



**36TH  
ANNUAL REPORT  
2019-2020**

**GRATEX INDUSTRIES LIMITED**

## Company Information

### Board of Directors:

Mr. Baldevkrishan Sharma – Chairman & Director  
Mr. Karan Sharma – Managing Director  
Mrs. Mona Menon – Director & CFO  
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](http://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](mailto: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](mailto:investor@gratex.in) OR to the Registrars And Transfer Agents of the Company at [info@adroitcorporate.com](mailto:info@adroitcorporate.com) for Registration

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## NOTICE

Notice is hereby given that the thirty-sixth Annual General Meeting of Gratex Industries Limited will be held on Wednesday, 30<sup>th</sup> September, 2020 at 1.00 p.m. via Video Conferencing OR OAVM 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, 2020 and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Baldevkrishan Sharma (DIN: 00117161) who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

#### 3. Appointment of Managing 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 sections 117(3), 196, 197, 198, 203 of the Companies Act, 2013, read with Schedule V of the Companies Act, 2013, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactments thereof, for the time being in force) the consent of the Members be and is hereby accorded to appoint **Mr. Karan Baldevkrishan Sharma (DIN : 00117188) as the Managing Director** of the Company, designated as Executive Director of the Company, for a period of 3 (Three) years with effect from 30<sup>th</sup> July, 2020, as per the recommendation of the Nomination and Remuneration Committee, on such terms and conditions of appointment including remuneration payable as may be agreed between the Board of Directors and Mr. Karan Baldevkrishan Sharma, subject to the same not exceeding the limits specified under Schedule V of the Companies Act, 2013, or any statutory modification(s) or re-enactments thereof.

**RESOLVED FURTHER THAT** the total remuneration payable in any financial year by way of salary, perquisites, commission and other allowances shall not exceed the overall limit of Five percent (5%) of the Net Profits of the Company as applicable to each of the Managing/ Whole Time Directors of the Company and /or Ten Percent (10%) of the Net Profits of the Company for all Managing/Whole-time Directors in accordance with the provisions, if any, of the Companies Act, 2013 read with schedule V including any statutory amendments, modifications or re-enactments thereof, as may be made thereto for the time being in force OR if the Remuneration exceeds the limits as prescribed in the provisions of Sections 197, 198 of the Companies Act, 2013, the remuneration payable shall be within the maximum permissible limits specified under Section II of Part II of Schedule V to the Companies Act, 2013 without obtaining the approval of the Central Government in case of No Profit/ Inadequate Profit.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or such document(s), as the Board may in its absolute discretion consider necessary, expedient or desirable including power to sub-delegate in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit.”

#### 4. 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. 5 Crore (Rs. Five Crore only) Plus Taxes as applicable for the financial year 2020-2021, 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 Charges be enhanced from 1 Crore ( Rs. One Crore) to Rs. 1.50 Crore ( Rs. One Crore Fifty Lakh) Plus Taxes, for the Financial Year 2020-2021 with related party i.e. M/s Marshalls Enterprises India Private Limited, a body corporate, 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**

**SD/-**

**Karan Sharma**

**Managing Director**

**DIN: 00117188**

**Place : Mumbai**

**Date : 08.09.2020**

1. In view of the massive outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and pursuant to the Circular No. 14/2020 dated April 08, 2020, Circular No.17/2020 dated April 13, 2020 issued by the Ministry of Corporate Affairs followed by Circular No. 20/2020 dated May 05, 2020, physical attendance of the Members to the AGM venue is not required and annual general meeting (AGM) be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporate is entitled to appoint authorized representatives to attend the AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with National Securities Depository Limited (NSDL) for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-voting system as well as venue voting on the date of the AGM will be provided by NSDL.
6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [www.gratex.in](http://www.gratex.in) The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com) and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
7. AGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read

with MCA Circular No. 14/2020 dated April 08, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.

**THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING ARE AS UNDER:-**

The remote e-voting period begins on Sunday 27<sup>th</sup> September, 2020 at 09:00 A.M. and ends on 29<sup>th</sup> September, 2020 at 05:00 P.M. The remote e-voting module shall be disabled by NSDL for voting thereafter.

**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.**

Details on Step 1 is mentioned below:

**How to Log-in to 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.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.
3. 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.*

4. 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 hold shares 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***

5. 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, please follow steps mentioned below in **process for those shareholders whose email ids are not registered**
6. 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](http://www.evoting.nsdl.com).
- b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://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](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address.
- Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 are given below:**

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

1. 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.
2. 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.
3. Select "EVEN" of company for which you wish to cast your vote.
4. Now you are ready for e-Voting as the Voting page opens.
5. 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.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. 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 \_\_\_\_\_ <Please mention the e-mail ID of Scrutinizer> with a copy marked to [evoting@nsdl.co.in](mailto: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](http://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](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990 or send a request to (Name of NSDL Official) at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)

#### **Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investor@gratex.in](mailto:investor@gratex.in)

In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investor@gratex.in](mailto:investor@gratex.in)

#### **THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE**

##### **EGM/AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

#### **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH**

##### **VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access the same at <https://www.evoting.nsdl.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVEN OF

Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush. Further members can also use the OTP based login for logging into the e-Voting system of NSDL.

2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders, who would like to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at (company email id). The same will be replied by the company suitably.

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

##### **Item No. 3:**

As per the requirement of sections 196, 197, 203 and Schedule V of the Companies Act, 2013 read with the prescribed rules of the Companies Rules, 2014, the Board has upon the recommendation of the Nomination & Remuneration Committee appointed **Mr. Karan Baldevkrishan Sharma (DIN: 00117188)** as a Managing Director at the Board Meeting held on the 30<sup>th</sup> July, 2020.

The company has received:

- (i) the consent in writing from Mr. Karan Baldevkrishan Sharma in form DIR-2 pursuant to the Rule 8 of the Companies (Appointment & Qualifications of Directors) Rules 2014;
- (ii) intimation in Form DIR-8 pursuant to the Rule 14 of the Companies (Appointment & Qualifications of Directors) Rules 2014 that he is not disqualified under section 164 sub-section (2) of the Companies Act, 2013.

The director shall follow the code of conduct of the company and perform the duties as prescribed by the directors from time to time subject to the provisions of section 166 of the Companies act, 2013.

The terms and conditions regarding the appointment and remuneration are mentioned below:

- (i) Term: 3 years commencing from 30/07/2020 till 29/07/2023
- (ii) Basic salary: As provided in the resolution
- (iii) Allowance & Perquisites: As provided in the resolution

The company also seeks the approval of the shareholders by way of ordinary resolution as per the provisions of sections 196, 197 and schedule V of the companies act, 2013 read with the companies rules, 2014 (including any statutory modifications or re-enactment thereof) and other applicable provisions if any, for the appointment of **Mr. Karan Baldevkrishan Sharma** as the Managing Director from **30/07/2020 till 29/07/2023** and the fixation of remuneration in case of having profit or no profit or inadequacy of profit.

No directors, key managerial personnel, manager or their relatives is interested or concerned in the above resolution except Mr. Karan Baldevkrishan Sharma.



**Item No. 4:**

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 exceed 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	<b>Marshalls Enterprise India Private Limited</b>
(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 1 <sup>st</sup> April, 2020 to 31 <sup>st</sup> March, 2021.
(D.) Material terms, monetary value and of the contract.	<p><b><u>For selling Wallpapers, catalogue, Profiles, Furniture and Digital Posters MRP+Taxes As Applicable:</u></b></p> <p>Maximum Aggregate value is Rs. 5 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 customized then Profit is 50% to 100% of the Cost price depending upon the cost and time taken.</p> <p><b><u>For Warehousing :</u></b></p> <p>Maximum aggregate value of the Contract: Warehousing Charges - Rs. 1 Crore Fifty Lakhs 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/-  
Karan Sharma  
Managing Director  
DIN: 00117188**

**Place : Mumbai  
Date : 08.09.2020**

**DETAILS OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT AS REQUIRED UNDER**

<b>Name of the Director</b>	<b>Mrs. BALDEVKRISHAN RAMRATTAN SHARMA</b>
Date of Birth	21st April, 1947
Date of Appointment	1st October, 1992.
Educational Qualification	B.Sc
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	1419531

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

**SD/-**

**Karan Sharma  
Managing Director**

**DIN: 00117188**

**Place : Mumbai  
Date : 30.07.2020**

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors state that:

1. in the preparation of the annual financial statements for the year ended March 31, 2020, 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, 2020 and of the Profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual financial statements on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

**SD/-**  
**Mona Menon**  
**Director**  
**DIN: 00117025**

## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their thirty-sixth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2020.

### 1. FINANCIAL HIGHLIGHTS:

The financial performance of the Company, for the year ended March 31, 2020 as compared to the previous financial year is summarized below:

(Amount in Rs)

PARTICULARS	CURRENT YEAR 31.03.2020	PREVIOUS YEAR 31.03.2019
Total Income (including Other Income)	34,694,883.96	33,461,348.04
Total Expenditure including Depreciation	32,467,320.98	32,762,631.84
Profit before Tax	2,227,562.98	698,716.20
Tax Expenses	614,914	(49,997)
Profit/Loss After Tax	1,612,648.98	748,713.20

### 2. PERFORMANCE REVIEW:

The overall income from Franchisee operations for 2019-20 stood at Rs. 26.79 Lakhs as compared to Rs. 28.51 Lakhs in 2018-19 & Warehousing Income for 2019-20 stood at Rs. 109.03 Lakhs as compared to Rs. 92.89 Lakhs in 2017-18. Thus total income for 2018-19 amounted to Rs 334.61 Lakhs. as compared to Rs. 198.99 Lakhs in 2017-18.

For the year ended 31.3.2019 the company has achieved an overall Net Profit of Rs. 16.13 Lakhs as compared to Net Profit of Rs. 7.49 Lakhs in previous year.

### 3. DIVIDEND:

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

### 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 :

As on 30<sup>th</sup> July, 2020 the Board comprises of Five Directors, Two of whom are Non-Executive Independent Directors, One Managing Director, and Two Non- Executive Directors one of whom is also the Chief Financial Officer of the Company.

**Mr. Baldevkrishan Sharma – Managing Director (Executive)**

**Mrs. Mona Menon – Director (Non- Executive)**

**Mr. Karan Sharma – Director (Non- Executive)**

**Mrs. Rekha Nagori – Independent Director**

**Mr. Prashant Sawant – Independent Director**

As on 30<sup>th</sup> July, 2020, Key Managerial Personnel of the Company are:

**Mr. Baldevkrishan Sharma – Managing Director.**

**Mrs. Mona Menon – CFO**

**Mr. Swapnil Chari – Company Secretary**

#### **7. DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received necessary declarations from each Independent Director under Section 149(6) and 149(7) of the Companies Act, 2013 and Regulation 16(1)(b) and Regulation 25(8) of the SEBI Listing Obligations and Disclosure Requirements), 2015 that they meet the criteria of independence laid down there under.

#### **8. COMMITTEES OF THE BOARD:**

The Company has the following Three (3) Board level committees:

- (i) Audit Committee.
- (ii) Stakeholder Relationship Committee.
- (iii) Nomination and Remuneration Committee.

The details with respect to the composition, terms of reference, number of meetings held, etc of these committees are given in the report on Corporate Governance which forms part of the Annual Report.

#### **7. MEETINGS:**

This information has been furnished under Report on Corporate Governance, which is annexed.

#### **8. 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.

#### **9. 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.

#### 10. AUDITORS:

Accordingly **M/s Jayesh R. Shah, Chartered Accountants, (Firm Registration No. 104182W, Membership Number 033864)** were appointed as the Statutory Auditors of the Company at the Board meeting held on 7<sup>th</sup> March, 2019, to hold office until the conclusion of the thirty-fifth AGM of the Company to be held in the year 2019.

They have confirmed that they are not disqualified from continuing as Auditors of the Company.

Also, the Members approval for appointment of Statutory Auditor from the conclusion of the thirty-fifth AGM of the Company to be held on 30<sup>th</sup> September, 2019 till the conclusion of the forty-first AGM of the Company to be held in the year 2025 is received in the thirty-fifth AGM held on 30<sup>th</sup> September, 2019.

The Notes on Financial Statement referred to in the Auditor's Report are self explanatory and do not call for any further comments. The Auditor's Report does not contain any qualification, reservation, adverse remark or disclaimer.

Pursuant to the Amendment Act, 2017 there is no requirement of annual ratification of the auditor of the Company vide Notification dated 07.05.2018. The provision with respect to the annual ratification has been removed from Companies (Audit and Auditors) Rules 2014.

#### 11. 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 I**.

#### 12. 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.

The Internal Audit for the Financial Year 2019-20 was carried out by Mrs. Sujata Hodge.

Accordingly the Internal Report was placed before the Board of Directors and Members of the Audit Committee in the Board Meeting and Audit Committee Meeting held on 30<sup>th</sup> July, 2020.

For the Financial Year 2020-2021, the Company has appointed Mrs Sujata Hodge (Employee of the Company) as the Internal Auditor of the Company for carrying out the Internal Audit.

The appointment of Mrs. Sujata Hodge as Internal Auditor of the Company was approved by the Board of Directors in the Board Meeting held on 30<sup>th</sup> July, 2020.

The appointment was done in due compliance of the regulations laid down by the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements), 2015.

#### 13. 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.

#### 14. 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.

#### 15. 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: 12162) to undertake the Secretarial Audit of the Company.

The Company has annexed to this Board Report as **Annexure II**, a Secretarial Audit Report for the financial year 2019-20 given by the Secretarial Auditor.

The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

#### 16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of the business. There are no materially significant related party transactions made by the Company with Promoters, Key Managerial Personnel or other designated persons which may have potential conflict of interest of the Company at large.

Transactions with related parties entered by the Company in the normal course of business are periodically placed before the Audit Committee for approval and the particulars of contracts entered during the year as per FORM AOC-2 is enclosed as ANNEXURE- III.

#### 17. PARTICULARS OF LOANS, ADVANCES, GUARANTEES AND INVESTMENTS:

Pursuant to Section 186 of Companies Act, 2013 and Schedule V of the Listing Regulations, disclosure on particulars relating to loans, advances, guarantees and investments are provided as part of the Financial Statements.

#### 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.

The Company has re-composed the Internal Complaints Committee, intimation of which has been made to the Collectorate of Greater Mumbai in accordance with the government resolution **Gr No. 2013/P.K. no. 63/MKK no 19<sup>th</sup> June, 2014.**

**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	2019-20	2018-19
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, 2020, 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, 2020 and of the profit of the Company for the year ended on that date;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual financial statements on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**23. LISTING WITH STOCK EXCHANGES:**

Due to Covid-19 Pandemic and non-receipt of the invoice of the Annual Listing Fees for the Financial Year 2020-2021 remains unpaid till date.



The Annual Listing Fees for the Financial Year 2020-21 will be paid shortly

Also, the Company has paid the Annual Custodian fees payable to NSDL and CDSL for the financial year 2020-2021.

#### 24. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Board of Directors affirm that the Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) i.e. Secretarial Standard 1 and Secretarial Standard 2 respectively relating to Meeting of its Board , its Committees and the General Meeting.

#### 25. PREVENTION OF INSIDER TRADING:

The Company has adopted a Code of Conduct for Prevention of Insider Trading with a view to regulate trading in securities by the Directors and Designated Employees of the Company. The said code of Conduct is in line with SEBI (Prohibition of Insider Trading) Regulations, 2015.

