

GRATEX INDUSTRIES LIMITED

High-end & Superior Quality PVF - Wallpapers, Floorings, Furnishings, Furniture, Accessories & Allied Products

CIN NO - L21093MH1984PLC032248

Gratex House & Stores

A-73, MIDC, Kopar Khairane, Thane Belapur Road,
Navi Mumbai - 400 703. Tel.: 4070 2323 Fax: 4070 2363

Corporate Office :

108, Kakad Udyog Bhavan, L.J. Road, Mahim, Mumbai - 400 016
Tel.: 4070 2121 Fax : 4070 2161
Website : www.gratex.in E-mail : info@gratex.in

Reply to this letter may please be addressed at ■ Gratex House ■ Corporate Office

BSE : 2020

To,
Bombay Stock Exchange Limited,
25th Floor, P.J. Towers,
Dalal Street, Mumbai – 400001

Date : 28.08.2020

Sub : Discrepancies in Standalone Financial Results.

Ref : Gratex Industries Limited / Scrip Code : 526751

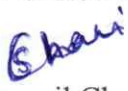
Dear Sir/Madam,

This is in reference to your email dated 28th August, 2020, on Discrepancies in Standalone Financial Results wherein it stated **Declaration or Statement of Impact of Audit Qualifications not submitted** for the quarter March 31, 2020.

In this regard please find declaration in Annexure A , the Audit Report of Unmodified Opinion.

Request you to kindly take this letter on record.
Thanking You,

For Gratex Industries Limited,


Swapnil Chari
Company Secretary & Compliance Officer
M No. A58292



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ANNEXURE-A

DECLARATION

Under Reg 33 (3) (d) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended by SEBI(Listing Obligations and Disclosure Requirements), (Amendments) Regulations,2016 read with SEBI Circular No. CIR/CFD/CMD/56/2016 dated May,27, 2016.

It is hereby declared and confirmed that the Auditors Report on Annual Audited Standalone Financial Results for the year ended 31st March, 2020 of the Company is with **Unmodified Opinion**.

We Further declare that **M/S . Jayesh R. Shah & CO. , Chartered Accountants (Firm Registration No. 104182W)** , the statutory Auditor of the Company have issued an Audit Report with Unmodified Opinion on the Audited Financial Result of the Company for the period ended 31st March,2020.

The Declaration is issued in compliance of Regulation 33 (3) (d) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 as amended by the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2016.

Kindly take the same on your Record.

