



Eco friendly recycling



## OUR JOURNEY ►

### 1992-93

Commenced the business of welding technology and powder metallurgy of surface coatings

### 1994-95

Established an environment-friendly recycling unit at Jaipur to produce 600 MT of re-melted Lead

### 1997-98

Changed its status from Private Limited to Public Limited; diversified with forward integration for manufacture of pure Lead and commenced manufacture of Grey Oxide, Red Lead and Litharge

### 2000-01

First Overseas venture by establishing a manufacturing unit at Sri Lanka

### 2001-02

Established Gravita Exim Limited, a company dealing in turnkey solutions for lead plants

### 2004-05

Established a manufacturing unit in Ethiopia

### 2006-07

Commenced first overseas venture in Africa; established a manufacturing unit in Ghana

### 2007-08

Commissioned more manufacturing units in Mozambique and Senegal in Africa

### 2008-09

Acquired Gravita Exim Limited, a Company dealing in turnkey solutions for Lead processing plants

### 2010-11

Initial Public Issue; shares listed on NSE and BSE

### 2011-12

Established a world-class fabrication facility for Plant & Machinery at Mahindra SEZ (Jaipur); Acquired two Lead producing plants at Jammu and Kathua in the State of J & K; commenced manufacturing operations in Honduras (Central America); received license from Government of India for importing scrap batteries for recycling at Jaipur plant.

## Disclaimer

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements – written and oral – that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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## CORPORATE INFORMATION

### Board of Directors

<b>Dr. Mahavir Prasad Agarwal</b> <i>Chairman &amp; Whole time Director</i>	<b>Rajeev Surana</b> <i>Whole time Director</i>	<b>Yogesh Mohan Kharbanda</b> <i>Director</i>
<b>Rajat Agrawal</b> <i>Managing Director</i>	<b>Dinesh Kumar Govil</b> <i>Director</i>	<b>Arun Kumar Gupta</b> <i>Director</i>

### Company Secretary

Leena Jain

### Key management personnel

<b>Yogesh Malhotra</b> <i>Vice President (Operations)</i>	<b>Vijendra Singh Tanwar</b> <i>Whole time Director–Gravita Exim Ltd</i>	<b>R.G. Choudhary</b> <i>Vice President (Overseas Operations)</i>
<b>Navin Prakash Sharma</b> <i>Vice President (Sales &amp; Marketing)</i>	<b>Gopal Agarwal</b> <i>Vice President (Technical)</i>	<b>Rakesh Jain</b> <i>Vice President (Projects)</i>
<b>Sandeep Choudhary</b> <i>Vice President (Procurement)</i>		

### Statutory Auditors

**M/s Rajvanshi & Associates**  
Chartered Accountants  
H-15, Chitranjan Marg,  
C-Scheme, Jaipur.

### Bankers

Punjab National Bank  
AXIS Bank Ltd  
IDBI Bank Ltd

### Corporate office

402, Rajputana Tower, A-27B, Shanti Path,  
Tilak Nagar, Jaipur – 302 004, India  
Ph. No.: +91-141-2623266, +91-141-2622697  
Fax: +91-141-2621491  
www.gravitaindia.com

### Registrar and share transfer agent

Karvy Computershare Pvt. Ltd.  
KARVY HOUSE, 46, Avenue 4, Street No. 1,  
Banjara Hills, Hyderabad – 500 034  
Website: www.karvy.com

### Internal auditors

**Kalani & Company**  
Chartered Accountants  
Shankar Ratan Chambers,  
S-23A, Mangal Marg, Bapu Nagar,  
Jaipur - 302015.

### Registered office and works

'Saurabh', Chittora Road, Harsulia Mod,  
Diggri – Malpura Road, Tehsil Phagi, Jaipur - 303 904.  
Email: works@gravitaindia.com,  
info@gravitaindia.com

A TRISYS product  
info@trisyscom.com

## **Yesterday.**

We entered the business of manufacturing of Lead metal and products with the objective to achieve industry leadership through eco-friendly processes.

## **Today.**

With nine manufacturing facilities in six countries, we are the largest secondary Lead and Lead product manufacturing company in India and among the fastest-growing in the world.

## **Tomorrow.**

We expect to retain our industry leadership by widening the gap between us and other global industry players.

**GRAVITA INDIA LIMITED IS THREE COMPANIES  
IN ONE. A COMPANY OFFERING  
MANUFACTURED PRODUCTS, LEAD RE-CYCLING  
TECHNOLOGY SOLUTIONS AND TRADING  
REVENUES. A PREFERRED PROXY IN INDIA'S  
LEAD SMELTING AND REFINING SPACE.**



## Our vision

- All our businesses are targeted at maintaining the highest levels of environmental integrity and cost-competitiveness. We firmly believe that eco-friendly business practices are the key to the preservation and protection of our natural resources.
- Our people are our biggest resource. We truly believe in them and put all our efforts for their development so as to enable them to meet new challenges in an ever changing environment.
- We always focus on customer satisfaction and try to give them value for money along with timely and courteous service.