The Code requires pre-clearance for dealing in the Company's Shares and prohibits the purchase or sale of Company's Shares by the Directors and the Designated Employees while in possession of unpublished price sensitive information of the Company and during the period when the Trading Window is closed.

The Board is responsible for implementation of the Code. All the Directors and Designated Employees have complied with the Code.

#### 26. CODE OF CONDUCT:

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all employees in the course of day to day business operations of the Company. The Code has been placed on the Company's website [www.gratex.in](http://www.gratex.in).

The Code lays down the standard procedure of business conduct which is expected to be followed by the Directors and the Designated Employees in their business dealings and in particular on matter relating to integrity in the work place, in business practices and in dealing with stakeholders.

All the Board Members and the Senior Management Personnel have complied with the Code.

#### 24. ACKNOWLEDGEMENTS:

Your Directors record their grateful appreciation for the encouragement, assistance, co-operation and consistent support received from Customers, Business Partners, Dealers, Financial institutions and Government Authorities. The Board thanks the employees of the Company for their continued support. Your Directors are thankful to all the Stakeholders for their continued patronage.

The Company would also like to thank M/s Marshalls Enterprise India Private Limited and its Board of Directors for their continued support and commitment for the betterment and growth of the Company, the Company being a pioneer in Wallpaper manufacturing which would not have been possible without the support and pillars of strength that Marshalls Enterprises India Private Limited has been to the Company.

By Order of the Board  
For Gratex Industries Limited

SD/-  
Baldevkrishan Sharma  
Managing Director  
DIN: 00117161

SD/-  
Mona Menon  
Director  
DIN: 00117025

Place : Mumbai  
Date : 30.07.2020

## ANNEXURE I TO DIRECTORS REPORT

### FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN FOR THE PERIOD ENDED 31ST MARCH, 2020

[ Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

#### I REGISTRATION AND OTHER DETAILS:

- (i) CIN: L21093MH1984PLC032248  
 (ii) Registration date: 23rd February, 1984  
 (iii) Name of the Company: GRATEX INDUSTRIES LIMITED  
 (iv) Category / Sub-Category of the Company: Public Company Limited by Shares  
 (v) Address of the Registered office and contact details

1	0	9		K	A	K	A	D		U	D	Y	O	G	
B	H	A	V	A	N		L	J		R	O	A	D		
M	A	H	I	M											
M	U	M	B	A	I	-		4	0	0	0	1	6		
Telephone:	022	2	4	3	9	2	3	2	1						
Fax Number:	022	4	0	7	0	2	1	6	1						
E-mail Address:	inves	tor	@	g	r	a	t	e	x	.	i	n			

- (vi) Whether listed company Yes / No: YES  
 (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:  
 Adroit Corporate Services Pvt.Ltd.  
 19/20, Jaferbhoy Ind. Estate, Makwana Road,  
 Marol Naka, Marol, Andheri (E),  
 Mumbai- 400059  
 Tel: +91 (0) 22 42270400  
 pratapp@adroitcorporate.com  
[www.adroitcorporate.com](http://www.adroitcorporate.com)

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY :

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

SR.No	Name and Description of main Products and Services	NIC CODE	% of total turnover of Company
1	Wallpaper	17096	100%

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES : NIL

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year			
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares
<b>(1) Indian</b>								
a) Individual / H.U.F	0	0	0	0	0	0	0	0
b) Central Government	0	0	0	0	0	0	0	0
c) State Government	0	0	0	0	0	0	0	0
d) Body Corporate	0	0	0	0	0	0	0	0
e) Banks and FI	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0
f) i) Directors	1864248	1000	1865248	61.46	1880022	800	1880822	61.98
<b>Sub-Total (A) (1):-</b>	<b>1864248</b>	<b>1000</b>	<b>1865248</b>	<b>61.46</b>	<b>1880022</b>	<b>800</b>	<b>1880822</b>	<b>61.98</b>
<b>(2) Foreign</b>								
a) NRIs Individual	0	0	0	0	0	0	0	0
b) other Individual	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0
<b>Sub-Total(A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of promoter (A)=(A)(1)+(A)(2)</b>	<b>1864248</b>	<b>1000</b>	<b>1865248</b>	<b>61.46</b>	<b>1880022</b>	<b>800</b>	<b>1880822</b>	<b>61.98</b>
<b>B) Public Shareholding</b>								
<b>1) Institutions</b>								
a) Mutual Fund	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0
c) Central govt.	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0
i) Other(Specify)	0	0	0	0	0	0	0	0
<b>Sub-total (B) (1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2) Non-Institutions</b>								
a) Body Corporate								
i) Indian	52385	17900	70285	2.31	52533	16600	69133	2.28
ii) Overseas	0	0	0	0	0	0	0	0
b) Individuals								
i) Individuals Shareholders holding nominal Share Capital Upto Rs.2 lakh	372765	505900	878665	28.95	365145	501700	866845	28.56
ii) Individuals Shareholders holding nominal Share Capital in excess of Rs.2 lakh	75700	40100	115800	3.82	74700	40100	114800	3.78
c) Other(Specify)- Clearing Members	1202	0	1202	0.04	100	0	100	0.00
NRIs	1000	102600	103600	3.41	1000	102100	103100	3.40
<b>Sub-total (B) (2)</b>	<b>503052</b>	<b>666500</b>	<b>1169552</b>	<b>38.54</b>	<b>493478</b>	<b>660500</b>	<b>1153978</b>	<b>38.02</b>
<b>Total public Shareholding of (B)=(B)(1)+(B)(2)</b>	<b>503052</b>	<b>666500</b>	<b>1169552</b>	<b>38.54</b>	<b>493478</b>	<b>660500</b>	<b>1153978</b>	<b>38.02</b>
c) Shares held by Custodian for GDRs and ADRs	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>2367300</b>	<b>667500</b>	<b>3034800</b>	<b>100.00</b>	<b>2373500</b>	<b>661300</b>	<b>3034800</b>	<b>100</b>

(ii) Shareholding of Promoters

SR. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of shares	% of Total Shares of the	% of shares Pledge/ Encumbered	No. of shares	% of Total Shares of the	% of shares Pledge/ Encumbered	% of change in the shareholding
1	Baldevkrishan Sharma	1403548	46.25	0	1418922	46.76	0	0.51
2	Karan Sharma	27600	0.91	0	27600	0.91	0	0
3	Krishna Prakash Bhardwaj	5300	0.17	0	5300	0.17	0	0
4	Mona Pratap Menon	137700	4.54	0	137900	4.54	0	0
5	Pratap Ramankutty Menon	1000	0.03	0	1000	0.03	0	
6	Promila Sharma	290100	9.56	0	290100	9.56	0	0
	<b>Total</b>	<b>1865248</b>	<b>61.46</b>	<b>0</b>	<b>1880822</b>	<b>61.98</b>	<b>0</b>	<b>0.51</b>

(iii) Change in promoters Shareholding (please specify if there is no change)

SR. No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
	<b>At the Beginning of the year</b>				
1	Baldevkrishan Sharma	1403548	46.25	1403548	46.25
2	Promila Sharma	290100	9.56	290100	9.56
3	Mona Menon	137700	4.54	137700	4.54
4	Karan Sharma	27600	0.91	27600	0.91
5	Krishna Prakash Bhardwaj	5300	0.17	5300	0.17
6	Pratap Menon	1000	0.03	1000	0.03
	Date wise Increase/Decrease in promoters Share holding during the year specifying the reason for increase/ decrease(e.g.allotment/ transfer/bonus/sweat equity etc):			15374 (Acquired from the open market)	0.51
	<b>At the End of the year</b>				
1	Baldevkrishan Sharma	1418922	46.76	1418922	46.76
2	Promila Sharma	290100	9.56	290100	9.56
3	Mona Menon	137900	4.54	137900	4.54
4	Karan Sharma	27600	0.91	27600	0.91
5	Krishna Prakash Bhardwaj	5300	0.17	5300	0.17
6	Pratap Menon	1000	0.03	1000	0.03

(iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and holders of GRDs and ADRs)

SR. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of Total Shares of the Company	No. of shares	% of Total Shares of the Company
	<b>At the Beginning of the year</b>				
1	Surekha Mahendra Khetani	50000	1.65	50000	1.65
2	Kundanlal Wasan	40100	1.32	40100	1.32
3	Pushpa Sedhmal Gupta	25700	0.85	25700	0.85
4	Bharat Kishormal Shah	15200	0.50	15200	0.50
5	Vinita Sunil Patodia	13500	0.44	13500	0.44
6	Shah Sanjay Satish	12300	0.41	12300	0.41
7	Rajesh Kumar Bhageria	11400	0.38	11400	0.38
8	Rangarajan T	10000	0.33	10000	0.33
9	Minesh Shirishbhai Batavia	9400	0.31	9400	0.31
10	Shefali Hemantkumar Shah	5999	0.20	5999	0.20
	<b>Date wise Increase/ Decrease in Share holding during the year specifying the reason for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):</b>			(Transfer from Open Market)	
	<b>At the End of the year (or on the date of separation, if separated during the year):</b>				
1	SUREKHAMAHENDRAKHETANI	50000	1.65	50000	1.65
2	KUNDANLAL WASAN	40100	1.32	40100	1.32
3	PUSHPA SEDHMAL GUPTA	25700	0.85	25700	0.85
4	BHARAT KISHORMAL SHAH	15200	0.50	15200	0.50
5	VINITA SUNIL PATODIA	13500	0.44	13500	0.44
6	SHAH SANJAY SATISH	12300	0.41	12300	0.41
7	RAJESH KUMAR BHAGERIA	11400	0.38	11400	0.38
8	RANGARAJAN T	10000	0.33	10000	0.33
9	MINESH SHIRISHBHAI BATAVIA	9400	0.31	9400	0.31
10	SHEFALI HEMANTKUMAR SHAH	5999	0.20	5999	0.20

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the Beginning of the financial year</b>				
i) Principal Amount	1436719	110000	—	1546719
ii) Interest due but not paid	—	—	—	0
iii) Interest accrued but not due	—	—	—	0
<b>Total(i +ii +iii)</b>	<b>1436719</b>	<b>110000</b>	<b>—</b>	<b>1546719</b>
<b>Change in Indebtness during the financial year</b>				
• Addition	0	0		0
• Reduction	291345	110000		401345
<b>Net Change</b>	<b>1145374</b>	<b>0</b>		<b>1145374</b>
<b>Indebtedness at the End of the financial year</b>				
i) Principal Amount	1145374	0		1145374
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total(i +ii +iii)</b>	<b>1145374</b>	<b>0</b>		<b>1145374</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SR.No.	Particulars of Remuneration	Name of MD/WTD/Manager
		Baldevkrishan Sharma -M.D.
1	<b>Gross Salary</b>	632500.00
(a)	Salary as per provision contained in section 17(1) of the Income-Tax Act,1961	
(b)	Value of perquisites u/s 17(2) Income-Tax Act,1961	
(c)	Profits in lieu of Salary u/s 17(3) Income-Tax Act,1961	

2	Stock option	
3	Sweat Equity	
4	Commision	
	- as% of profit	
	- others,specify	
<b>5</b>	<b>Others,please specify</b>	
	- Conveyance	57500.00
	- Interest on Loan	1627.00
	- Bonus	
	- Ex-Gratia	
	- Sitting fees	
<b>Less : TDS</b>		163.00
<b>Total (A)</b>		<b>691464.00</b>

Ceiling as per the Act, 2013

**B. Remuneration to other directors:**

SR. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Prashant Sawant	Mona Pratap Menon	Karan Sharma	
<b>Independent Directors</b>					
	• Fee for attending board/ committee meetings	40000.00	40000.00		80000.00
	• Commission				
	• Others,Please specify				
	- Remuneration				
	- Interest on Loan				
	- Conveyance				
<b>Total (1)</b>		<b>40000.00</b>	<b>40000.00</b>		<b>80000.00</b>
<b>Other Non-Executive Directors</b>					
	• Fee for attending board / committee meetings		30000.00	25000.00	55000.00
	• Commission				
	• Others,Please specify				
	- Remuneration				
	- Conveyance				
	- Interest on loan				
	- Sitting Fees				
<b>Total(2)</b>			<b>30000.00</b>	<b>25000.00</b>	<b>55000.00</b>
<b>Total(B)=(1+2)</b>		<b>40000.00</b>	<b>40000.00</b>	<b>30000.00</b>	<b>135000.00</b>
<b>Less : TDS</b>		4000.00	4000.00	3000.00	13500.00
<b>Total Managerial Remuneration</b>		<b>36000.00</b>	<b>36000.00</b>	<b>27000.00</b>	<b>121500.00</b>

Overall Ceiling as per the Act

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD**

SR. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Mona Menon - CFO (As Mentioned in Point VI- B)	Swapnil Chari - CS	
1	Gross Salary		391843.00	391843.00
	(a) Salary as per provision contained in section 17(1) of the Income-Tax Act,1961			---
	(b) Value of perquisites u/s 17(2) Income-Tax Act,1961			---
	(c) Profits in lieu of Salary u/s 17(3) Income-Tax Act,1961			---
2	Stock option			---
3	Sweat Equity			---
4	Commision			---
	- as% of profit			---
	- others,specify			---
5	Others,please specify			---
	. Fee for attending board meetings	30000.00		30000.00
	. Conveyance			0
	- Interest on loan			0
	<b>Total</b>	<b>30000.00</b>	<b>391843.00</b>	<b>421843.00</b>
	<b>Less : TDS</b>	<b>3000.00</b>	<b>0.00</b>	<b>3000.00</b>
	<b>Total</b>	<b>27000.00</b>	<b>391843.00</b>	<b>418843.00</b>

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [ RD/ NCLT/ COURT]	Appeal made if any (give Details)
<b>A.</b>	<b>COMPANY</b>	-	-	-	-
	Penalty	-	-	-	-
	Punishment	-	-	-	-
	Compounding	-	-	-	-
<b>B.</b>	<b>DIRECTORS</b>	-	-	-	-
	Penalty	-	-	-	-
	Punishment	-	-	-	-
	Compounding	-	-	-	-
<b>C.</b>	<b>OTHERS OFFENCES IN DEFAULT</b>	-	-	-	-
	Penalty	-	-	-	-
	Punishment	-	-	-	-
	Compounding	-	-	-	-

For Gratex Industries Limited  
SD/-  
Baldevkrishan Sharma  
Managing Director  
DIN : 00117161



**Form No. MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2020**

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,

The Members of **Gratex Industries Limited**

I have conducted the secretarial audit of the compliance of applicable provisions and the adherence to good corporate practices by **Gratex Industries Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representative during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31<sup>st</sup> March, 2020** complied with the statutory provisions listed hereunder. The Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended **31<sup>st</sup> March, 2020** according to the provisions of :

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - (j) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (k) Securities and Exchange Board of India (Depositories and Participant) Regulations, 2018;
  - (l) Securities and Exchange Board of India (Issue and Listing of Non- Convertible and Redeemable Preference Shares) Regulations, 2013;
- (vi) As informed to me the following other Laws specifically applicable to the Company as under :
1. Income Tax Act, 1961 and Rules.
  2. State Shops and Establishment Act.
  3. The Employees' Provident Funds and Miscellaneous Provisions Act, 1952.
  4. Employees' State Insurance Act, 1948.
  5. Payment of Bonus Act, 1965
  6. The Factories Act, 1948.
  7. Industrial Dispute Act, 1948
  8. Payment of Wages Act, 1956
  9. Minimum Wages Act, 1948
  10. Industrial Employment (Standing Orders) Act, 1946
  11. Payment of Gratuity Act, 1972
  12. Goods and Service Tax Act, 2017
  13. Employees Compensation Act, 1923
  14. Contract Labour (Regulation and Abolition) Act, 1970

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and the Listing Obligations and Disclosure Requirements, Regulations 2015.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**I further report** that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, and formed the Composition of Board, Audit Committee,

Nomination & Remuneration Committee and Stakeholders' Relationship Committee. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the minutes. All the decisions at the Board Meetings were passed unanimously and with requisite majority in General Meeting.