For Gratex Industries Limited,


Swapnil Chari

Company Secretary & Compliance Officer
M No. A58292



GRATEX INDUSTRIES LIMITED

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

Website : www.gratex.in / Email : investor@gratex.in

Tel : (022) 24392321/ Fax : (022) 24392361 / CIN : L21093MH1984PLC032248

STATEMENT OF AUDITED (STANDALONE) FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED MARCH 31, 2020

Rs.in lacs

SR.NO.	PARTICULARS	QUARTER ENDED			YEAR ENDED	
		3 Months ended 31.03.2020 (audited)	Corresponding 3 Months ended 31.03.2019 (audited)	Preceding 3 Months ended 31.12.2019 (Unaudited)	12 Months ended 31.03.2020 (Audited)	12 Months ended 31.03.2019 (Audited)
1	Income					
	Revenue from operations	92.95	74.99	98.13	346.57	334.61
	Other Income	-	(0.02)	-	0.38	-
	Total Income	92.95	74.97	98.13	346.95	334.61
2	Expenses					
	a. Cost of materials consumed	77.66	31.56	30.04	143.95	110.33
	b. Purchases of stock-in-trade	-	-	-	-	-
	c. Changes in inventories of finished goods, work-in-progress and stock-in-trade	(34.82)	5.94	(0.52)	(21.05)	25.16
	d. Employees benefit expense	24.57	22.43	27.50	93.67	92.80
	e. Finance costs	0.49	0.51	0.49	2.00	4.02
	f. Depreciation, depletion and amortisation expense	3.37	4.15	3.37	13.34	16.23
	g. Other Expenses					
	1 Professional Fees	0.38	0.95	1.32	3.47	10.07
	2 Other Expenses	25.01	2.46	20.40	89.75	69.01
	Total other expenses	25.39	3.41	21.72	93.22	79.08
	Total expenses	96.66	68.00	82.60	325.13	327.62
3	Total Profit / Loss before exceptional items and tax	(3.71)	6.98	15.53	21.82	6.99
4	Exceptional Items	-	-	-	-	-
5	Total Profit / Loss before tax	(3.71)	6.98	15.53	21.82	6.99
6	Tax expense					
7	Current tax	0.30	1.48	3.00	5.40	1.48
8	Deferred tax	0.29	(1.97)	-	0.29	(1.97)
9	Total tax expenses	0.59	(0.50)	3.00	5.69	(0.50)
10	Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement	-	-	-	-	-
11	Net Profit / Loss for the period from continuing operations	(4.30)	7.48	12.53	16.13	7.49
12	Profit / Loss from discontinued operations before tax	-	-	-	-	-
13	Tax expense of discontinued operations	-	-	-	-	-
14	Net Profit / Loss from discontinued operation after tax	-	-	-	-	-
15	Share of Profit / Loss of associates and joint ventures accounted for using equity method	-	-	-	-	-
16	Total Profit / Loss for period	(4.30)	7.48	12.53	16.13	7.49
	Other comprehensive income net of taxes	0.10	-	-	0.10	-
	Total comprehensive income net of taxes	(4.20)	7.48	12.53	16.23	7.49
	Total Profit / Loss, attributable to					
	Profit / Loss, attributable to owners of parent	-	-	-	-	-
	Total Profit / Loss, attributable to non-controlling interests	-	-	-	-	-
	Total Comprehensive income for the period attributable to					
	Comprehensive income for the period attributable to owners of parent	-	-	-	-	-
	Total Comprehensive income for the period attributable to owners of parent non-controlling interests	-	-	-	-	-
	Details of equity share capital					
	Paid-up Equity Share Capital	303.48	303.48	303.48	303.48	303.48
	Face value of equity share capital	10.00	10.00	10.00	10.00	10.00
	Details of debt securities					
	Paid-up debt capital	-	-	-	-	-
	Face value of debt securities	-	-	-	-	-
	Reserves excluding revaluation reserve	5.45	(10.78)	-	5.45	(10.78)
	Debenture redemption reserve	-	-	-	-	-
	Earnings per share					
	i. Earnings per equity share for continuing operations					
	Basic earnings (loss) per share from continuing operations	(0.14)	0.25	0.41	0.53	0.25
	Diluted earnings (loss) per share from continuing operations	(0.14)	0.25	0.41	0.53	0.25
	ii. Earnings per equity share for discontinued operations					
	Basic earnings (loss) per share from discontinued operations	-	-	-	-	-
	Diluted earnings (loss) per share from discontinued operations	-	-	-	-	-
	iii. Earnings per equity share					
	Basic earnings (loss) per share from continuing and discontinued operations	(0.14)	0.25	0.41	0.53	0.25
	Diluted earnings (loss) per share from continuing and discontinued operations	(0.14)	0.25	0.41	0.53	0.25
26	Debt equity ratio	-	-	-	-	-
27	Debt service coverage ratio	-	-	-	-	-
28	Interest service coverage ratio	-	-	-	-	-
29	Disclosure of notes on financial results	-	-	-	-	-



NOTES :

1. The above Audited Financial results have been reviewed by the Audit Committee and approved by the Board of Directors at their meetings held on 30.07.2020.
 2. Figures for the previous periods have been regrouped, wherever necessary to make them comparable with current period.
 3. The Company is engaged primarily in business of wallpaper and accordingly there are no separate reportable segments as per Accounting Standard 17 dealing with Segment Reporting.
 4. The above results have been prepared in accordance with the Companies (Indian Accounting Standards) Rules, 2015 [Ind AS] prescribed under section 133 of the Companies Act, 2013.
 5. The Figures for quarter ended 31st March, 2020 and 31st March, 2019, are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the respective financial year.
- Date : 30.07.2020