## Our presence

- The Company's primary manufacturing facility is located in Tehsil-Phagi, Jaipur, with eight global manufacturing plants
- Operates through four offices in India
- The Company enjoys an export presence across 34 countries
- The Company was listed on the Bombay and National stock exchanges in 2010

## Our mission

- To create enhanced value for the Company's stakeholders
- To have continuous R&D activities and breakthroughs towards environmental protection
- To focus on safe handling and overall health of employees and society as a whole
- To be an employer of choice and to nurture talent

## Our products

- **Lead metal:** Products like Pure Lead/Refined Lead Ingots, Lead Alloys and Lead Powder.
- **Lead chemicals and Lead oxides:** Products like Grey Oxides, Lead Tetra Oxide, Litharge, Lead Nitrate and Lead Mono Silicate.
- **Lead products:** Products like Lead Sheets, Lead Foils, Lead Wire, Lead Glass, Lead Anode, Lead Pipe, Lead Bricks, Lead Sheath, Lead Coolant in Nuclear Power, Artistic Lead Products, Lead Shots, Lead Blanket, Lead Wool, Lead Flange, Lead Comes, Lead Bullets and Lead Weights.

## Our legacy

- Flagship company of the Gravita Group
- Incorporated in 1992; commenced commercial production in 1993-94

## Our achievements

- Certificate of Excellence honoured by INC. India 500
- Emerging India Green SME Award 2012, CNBC TV18-ICICI Bank
- Received COSIA Entrepreneurship Appreciation Award 2011
- Conferred special recognition award in outstanding efforts in entrepreneurship in MSEs (Mfg.) by Ministry of MSME's, Government of India
- Selected by the United Nations Environment Programme (UNEP) as a partner for eco-friendly recycling in Senegal and Ghana
- Recognised as Star Export House by the Government of India
- Business Today Green SME Award



## Dear Shareholders

At a time of global slowdown, higher interest rates, commodity uncertainty, currency volatility and a looming eurozone crisis, the big question is whether Gravita is adequately prepared.

The answer is that Gravita is competently placed to address the challenges of the present and future. This is partly reflected in our 2011-12 performance: even as most global commodity companies were affected by volatility and exchange rate fluctuations, our revenues grew 5.83% to ₹268.49 crore, while our PAT increased from ₹14.75 crore in 2010-11 to ₹15.04 crore in 2011-12.

### A robust business model

Gravita is a one-stop provider of Lead products with a large product basket and technological expertise to provide solutions. The Company's niche business composition – smelting and processing, equipment manufacturing and trading – translated into business flexibility, with an ability to capture every upturn in the sector leading to sustained leadership.

During 2011-12, Gravita strengthened its business model through the following priorities: focus on efficient conversion, proactive initiatives to hedge currency

volatility and incremental capacity in declining tenures. The result was that even though the business climate turned increasingly challenging during the year under review, Gravita reported a better-than-industry-average performance with the prospect of a vigorous improvement as soon as conditions revive.

Besides, the Company leveraged its longstanding geographic diversity. In this business, marketing the end product is not as challenging as procuring the raw material to manufacture it in the first place. In view of this, the Company selected to be present in regions enjoying

a relatively abundant access to raw materials on the one hand and a large proximate market on the other. Thereafter, the Company strengthened this strategy with the advantage of scale: the result is that the Company now has five manufacturing operations outside India. The only Indian Lead recycling company with a global presence across six continents (Europe, Asia, Australia, Africa, North America and South America) for sourcing its raw materials. Over time, we expect this global footprint to leverage logistical advantages, report lower production costs and enhance

viability across markets, cycles, countries – and time.

In view of these realities, the Company worked with a plant breakeven point of around 250 tonnes per month and an attractive plant payback of 12 to 18 months, making it possible for us to remain profitable in the worst of markets while enhancing our profits during industry rebounds.

## Highlights, 2011-12

Despite testing business conditions during the year, Gravita strengthened its prospects through the following initiatives:

- We acquired two partnership firms in J&K for ₹3.21 crore, which increased our overall production capacity by 10,800 MTPA
- Commissioned Lead manufacturing facilities in J&K, reaching optimum capacity utilisation by the year-end
- Sold the Georgia unit
- Commissioned a world-class plant and machinery fabrication facility at Mahindra SEZ (Jaipur), facilitating turnkey project and technology solutions
- Acquired the license to import scrap batteries, which will reduce our raw material cost around 10% and correspondingly strengthen our competitiveness
- Commissioned rotary furnaces and doubled the production of smelted Lead production in our Senegal and Mozambique plants
- Acquired Free Zone status in Mozambique which will result in benefit of taxes on all Raw-Materials and income giving boost to profitability
- Strengthened the manufacturing input-output ratio from 96.5% in the past to around 98% through stringent processes and technology use

- Stretched the plants higher than the prevailing industry average of 40-50%; while the Indian plants reported an average capacity utilisation of 43%, the overseas plants reported an average capacity utilisation of 50%

## Going the eco-friendly way

In line with our environment-friendly commitment, we undertook a number of measures to conserve and optimise energy use at our manufacturing facilities.

- Replaced conventional burners with Automatic Ignition Oil Fired Burner (AFB), which will facilitate better air-flow, improve efficiency and reduce fuel consumption.
- Installed Variable Frequency Drive (VFD) for efficient speed control of all driving

## Proposed product launches

- **Lead sheet:** These are used in chemical and related industries. Used for protection against X-ray and gamma-rays. Used in building construction for roofing and flashing, shower pans, flooring, vibration damping and soundproofing.
- **Lead wires:** Enjoys multiple applications in bullets, electric lamps, bridge rectifiers, among others.
- **PP chips:** Plastic boxes from scrapped batteries produce polypropylene chips with wide applications. These applications comprise manufacturing plastic parts, reusable containers, army clothing, laboratory equipment, loudspeakers, automotive components and polymer banknotes.

motors. VFD are used for speed control by the electronic method, optimising energy needed for motor operation

- Installed APFC for automatically adjusting maximum demand on the power supply system, optimising the power factor and reducing reactive power requirement

## The road ahead

The Company invested during the downturn to possess additional capacity to capitalise on the rebound. The main producers of Lead metal are China, Australia, the US, Peru, Canada and Mexico. These six countries produce three-quarters of the world's Lead output. In India, about 75% of total demand is derived from the domestic battery industry, growing at 6-7% per annum and is expected to grow in the years ahead.