**I further report** that there are adequate systems and processes in the Company commensurate with the size and operations of the Company, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**I further report** that during the audit period, no specific event has taken place which has major bearing on the Company's affairs.

**Note: The prevailing circumstances in the country on account of lockdown and COVID-19 Pandemic, has impacted, to some extent, verification of documents and records of the Company.**

For JC & Associates  
Company Secretaries

Jacintha Castelino  
Proprietor  
COP No : 12162  
FCS : 9798  
UDIN : F009798B000662296

Place : Mumbai  
Date : 04.09.2020

## REPORT ON CORPORATE GOVERNANCE

Pursuant to Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, given below is a report on the Corporate Governance in the Company:

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company has worked with a philosophy and mission of good governance in every field. The Company believes that the Corporate Governance code will enhance the growth of benefits to all the stakeholders. The Company's Governance philosophy enshrines the goal of achieving the highest level of transparency, accountability and equity in all spheres of its operations and in all dealings with the Shareholders, Employees, the Government and other parties. As a responsible corporate citizen our business fosters a culture of ethical behavior and disclosures aimed at building trust and long-term shareholders' value and respect minority rights in all its business decision.

The Company's governance framework is based on the following principles:

- Appropriate composition and size of the Board, with each member bringing in expertise in their respective domains;
- Availability of information to the members of the Board and Board Committees to enable them to discharge their fiduciary duties;
- Timely disclosures of material operational and financial information to the stakeholders;
- The Management is the trustee of the shareholders' capital and not the owner.
- Communicate externally, and truthfully, about how the company is run internally.

### 2. BOARD OF DIRECTORS AND MEETINGS:

The Board of Directors of the Company has an optimum combination of executive, non-executive and independent directors. The present strength of the Board of Directors of the Company is 5 (Five) Directors.

Seven Board Meetings were held in 2019-20. The said meetings were held on May 30, 2019, July 9, 2019, July 22, 2019, August 8, 2019, August 21, 2019, October 21, 2019, and January 30, 2020. The following table shows the detailed composition of Board of Directors as well as their attendance details at the Board Meetings:-

Name of the Director	Category of Directorship	No. of Board meetings attended	Attendance at last AGM	No. of Directorship in other Companies
Mr. Baldevkrishan Sharma	Managing Director, Executive	7	Yes	2
Mrs. Mona Menon	CFO-Non-Executive Director	7	Yes	1
Mr. Karan Sharma	Non-Executive Director	7	Yes	1
Mrs. Rekha Nagori	Non-Executive Independent Director	4	Yes	NIL
Mr. Prashant Sawant (Appointed W.e.f 09.07.2019)	Non-Executive Independent Director	3	Yes	1

#### Code of Conduct:

The Board has laid down a Code of Conduct for all Board members and Senior 'Management Personnel of the Company. All Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct.

The Code of Conduct seeks to ensure that the Directors and the Senior Management Personnel observe a total commitment to their duties and responsibilities while ensuring a complete adherence with the applicable statutes on one hand and values and ethics on the other.

### 3. COMMITTEES OF THE BOARD:

- AUDIT COMMITTEE:**

Audit Committee of the Board of Directors ("the Audit Committee") is entrusted with the responsibility to supervise the Company's financial reporting process, appointment of external auditors and reviewing with the Management the quarterly and annual financial statements. All the members of the Audit Committee are financially literate and bring in expertise in the field of Finance, Taxation, Economics, Risk and International Finance.

During the year, four meetings were held. The said meetings were held on May 30, 2019, July 22, 2019, October 21, 2019 and January 30, 2020.

The constitution of the Committee and the attendance of each member of the Committee are given below:

Name	Category	Number of Audit Committee meetings	
		Held	Attended
Mr. Prashant Sawant ( <i>Chairman</i> )	Independent Non-Executive	4	3
Mrs. Rekha Nagori	Independent Non-Executive	4	4
Mrs. Mona Menon - CFO	Non-Independent Non-Executive	4	4

The composition of the Audit Committee as on 30<sup>th</sup> July, 2020 is as follows:

Name	Category
Mrs. Prashant Sawant (Chairman)	Independent Non-Executive
Mr. Rekha Nagori (Member)	Independent Non-Executive
Mrs. Mona Menon (Member)	Non-Independent Non-Executive

- NOMINATION AND REMUNERATION COMMITTEE:**

In accordance with the Nomination and Remuneration Policy, the Nomination and Remuneration Committee is tasked with formulating the criteria for appointment as a Director. The Committee shall formulate criteria and review them on an ongoing basis, for determining skills, expertise, qualities, positive attributes required to be a Director.

The Committee shall identify persons who are qualified to become Directors. The process of identification shall include ascertaining, meeting, screening and reviewing candidates for appointment as Directors, whether Independent, Executive or Non- Executive.

The Nomination and Remuneration Committee shall approve the candidates required for Senior Management positions. The Committee shall lay down the criteria including qualifications, skills, experience and qualities required for senior management positions like Managing Director, CFO, Company Secretary and Executive or Non-Executive Directors of the Company.

During the year, the Nomination & Remuneration Committee met One time. The said meetings were held on May 30, 2019.

The constitution of the Committee and the details of attendance of each member of the Committee are given below:

Name	Category	Number of Stakeholders' Relationship Committee meetings	
		Held	Attended
Mr. Baldevkrishan Sharma (Chairman)	Executive	1	1
Mrs. Rekha Nagori	Independent Non-Executive	1	1
Mrs. Mona Menon - CFO	Non-Independent Executive	1	1

The composition of the Nomination and Remuneration Committee as on 30<sup>th</sup> July, 2020 is as follows:

Name	Category
Mr. Baldevkrishan Sharma (Chairman)	Executive
Mr. Prashant Sawant (Member)	Independent Non-Executive
Mrs. Rekha Nagori (Member)	Non-Independent Non-Executive

• **STAKEHOLDERS' RELATIONSHIP COMMITTEE:**

The Stakeholders' Relationship Committee was constituted to redress the shareholders' grievances / complaints relating to transfer & transmission of shares, non-receipt of annual report, dividend, share certificate etc. and to provide the responses to the queries, if any, raised by the investors. The Committee also considers the matters which can aid better investor services and relations.

During the year, the Stakeholders' Relationship Committee met four times. The said meetings were held on May 30, 2019, July 22, 2019, October 21, 2019 and January 30, 2020. The constitution of the Committee and the details of attendance of each member of the Committee are given below:

Name	Category	Number of Stakeholders' Relationship Committee meetings	
		Held	Attended
Mr. Prashant Sawant (Chairman)	Independent Non-Executive	4	3
Mrs. Rekha Nagori	Independent Non-Executive	4	4
Mrs. Mona Menon - CFO	Non-Independent Executive	4	4

The composition of the Stakeholders Relationship Committee as on 30<sup>th</sup> July, 2020 is as follows:

Name	Category
Mrs. Prashant Sawant (Chairman)	Independent Non-Executive
Mr. Rekha Nagori (Member)	Independent Non-Executive
Mrs. Mona Menon (Member)	Non-Independent Non-Executive

#### 4. GENERAL BODY MEETINGS:

Day, Date & Time	Location	Particulars of Special Business
Monday, September, 30, 2019 at 10:00 a.m.	Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028.	1. Appointment of Independent Director. 2. Approval for Related Party Transactions.
Saturday, September, 29, 2018 at 10:30 a.m.	Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028.	1. Alteration of Main objects in the Memorandum of Association.
Tuesday, September 19, 2017 at 10.00 a.m.	Kitte Bhandari Hall, Gokhale Road North, Near Shiv Sena Bhavan, Dadar (West), Mumbai - 400 028.	NIL

The shareholders passed all the resolutions including the special resolutions set out in the respective Notices. No Postal Ballots were used for voting at these meetings.

The details of Directors seeking appointment / re-appointment are provided in the Notice calling for the Annual General Meeting.

#### 5. DISCLOSURES:

- a. Transactions with related parties have been disclosed vide Notes on Accounts – 28C, forming part of the Annual Report.
- b. Your Company has complied with all the mandatory requirements of Corporate Governance as required by the Listing Agreements.
- c. No personnel have been denied access to the Audit Committee of your Company to discuss any matter of substance.

#### 6. MEANS OF COMMUNICATION:

- |  |  |
|--|--|
| • Publication of Results                                   | The quarterly / annual results of the Company are published in the leading newspapers viz:- Financial Express in English and Apla Mahanagar in Marathi.  |
| • Designated Email Id for redressal of investor complaints | In terms of Clause (d) of sub regulation (2) of Regulation 6 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, investors may use the E-mail ID: <a href="mailto:investor@gratex.in">investor@gratex.in</a> for redressal of complaints. |
| • Website of the Company                                   | <a href="http://www.gratex.in">www.gratex.in</a>   |

## 7. GENERAL SHAREHOLDER'S INFORMATION:

• AGM: Date, Time and Venue	Wednesday, 30 <sup>th</sup> September, 2020 at 1:00 p.m. (Through VC or OAVM)
• Date of Book Closure	Thursday, 24 <sup>th</sup> September, 2020 to Wednesday, 30 <sup>th</sup> September, 2020 (both days inclusive).
• Corporate Identity Number(CIN) allotted by Ministry of Corporate Affairs(MCA)	L21093MH1984PLC032248
• Listing on Stock Exchange	Yes – Bombay Stock Exchange (BSE), Mumbai
• Stock codes: Bombay Stock Exchange Limited ISIN for Dematerialisation	526751INE915E01013
• Registrar and Transfer Agents	Adroit Corporate Services Pvt. Ltd.,19, Jaferbhoy Industrial Estate,Makwana Road, Marol Naka,Andheri (East), Mumbai. – 400 059
• Share Transfer System	Registrar and Transfer Agents
• Outstanding GDRs /ADRs /Warrants or any convertible instruments conversion date and likely impact on equity	NIL
• Address for correspondence.	109, Kakad Udyog Bhavan, L.J.Road, Mahim, Mumbai – 400 016.Tel No. : 24392321

### Financial Calendar 2020-2021 (Tentative)

Financial reporting for the quarter ending June 30, 2020	Up to September,2020
Financial reporting for the half year ending September 30, 2020	Up to October 30, 2020
Financial reporting for the quarter ending December 31, 2020	Up to January 30, 2021
Financial reporting for the quarter and year ending March 31, 2021	Up to May 30, 2021
<b>Annual General Meeting for the year ending March 31, 2021</b>	<b>Up to September 30, 2021</b>

## 8. THE DISTRIBUTION OF SHAREHOLDERS AS ON 31.03.2020 IS AS FOLLOWS:

Range of Holding	No. of Shareholders	% to Shareholders	Total Shares	Amount	% to Capital
UPTO - 100	2130	59.92	204520	2045200.00	6.74
101 - 500	1191	33.50	307626	3076260.00	10.14
501 - 1000	112	3.15	94602	946020.00	3.12
1001 - 2000	61	1.72	91948	919480.00	3.03
2001 - 3000	17	0.48	42683	426830.00	1.41
3001 - 4000	13	0.37	45700	457000.00	1.51
4001 - 5000	6	0.17	30000	300000.00	0.99
5001 -10000	9	0.25	64199	641990.00	2.12
10001 -20000	8	0.23	119000	1190000.00	3.92
20001 -50000	5	0.14	188300	1883000.00	6.20
50001 &Above	3	0.08	1846222	18462220.00	60.84
<b>Total</b>	<b>3555</b>	<b>100</b>	<b>3034800</b>	<b>30348000</b>	<b>100</b>



9. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2020:

Category	Sub-category	No. of securities held
Promoter's holding	Indian Promoters	1880822
	Foreign Promoters	0
	Persons Acting in Concern	0
	<b>Sub Total</b>	<b>1880822</b>
Institutional Investors	Mutual Funds & UTI	0
	Banks, FIs, Insurance Co's, Central / State Govt./Non-Govt. Institutions	0
	FI	0
	<b>Sub-Total</b>	<b>0</b>
Others	Private Corporate Bodies	69133
	Indian Public	981645
	Any Other	103200
	<b>Sub Total</b>	<b>1153978</b>
<b>Grand Total</b>		<b>3034800</b>

10. STOCK MARKET PRICE DATA AT BOMBAY STOCK EXCHANGE:

Month	Open	High	Low	Close	No. of Shares	No. of Trades	Total Turnover	Deliverable Quantity	Spread H-L	C-O
Jun 19	11.57	14.33	11.57	14.33	4,500	19	59,273	4500	2.76	2.76
Jul 19	14.33	14.33	13.10	13.10	1,655	15	22,279	1655	1.23	-1.23
Aug 19	13.10	13.10	12.45	12.45	251	5	3,222	251	0.65	-0.65
Sep 19	12.00	12.00	12.00	12.00	1,300	4	15,600	1300	0.00	0.00
Oct 19	12.60	13.23	12.00	12.00	1,213	12	15,541	1213	1.23	-0.60
Nov 19	12.60	12.60	12.25	12.50	1,300	6	16,230	1300	0.35	-0.10
Jan 20	12.50	13.00	11.88	11.88	1,700	3	20,821	1700	1.12	-0.62
Feb 20	11.30	12.72	11.00	11.50	2,542	10	30,313	2542	1.72	0.20
Mar 20	12.07	12.07	12.07	12.07	100	1	1,207	100	0.63	0.63
Apr 20	12.67	13.30	12.67	13.30	300	2	3,927	300	1.80	-1.80
Jun 20	12.64	12.64	10.84	10.84	514	5	6,286	514	1.14	-0.66
July 20	11.57	14.33	11.57	14.33	4,500	19	59,273	596	0.94	-0.74

**11. MD AND CFO CERTIFICATION:**

As per the requirement of sub-regulation (8) of Regulation 17 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 a Certificate duly signed by Managing Director and the Chief Financial Officer of the Company has been submitted to the Board.

**For & on Behalf of the Board of  
Gratex Industries Limited**

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

**SD/-  
Mona Menon  
Director  
DIN: 00117025**

**PLACE : Mumbai  
DATE : 30.07.2020**

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report have been included in adherence to the spirit enunciated in the code of Corporate Governance approved by the Securities and Exchange Board of India (SEBI) and in compliance with the provisions of the Listing Agreement.

### 1. Industry Overview:

It has been a challenging year with several macro headwinds encompassing Industrial, infrastructure and Real estate market. Slow economic activity and liquidity challenges impacted the overall demand scenario in the industry. During the year Government undertook certain initiatives like reduction of corporate tax rates, creating a separate corpus which could have positive impact in the long run. Later part of the year also witnessed an unprecedented outbreak of Corona Virus sending global economies into disapprobation, impacting supply chain as well as consumer sentiment. Complete lockdown of the country was unparalleled to any disruption experienced in the past several decades. It is feared that COVID-19 would leave a deep cut in economy and corporate financials. Currently there is uncertainty on pace of recovery, but management is making sure that the organization remains fully energized during the period and ready to bounce back on the next opportunity. This disruption impacted the performance of the company for the year but still managed to secure industry level growth. Then management expects that these are short term challenges and continues to pursue its long term growth strategy. We are confident to lead the recovery in a shorter period in post pandemic phase and strive to sustain profitable growth.