Place : Mumbai



For GRATEX INDUSTRIES LIMITED

Baldevkrishan Sharma
Mr. Baldevkrishan Sharma
Managing Director
DIN: 00117461

STATEMENT OF ASSETS AND LIABILITIES (Audited)	(Rs in Lakhs)	
	31.03.2020 Audited	31.03.2019 Audited
Particulars		
ASSETS		
Non-current assets		
Property, Plant and Equipment	108.43	117.76
Capital Work in Progress		
Investment Property		
Goodwill		
Other Intangible Assets		
Intangible Assets under Development		
Biological Assets Other than Bearer Plants		
Investments accounted using Equity method		
Non-Current Financial Assets		
Non Current Investments		
Trade Receivables Non-Current		
Loans Non-Current		
Other Non-Current Financial Assets	1.81	1.81
Total Non-Current Financial Assets	1.81	1.81
Deferred Tax Assets(Net)		
Other Non-Current Assets		
Total Non-Current Assets	110.24	119.57
Current Assets		
Inventories	82.65	58.77
Current Financial Assets		
Current Investments		
Trade Receivables, Current	152.15	159.15
Cash and Cash Equivalents	0.33	0.47
Bank Balance other than Cash and Cash Equivalents	(0.95)	(1.45)
Loans Current		
Other Current Financial Assets	9.94	5.40
Total Current Financial Assets	161.47	163.57
Current Tax Assets(Net)		
Other Current Assets		
Total Current Assets	244.12	222.34
Non-Current Assets as classified for Sale		
Regulatory deferral account debit balances and related deferred tax assets		
TOTAL ASSETS	354.36	341.91
EQUITY AND LIABILITIES		
EQUITY		
Equity attributable to owner of parent		
Equity Share Capital	303.48	303.48
Other Equity	5.45	(10.78)
Total Equity attributable to owner of parent	308.93	292.70
Non Controlling Interest		
Total Equity		
LIABILITIES		
Non-Current Liabilities		
Non-Current Financial Liabilities		
Borrowings Non-Current	9.46	11.44
Trade payables Non-Current		
Other Non-Current Financial Liabilities	5.71	3.78
Total Non-Current Financial Liabilities		
Provisions, Non-Current		
Deferred Tax Liabilities(Net)	0.85	0.53
Deferred Government Grants, Non-Current		
Other Non-Current Liabilities		
Total Non-Current Liabilities	16.02	15.75
Current Liabilities		
Current Financial Liabilities		
Borrowings Current	2.00	4.02
Trade Payables, Current		
Other Current Financial Liabilities	13.07	13.87
Total Current Financial Liabilities		
Other current liabilities	1.57	5.05
Provisions, Current	7.37	9.04
Current Tax Liabilities	5.40	1.48
Deferred Government Grants, Current		
Total Current Liabilities	29.41	33.46
Liabilities directly associated with assets in disposal group classified as held for sale		
Regulatory Deferral Account credit balances and related deferred tax liability		
TOTAL LIABILITIES	45.43	49.21
TOTAL EQUITY AND LIABILITIES	354.36	341.91
Date : 30.07.2020	For GRATEX INDUSTRIES LIMITED	
Place : Mumbai		
	Mr. Baldevkrishan Sharma	
	Chairman & Managing Director	
	DIN: 00117161	