India's annual demand for Lead is nearly 1.60 lakh tonnes which is presently addressed through mine production and recycling. At Gravita, we foresee an attractive increase in Lead derived from scrap recycling. The removal of restrictions levied by the government on scrap imports and unorganised recycling players needed to mandatorily install pollution equipment will enhance opportunities for organised players like Gravita in the secondary Lead manufacturing segment.

## Message to stakeholders

At Gravita, we are committed to perform better, backed by our people, culture and stakeholders.

We would like to place on record our heartfelt gratitude to our valued shareholders and all other partners and associates.

**Dr. Mahavir Prasad Agarwal,**  
*Chairman*

# GRAVITA AND LEADERSHIP

## Business model

The gap between primary and secondary production of Lead increased in the last decade and will continue to increase. Increasing availability of Lead scrap for secondary production with primary production being capital-intensive and depleting mineral resources strengthened Gravita's position at the top.

## Complete solutions provider

Gravita is perhaps the only player in the global secondary Lead industry to offer a complete solution from setting up turnkey plants (through our subsidiary Gravita Exim Limited and partnership firm M/s Gravita Technomech) to manufacturing and trading a wide range of Lead products. This translates into a profitable presence in the overall industry deal flow.

## Technology

The Company invested in state-of-the-art equipment to maximise output, efficiency and quality. The result: The Company reported an increase in production every single year for the last six years. The Company manufactures 99.97% pure Lead.

## Eco-friendly

The Company is registered under the Ministry of Environment and Forests for Lead processing and recycling. Besides, the Company is certified for ISO 14001: 2004, complying with environment-friendly guidelines.

## Holistic

The Company is among a few in the world with complete Lead solutions – Lead manufacture to Lead trading to technology-based solutions – in one Company. The result: revenues grew at a CAGR of 30% in the three years leading to 2011-12.

## Team

The Company employs a balance of entrepreneurial promoter interests and experienced professionals. The result: average revenue per employee was ₹110.03 lacs in 2011-12 (₹97 lacs in 2010-11)

## Customer focus

The Company's ability to provide complete Lead solutions translated into longstanding customer relationships. The result: 32% of the Company's revenues in 2011-12 were derived from customers working for more than three years with the Company.

## Liquidity

The Company enjoys a modest gearing of 0.70. The result: even in a challenging period of 2011-12 when most peers reported a declining profits, the Company's cash profit grew at a CAGR of 12%. The Company acquired / established a plant in fiscally-efficient locations (Jammu and Kathua, the proposed facility in the Jaipur SEZ), translating into a comfortable tax (excise and income tax) structure.

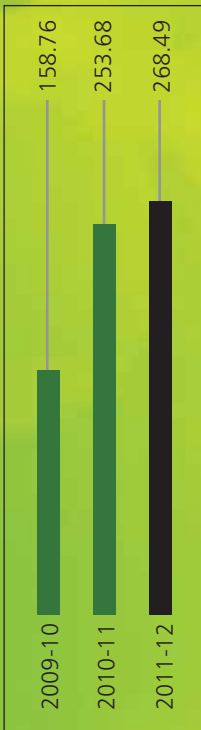
## Presence

The Company operates nine manufacturing facilities across six countries (India, Ghana, Senegal, Mozambique, Sri Lanka and Honduras) with two more plants expected to go on stream by 2013. The result: The Company's international revenues accounted for 48% of consolidated revenues in 2011-12.

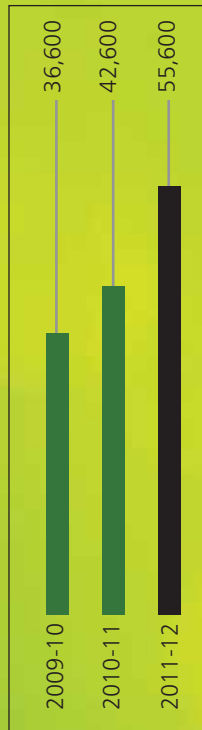
## Availability

The Company's multi-national presence enables it to procure adequate and cost-effective raw materials, sustaining operations across market cycles. The Company is considerably flexible in sourcing raw materials from across six continents.