### 2. Opportunities and Threats:

The Indian mindset has still not grasped the concept of wallpaper. Traditionally the Indian customer is largely dependent on using paint for preventing staining and peeling of walls and giving the home a fresh and new look. The use of wallpapers is very low against use of paint in most Indian homes. This conservative outlook coupled with the low cost paints available in the market poses a serious threat to the Wallpaper industry.

Also, the influx of cheap price low graded wallpapers also adds as a severe threat meant to disrupt the wallpaper industry.

### 3. Risk Management and Compliance:

Gratex Industries Ltd has established a Risk Management Framework under which all the risks covering the entire spectrum of operation are listed and categorized into high, medium and low risks. All the risks are discussed in the Senior Management Committee meetings periodically to ensure that the risk mitigation plans are well thought out and implemented and adverse impact of risks is avoided or kept within manageable proportions.

An internal check process is in place to prevent and limit risk of non compliance. The Company ensures compliance of all applicable laws including those relating to establishment, Taxation, Export controls, health, safety, Environment and Company laws.

The Company being a small-cap company and the conservative market in which it operates is a cause of concern from the point of view of operating profits to the Company. However, the Company enjoys a niche in the segment in which it operates for providing value added and efficient services to its clients.

### 4. Outlook:

Fund raising activity in coming years i.e. 2020-21 is likely to be impacted substantially. The volatility and the bearish sentiment in the market is likely to prevail which will affect the capital market thereby directly affecting the company's ability to obtain funds from the market.

However, the Company remains committed to achieving positive growth in the financial year 2020-21.

During the year 2020-21, we expect to increase the turnover by 35% from the present turnover by adopting various

promotions and sales activities to generate more business and make Gratex an Independent Profitable Company with its strong manufacturing base as well as to increase profit & make it a dividend paying company.

**5. Internal Control Systems:**

The Internal Control is intended to increase transparency and accountability in an organization's process of designing and implementing a system of internal control. The framework requires a company to identify and analyze risks and manage appropriate responses. The Company has successfully laid down the framework and ensured its effectiveness.

The scope of internal audit is oriented towards mitigating or eliminating risks in business processes. The Audit Committee reviews the internal audit plan, significant audit findings and sustainability of measures for corrective actions. The internal audit plan is also aimed at addressing concerns, if any of statutory auditors of the Company.

The Company's internal controls are commensurate with its size and the nature of its operations.

**6. Corporate Social Responsibility:**

Gratex Industries Limited is committed to being a socially responsible corporate citizen.

GIL's CSR policy aims to protect and nourish the interest of all its stakeholders and contributes for an equitable and sustainable development. Ethics, Values and Transparency are the factors which lie in all its interaction within the community.

GIL has adopted a clearly defined Occupational Health and Safety Policy.

**7. Human Resources Management:**

In the dynamic and competitive environment where every company has access to available resources, the Company believes that upgrading and updating of skill levels of employees are highly important for achieving continuous improvement and to stay ahead in the market. As a company it focuses in effective Human Resource Management.

The company continues to maintain cordial and healthy industrial relations and it takes pride in its record of congenial work atmosphere.

**8. Disclosure of Accounting Treatment:**

Your Company follows Accounting Standards as prescribed by the Institute of Chartered Accountants of India (ICAI) for preparation of financial statements; there is no such other treatment for the same.

**9. Segment –Wise performance:**

The Company is a pioneer in the field of Wallpaper segment. Being the first to conceptualize the idea of Wallpapers, the Company is also a step ahead of its peers in the field by utilizing and putting in practice the best machinery and technology in the Wallpaper segment.

**10. Cautionary Statement:**

Certain statements made in the management discussion and analysis report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic and economic conditions affecting demand and supply, government regulations and taxation, natural calamities over which the Company does not have any direct control.

## MD and CFO Certification

To,

The Board of Directors

Gratex Industries Limited

Mumbai

We, Baldevkrishan Sharma, Managing Director and Mona Menon, Chief Financial Officer of Gratex Industries Limited, to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement and all the notes on accounts and the Directors' report.
2. Based on our knowledge and information, these statements do not contain any materially untrue statement or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as at, and for, the periods presented in this report, and are in compliance with the existing accounting standards and / or applicable laws and regulations.
4. There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct and Ethics.
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have:
  - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision to ensure that material information relating to the Company is made known to us, particularly during the period in which this report is being prepared.
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Indian Accounting Standards - IND AS.
  - c. Evaluated the effectiveness of the Company's disclosure, controls and procedures.
  - d. Disclosed in this report changes, if any, in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.
6. We have disclosed, based on our most recent evaluation of the Company's internal control over financial reporting, wherever applicable, to the Company's auditors and the audit committee of the Company's Board of Directors (and persons performing the equivalent functions):
  - a. There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.

- b. There were no significant changes in internal controls during the year covered by this report.
  - c. All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
  - d. There were no instances of fraud of which we are aware that involve the Management or other employees who have a significant role in the Company's internal control system.
7. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to whistleblowers from unfair termination and other unfair or prejudicial employment practices.
  8. We further declare that all Board members and senior managerial personnel have affirmed compliance with the Code of Conduct and Ethics for the current year.

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

**SD/-**  
**Mona Menon**  
**Director**  
**DIN: 00117025**

**PLACE : Mumbai**  
**DATE : 30.07.2020**

**ANNEXURE III TO DIRECTOR'S REPORT  
FORM AOC-2**

(Pursuant to clause(h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)  
Form of Disclosure of particulars of contracts/ arrangements entered into by the company with related parties refers to in sub-section(1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

**1. Details of contracts or arrangements or transactions at arm's length basis:**

(a)(1) Name(s) of the related party and (Nature of Relationship)	(b) Nature of contracts/ arrangements/ transactions	(c) Duration of the contracts / arrangements / transactions	(d) Salient terms of the contracts or arrangements or transactions including the value, if any	(e) Justification for entering into such contracts or arrangements or transactions	(f) Dates of approval by the Board if any:	(g) Amount paid as advances if any:	(h) Date on which the Special Resolution was passed
<b>Marshalls Enterprise India Private Limited-</b> Mr. Baldevkrishan Sharma – Managing Director, Mr. Karan Sharma – Director, Mrs. Mona Menon – C.F.O. are Directors in the said Body Corporate.	Franchisee Services	From 1st April, 2012 to 31st March, 2022	Franchisee Commission - Rs. 1 Crore per annum during the contract period.	Having such arrangement with an entity in which Directors of the Company exercise influence offers additional advantages by way of greater operational flexibility & efficiency, confidentiality and certainty.	29.05.2015	NIL	28.09.2015
<b>Marshalls Enterprise India Private Limited-</b> Mr. Baldevkrishan Sharma – Managing Director, Mr. Karan Sharma – Director, Mrs. Mona Menon – C.F.O. are Directors in the said Body Corporate.	Warehousing Services	From 1st January, 2019 to 31st December, 2023	Warehousing Charges - Rs. 1.50 Crore per annum during the contract period.	Having such arrangement with an entity in which Directors of the Company exercise influence offers additional advantages by way of greater operational flexibility & efficiency, confidentiality and certainty.	30.05.2019	NIL	30.09.2019
<b>Marshalls Enterprise India Private Limited-</b> Mr. Baldevkrishan Sharma – Managing Director, Mr. Karan Sharma – Director, Mrs. Mona Menon – C.F.O. are Directors in the said Body Corporate.	Its an arrangement of selling Wallpapers, catalogue, Profiles, Furniture and Digital Posters	From 1st April, 2019 to 31st March, 2020	MRP+ Taxes As Applicable 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.	Having such arrangement with an entity in which Directors of the Company exercise influence offers additional advantages by way of greater operational flexibility & efficiency, confidentiality and certainty.	30.05.2019	NIL	30.09.2019

For Gratex Industries Limited

SD/-  
Baldevkrishan Sharma  
Managing Director  
DIN: 00117161

SD/-  
Mona Menon  
Director  
DIN: 00117025

Date: 30.07.2020  
Place: Mumbai

## INDEPENDENT AUDITOR'S REPORT

To the Members of **Gratex Industries Limited**

### Report on the Audit of the Standalone Financial Statements

#### 1. Opinion

We have audited the standalone financial statements of Gratex Industries Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### 2. Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### 3. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. This matter is addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter; There are no matter to be reported under this head.

#### 4. Emphasis of Matters

- a. As per note no.19 of the accounts "Revenue from operations" 92.68% of revenue is from related party transactions only. The pricing policy is determined keeping "Arm's length price" considerations in mind by the management. Considering the criteria provided by the management to decide the pricing policy, we feel that the pricing policy adopted by the management is justifiable.
- b. As per note no. 35 of the accounts "Disclosure on Impact of COVID-19 pandemic on Company, we have gone through the details provided in the notes and of the opinion that considering the nature of the business and size of the company, the disclosure made by the company is proper and the impact on the business operations, revenue, cash flow of the Company for the year has been appropriately assessed by the Company. The company has made adjustment of value of inventory of old stock of wall papers which has resulted in reduction of profit by Rs.1700000/- for the F.Y. 2019-20. The accounts are prepared as a going concern and we are of the opinion that the company has properly done it. The effect of pandemic on subsequent year is also disclosed properly, of course it is an estimate only, the full effect can not be judged as the pandemic risk is still continued and full operation has not started yet till the date of the signing of the accounts. It can be assessed only after 2<sup>nd</sup> or 3<sup>rd</sup> quarter of F.Y. 2020-21

Our opinion is not modified in respect of the above matters.



## 5. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## 6. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

## 7. Other Matter

There are no any matters which require to be reported under this head.

## 8. Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

## 9. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by

the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not have any pending litigations which would impact its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For Jayesh R Shah & Co.  
Firm's Registration No.104182W

Jayesh Shah  
Proprietor  
Membership No. 033864

Place: Mumbai  
Date: 30<sup>th</sup> July, 2020

## Annexure-A to the Independent Auditors Report.

Referred to in paragraph 9(f) of the Independent Auditors' Report of even date to the members of Gratex Industries Limited on the Ind AS financial statements for the year ended March 31, 2020

### Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of Gratex Industries Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial control, both applicable to an audit of internal financial control and both issued by ICAI. Those Standards and the Guidance Note require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Referred to in paragraph 9(f) of the Independent Auditors' Report of even date to the members of Gratex Industries Limited on the Ind AS financial statements for the year ended March 31, 2020

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

6. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

7. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company commensurate with the size of the company and nature of its business considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Jayesh R Shah & Co.  
Firm's Registration No.104182W

Jayesh Shah  
Proprietor  
Membership No. 033864

Place: Mumbai  
Date: 30<sup>th</sup> July, 2020

### Annexure-B to the Independent Auditors Report.

Referred to in paragraph (8) of the Independent Auditors Report of even date to the members of Gratex Industries Limited on the Ind AS financial statements for the year ended March 31, 2020

- I (a) The records of the Company for fixed assets showing full particulars including quantitative details and situations of fixed assets are under preparation.
- (b) According to the information and explanation, the management has physically verified the assets at the year end and no material discrepancies were noticed on such verifications.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immoveable properties other than self constructed properties, are held in the name of the Company.
- II As per the information furnished, the inventories have been physically verified by the management at each quarter end and the same is considered in the accounts, as the physical inventory valuation is only adopted by the company, the discrepancies, if any, are automatically adjusted in the accounts.
- III As per the information furnished and from verification of the records, we are of the opinion that, the Company has not granted any interest free loans to Companies, firms or other parties covered in the Register, maintained under Section 189 of the Companies Act, 2013; hence para 3(a),(b),(c) of the order is not applicable.
- IV In our opinion, and according to the information and explanations given to us and from verification of the records, the Company has not granted any loans or provided any guarantee or security to the parties covered under section 185. Further the Company has complied with the provisions of section 186 of the Companies Act., in respect of the loans and investments made, and guarantees and security provided by it.
- V The Company has not accepted any deposits during the year from the public within the meaning of the provisions of Sections 73 to 76 of the Companies Act, 2013 and the rules framed there under.
- VI As per the information provided and from verification of the records, we are of the opinion that, the Company does not cover under section 148(1) of the Companies Act, 2013 and hence not required to maintain cost records.
- VII (a) According to the information and explanation given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance Fund, Income-tax, Sales-tax, service tax, Custom Duty, Excise Duty, Cess, GST and other material statutory dues as applicable with appropriate authorities.
- (b) According to the records of the Company examined by us and the information and explanations given to us, there are no undisputed amounts payable in respect of Income Tax, Service Tax, Custom Duty, Sales Tax, Excise Duty, PF, ESIC, GST and any other statutory dues which have remained outstanding as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they become payable.  
  
According to the records of the Company and information and explanation given to us and record verified by us there are no disputed outstanding dues of Sales-tax, Custom Duty, Excise Duty, Income tax, service tax, cess.
- VIII. Based on our audit procedures and the information and explanations given by the management, We are of the opinion that the Company has not defaulted in repayment of its dues to any banks or financial institutes and debenture holders.
- IX. We have verified the records of the Company, and of the opinion that the company has not raised any money by way of public offer (including debt instruments). The amount of term loan which company have received were applied for the purpose for which those are raised.
- X. During the course of our examination of the books and records of the Company, carried out in accordance with the

generally accepted auditing practice, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the management.

- XI. The Company has provided for managerial remuneration in accordance with the requisite approvals mandated by the Provisions of Section 197 read with Schedule V to the Act.
- XII. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company
- XIII. As per the verification of the records, We are of the opinion that all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS Financial Statements as required under Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules 2014.
- XIV. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly the provisions of Clause 3(xiv) is not applicable to the Company.
- XV. The Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly the provisions of Clause 3(xv) is not applicable to the Company.
- XVI. We have been informed that the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly the provisions of Clause 3(xvi) is not applicable to the Company.

