINESS:

4. Appointment Of Independent Director:

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

"RESOLVED THAT pursuant to the provisions of sections 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, subject to the approval of the shareholders at the Annual General Meeting, Mr. Prashant Sawant (DIN: 08503935) who meets the criteria for 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 a term of five years with effect from 9th July 2019 up to 8th July, 2024.

FURTHER RESOLVED THAT the Chairman and Managing Director be and is hereby authorized to sign and submit the letter of appointment to Mr. Prashant Sawant and be authorized to sign and submit the FORM DIR-12 to the ROC, Mumbai."

5. Approval for Related Party Transaction

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

"RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 and other applicable provisions, if any, read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules 2014, as amended till date, Regulation 23(4) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, and the Companies policy on related party transactions, approval of the Shareholders be and is hereby accorded to the Board of Directors of the Company to enter in contracts or arrangements or transactions with Marshalls Enterprise India Private Limited., a related party, within the meaning of Section 2(76) of the Act and Regulation 2(1)(zb) of the Listing Regulations, for selling Wallpapers, Catalogues, Profiles, Furniture and Digital posters to related party i.e. M/s Marshalls Enterprise India Private Limited, a Body Corporate, at MRP+Taxes As Applicable up to a maximum aggregate value of Rs. 4 Crore (Rs. Four Crore only) Plus Taxes as applicable for the financial year 2019-20, provided that the said arrangements or transactions shall be at arm's length basis and in the ordinary course of business"

FURTHER RESOLVED THAT the agreement for Warehousing be renewed for a period of 5 Years from 1st January, 2019 to 31st December 2023 respectively with related party i.e. M/s Marshalls Enterprises India Private Limited, a body corporate provided that the total contract amount exclusive of applicable taxes each year over the contract period shall not exceed Rs. 1 Crore (Rs. One Crore) Plus Taxes as applicable, provided that the said arrangements or transactions shall be at arm's length basis and in the ordinary course of business"

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

**Baldevkrishan Sharma
Managing Director
DIN: 00117161**

**Place : Mumbai
Date : 30.05.2019**

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 Tuesday, 24th September, 2019 to Monday, 30th September, 2019 (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 2019 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-fifth 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-fifth 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 :

The Company has approached NSDL for providing e-voting services through thier e-voting platform. In this regard, your Demat Account/Folio Number has been enrolled by the Company for your participation in e-voting on resolution placed by the Company on e-Voting system. The Notice of the Annual General Meeting (AGM) of the Company inter alia indicating the process and manner of e-Voting process along with printed Attendance Slip and Proxy Form can be downloaded from the link <https://www.evoting.nsdl.com> or (www.gratex.in).

The e-voting period commences on Friday , September 27, 2019 (9:00 am) and ends on Sunday, September 29, 2019 (5:00 pm). During this period shareholders' of the Company, may cast their vote electronically. The e-voting module shall also be disabled for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the **cut-off date of Monday, 23rd September, 2019.**

Any person, who acquires shares of the Company and become member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e. **Monday 23rd September, 2019**, may obtain the login ID and password by sending a request at evoting@nsdl.co.in.

The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

3. Details on Step 1 is mentioned below:

How to Log-into NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
2. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.
Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who holdshares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

Your password details are given below:

- a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
- b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
- c) How to retrieve your 'initial password'?
 - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.
 - (ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:

- a) Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
 - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
6. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
 7. Now, you will have to click on "Login" button.
 8. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

1. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
2. Select "EVEN" of company for which you wish to cast your vote.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to jessyindia25@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "[Forgot User Details/Password?](#)" or "[Physical User Reset Password?](#)" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request atevoting@nsdl.co.in

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

Please follow all steps from sl. no. 9. above to cast vote.