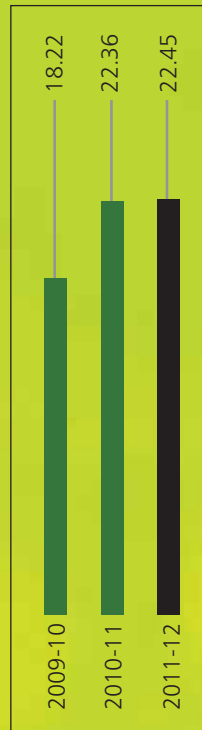




Net sales (₹ crore)



Production capacity (Tonnes)



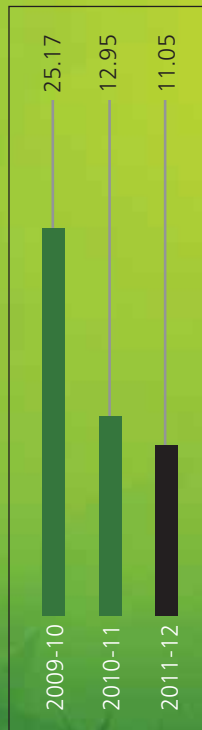
EBIDTA (₹ crore)



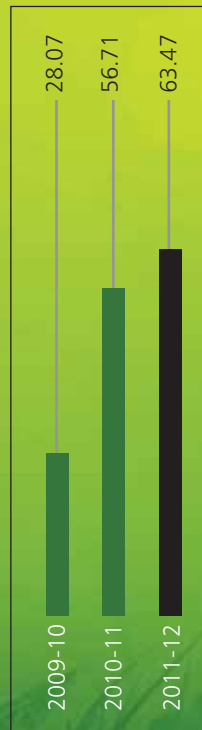
Profit after tax (₹ crore)



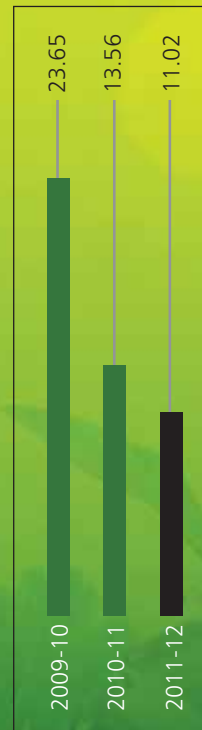
Operating cash flow (₹ crore)



Earning per share (₹)

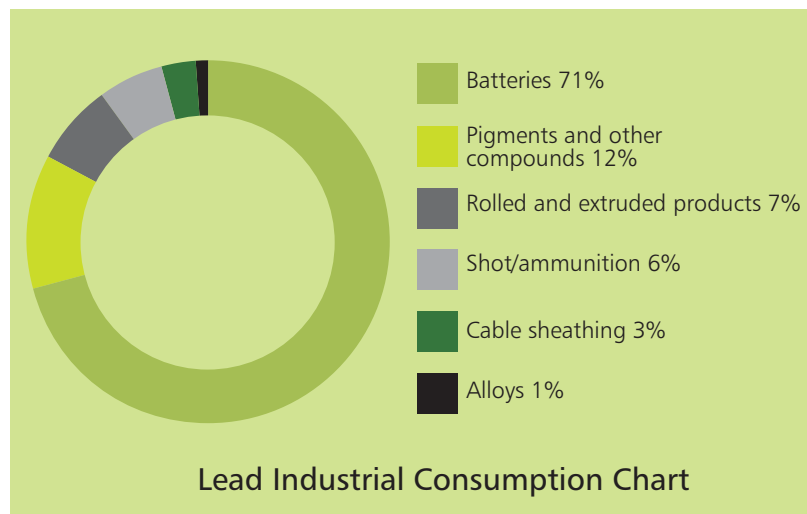
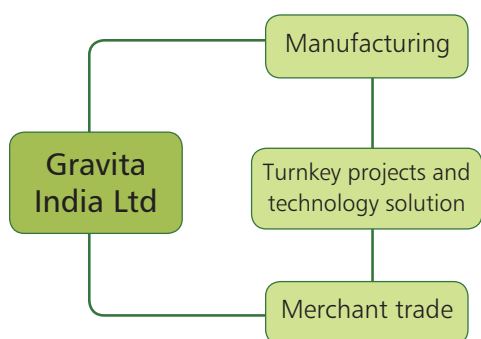


Book value per share (₹)



Interest cover (Multiple)

# LEADERS AND FOLLOWERS ARE DISTINGUISHED BY INNOVATION



## I. Manufacturing



### Overview

In the competitive business of Lead manufacture, efficient manufacture spells success. This comprises eco-friendly Lead smelting, Lead refining (99.97% purity), value-added alloying and the production of innovative Lead chemicals (red Lead and litharge). The Company's principal plant is located in Jaipur, supported by operating subsidiaries [Ghana, Mozambique

and Senegal (Africa) with Jammu, Kathua, SEZ Jaipur (India)] and associates (Sri Lanka and Honduras) globally. Manufacturing efficiency is principally derived from high asset utilisation, which, in turn, is influenced by adequate raw material procurement. The Company dispatched representatives to more than 20 countries worldwide to identify adequate and cost-effective raw materials.

### The Jammu gamechanger

The Company commenced operations in Jammu in May 2011 with a production capacity of 7,200 TPA, touching a capacity utilisation of 80%. This location enjoys tax benefits and proximate customers. Revenues from this plant are expected to double in 2012-13, following the addition of incremental capacity (11,800 MT) by September 2012.

## II. Turnkey projects

Number of projects

**28**

31<sup>st</sup> March 2010

Number of projects

**47**

31<sup>st</sup> March 2012

Percentage of total revenue

**2.17**

For the year 2011-12

### Overview

Gravita is more than a secondary Lead manufacturer; the Company is also among a few Indian companies to facilitate the eco-friendly fabrication of Lead recycling and refining plants, pollution control equipment, battery-breaking and hydro separation systems. These equipment make it possible for

the Company to deliver eco-friendly smelting, refining and alloying solutions.

The Company is a respected provider of eco-friendly plants, supplying 47 units across 34 countries until 2011-12. The Company's competence is reflected in a high asset uptime, high conversion efficiency and relatively low competitive

cost of manufacture.