For Jayesh R Shah & Co.  
Firm's Registration No.104182W

Jayesh Shah  
Proprietor  
Membership No. 033864

Place: Mumbai  
Date: 30<sup>th</sup> July, 2020

## **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF**

**GRATEX INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by Gratex Industries Limited (the Company) for the year ended on March 31, 2020 as stipulated in SEBI Listing Regulations 2015 of the Company with the Stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-referred Listing Regulation.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Jayesh R Shah & Co.  
Chartered Accountants  
Firm's Registration No.104182W

Jayesh Shah  
Proprietor  
Membership No. 033864

Place: Mumbai  
Date: 30<sup>th</sup> July, 2020

**BALANCE SHEET AS AT MARCH 31, 2020**

	Note	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,08,42,925.36	1,17,75,666.36
Capital work-in-progress		-	-
Financial assets			
i. Non current investments		-	-
ii. Loans		-	-
iii. Other financial assets		-	-
Deferred tax assets (net)		-	-
Other non-current assets	4	1,80,958.49	1,80,958.49
<b>Total Non-Current Assets</b>		<b>1,10,23,883.85</b>	<b>1,19,56,624.85</b>
<b>Current assets</b>			
Inventories	5	82,64,815.00	58,77,187.00
Financial assets			
i. Trade receivables	6	1,52,15,075.39	1,59,14,595.53
ii. Cash and cash equivalents	7	(61,676.29)	(98,280.45)
iii. Loans			
Other current assets	8	9,93,922.41	5,40,151.00
<b>Total Current Assets</b>		<b>2,44,12,136.52</b>	<b>2,22,33,653.08</b>
<b>Total Assets</b>		<b>3,54,36,020.37</b>	<b>3,41,90,277.93</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	9	3,03,48,000.00	3,03,48,000.00
Other equity		5,45,289.36	(10,77,865.62)
<b>Total Equity</b>		<b>3,08,93,289.36</b>	<b>2,92,70,134.38</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
i. Borrowings	10	9,45,769.00	11,44,360.00
Deferred tax liabilities (net)	11	85,472.00	52,884.00
Employee benefit obligations	12	5,71,027.00	3,77,618.00
<b>Total Non-Current Liabilities</b>		<b>16,02,268.00</b>	<b>15,74,862.00</b>
<b>Current liabilities</b>			
Financial liabilities			
i. Borrowings	13	1,99,605.00	4,02,359.00
ii. Trade payables	14	13,06,808.00	13,87,342.00
iii. Other financial liabilities			
Income tax liabilities (Net)	15	5,40,000.00	1,47,500.00
Government grants			
Employee benefit obligations	16	7,37,232.00	9,03,944.00
Other current liabilities	17	1,56,818.00	5,04,136.55
<b>Total Current Liabilities</b>		<b>29,40,463.01</b>	<b>33,45,281.55</b>
<b>Total Equity &amp; Liabilities</b>		<b>3,54,36,020.37</b>	<b>3,41,90,277.93</b>

The notes are an integral part of these financial statements

In terms of our report of even date

For Gratex Industries Limited

**For Jayesh R Shah & Co**  
Chartered Accountants  
Firm Registration No. : 104182W

**Baldevkrishan Sharma**  
Chairman & M.D.  
DIN: 00117161

**Karan Sharma**  
Director  
DIN:00117188

**Jayesh Shah**  
Proprietor  
Membership No.: 033864

**Swapnil Chari**  
Company Secretary  
Membership No.:A58292

**Mona Menon**  
Chief Financial Officer  
DIN: 00117025

Place: Mumbai  
Date: 30/07/2020

Place: Mumbai  
Date: 30/07/2020



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020**

	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	19	3,46,56,685.96	3,34,61,104.04
Other income	20	38,198.00	244.00
<b>Total Income</b>		<b>3,46,94,883.96</b>	<b>3,34,61,348.04</b>
<b>Expenses</b>			
Cost of materials consumed	21	1,43,94,778.00	1,10,33,394.00
Purchase of stock in trade			
Changes in inventories of finished goods and work-in-progress	22	(21,04,805.00)	25,16,023.00
Employees benefit expenses	23	93,66,490.00	92,79,754.00
Finance costs	24	2,00,418.00	4,01,814.96
Depreciation and amortisation expenses	25	13,34,362.00	16,22,540.00
Power and fuel			
Other expenses	26	92,76,077.98	79,09,105.88
<b>Total Expenses</b>		<b>3,24,67,320.98</b>	<b>3,27,62,631.84</b>
<b>Profit before tax</b>		<b>22,27,562.98</b>	<b>6,98,716.20</b>
<b>Exceptional Items</b>		-	-
		<b>22,27,562.98</b>	<b>6,98,716.20</b>
Income tax expense			
Current tax	15	5,40,000.00	1,47,500.00
Prior year tax		46,018.00	-
Deferred tax	11	28,896.00	(1,97,497.00)
<b>Total tax expenses</b>		<b>6,14,914.00</b>	<b>(49,997.00)</b>
<b>Profit for the year</b>		<b>16,12,648.98</b>	<b>7,48,713.20</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			-
Remeasurements of post employment benefit obligations		14,198.00	-
Income tax relating to above	8B	(3,692.00)	-
<b>Other comprehensive income for the year, net of tax</b>		<b>10,506.00</b>	-
<b>Total comprehensive income for the year</b>		<b>16,23,154.98</b>	<b>7,48,713.20</b>
Earnings per equity share (in Rs.)	32		
(Nominal value per share Rs.10)			
Basic earning per share (In Rs.)		0.53	0.25
Diluted earning per share (In Rs.)		0.53	0.25

The notes are an integral part of these financial statements

In terms of our report of even date

For Gratex Industries Limited

**For Jayesh R Shah & Co**

Chartered Accountants  
Firm Registration No. : 104182W

**Baldevkrishan Sharma**

Chairman & M.D.  
DIN: 00117161

**Karan Sharma**

Director  
DIN:00117188

**Jayesh Shah**

Proprietor  
Membership No.: 033864

**Swapnil Chari**

Company Secretary  
Membership No.:A58292

**Mona Menon**

Chief Financial Officer  
DIN: 00117025

Place: Mumbai  
Date: 30/07/2020

Place: Mumbai  
Date: 30/07/2020

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020**

	Year ended March 31, 2020	Year ended March 31, 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	22,27,562.98	6,98,716.20
<b>Adjustments for:</b>		
Depreciation and amortisation	13,34,362.00	16,22,540.00
Other Comprehensive Income	10,506.00	
Interest income	-	-
Interest and finance charges	2,00,418.00	4,01,814.96
<b>Operating profit before working capital changes</b>	<b>37,72,848.97</b>	<b>27,23,071.15</b>
<b>Adjustments for:</b>		
(Increase) / Decrease in other non-current assets		
(Increase) / Decrease in inventories	(23,87,628.00)	20,04,085.00
(Increase) / Decrease in trade receivables	6,99,520.14	(14,534.53)
(Increase) / Decrease in other current assets	(4,53,771.41)	3,38,194.00
Increase / (Decrease) in trade payables	(80,534.00)	20,324.00
Increase / (Decrease) in Employees Benefit Obligations-Current	(1,66,712.00)	4,51,016.00
Increase / (Decrease) in Employees Benefit Obligations-Non Current	1,93,409.00	3,77,618.00
Increase / (Decrease) in other current liabilities	(3,47,318.55)	2,57,464.55
Increase / (Decrease) in Deferred Tax	32,588.00	(1,97,497.00)
Increase/(Decrease) in prior period items	-	(6,91,604.00)
<b>Cash generated from operations</b>	<b>12,62,402.15</b>	<b>52,68,137.17</b>
Taxes paid (net of refunds)	2,22,414.00	(5,13,503.00)
<b>Net cash generated from operating activities</b>	<b>10,39,988.15</b>	<b>47,54,634.17</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of tangible/intangible assets	(4,01,621.00)	(10,45,780.00)
Interest received	-	-
Movement in term deposit with bank (net)	-	-
<b>Net cash (used in) investing activities</b>	<b>(4,01,621.00)</b>	<b>(10,45,780.00)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of borrowings (non current)	(1,98,591.00)	11,44,360.00
Repayment of borrowings (current)	(2,02,754.00)	(42,24,877.00)
Interest paid	(2,00,418.00)	(4,01,814.96)
Dividend paid	-	-
Dividend distribution tax paid	-	-
<b>Net cash (used in) financing activities</b>	<b>(6,01,762.99)</b>	<b>(34,82,331.96)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>36,604.16</b>	<b>2,26,522.21</b>
Cash and cash equivalents at the beginning of the year	(98,280.45)	(3,24,802.71)
<b>Cash and cash equivalents at the end of the year</b>	<b>(61,676.29)</b>	<b>(98,280.50)</b>
<b>Cash and cash equivalents comprise:</b>		
Cash on hand	32,847.00	46,632.00
Balances with banks	(94,523.29)	(1,44,912.45)
Demand deposits (less than 3 months maturity)	-	-
<b>Total</b>	<b>(61,676.29)</b>	<b>(98,280.45)</b>

**Note:** The above cash flow statement has been prepared under "Indirect Method" specified in Ind AS 7 on "Cash Flow Statements".

In terms of our report of even date

**For Gratex Industries Limited**

**For Jayesh R Shah & Co**  
Chartered Accountants  
Firm Registration No. : 104182W

**Baldevkrishan Sharma**  
Chairman & M.D.  
DIN: 00117161

**Karan Sharma**  
Director  
DIN:00117188

**Jayesh Shah**  
Proprietor  
Membership No.: 033864

**Swapnil Chari**  
Company Secretary  
Membership No.:A58292

**Mona Menon**  
Chief Financial Officer  
DIN: 00117025

Place: Mumbai  
Date: 30/07/2020

Place: Mumbai  
Date: 30/07/2020

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

### A Equity Share Capital

Particulars	Note	
As at April 1, 2019	9	3,03,48,000.00
Changes in equity share capital	-	
As at March 31, 2020		3,03,48,000.00

### B Other Equity

Particulars	Note	Reserves and Surplus			
		Capital Reserve	General Reserves	Retained Earnings	Total Other Equity
As at April 1, 2019		10,46,026.00	8,06,783.58	(29,30,675.20)	(10,77,865.62)
Profit for the year		-	-	16,12,648.98	16,12,648.98
Prior period Adjustments		-	-		-
Other comprehensive income		-	-	10,506.00	10,506.00
<b>Other Adjustments</b>					
Inter reserves movement		-			-
Dividends paid (Including dividend distribution tax)		-	-		-
Proposed dividend		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	<b>16,23,154.98</b>	<b>16,23,154.98</b>
As at March 31, 2020		<b>10,46,026.00</b>	<b>8,06,783.58</b>	<b>(13,07,520.22)</b>	<b>5,45,289.36</b>

In terms of our report of even date

For Gratex Industries Limited

**For Jayesh R Shah & Co**  
Chartered Accountants  
Firm Registration No. : 104182W

**Baldevkrishan Sharma**  
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Place: Mumbai  
Date: 30/07/2020

Place: Mumbai  
Date: 30/07/2020

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 2020

### 1 Company Overview

Gratex Industries Limited (the 'Company') is a public limited Company domiciled in India with its registered office address being 109, Kakad Udyog Bhavan, L. J. Road, Mahim, Mumbai-400016. The company is listed on the Bombay Stock Exchange (BSE). The company's principal business is manufacturing and trading of Wall Papers, Profiles, Catalogues, Furniture and related products.

### 2(A) Summary of significant accounting policies

#### 2.01 Basis of preparation

##### a) Compliance with Indian Accounting Standards (Ind AS)

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

##### b) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for following items:

Items	Measurement Basis
Certain financial assets and liabilities	Fair Value
Net defined benefit (asset)/ liability	Fair Value of plan assets less present value of defined benefit obligations

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions, regardless of whether that price is directly observable or estimated using another valuation technique. In determining the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

##### c) Current versus non-current classification

All the assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of the products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### 2.02 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). Chairman and Managing Director of the Company has been identified as CODM who assesses the financial performance and position of the company, and makes strategic decisions.

#### 2.03 Foreign Currency Transactions

##### a) Functional and presentation currency

The financial statements are presented in Indian Rupees (INR), which is the Company's functional and presentation currency.

**b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of profit and loss. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Non-monetary items that are measured at historical cost in foreign currency are translated using the exchange rate at the date of the transaction.

**2.04 Revenue Recognition**

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue is exclusive of excise duty and net of discounts, volume rebates, value added taxes, goods & services tax and amounts collected on behalf of third parties.

**a) Sale of goods**

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

**b) Export incentives**

Benefits on account of entitlement of export incentives are recognized as and when the right to receive is established.

**c) Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the amortised cost and at the effective interest rate applicable.

**d) Dividend income**

Dividend income is recognized when the right to receive is established.

**2.05 Borrowing costs**

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended

use or sale and borrowing costs are being incurred. Qualifying assets are assets that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

## 2.06 Leasing - As a lessee

Leases of property, plant and equipment where the company as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to statement of profit and loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

## 2.07 Employee benefits

### a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### b) Post employee obligations

The Company operates the following post-employment schemes:

- defined benefit plans such as gratuity
- defined contribution plans such as provident fund

### i) Gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is determined at the year end by independent actuary using the projected unit credit method.

The present value of the defined benefit obligation denominated in Indian Rupees is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

They are included in retained earnings in the statement of changes in equity. Remeasurements are not reclassified to profit and loss in the subsequent periods.

ii) **Defined contribution plans**

**Provident fund** The Company pays contributions toward provident fund to the regulatory authorities as per local regulations where the Company has no further payment obligations. The contributions are recognised as employee benefit expense when they are due.

c) **Bonus plans**

The Company recognise a liability and an expense for bonuses. The Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

## 2.08 Current and deferred tax

Income tax expense or credit represents the sum of the current tax and deferred tax.

Current and deferred tax is recognised in the Statement of Profit and Loss except to the extent it relates to items recognised in 'Other comprehensive income' or directly in equity, in which case it is recognised in 'Other comprehensive income' or directly in equity, respectively.

### Current tax

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of profit and loss because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority. The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### Deferred tax

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the balance sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset shall be recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance sheet, if and only when, (a) the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities, and (b) when the Deferred income tax assets and liabilities relate to income tax levied by the same taxation authority.

Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss).

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to reflect changes in probability that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

## 2.09 Property, plant and equipment

All items of property, plant and equipment ("PPE") are stated at historical cost less accumulated depreciation less accumulated impairment losses. The cost of property, plant and equipment includes purchase price including import duties, non-refundable taxes and expenditure that is directly attributable to acquisition and installation, cost of dismantling and removing the item and restoring the site on which it is located.

Capital work in progress is carried at cost, less any recognised impairment loss. Depreciation of these assets commences when the assets are substantially ready for their intended use. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit and loss during the reporting period in which they are incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss.

### Depreciation methods, estimated useful lives and residual value

Depreciation is provided on a pro-rata basis on the written down value method (WDV) to allocate their cost, net of their residual values, over their estimated useful lives as per technical evaluation. Estimated useful lives of the assets thereof are as under:

Assets class	Useful life in years
Building	60
Plant and Equipment	15
Laboratory / Testing	15
Furniture and Fixtures	10
Electrical Installation	10
Office Equipments	5
Vehicles	8
Computers	3



Estimated useful lives, residual values and depreciation methods are reviewed annually, taking into account commercial and technological obsolescence as well as normal wear and tear and adjusted prospectively, if appropriate.

#### **2.10 Impairment of non-financial assets**

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

#### **2.11 Government grants**

Government grant is recognized only when there is a reasonable assurance that the entity will comply with the conditions attaching to them and the grants will be received. Government grant related to assets is recognized as deferred income which is recognized in the statement of profit & loss on systematic basis over the useful life of the assets.

#### **2.12 Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, packing materials and fuels comprises cost of purchases. Cost of work-in progress and finished goods comprises direct materials, direct labour, other direct costs and related production overheads. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Cost is determined using the first in first out (FIFO). Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.

#### **2.13 Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, demand deposits with banks, short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### **2.14 Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### **Financial Assets**

##### **i) Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss),
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in statement of profit or loss or other comprehensive income.

For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

## ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through statement of profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through statement of profit or loss are expensed in statement of profit or loss.

### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost is recognised in statement of profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to statement of profit or loss and recognised in other income. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through statement of profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through statement of profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through statement of profit or loss is recognised in statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in other income.