- a. The voting period begins on Friday, 27th September, 2019 (9.00 a.m.) and ends on Sunday, 29th September, 2019 (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 Monday, 23rd September, 2019 may cast their vote electronically. The e-voting module shall be disabled by NSDL 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 <https://www.evoting.nsdl.com/>. under help section or write an email to evoting@nsdl.co.in
11. Ms. Jacintha Castelino (FCS No. 9798) of M/s JC & Associates, Practising Company Secretary has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 12. 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.
 13. 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 NSDL and shall also communicated to the Bombay Stock Exchange (BSE).

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

**SD/-
Baldevkrishan Sharma
Managing Director
DIN: 00117161**

**Place : Mumbai
Date : 30.05.2019**

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

Item No. 4:

Mr. Prashant Sawant (DIN: 08503935) aged about 52 years is a Non-Executive Independent Director of the Company. He has Joined the Board of Directors of the company w.e.f. 09.07.2019.

Mr. Prashant Sawant does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Prashant Sawant being eligible and offering himself for appointment is proposed to be appointed as an Independent Director for Five consecutive years from July 09, 2019 upto July 08, 2024.

The Company has obtained a declaration for his independency from Mr. Prashant Sawant and in the opinion of the Board, Mr. Prashant Sawant fulfills the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is Independent of the Management.

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

None of the Directors are concerned or interested in the above said resolution except as a member of the company.

Item No. 5:

Under Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, all Related Party Transactions shall require prior approval of the Audit Committee and all material Related Party Transactions shall require approval of the Shareholders through resolution. The said Regulation further provides a definition of the term 'Material' as follows:

"A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the Company as per the last audited financial statements of the Company.

As part of its regular business the Company is in selling of Wallpapers, Catalogue, Profiles and Digital Posters.

The Members are apprised that the Company in addition to its regular business with outside parties is also selling the same to Marshalls Enterprise India Private Limited, a related party.. Approval of the members is sought for entering into agreement for selling these products with Marshalls Enterprise India Private Limited, a related party

(A) Name of the Related Party	Marshalls Enterprise India Private Limited
(B) Nature of Relationship	Directors in the said Body Corporate i.e. Marshalls Enterprise India Private Limited are Directors of Gratex Industries Limited.
(C.) Nature, Duration of the Contract and particulars of the contract or arrangement	The agreement for selling Wallpapers, catalogue, Profiles, Furniture and Digital Posters is valid for One year from 1st April, 2019 to 31st March, 2020. The agreement for Warehousing is valid for five years from 1st Jan, 2019 to 31st Dec ,2023.
(D.) Material terms, monetary value and of the contract.	<u>For selling Wallpapers, catalogue, Profiles, Furniture and Digital Posters MRP+Taxes As Applicable:</u> Maximum Aggregate value is Rs. 4 Crore Plus Taxes as applicable. Terms of Arrangement: If only the production is done by Gratex then Profit is 32 % to 50% above cost. If the product is customised then Profit is 50% to 100% of the Cost price depending upon the cost and time taken.

	<p><u>For Warehousing :</u></p> <p>Maximum aggregate value of the Contract: Warehousing Charges - Rs. 1 Crore per annum plus taxes as applicable during the contract period.</p>
(E.) Any advance paid or received for the contract or arrangement, if any.	NIL.
(F) The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract.	The pricing is commensurate with the general trend in the industry and at the rates prevalent in the market for such services.
(G.) Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors.	YES.

The Directors recommend the resolution for approval of the shareholders and state that its adoption is in the interest of the Company. None of the Directors of the Company have any interest in the proposed resolutions except as Shareholders of the Company.

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

SD/-

**Baldevkrishan Sharma
Managing Director
DIN: 00117161**

**Place : Mumbai
Date : 30.05.2019**

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

Name of the Director	Mrs. Mona Menon
Date of Birth	26th April, 1975
Date of Appointment	1st October, 1994
Educational Qualification	B.Com . Interior Designor.
Expertise in specific functional areas	Marketing and 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	137700

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

**Baldevkrishan Sharma
Managing Director
DIN: 00117161**

**Place : Mumbai
Date : 30.05.2019**