The Company reinforced this by commissioning a world-class fabrication plant in Mahindra World City SEZ (Jaipur) in 2011-12. This project promotes more value-addition through in-house manufacturing facilities, better quality control and timely execution of projects and saving on taxes.

## III. Trading

Number of products traded

**20**

For the year 2009-10

Number of products traded

**25**

For the year 2011-12

Number of countries touched

**35**

For the year 2011-12

### Overview

Gravita's deep knowledge of a dynamic marketplace was leveraged to create a trade-centric revenue centre. The

Company leveraged its knowledge of marketplace realities to trade Lead, Lead products, metals, chemicals, ferrous scrap and minerals through its B2B

portal. This business segment helped the Company stay abreast of marketplace developments and capitalise on emerging opportunities.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Indian economy

The financial year 2011-12 was challenging for the Indian manufacturing sector, marked by an industrial slowdown. The Indian economy is projected to grow 6.9% in 2011-12, following 8.6% GDP growth in 2010-11. The IIP growth of 8.1% in January 2011 declined to 1.8% in December 2011. The services sector increased its GDP share from 58% in 2010-11 to 59% in 2011-12. The agricultural and allied sectors are projected to achieve 2.5% growth in 2011-12.

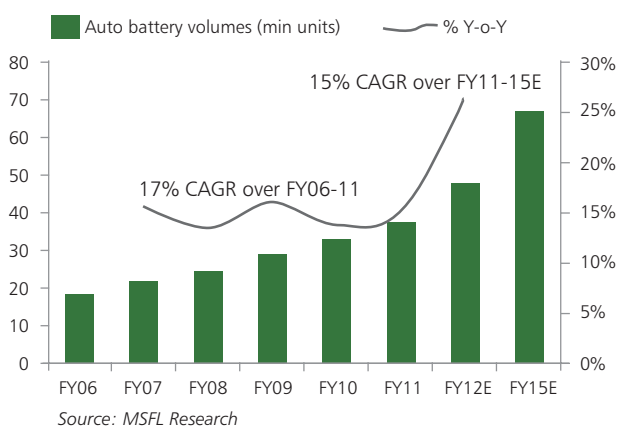
## Industry overview

As a heavy, malleable, bluish grey metal, Lead is one of the most resistant to corrosion. It is a naturally occurring element usually associated with other metals (zinc, silver and copper). Occurring naturally in the environment, this metal is mined and processed in 60 countries. Its use increased to over 10 million tonnes per annum of which nearly half is produced in Asia. Lead prices have been volatile: from a low of USD 851/t hit in 2008 to a high of USD 2,900 /t level in Q1 FY12 to around USD 2,100/t in March 2012.

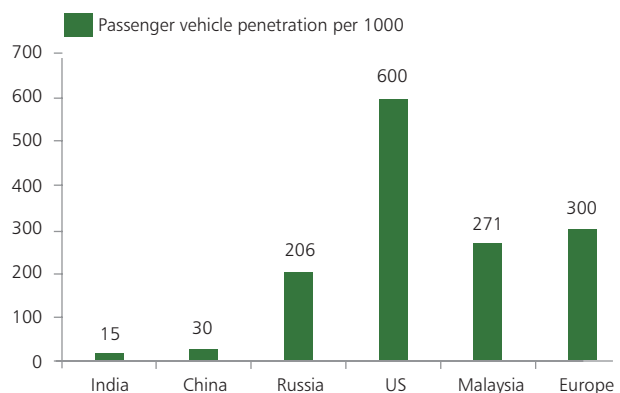
## Domestic battery overview

The Indian Lead acid storage battery (including inverter and motive power batteries) was estimated at about ₹130 bn at a Lead base of USD2,500/t in 2011-12. The domestic automotive battery business accounted for nearly 63% (₹82 billion). The domestic automotive sector is expected to grow at a CAGR of 12-14% between FY12 -FY14E on the back of rising disposable incomes and improving sentiment. The Auto Mission Plan (AMP 2016) envisages an industry size of US\$ 145 billion by 2016 (US\$ 34 billion in 2006).

### Industry Auto battery volumes (min) and growth (%)



### Passenger vehicle penetration per 1000



## Outlook

India's secondary Lead industry is likely to witness a change following stringent environment guidelines by state pollution control boards, which will enhance the share of organised players. The country's Lead demand of 600,000 tonnes per annum is growing at 12% as against a 6% global average due to rapid infrastructure growth (Source: Metal world, 2012).

## RISK MANAGEMENT

### Industry risk

The business may cease to remain attractive

- Global Lead consumption increased to over 10 million tonnes per year
- Secondary production or recycling accounts for more than 70% of Lead produce
- Extensive advantages of Lead enhanced applications beyond batteries (to roofing, window canes, piping and other products)

### Technology obsolescence risk

The Company can be a victim of technology obsolescence

- Gravita invested in state-of-the-art technology reinforced by quality management
- The Company invested ₹14.90 crore in equipment modernisation and purchases across five years

### Raw material sourcing risk

Being in secondary production, unavailability of scrap could affect the business of the Company

- The Company strategically commissioned global manufacturing facilities to source raw materials at cheaper prices
- The Company's turnkey project division makes it possible to commission plants, provide technical expertise and deliver the final product

### Regulatory risk

Any change in regulation might dent the growth of the Company

- The Company received a license from Government of India to import scrap batteries
- Strict environmental norms will result in a progressive shutdown of small unorganised players