## iii) Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through statement of profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, credit risk is considered to be low. For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables. As a practical expedient, the company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is

adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

**iv) De-recognition of financial assets**

A financial asset is derecognised only when:

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

**v) Trade Receivable**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**Financial Liabilities**

**i) Classification**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definition of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

**ii) Measurement**

Financial liabilities are initially recognised at fair value, reduced by transaction costs (in case of financial liability not at fair value through statement of profit or loss), that are directly attributable to the issue of financial liability. After initial recognition, financial liabilities are measured at amortised cost using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees paid, transaction cost, and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. At the time of initial recognition, there is no financial liability irrevocably designated as measured at fair value through statement of profit or loss.

**iii) Derecognition:**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

**iv) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in statement of profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss.

**v) Trade and other payables**

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**2.15 Provisions and contingent liabilities**

**Provision**

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and amount of the obligation can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the management's best estimate of the expenditure required to settle the present obligation at the Balance sheet date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

**Contingent liabilities**

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

**Contingent Assets**

A contingent asset is disclosed, where an inflow of economic benefits is probable.

## 2.16 Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## 2.17 Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of equity shares outstanding during the financial year. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

Diluted earnings per share, adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

## 2.18 New standards/ amendments to existing standards.

### Ind AS 115 Revenue from Contracts with Customers

The Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 on March 28, 2018 notifying Ind AS 115 Revenue from Contracts with Customers

These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB).

Ind AS 115 replaces Ind AS 18 which covers contracts for goods and services and Ind AS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

It establishes a five-step model to account for revenue arising from contracts with customer. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Company is in the process of analysing the impact of the new standard. This standard will come into force from accounting period commencing on or after April 01, 2018.

There are no other standards, changes in standards and interpretations that are not in force up to reporting period that the Company expects to have a material impact arising from its application in its financial statements.

## 2.19 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III, unless otherwise stated.

## 2(B) Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. The areas involving critical estimates or judgements are:

**a) Estimation of Provisions & Contingent Liabilities**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities which is related to pending litigation or other outstanding claims. If a loss arising from these litigations and/or claims is probable and can be reasonably estimated, the management record the amount of the estimated loss. If a loss is reasonably possible, but not probable, the management discloses the nature of the significant contingency and, if quantifiable, the possible loss that could result from the resolution of the matter. As additional information becomes available, the management reassess any potential liability related to these litigations and claims and may need to revise the estimates. Such revisions or ultimate resolution of these matters could materially impact the results of operations, cash flows or financial statements of the company. (Refer Note )

**b) Estimation of current tax expense and deferred tax**

The calculation of the Company's tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material adjustment to taxable profits/losses (Refer note ).

**Recognition of deferred tax assets/ liabilities**

The recognition of deferred tax assets/ liabilities is based upon whether it is more likely than not that sufficient taxable profits will be available in the future against which the reversal of temporary differences will be offset. To determine the future taxable profits, the management considers the nature of the deferred tax assets, recent operating results, future market growth, forecasted earnings and future taxable income in the jurisdictions in which the company operate. (Refer Note 8).

**c) Useful lives of property, plant and equipment**

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period or even earlier in case, circumstances change such that the recorded value of an asset may not be recoverable. The estimate of useful life requires significant management judgment and requires assumptions that can include: planned use of equipments, future volume trends, revenue and expense growth rates and annual operating plans, and in addition, external factors such as changes in macroeconomic trends which are developed in connection with the Company's long-term strategic planning.

**d) Employee benefit plans**

The Company's obligation on account of gratuity and compensated absences is determined based on actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, these liabilities are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

### 3 PROPERTY, PLANT AND EQUIPMENT

Sr. No.	Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount		
		Opening as at April 01, 2019	Additions	Disposals	Closing as at March 31, 2020	Opening as at April 01, 2019	For the Year	Disposals	Closing as at March 31, 2020	As at March 31, 2020
<b>Own Assets</b>										
1	Land Freehold	2,40,000.00	-	-	2,40,000.00	-	-	-	-	2,40,000.00
2	Building	1,07,49,751.00	1,16,591.00	-	1,08,66,342.00	38,98,950.00	3,35,059.00	-	42,34,009.00	66,32,333.00
3	Plant and Equipment	71,85,262.00	2,50,944.00	-	74,36,206.00	30,67,888.00	7,68,027.00	-	38,35,915.00	36,00,291.00
4	Electric Equipments	3,62,364.00	-	-	3,62,364.00	2,52,741.00	27,278.00	-	2,80,019.00	82,345.00
5	Furniture and Fixtures	7,51,867.00	-	-	7,51,867.00	6,34,708.00	28,026.00	-	6,62,734.00	89,133.00
6	Office Equipments	2,62,625.00	4,859.00	-	2,67,484.00	2,30,544.00	14,242.00	-	2,44,786.00	22,698.00
7	Vehicles	5,09,964.00	-	-	5,09,964.00	3,78,079.00	41,188.00	-	4,19,267.00	90,697.00
8	Computers	4,34,468.00	29,227.00	-	4,63,695.00	2,57,725.00	1,20,542.00	-	3,78,267.00	85,428.00
	<b>TOTAL</b>	<b>2,04,96,301.00</b>	<b>4,01,621.00</b>	<b>-</b>	<b>2,08,97,922.00</b>	<b>87,20,635.00</b>	<b>13,34,362.00</b>	<b>-</b>	<b>1,00,54,997.00</b>	<b>1,08,42,925.00</b>

Sr. No.	Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Amount		
		Opening as at April 01, 2019	Additions	Disposals	Closing as at March 31, 2020	Opening as at April 01, 2019	For the Year	Disposals	Closing as at March 31, 2020	As at March 31, 2020
<b>Own Assets</b>										
1	Land Freehold	2,40,000.00	-	-	2,40,000.00	-	-	-	-	2,40,000.00
2	Building	1,02,72,103.00	4,77,648.00	-	1,07,49,751.00	35,51,217.00	3,47,733.00	-	38,98,950.00	68,50,801.00
3	Plant and Equipment	70,28,433.00	1,59,329.00	2,500.00	71,85,262.00	21,72,647.00	8,97,031.00	1,790.00	30,67,888.00	41,17,374.00
4	Electric Equipments	3,62,364.00	-	-	3,62,364.00	2,15,931.00	36,810.00	-	2,52,741.00	1,09,623.00
5	Furniture and Fixtures	6,57,867.00	94,000.00	-	7,51,867.00	5,98,584.00	36,124.00	-	6,34,708.00	1,17,159.00
6	Office Equipments	2,32,490.00	30,135.00	-	2,62,625.00	2,06,392.00	24,152.00	-	2,30,544.00	32,081.00
7	Vehicles	5,09,964.00	-	-	5,09,964.00	3,18,187.00	59,892.00	-	3,78,079.00	1,31,885.00
8	Computers	1,49,090.00	2,85,378.00	-	4,34,468.00	36,927.00	2,20,798.00	-	2,57,725.00	1,76,743.00
	<b>TOTAL</b>	<b>1,94,52,311.00</b>	<b>10,46,490.00</b>	<b>2,500.00</b>	<b>2,04,96,301.00</b>	<b>70,99,885.00</b>	<b>16,22,540.00</b>	<b>1,790.00</b>	<b>87,20,635.00</b>	<b>1,17,75,666.00</b>

### 4 OTHER NON CURRENT ASSETS

	As at March 31, 2020	As at March 31, 2019
Deposits-Others	1,80,958.49	1,80,959.00
<b>TOTAL</b>	<b>1,80,958.49</b>	<b>1,80,959.00</b>

5 INVENTORIES	As at March 31, 2020	As at March 31, 2019
Raw materials	7,94,761.00	5,11,938.00
Work in progress	3,54,993.00	-
Finished Goods	71,15,061.00	53,65,249.00
<b>TOTAL</b>	<b>82,64,815.00</b>	<b>58,77,187.00</b>
6 TRADE RECEIVABLES	As at March 31, 2020	As at March 31, 2019
Unsecured - considered good		
Trade receivables	3,62,370.58	39,246.00
Receivables from related parties	1,48,52,704.81	1,58,75,349.53
<b>SUB- TOTAL</b>	<b>1,52,15,075.39</b>	<b>1,59,14,595.53</b>
<b>Less:</b> Allowance for doubtful debts	-	-
<b>TOTAL</b>	<b>1,52,15,075.39</b>	<b>1,59,14,595.53</b>
7 CASH AND CASH EQUIVALENTS	As at March 31, 2020	As at March 31, 2019
<b>Cash and Cash equivalents:</b>		
Cash on hand	32,847.00	46,632.00
<b>Bank Balances :</b>		
- In Current accounts (Refer note below)	(94,523.29)	(1,44,912.45)
- In Margin Money deposit maturing within 3 month		
<b>TOTAL</b>	<b>(61,676.29)</b>	<b>(98,280.45)</b>
8 OTHER CURRENT ASSETS	As at March 31, 2020	As at March 31, 2019
(Unsecured, considered good unless otherwise stated)		
TDS Receivable(2018-19)	1,91,410.00	3,52,951.00
TDS Receivable(2019-20)	4,09,067.00	
MAT Credit	1,14,768.00	1,46,745.00
GST Credit	2,58,530.41	-
Pre-paid expense	20,147.00	40,455.00
<b>TOTAL</b>	<b>9,93,922.41</b>	<b>5,40,151.00</b>



**9 SHARE CAPITAL**

	As at March 31, 2020	As at March 31, 2019
<b>Authorised</b>		
40,00,000 (March 31, 2018: 40,00,000 ) equity shares of Rs. 10/- each	40,00,000.00	40,00,000.00
	<b>40,00,000.00</b>	<b>40,00,000.00</b>
<b>Issued</b>		
30,34,800(March 31, 2013:34,800) equity shares of Rs. 10/- each	3,03,48,000.00	3,03,48,000.00
<b>Subscribed and paid-up</b>		
30,34,800(March 31, 2013:34,800) equity shares of Rs. 10/- each	3,03,48,000.00	3,03,48,000.00
<b>TOTAL</b>	<b>3,03,48,000.00</b>	<b>3,03,48,000.00</b>

a) Reconciliation of the number of shares : Equity Shares

Particulars	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Balance at the beginning of the year	30,34,800.00	3,03,48,000.00	30,34,800.00	3,03,48,000.00
<b>Balance at the end of the year</b>	<b>30,34,800.00</b>	<b>3,03,48,000.00</b>	<b>30,34,800.00</b>	<b>3,03,48,000.00</b>

b) Rights, preferences and restrictions attached to equity shares

The company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amount, in proportion to their shareholding.

c) Details of shareholder holding more than of 5% of the aggregate shares in the company

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
Baldevkrishan Sharma	14,18,922.00	46.76%	14,03,548.00	46.25%
Promila Sharma	2,90,100.00	9.56%	2,90,100.00	9.56%
<b>TOTAL</b>	<b>17,09,022.00</b>	<b>56.32%</b>	<b>16,93,648.00</b>	<b>55.81%</b>

d) There are no shares allotted either as fully paid up by way of bonus shares or under any contract without payment received in cash during 5 years immediately preceding March 31, 2019

**10 BORROWINGS - NON-CURRENT**

	As at March 31, 2020	As at March 31, 2019
Secured:		
<b>Term Loan:</b>		
Yes Bank Term Loan Printing Equipments (Refer note below)	9,54,479.00	11,97,097.00
Less: Current maturities of long term debt	1,66,338.00	2,43,632.00
(Repayable in 60 monthly equal installment of Rs. 32221/- each starting from April, 2018. Rate of interest is 13.00% p.a.)	<b>7,88,141.00</b>	<b>9,53,465.00</b>
Yes Bank Term Loan Printing Equipments (Refer note below)	1,90,895.00	2,39,622.00
Less: Current maturities of long term debt	33,267.00	<b>48,727.00</b>
(Repayable in 60 monthly equal installment of Rs. 6444/- each starting from April, 2018. Rate of interest is 13.00% p.a.)	<b>1,57,628.00</b>	<b>1,90,895.00</b>
(Repayable in 20 quarterly equal installment of Rs. 7.5 Lakh each starting from Oct 2015. Rate of interest is 13.00% p.a.)		
From Directors/Related Parties	-	1,10,000.00
Less: Current maturities of long term debt	-	1,10,000.00
<b>TOTAL</b>	<b>9,45,769.00</b>	<b>11,44,360.00</b>

**Details of securities**

1. First and exclusive charge on the printing equipments funded by YBL Ltd. by way of hypothecation.
2. There is no default in repayment of Loan Installment and interest thereon.

**11 DEFERRED TAX ASSETS (NET)**

	As at March 31, 2020	As at March 31, 2019
Deferred tax liabilities (Net)	85,472.00	52,884.00
<b>TOTAL</b>	<b>85,472.00</b>	<b>52,884.00</b>
<b>The balance comprises temporary differences attributable to:</b>		
<b>Deferred Tax Liability</b>		
Depreciation	2,71,003.00	2,43,801.00
<b>Less : Deferred Tax Assets</b>		
Provision for gratuity	1,85,531.00	1,90,917.00
<b>Net Deferred Tax Liability (Refer note below)</b>	<b>85,472.00</b>	<b>52,884.00</b>

**Note:** Deferred tax assets and deferred tax liability have been offset as they relate to same governing taxation laws.

<b>11A MOVEMENT IN DEFERRED TAX ASSETS/LIABILITIES</b>	As at April 01, 2019	(Charged)/ Credited to Profit and Loss	(Charged)/ Credited to OCI	As at March 31, 2020
<b>Deferred Tax Liability</b>				
Depreciation	2,43,801.00	27,202.00	-	<b>2,71,003.00</b>
Borrowing Cost	-	-	-	-
<b>Total Deferred Tax Liability</b>	<b>2,43,801.00</b>	<b>27,202.00</b>	-	<b>2,71,003.00</b>
<b>Less : Deferred Tax Assets</b>				
Provision for gratuity	1,90,917.00	(1,694.00)	(3,692.00)	<b>1,85,531.00</b>
<b>Total Deferred Tax Assets</b>	<b>1,90,917.00</b>	<b>(1,694.00)</b>	<b>(3,692.00)</b>	<b>1,85,531.00</b>
<b>Net Deferred Tax Liability</b>	<b>(52,884.00)</b>	<b>(28,896.00)</b>	<b>(3,692.00)</b>	<b>85,472.00</b>

<b>12 EMPLOYEE BENEFIT OBLIGATIONS - NON-CURRENT</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Provision for employee benefits (Refer note no. 23A):	-	
Provision for gratuity	5,71,027.00	3,77,618.00
<b>TOTAL</b>	<b>5,71,027.00</b>	<b>3,77,618.00</b>
<b>13 BORROWINGS - CURRENT</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Secured:		
ICICI Bank Car Loan	-	-
<b>Term Loan:</b>		
Yes Bank Term Loan Printing Equipments (Refer note below)	1,66,338.00	2,43,632.00
(Repayable in 60 monthly equal installment of Rs. 32221/- each starting from April, 2018. Rate of interest is 13.00% p.a.)		
(Repayable in 60 monthly equal installment of Rs. 6444/- each starting from April, 2018. Rate of interest is 13.00% p.a.)		
Yes Bank Term Loan Printing Equipments (Refer note below)	33,267.00	48,727.00
(Repayable in 60 monthly equal installment of Rs. 6444/- each starting from April, 2018. Rate of interest is 13.00% p.a.)		
(Repayable in 20 quarterly equal installment of Rs. 7.5 Lakh each starting from Oct 2015. Rate of interest is 13.00% p.a.)		
From Directors/Related Parties	-	1,10,000.00
<b>TOTAL</b>	<b>1,99,605.00</b>	<b>4,02,359.00</b>

**Details of securities**

1. First charge over the Fixed Assets by way of hypothecation of Plant & Machinery (existing & future) of the company.
2. There is no default in repayment of Loan Installment and interest thereon.