Shan' Swapnil Chant
Company Secretary
M. No :- 58292

GRATEX INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

	Year ended March 31,2020	Year ended March 31,2019
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,227,562.98	698,716.20
Adjustments for:		
Depreciation and amortisation	1,334,362.00	1,622,540.00
Other Comprehensive Income	10,506.00	-
Interest income	-	-
Interest and finance charges	200,418.00	401,814.96
Operating profit before working capital changes	3,772,848.97	2,723,071.15
Adjustments for:		
(Increase) / Decrease in other non-current assets		
(Increase) / Decrease in inventories	(2,387,628.00)	2,004,085.00
(Increase) / Decrease in trade receivables	699,520.14	(14,534.53)
(Increase) / Decrease in other current assets	(453,771.41)	338,194.00
Increase / (Decrease) in trade payables	(80,534.00)	20,324.00
Increase / (Decrease) in Employees Benefit Obligations-Current	(166,712.00)	451,016.00
Increase / (Decrease) in Employees Benefit Obligations-Non Current	193,409.00	377,618.00
Increase / (Decrease) in other current liabilities	(347,318.55)	257,464.55
Increase / (Decrease) in Deferred Tax	32,588.00	(197,497.00)
Increase/(Decrease) in prior period items	-	(691,604.00)
Cash generated from operations	1,262,402.15	5,268,137.17
Taxes paid (net of refunds)	222,414.00	(513,503.00)
Net cash generated from operating activities	1,039,988.15	4,754,634.17
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible/intangible assets	(401,621.00)	(1,045,780.00)
Interest received	-	-
Movement in term deposit with bank (net)	-	-
Net cash (used in) investing activities	(401,621.00)	(1,045,780.00)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of borrowings (non current)	(198,591.00)	1,144,360.00
Repayment of borrowings (current)	(202,754.00)	(4,224,877.00)
Interest paid	(200,418.00)	(401,814.96)
Dividend paid	-	-
Dividend distribution tax paid	-	-
Net cash (used in) financing activities	(601,762.99)	(3,482,331.96)
Net increase in cash and cash equivalents (A+B+C)	36,604.16	226,522.21
Cash and cash equivalents at the beginning of the year	(98,280.45)	(324,802.71)
Cash and cash equivalents at the end of the year	(61,676.29)	(98,280.50)
Cash and cash equivalents comprise:		
Cash on hand	32,847.00	46,632.00
Balances with banks	(94,523.29)	(144,912.45)
Demand deposits (less than 3 months maturity)	-	-
Total	(61,676.29)	(98,280.45)

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

Place: Mumbai
Date : 30.07.2020

For Gratex Industries Limited

Baldevkrishan Sharma
Baldevkrishan Sharma
Chairman & M.D.
DIN: 00117181



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF GRATEX INDUSTRIES LIMITED
Report on the Audit of the Standalone Financial Results

Opinion

We have audited the accompanying standalone quarterly financial results of Gratex Industries Limited ("the Company") for the quarter ended March 31, 2020 and the year to date results for the period from April 01, 2019 to March 31, 2020, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us these standalone financial results:

- i. are presented in accordance with the requirements of Regulation 33 of the Listing Regulations in this regard; and
- ii. give a true and fair view in conformity with the recognition and measurement principles laid down in Indian Accounting Standard, prescribed under Section 133 of the Companies Act, 2013 ("the Act"), read with relevant rules issued thereunder, and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information for the quarter ended March 31, 2020 as well as the year to date results for the period from April 01, 2019 to March 31, 2020.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* 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 ("the ICAI") together with the ethical requirements that are relevant to our audit of the Statement under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Standalone Financial Results

These quarterly financial results as well as year to date standalone financial results have been prepared on the basis of the interim financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, 'Interim Financial Reporting' prescribed under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. 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 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 standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial results, the Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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



Jayesh R. Shah

B.Com, FCA

JAYESH R. SHAH & CO.

Chartered Accountants

Auditor's Responsibilities for the Audit of the Standalone Financial Results

Our objectives are to obtain reasonable assurance about whether the standalone financial results 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 standalone financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the standalone financial results represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

Attention is drawn to the fact that the figures for the quarter ended March 31, 2020 as reported in these standalone financial results are the balancing figures between audited figures in respect of the year ended on March 31, 2020 and the published year to date figures up to the end of the third quarter of the financial year. Also, the figures up to the end of the third quarter had only been reviewed and were not subjected to audit.

For Jayesh R Shah & Co.

Chartered Accountants

Firm Regn. No. 104182W

Jayesh Shah

Proprietor

M. No. 033864

Place: Mumbai

Date: 30th July, 2020



INDEPENDENT AUDITOR'S REPORT

To the Members of Gratex Industries Limited
Report on the Audit of the Standalone Financial Statements

2. 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 2nd or 3rd 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: 30th 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.



Annexure-A to the Independent Auditors Report. (Contd.)

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
Chartered Accountants
Firm Registration No. 104182W

Jayesh Shah
Proprietor
Membership No. 033864
Place: Mumbai
Date: 30th 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 31st 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.

Jayesh R. Shah
B.Com, FCA

JAYESH R. SHAH & CO.
Chartered Accountants

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
Chartered Accountants
Firm Registration No. 104182W

Jayesh Shah
Proprietor
Membership No. 033864
Place: Mumbai
Date: 30th July, 2020