### Geographical risk

Presence in one market or region could result in stagnant revenues

- The Company enhanced its plant capacity in Jammu by more than double of the previous year to address the growing demand in North India
- The Company's nine international manufacturing facilities make it possible to market products across 47 countries

### Environmental risk

Being a hazardous metal by nature and governed by strict regulations, non-compliance can affect the business

- The Company's manufacturing facilities are certified for ISO 14001:2004
- The Company complies with statutory and environment requirements to enhance safety

### Internal control systems and adequacy

The Company's philosophy towards the control system is mindful of leveraging resources towards optimisation, while ensuring the protection of its assets. The Company deploys a robust system of internal control, facilitating the accurate and timely compilation of financial statements and management reports; ensures regulatory and statutory compliance; and safeguards investors' interests by ensuring the highest level of governance alongwith periodical communication with investors. M/s. Kalani & Co., Jaipur, are the internal auditors of the Company, who conducts audits and submits quarterly reports to the Audit Committee. The Audit Committee reviews the effectiveness of

the Company's internal control system and invites the senior management/functional Directors to provide updates of their functions regularly. The Company's Internal Assurance Group also conducts periodic assurance reviews, in order to judge the adequacy of the internal control systems. It simultaneously reports to the Audit Committee, the Board, the Chairman and the Managing Director of the Company.

### Financial performance

During the year under review, the Company posted a consolidated gross revenue of ₹27580.12 lacs, a marginal growth on account of the global slowdown. The Company recorded a consolidated profit of ₹1504.38 lacs during the year under review. For further

data on the financial performance of the Company and its subsidiaries please refer to the Directors' Report 2012

### Cautionary statement

Statements made in the management discussion and analysis describing the Company's objectives, projections, estimates, expectations may be forward-looking statements within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Factors that could make a difference to the Company's operations, inter-alia, include the economic conditions, government policies and their related/incidental factors.

# **STATUTORY SECTION**



## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting of the Members of Gravita India Limited will be held on Monday 6<sup>th</sup> day of August 2012 at 11.30 A.M. at "Saurabh Farms", Chittora Road, Harsulia Mod, Diggi Malpura, Tehsil-Phagi, Jaipur-303904 (Rajasthan) to transact the following businesses:

### ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors and Auditors thereon.

2. To declare Final Dividend on Equity Shares for the year ended 31<sup>st</sup> March 2012.
3. To appoint a Director in place of Mr. Yogesh Mohan Kharbanda, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s Rajvanshi & Associates, Chartered Accountants, the retiring Auditors, as the Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Date: 25<sup>th</sup> May 2012  
Place: Jaipur

By Order of the Board

(Leena Jain)  
Company Secretary

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The duly stamped, filled and signed instrument appointing the proxy should, however, must be deposited at the Corporate Office of the Company not less than forty-eight (48) hours before the commencement of the meeting.
3. Members and proxies attending the Meeting should bring the attendance slip duly filled in for attending the Meeting.
4. Corporate members are requested to send a duly certified true copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
5. The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, 1<sup>st</sup> August 2012 to Monday, 6<sup>th</sup> August 2012 (both day inclusive).
6. Payment of Dividend as recommended by the Directors, if approved at the Meeting, will be made to those members whose names are on the Company's Register of Members on 6<sup>th</sup> August 2012 and in respect of shares held in dematerialised form, the dividend will be paid to members whose names are furnished by the Depositories, namely National Securities Depository Limited and Central Depository Services (India) Limited as Beneficial Owners as on that date.
7. Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in the order of the names will be entitled to vote.
8. Please quote your folio number and Company's name in all correspondence with M/s Karvy Computershare Pvt. Ltd., KARVY HOUSE, Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad- 500081 Registrars and Share Transfer Agents of the Company.
9. Members having shares in physical form are requested to immediately intimate change of address, if any, to the Registrar and Share Transfer Agent quoting reference of the registered folio number.
10. Members having shares in physical form may now avail the facility of nomination by nominating, in the prescribed form, a person to whom their shares in the Company shall vest in the event of their death. Interested members may write to the Registrars and Share Transfer Agents for the prescribed form.
11. Members are requested to bring their personal copy of Annual Report to the Meeting.
12. Information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the directors who are proposed to be re-appointed at the ensuing Annual General Meeting under Item No. 3 of the Notice is as under:

Name of Director	Mr. Yogesh Mohan Kharbanda
Date of Birth	10 <sup>th</sup> December 1969
Date of Appointment	1 <sup>st</sup> February 2010
Designation	Director (Independent)
Qualification	Engineering Graduate
Experience	Mr. Yogesh Mohan Kharbanda is well-qualified and has wide and varied experience of more than 18 years in business management.
Directorship in other Public Limited Companies as on 31 <sup>st</sup> March,2012	Gravita Exim Limited
Member/Chairman of the Committees of the Board of other Companies as on 31 <sup>st</sup> March,2012	1

By Order of the Board

Date: 25<sup>th</sup> May 2012

Place: Jaipur

(Leena Jain)  
Company Secretary





# DIRECTORS' REPORT

*Dear members*

**Gravita India Limited**

Your Directors have pleasure in submitting the 20th Annual Report together with the audited statement of accounts of your Company for the financial year ended 31<sup>st</sup> March 2012.