<b>14 TRADE PAYABLES</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
a) total outstanding dues of micro enterprises and small enterprises (Refer note below)	-	-
b) total outstanding dues of creditors other than micro enterprises and small enterprises and dues to related parties	13,06,808.00	13,87,342.00
c) total outstanding dues to related parties	-	-
<b>TOTAL</b>	<b>13,06,808.00</b>	<b>13,87,342.00</b>

**Note:**

1. First charge over the Fixed Assets by way of hypothecation of Plant & Machinery (existing & future) of the company.
2. There is no default in repayment of Loan Installment and interest thereon.

**15 INCOME TAX LIABILITIES (CURRENT)**

	As at March 31, 2020	As at March 31, 2019
Provision for Income tax ( March 31, 2019 Rs.147500/-)	5,40,000.00	1,47,500.00
<b>TOTAL</b>	<b>5,40,000.00</b>	<b>1,47,500.00</b>
<b>Movement in provision for income tax</b>		
Opening balance	1,47,000.00	7,11,000.00
Less: Paid / Adjusted	1,47,000.00	7,11,000.00
Add: Provision for current year	5,40,000.00	1,47,500.00
<b>Closing balance</b>	<b>5,40,000.00</b>	<b>1,47,500.00</b>

(Rs. in lakhs)

**15A TAX EXPENSE**

	As at March 31, 2020	As at March 31, 2019
<b>Current Tax :</b>		
Current Tax on Profits for the Year	5,40,000.00	1,47,500.00
<b>Total Current Tax Expense</b>	<b>5,40,000.00</b>	<b>1,47,500.00</b>
<b>Deferred Tax :</b>		
Decrease/(Increase) in Deferred Tax Assets	5,386.00	(1,90,917.00)
(Decrease)/increase in Deferred Tax Liabilities	27,202.00	(6,580.00)
<b>Total Deferred Tax Expense/(Benefit)</b>	<b>32,588.00</b>	<b>(1,97,497.00)</b>
<b>Income Tax Expense</b>	<b>5,72,588.00</b>	<b>(49,997.00)</b>
<b>Reconciliation of tax expense and accounting profit multiplied by statutory tax rate</b>		
Profit for the year	22,27,563.00	6,98,716.00
Rate of tax	26.00%	26.00%
<b>Tax Expense at Applicable Tax Rate</b>	<b>5,79,166.38</b>	<b>1,81,666.16</b>
Tax Rate Difference	-	-
CSR Expenses	-	-
Interest on delayed payment of TDS and advance tax	-	-
Others	(6,578.38)	1,31,669.16
<b>Income Tax Expense</b>	<b>5,72,588.00</b>	<b>(49,997.00)</b>

16 EMPLOYEE BENEFIT OBLIGATIONS - CURRENT	As at March 31, 2020	As at March 31, 2019
Provision for employee Salaries, wages and Welfare	5,80,479.00	5,47,264.00
Provision for gratuity727780	1,56,753.00	3,56,680.00
<b>TOTAL</b>	<b>7,37,232.00</b>	<b>9,03,944.00</b>
17 OTHER CURRENT LIABILITIES	As at March 31, 2020	As at March 31, 2019
Advances from customers	-	1,99,820.00
Statutory dues (including provident fund and tax deducted at source)	1,56,818.00	2,51,911.55
Others	52,405.00	
<b>TOTAL</b>	<b>1,56,818.00</b>	<b>5,04,136.55</b>
18 CONTINGENT LIABILITIES	As at March 31, 2020	As at March 31, 2019
There are no contingent liability exist at the end of the year.	-	-
19 REVENUE FROM OPERATIONS	Year ended March 31, 2020	Year ended March 31, 2019
<b>Sale of Product (Including excise duty)</b>		
Finished Goods		
- Wall Coverings, Profiles, Digital Posters, Catalogues, Furnitures	1,82,22,597.96	2,00,90,508.04
Stock in trade		
- Wall Coverings, Profiles, Digital Posters, Catalogues, Furnitures		
<b>Total sale of products</b>	<b>1,82,22,597.96</b>	<b>2,00,90,508.04</b>
<b>Other operating revenue</b>		
- Warehousing Charges	1,09,03,372.00	92,89,419.00
- Packing Charges	28,51,182.00	12,29,970.00
- Others Frenchises Commission	26,79,534.00	28,51,207.00
<b>Total other operating income</b>	<b>1,64,34,088.00</b>	<b>1,33,70,596.00</b>
<b>TOTAL</b>	<b>3,46,56,685.96</b>	<b>3,34,61,104.04</b>
20 OTHER INCOME	Year ended March 31, 2020	Year ended March 31, 2019
Interest Income from financial assets at amortised cost	-	-
Profit on sale of assets	-	1,790.00
Discount and Rebate	38,198.00	
Foreign Exchange Gain/(Loss)	-	(1,546.00)
<b>TOTAL</b>	<b>38,198.00</b>	<b>244.00</b>

<b>21 COST OF MATERIAL CONSUMED</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Raw material consumed		
Opening inventory	5,11,938.00	-
Add: Purchases	1,42,24,858.00	1,10,76,654.00
Less: Closing inventory	7,94,761.00	5,11,938.00
<b>Cost of raw material consumed during the year</b>	<b>1,39,42,035.00</b>	<b>1,05,64,716.00</b>
Packing material consumed		
Opening inventory	-	-
Add: Purchases	4,52,743.00	4,68,678.00
Less: Closing inventory	-	-
<b>Cost of packing material consumed during the year</b>	<b>4,52,743.00</b>	<b>4,68,678.00</b>
<b>TOTAL</b>	<b>1,43,94,778.00</b>	<b>1,10,33,394.00</b>
<b>22 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
(Increase) / Decrease in stocks		
Stock at the end of the year		
Finished goods	71,15,061.00	53,65,249.00
Work in progress	3,54,993.00	-
Stock Raw Material/Trading	-	-
<b>TOTAL A</b>	<b>74,70,054.00</b>	<b>53,65,249.00</b>
Less: Stock at the beginning of the year		
Finished goods	53,65,249.00	78,81,272.00
Work in progress	-	-
Stock Raw Material/Trading	-	-
<b>TOTAL B</b>	<b>53,65,249.00</b>	<b>78,81,272.00</b>
<b>(Increase) / Decrease in stocks (B-A)</b>	<b>(21,04,805.00)</b>	<b>25,16,023.00</b>
<b>23 EMPLOYEE BENEFITS EXPENSES</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Salaries, wages and bonus	70,78,653.00	72,62,811.00
Directors remuneration	6,32,500.00	7,97,500.00
Leave Encashment	-	18,193.00
Contribution to provident and other funds:		
Provident Fund	3,06,595.00	1,82,166.00
Gratuity (Refer note no. 23A(ii))	2,01,930.00	67,882.00
ESIC	99,087.00	1,97,159.00
Staff welfare expenses	10,47,725.00	7,54,043.00
<b>TOTAL</b>	<b>93,66,490.00</b>	<b>92,79,754.00</b>

**23A EMPLOYEE BENEFIT OBLIGATIONS:**

i) Defined-contribution plans

The Company makes contribution to provident fund under the provision of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and to superannuation fund for the qualifying employees as per the Company's policy.

Amount recognised in Statement of Profit and Loss	Year ended March 31, 2020	Year ended March 31, 2019
Provident fund	2,94,789.00	1,74,343.00

ii) Defined-Benefits Plans

The company provides for gratuity, a defined benefit retirement plan covering eligible employees. The Gratuity Plan provides a lump sum payments to vested employees at retirement, death, incapacitation or termination of employment, as per the company's policy. Vesting occurs on completion of 5 continuous years of service as per Indian law. However, no vesting condition applies in case of death. The gratuity payable to employees is based on the employee's service and last drawn salary at the time of leaving the services of the Company. The gratuity plan is an unfunded plan

**Profit & Loss account expenses:**

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Service Cost	1,17,287.00	67,882.00
Past service Cost	-	7,23,358.00
Interest on defined benefit obligation/(asset) (net)	56,247.00	-
<b>Total expenses charged</b>	<b>1,73,534.00</b>	<b>7,91,240.00</b>

**Amount recorded in other comprehensive income:**

Particulars	As at March 31, 2020	As at March 31, 2019
Opening balance recorded in OCI	-	-
<b>Remeasurement during the period due to:</b>		
Actuarial gain/(Loss) for the year on PBO	14,198.00	-
Actuarial gain/(Loss) for the year on Assets	-	-
Unrecognised actuarial gain/(loss) at the end of the year.	14,198.00	-
<b>Total amount recognised in OCI</b>	<b>14,198.00</b>	<b>-</b>

**Present value of defined benefit obligation:**

Particulars	Gratuity (Funded Plan)	
	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	7,34,298.00	-
Current service cost	1,17,287.00	67,882.00
Past service cost	-	7,23,358.00
Interest on defined benefit obligation	56,247.00	-
<b>Remeasurement due to:</b>		
(Gain)/loss from change in financial assumptions	14,198.00	-
(Gain)/loss from change in demographic assumptions	-	-
Experience (gains)/losses	-	-
Benefit paid	(1,94,250.00)	(56,942.00)
<b>Balance at the close of the year</b>	<b>7,27,780.00</b>	<b>7,34,298.00</b>

**Fair value of plan assets:**

Particulars	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	-	-
Contributions by employer	-	-
Interest income	-	-
Benefits paid	-	-
Actuarial gains/(losses) on plan assets	-	-
<b>Balance at the close of the year</b>	<b>-</b>	<b>-</b>

**Assets and Liabilities recognised in the Balance Sheet:**

Particulars	As at March 31, 2020	As at March 31, 2019
Present value of obligations	7,27,780.00	7,34,298.00
Fair value of plan assets	-	-
<b>Deficit of funded plan</b>	<b>7,27,780.00</b>	<b>7,34,298.00</b>
Non-current (Note 12)	5,71,027.00	3,77,618.00
Current	1,56,753.00	3,56,680.00

**Major Category of Plan Assets as a % of total Plan Assets:**

Particulars	As at March 31, 2020	As at March 31, 2019
Government of India securities	0.00%	0.00%
Corporate bonds	0.00%	0.00%
Insurance managed fund	0.00%	0.00%
Others	0.00%	0.00%
	<b>0.00%</b>	<b>0.00%</b>



**Actuarial Assumptions:**

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Discount rate	6.91%	7.66%
Salary Growth rate	8.00%	8.00%

The discount rates reflects the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated term of the obligations.

The estimates of future salary increases, considered in actuarial valuation, takes into account, inflation, seniority, promotions and other relevant factors, such as demand and supply in the employment market.

The expected rate of return of plan assets is the Company's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

**Sensitivity Analysis**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions by 0.50% is:

Particulars	Impact on defined benefit obligation			
	Increase in assumptions		Decrease in assumptions	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Discount rate	(19500.00)	(25236.00)	20708.00	26786.00
Salary growth rate	20393.00	26573.00	(19398.00)	(25275.00)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied which has been used for calculating the defined benefit liability recognised in the Balance Sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**Expected Contribution to the Fund in the next year:**

(Rs. in lakhs)

Particulars	As at	As at
	March 31, 2020	March 31, 2019
Gratuity	2,21,317.00	1,37,229.00

iv) **Risk Exposure**

The Gratuity scheme is a final salary Defined Benefit Plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The risks commonly affecting the defined benefit plan are expected to be:

**Demographic Risk:** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

**Salary Inflation Risk :** Higher than expected increases in salary will increase the defined benefit obligation

**Interest-Rate Risk:** The defined benefit obligation calculated uses a discount rate based on government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

v) **Defined Benefit Liability and Employer Contributions**

The company considers that the contribution rates set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs, will not increase significantly.

The expected maturity analysis of undiscounted gratuity is as follows:

**Maturity Analysis of the Projected Benefit Obligations - Gratuity**

Particulars	As at March 31, 2020	As at March 31, 2019
1st Following Year	1,62,736.00	3,73,850.00
2nd Following Year	2,32,000.00	2,10,969.00
3rd Following Year	2,26,569.00	4,55,608.00
4th Following Year	5,56,898.00	1,73,581.00
5th following year	1,53,903.00	2,02,268.00
<b>24 FINANCE COSTS</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Interest on short term borrowings	1,627.00	1,63,825.00
Interest on long term borrowings	1,71,621.00	2,09,064.40
Other finance cost	27,170.00	28,925.56
<b>TOTAL</b>	<b>2,00,418.00</b>	<b>4,01,814.96</b>
<b>25 DEPRECIATION AND AMORTISATION EXPENSES</b>	<b>Year ended March 31, 2020</b>	<b>Year ended March 31, 2019</b>
Depreciation on property, plant and equipment	13,34,362.00	16,22,540.00
<b>TOTAL</b>	<b>13,34,362.00</b>	<b>16,22,540.00</b>

26 OTHER EXPENSES	Year ended March 31, 2020	Year ended March 31, 2019
Advertisement and publicity expenses	1,26,015.00	6,81,318.00
Computer Expenses	4,585.00	33,801.00
Communication Expenses	1,65,474.00	1,34,577.00
Consumable stores	12,245.00	61,436.00
Director Sitting Fees	1,35,000.00	1,30,000.00
ROC Filing fees	-	2,000.00
Insurance Charges	23,902.00	66,132.00
Electricity Charges-Power	20,62,192.00	13,14,540.00
Legal Fees	-	-
Office Expenses	32,044.00	41,075.00
Membership & Subscription	8,52,947.00	3,50,470.00
Other Expenses	49,165.48	97,606.88
Clearing , forwarding, freight and other charges-Imports	-	83,584.00
Loading, unloading and freight charges	82,287.00	79,700.00
Motor Car Expenses	3,42,694.50	3,07,560.00
Printing and Stationery	2,59,402.00	94,658.00
Service Charges	19,07,340.00	10,48,015.00
Sales Promotion expenses	3,16,891.00	6,34,008.00
Professional Fees	3,47,365.00	10,07,169.00
Security Charges	2,45,607.00	2,49,927.00
Repairs & maintenance	16,67,161.00	9,45,563.00
Rents,Rates and Taxes	1,85,691.00	1,55,026.00
Website Development Charges	1,48,594.00	1,14,600.00
Travelling & Conveyance	1,59,476.00	1,26,340.00
Payment to auditors		
As auditor:		
Audit fees (Including limited review)	1,50,000.00	1,50,000.00
Tax audit fees	-	-
<b>TOTAL</b>	<b>92,76,077.98</b>	<b>79,09,105.88</b>

## 27 SEGMENT INFORMATION

The Company's chief operating decision maker (CODM) has identified one business segment viz. Manufacturing and Trading of Profiles, Catalogues, Digital Posters, Furnitures and Wall coverings. There are no other reportable segment.