## Financial highlights

The consolidated audited financial results of the Company for the year ended 31<sup>st</sup> March 2012 are summarised below:

Particulars	(₹ In crore)	
	2011-12	2010-11
Total Income	272.88	256.85
Total Expenditure	249.86	234.40
Profit Before Interest, Depreciation and Tax (PBIT)	23.02	22.45
Less: Interest	1.90	1.56
Less: Depreciation	1.52	1.16
Profit Before Tax	19.60	19.73
Exceptional Items	(1.08)	(0.51)
Profit from Ordinary Activities before Tax	18.52	19.22
Less: Provision of Taxation Including deferred Tax	3.27	4.84
Profit After Tax (PAT)	15.25	14.38
Share in Profit of Associates	0.52	0.42
Minority Share in Profit & Loss	(0.73)	(0.05)
Profit Available for Appropriation	15.04	14.75
APPROPRIATION:		
Interim dividend	1.36	-
Corporate tax on Interim dividend	0.22	-
Transfer from Capital reserve on Consolidation	(0.13)	(0.15)
Transfer to General reserve	0.78	0.97
Proposed for Dividend	4.09	5.45
Corporate tax on Dividend	0.66	0.90
Balance Carried to Balance Sheet	8.06	7.58

*Previous year figures have been re-grouped and re-arranged wherever considered necessary.*

## 1. State of the Company's affairs

The year 2011-12 was an exceptional year for the Lead market. Despite high fluctuations in the LME prices of Lead coupled with steep cost inflation, especially towards the end of the year, your Company was able to achieve a consolidated total revenue of ₹272.88 crore as against ₹256.85 crore of the corresponding figure of previous year. Further, during the year under review, the consolidated turnover of the Company at ₹263.72 crore witnessed an increase of 4% over the previous years figure of ₹253.63 crore.

The Company earned an Operating Profit Before Interest, Depreciation and Tax of ₹23.02 crore in the current financial year as compared with ₹22.45 crore in the previous financial year. However, the Company earned a Net Profit After Tax of ₹15.04 crore with a marginal increase of 2% over the previous years Net Profit After Tax of ₹14.75 crore.

On standalone basis, the Company achieved Net Sales of ₹200.42 crore in 2011-12 against ₹195.38 crore in 2010-11. Additionally, the standalone Profit After Tax is ₹7.82 crore with a 20% decrease as compared with the previous year. The decline in profit is due to increased Employee Cost on account of Employee Stock Option Plan and high raw material costs, strong dollar prices as compared with the rupee. Further, some new projects were established in the year under review, the production/returns whereof will start emanating in the forthcoming years. The provision for tax reduced as compared with the last year due to better tax planning by investing in tax-efficient zones.

## 2. Dividend

Your Company has a consistent track-record of dividend payment. Earlier this year, the Company's Board of Directors approved the payment of an interim dividend of 10% per equity share (₹1/- per equity share) amounting to ₹1.36 crore.

Further, the Board recommended the payment of final dividend of ₹0.60 per equity share (i.e. 30% of the face value of ₹2/- per share) amounting to ₹4.08 crore. The final dividend, if approved by the members, will be paid to members within the period stipulated by the Companies Act, 1956.

With this, the total dividend payment for 2011-12 will be 40% of the face value amounting to ₹5.44 crore.

## 3. Performance of Subsidiaries/Associate Companies and Firms

During the year under review, the performance of the Company's subsidiaries and associates is summarised as under:

- a. **Gravita Exim Ltd., India:** Gravita Exim Ltd is a wholly-owned subsidiary of the Company. This subsidiary provides turnkey solutions for Lead recycling, refining/alloying and oxide plants. It already supplied 44 plants in 32 countries globally. During the year under review, this Company achieved a turnover of ₹5.19 crore. However, there was a loss amounting to ₹0.82 crore owing to the Company's diversified business activities into trading various commodities.
- b. **Gravita Ghana Ltd., Ghana:** Gravita Ghana Ltd is wholly-owned subsidiary of the Company. During the year under review, the subsidiary produced 2404 MT of Remelted Lead ingots and achieved a turnover of ₹27.04 crore and profit after tax of the unit amounted to ₹4.62 crore. Further, the Company has committed to provide a loan of USD 1.95 million to Gravita Ghana Ltd for capital expenditure and working capital requirements of the said subsidiary during the current fiscal.
- c. **Gravita Senegal SAU, Senegal:** Gravita Senegal SAU is also a wholly-owned subsidiary of Gravita India Ltd. During the year under review, this Company produced 2,385 MT of Remelted Lead ingots and achieved a turnover of ₹32.30 crore and Profit After Tax amounted to ₹2.67 crore. Further, the Company committed to provide a loan of USD 1.40 million to Gravita Senegal SAU for capital expenditure and working capital requirements of the said subsidiary. During the year under review, this Company increased its annual installed capacity from 1,800 MTPA to 3,800 MTPA by installing additional Plant and Machinery and other equipment.
- d. **Gravita Mozambique LDA, Mozambique:** Gravita Mozambique LDA is a wholly-owned subsidiary of the Company, with a 96.38% stake by Gravita India Ltd and 3.62% stake of Gravita Exim Ltd. During the year under review, this Company increased its annual installed capacity from 1,800 MTPA to 3,800 MTPA by installing additional Plant and Machinery and other equipment. Further, the

said subsidiary shifted its plant and operations to a free zone area, thereby enjoying various fiscal benefits. During the year under review, this subsidiary produced 894 MT of Remelted Lead ingots and achieved a turnover of ₹12.55 crore coupled with a Profit After Tax of ₹0.61 crore.