### GEOGRAPHIC INFORMATION

PARTICULARS	Year ended March 31, 2020		Year ended March 31, 2019	
	Country of domicile (India)	Foreign countries	Country of domicile (India)	Foreign countries
Revenue from External Customers	25,37,560.00	-	11,97,050.00	-
The Company does not hold any non-current assets in foreign countries.				
The total revenue generated from Related Parties		3,21,19,126.00		3,22,64,054.00

## 28 RELATED PARTY DISCLOSURES:

### 28a Names of the related parties and nature of relationship:

- i) Enterprises over which KMP exercise significant influence
  - Marshalls Enterprises India Pvt. Ltd.
- ii) Key Management Personnel
  - Mr. Baldevkrishan Sharma
  - Mrs. Mona Menon
  - Mr. Swapnil Chari
- iii) Relatives of Key Management Personnel

### 28b Compensation of key managerial personnel

Related Parties	Year ended March 31, 2020	Year ended March 31, 2019
Short-term employee benefits to CEO and Whole Time Director		12,07,000.00
Directors' sitting fees to independent directors	80,000.00	1,00,000.00
<b>Total</b>	<b>80,000.00</b>	<b>13,07,000.00</b>

### Key Management Personnel Compensation

Gratuity is computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.

**28c Details of Transactions with related Parties & other Directors:**

Particulars		Year ended March 31, 2020	Year ended March 31, 2019
<b>Directors Remunerations paid to</b>			
- Mr. Baldevkrishan Sharma	6,32,500.00	6,60,000.00	
- Mr. K.P.Bhardwaj	-	1,37,500.00	
- Mrs. Mona Menon	-	-	
<b>Salaries paid to</b>			
- Mr. K.P.Bhardwaj	2,00,000.00	4,09,500.00	
<b>Sitting Fees paid to</b>			
- Mrs. Mona Menon	30,000.00	15,000.00	
- Mr. Karan Sharma	25,000.00	15,000.00	
- Mrs. Rekha Nagori	40,000.00	40,000.00	
- Mr. K.P.Bhardwaj	-	-	
- Mr. Bhagvati Prasad Mangal	-	60,000.00	
- Mr. Prashant Sawant	40,000.00	-	
<b>Interest paid to</b>			
- Mr. Baldevkrishan Sharma	1,627.00	1,22,884.00	
- Mrs. Mona Menon	-	22,859.00	
- Mr. K.P.Bhardwaj	-	18,082.00	
<b>Loan Repaid to</b>	Directors	1,10,000.00	26,96,500.00
Sale of Goods	Marshalls Enterprises India Pvt. Ltd.	1,56,85,038.00	1,88,93,458.00
Purchase of Goods	Marshalls Enterprises India Pvt. Ltd.	67,07,018.00	38,20,438.00
Warehousing Charges Recd.	Marshalls Enterprises India Pvt. Ltd.	1,09,03,372.00	92,89,419.00
Franchises Commission recd.	Marshalls Enterprises India Pvt. Ltd.	26,79,534.00	28,51,207.00
Packing & Forwarding Charges Recd	Marshalls Enterprises India Pvt. Ltd.	28,51,182.00	12,29,970.00
Service charges paid	Marshalls Enterprises India Pvt. Ltd.	19,07,340.00	10,48,015.00
Canteen Charges Recd	Marshalls Enterprises India Pvt. Ltd.	-	4,20,000.00
Housekeeping Charges Recd.	Marshalls Enterprises India Pvt. Ltd.	-	3,36,000.00
Loans Recd	Marshalls Enterprises India Pvt. Ltd.	-	-
Reimbursement of Expenses	Marshalls Enterprises India Pvt. Ltd.	44,04,311.00	34,19,396.00

**28d Details of outstanding balances with related Parties:**

Related Parties		As at March 31, 2020	As at March 31, 2019
<b>Trade Receivables</b>			
Marshalls Enterprises India Pvt. Ltd		16,80,58,705.00	1,64,59,245.00
<b>Loans Received</b>			
Mr. Baldevkrishan Sharma		-	1,10,000.00

**Terms and conditions:**

All the transactions with the related parties during the year are based on the arms length price and terms that would be available to/from third parties

All outstanding balances are unsecured and repayable in cash.

**29 FAIR VALUE MEASUREMENTS**

**(i) Financial instruments by category**

There are no financial assets/liabilities that are measured at fair value through other comprehensive income. Category wise break up of financial assets/liabilities measured at amortised cost and fair value through statement of profit and loss account are given below:

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amortised Cost	FVPL	Amortised Cost	FVPL
<b>Financial Assets</b>				
Investments	-	-	-	-
Deposits	1,80,959.00	-	1,80,959.00	-
Other Advances	9,29,575.00	-	5,40,151.00	-
Deposit with bank	-	-	-	-
Trade receivables	1,54,21,758.00	-	1,59,14,595.53	-
Cash and cash equivalents	(61,676.00)	-	(98,280.45)	-
<b>Total Financial Assets</b>	<b>1,64,70,616.00</b>	<b>-</b>	<b>1,59,97,274.08</b>	<b>-</b>
<b>Financial Liabilities</b>				
Borrowings	11,45,374.00	-	15,46,719.00	-
Trade payables	13,06,808.00	-	13,87,342.00	-
Other current financial liabilities	5,89,287.00	-	5,04,136.00	-
<b>Total Financial Liabilities</b>	<b>30,41,469.00</b>	<b>-</b>	<b>29,34,061.00</b>	<b>-</b>

**(ii) Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level is as follows.

**Level 1 :** Level 1 hierarchy includes financial instruments measured using quoted prices.

**Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

**iii) Fair value of financial assets and liabilities measured at amortised cost**

The carrying amounts of Investments, deposits with banks and interest there on, trade receivables, cash and cash equivalents, loans to employees, borrowings, trade payables and other current financial liabilities are considered to be the same as their fair values due to their short-term nature.

The fair values of security deposits and other advances are based on discounted cash flows. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. Fair value of the security deposit and other advances are considered to be the same as their carrying value.

**30 FINANCIAL RISK MANAGEMENT**

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The market risk to the Company is foreign exchange risk and interest rate. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and.

**30A CREDIT RISK**

Credit risk comprises of direct risk of default, the risk of deterioration of creditworthiness as well as concentration risks. It mainly arises from trade receivables, cash and cash equivalents (excluding cash on hand) and bank deposits.

**(i) Credit risk management**

**a) Trade receivables**

The carrying amount of trade receivables represent the maximum credit exposure net of provision for impairment. The maximum exposure to credit risk was Rs. 154.21 lakhs as of March 31, 2020 ( March 31, 2019 : Rs. 159.15 lakhs).

Trade receivables are derived from revenue earned from customers. Credit risk for trade receivable is managed by the company through credit approvals, establishing credit limits and periodic monitoring of the creditworthiness of its customers to which the company grants credit terms in the normal course of business. The Company's credit period generally ranges from 90-120 days.

The company has very high concentration of credit risk to a single customer which is a related party.. Single largest customer have the total exposure in receivables Rs. 158.75 lakhs as of March 31, 2019 (March 31, 2018 : Rs.159.00 Lakhs).

As per simplified approach, the company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account a continuing credit evaluation of company's customers' financial condition; aging of trade accounts receivable and the company's historical loss experience. The company defines default as an event when there is no reasonable expectation of recovery. The company has not made any provision for loss allowance in any of the years presented.

Trade receivables are written off when there is no reasonable expectation of recovery.

**b) Cash & cash equivalent and bank deposits**

Credit risk on cash and cash equivalents and bank deposits is generally low as the said deposits have been made with banks having good reputation, good past track record and high quality credit rating and company also reviews their credit-worthiness on an on-going basis.

**c) Other financial assets**

Credit risk on other financial assets is generally considered to be low

### 30B MARKET RISK

#### (i) Foreign currency risk

Foreign exchange risk arises on financial instruments being denominated in a currency that is not the functional currency of the entity and that are monetary in nature. The Company is exposed to foreign exchange risk mainly arising from Trade Payables denominated in United States Dollar ('USD') and European Union Currency ('EURO') and Trade receivables in United States Dollar ('USD').

#### (a) Foreign currency risk exposure:

The Company has not entered into any derivative transactions during the year and there were no derivative transactions outstanding as on March 31, 2019

The Company's exposure to foreign currency risk at the end of the reporting period are as follows

PARTICULARS	As at March 31, 2020			As at March 31, 2019		
	Amount	Foreign currency	Foreign Currency Amount	Amount	Foreign currency	Foreign Currency Amount
<b>(i) Financial assets</b>						
Trade receivables	-	-	-	-	-	-
<b>(ii) Financial liabilities</b>						
Trade payable	-	-	-	-	-	-

#### (b) Sensitivity:

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments is as follows:

PARTICULARS	Impact on Profit after Tax positive/(negative)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>USD - Sensitivity</b>		
Rs./Euro-Increase by 3.05% (March 31, 2018: 12.31%)	-	-
Rs./Euro-Decrease by 3.05% (March 31, 2018: 12.31%)	-	-
#Holding all other variables constant		

#### (ii) Interest rate exposure

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows :

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Variable rate borrowings	-	-
Fixed rate borrowings	11,45,374.00	15,46,719.00
<b>Total borrowings</b>	<b>11,45,374.00</b>	<b>15,46,719.00</b>

An analysis by maturities is provided in Note 30(C) liquidity risk below.



PARTICULARS	Impact on Profit after Tax positive/(negative)	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest rate - increase by 50 basis points	-	-
Interest rate - decrease by 50 basis points	-	-

### 30C LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities (comprising the undrawn borrowing facilities below), by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is managed by means of the ultimate parent company's Liquidity and Financial Indebtedness Management Policy, which aims to ensure the availability of sufficient net funds to meet the Company's financial commitments with minimal additional cost. One of the main liquidity monitoring measurement instruments is the cash flow projection, using a minimum projection period of 12 months from the benchmark date.

#### (i) Financing arrangements

The Company has undrawn borrowing facilities of Rs. 94.24 lakhs as at March 31, 2020 (Rs. 94.24 lakhs as at March 31, 2019 and ) which is renewable on yearly basis by mutual consent. Undrawn credit facilities comprises of fund based and non-fund based.

#### (ii) Maturities of financial liabilities

The following table shows the maturity analysis of the companies financial liabilities based on the contractually agreed undiscounted cash flows as at the Balance Sheet date.

#### CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

	Less than 6 months	6 months to 1 year	Above 1 Year	Total
<b>March 31, 2020</b>				
Borrowings	27,593.00	1,72,012.00	9,45,769.00	11,45,374.00
Trade payables	13,06,808.00	-	-	13,06,808.00
Other financial liabilities	5,89,287.00	-	-	5,89,287.00
<b>Total Liabilities</b>	<b>19,23,688.00</b>	<b>1,72,012.00</b>	<b>9,45,769.00</b>	<b>30,41,469.00</b>

#### CONTRACTUAL MATURITIES OF FINANCIAL LIABILITIES

	Less than 6 months	6 months to 1 year	Above 1 Year	Total
<b>March 31, 2019</b>				
Borrowings	2,01,179.50	2,01,179.50	12,54,360.00	16,56,719.00
Trade payables	13,87,342.00	-	-	13,87,342.00
Other financial liabilities	5,04,136.00	-	-	5,04,136.00
<b>Total Liabilities</b>	<b>15,88,521.50</b>	<b>2,01,179.50</b>	<b>12,54,360.00</b>	<b>30,44,061.00</b>

### 31 CAPITAL MANAGEMENT

The company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure of the Company, management can make, or may propose to the stockholders when their approval is required, adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

The Company considers total equity reported in the financial statements to be managed as part of capital.

The Company does not have any borrowing which is subject to the capital requirements.

### 32 EARNINGS PER SHARE

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit after tax (Rs. in lakhs)	16,12,648.98	7,48,713.20
Weighted average number of shares outstanding for basic / diluted EPS (In lakhs) 30,34,800.00	30,34,800.00	
Nominal value per share (In Rs.)	10.00	10.00
Basic / diluted earning per Share (In Rs.)	0.53	0.25

### 33 LEASES

The Company does not have any lease for any assets of the company.

#### 26 With respect to all operating leases:

	Year ended March 31, 2020	Year ended March 31, 2019
There are no any operating lease as on the date.	-	-

### 34 Other Comprehensive Income

Under Ind AS, all items of income and expense recognised in a period should be included in statement of profit and loss for the year, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in statement of profit and loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

The notes are an integral part of these financial statements.

### 35 Discosure on Impact of COVID - 19 pandemic on Company

The Company is in the business of trading and manufacturing of Wall Papers, Profiles, Catalogues, Furnitures and related items which are considered to be non essential items.

As the lock down for CORONA 19 started from 22nd March, 2020 onwards, it would not affect much for the FY 2019-20 except for the old inventories of wall papers which had already become obsolete.

Due to lockdown management feels that there would not be any business for the first quarter at least and further due to out dated design and deteriorated quality, it would be difficult to sell the old stock of wall papers in to the market. Hence instead of writing off fully management has decided to reduce the value of old stock of wall papers to Rs. 1090987/- from 2790987/- making a reduction of Rs. 1700000/- Other inventories are at cost or NRV whichever is lower as usual.

The profitability in FY 2020-21 is expected to be very poor due to the current crises. Accordingly liquidity problem may arise. But management is in a position to handle situation in the best interest of the Company.

The Company does not have a big debt liability. Hence it has confidence to service debts from time to time. Most of the raw materials are procured locally hence there will not be any problem of procurement of material. The Sales can be judged only once lockdown gets over and normal working starts. Company has labour force from maharashtra only hence it will not have any effect of migrant labour.

The management has not availed of any government relief for MSME, but management may decide for financial help from the bank or other institutions as per requirement in future.

- 36 Figures for the corresponding previous year have been regrouped/rearranged, wherever necessary, to confirm to the classification of the current year

In terms of our report of even date

**For Gratex Industries Limited**

**For Jayesh R Shah & Co**

Chartered Accountants

Firm Registration No. : 104182W

**Jayesh Shah**

Proprietor

Membership No.: 033864

Place: Mumbai

Date: 30/07/2020

**Baldevkrishan Sharma**

Chairman & M.D.

DIN: 00117161

**Swapnil Chari**

Company Secretary

Membership No.: A58292

Place: Mumbai

Date: 30/07/2020

**Karan Sharma**

Director

DIN: 00117188

**Mona Menon**

Chief Financial Officer

DIN: 00117025

## GRATEX INDUSTRIES LIMITED

CIN : L21093MH1984PLC032248

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

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Website : [www.gratex.in](http://www.gratex.in) E-mail id : [investor@gratex.in](mailto:investor@gratex.in)

### CONSENT FOR RECEIVING DOCUMENTS IN ELECTRONIC MODE

1. Name(s) os Shareholders(s) : \_\_\_\_\_  
(Including joint holders, if any)
  
2. Registered Address of the sole/  
First name shareholder : \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
3. Registered folio no. DP ID. No./  
Client ID No. : \_\_\_\_\_  
(Applicable to investors holding share  
In Dematerialized form)
  
4. No. of Shares held : \_\_\_\_\_
  
5. I/We hereby exercise my/our option to receive the documents such as Notice of Annual General Meeting, Audited Financial Statement, Balance Sheet, Profit & Loss Accounts, Director's Report, Auditors Report, Annual Report etc. in electronic mode pursuant to the "Green initiative" by the Ministry of Corporate Affairs vide circular dated 29<sup>th</sup> April, 2011.
  
6. My email ID is : \_\_\_\_\_  
  
Place : \_\_\_\_\_  
  
Date : \_\_\_\_\_  
(Name & Signature of the Ministry)

**To,**

***If undelivered, please return to :***

**GRATEX INDUSTRIES LIMITED**

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