- e. **Gravita Global Pte Ltd, Singapore:** During the year under review, your Company incorporated a wholly-owned subsidiary Gravita Global Pte Ltd, in Singapore for wholesale trade and investments. This subsidiary will commence its operations in the current year.
- f. **Gravita Netherlands B.V., Netherlands:** The Company set-up a step subsidiary named Gravita Netherlands B V under its subsidiary Gravita Global Pte Ltd in Amsterdam, Netherlands, in May 2012 to restructure and consolidate its holding in overseas subsidiaries.
- g. **Gravita Honduras S.A., Honduras:** Gravita India holds a 33.33% stake in Gravita Honduras S.A. This unit started its commercial production in August 2011. During the year under review, this unit produced 956 MT of Remelted Lead ingots. The unit's total turnover for the period under review was ₹8.56 crore with a loss of ₹1.00 crore.
- h. **Navam Lanka Ltd., Srilanka:** Gravita India holds 40% of stake in Navam Lanka Ltd, Sri Lanka. During the year under review, this associate unit produced 2,148 MT of Remelted Lead ingots and achieved a total turnover of ₹21.12 crore as compared with ₹25.79 crore in the previous year. Net Profit After Tax amounted to ₹2.17 crore compared with the corresponding figure of the previous year amounting to ₹2.41 crore. The marginal decrease in Profit After Tax was on account of a ban on exporting Lead ingots from Sri Lanka by the Ministry of Industry, Sri Lanka in October 2011. However, the said ban was lifted by the Government of Sri Lanka vide their decision dated 9<sup>th</sup> May 2012. However, a gazette notification towards the same is yet to come. The outlook for the current year is promising.

Further, the step subsidiary of the Company viz., Gravita Netherlands B.V., entered into an Agreement on 10<sup>th</sup> May 2012 to purchase an additional 12% shares of Navam Lanka Ltd. Consequent to this transfer of shares, Navam Lanka Ltd will also become a subsidiary of Gravita India Ltd with an aggregate 52% stake.

- i. **M/s Gravita Metals, India:** During the year under review,

the Company acquired a further stake of 40%, with a total stake of 95% in the partnership firm M/s Gravita Metals, Jammu (formerly known as M/s K M Udyog). The balance stake of 5% is held by its subsidiary Gravita Exim Ltd. The unit's year-end performance was commendable as it produced 4,222 MT of Refined Lead/Lead Alloys resulting in a Turnover of ₹52.89 crore and Profit After Tax of ₹1.78 crore.

- j. **M/s Gravita Metal Inc, India:** During the year thereby making the Company along with its subsidiary Gravita Exim Limited, acquired a 100% stake in this partnership firm. During the year under review, the unit achieved a total Turnover of ₹2.22 crore with a Loss of ₹0.15 crore.
- k. **M/s Gravita Technomech, India:** The Company established this unit in 2010-11 in the Special Economic Zone at Jaipur. The unit manufactures and supplies plant and machinery on a turnkey basis. During the year under review, this unit executed three turnkey projects and contributed a Turnover of ₹4.46 crore with a PAT of ₹1.45 crore. This unit has four projects under execution.

#### 4. Sale/Disinvestments

During the period under review, in order to increase the focus on its core business, your Company digressed from Floret Tradelink Ltd, Jaipur, India and Penta Exim Ltd, Jaipur, India. Further, the Company also disinvested its complete stake in its wholly-owned subsidiary Gravita Georgia LLC, Georgia.

#### 5. Finance

During the year under review, Export-Import Bank of India sanctioned a term loan of USD 3.35 million to the Company to part finance the capital expenditure and working capital requirements of its wholly-owned subsidiaries viz. Gravita Ghana Limited (USD 1.95 million) and Gravita Senegal SAU (USD 1.40 Million).

Further, during the current year, the Company entered into consortium finance by adding IDBI Bank with Punjab National Bank, the existing bankers of the Company named "PNB Consortium". With consortium finance, the working capital limits of the Company were enhanced from ₹35 crore to ₹50 crore.

During the year under review, the Company provided a corporate guarantee to J&K bank, Jammu to secure credit

facilities of ₹10.75 crore availed by M/s Gravita Metals, Jammu, a subsidiary firm of the Company.

## 6. Expansion/Diversification

During the year under review, the Company entered into new ventures to expand existing capacities as well as to diversify into other areas. The Company, along with its subsidiary Gravita Exim Ltd acquired a 100% stake in M/s Gravita Metal Inc, Kathua (formerly known as M/s Metal Inc) with a Lead smelting and refining capacity of 3,600 MTPA. The Company also acquired a further stake of 45% in M/s Gravita Metals, Jammu (formerly known as M/s K M Udyog). Accordingly, this unit has also become a wholly-owned subsidiary firm of the Company.

During the period under review, the Company incorporated an overseas entity in Singapore namely Gravita Global Pte Ltd, a wholly-owned subsidiary of Gravita India Ltd. Another wholly-owned subsidiary was set-up under Gravita Global namely Gravita Netherlands B.V. in Amsterdam, Netherlands.

## 7. Reserves

In compliance of Section 205A (2A) of the Companies Act, 1956 and in accordance with the Companies (Transfer of Profits to Reserves) Rules, 1975, it proposed to carry an amount of ₹78, 22,880 to the General Reserve Account.

## 8 Sub-division of shares

During the year under review, the Company's Board of Directors at their meeting held on 9<sup>th</sup> March 2012 recommended to sub-

divide one equity share of face value of ₹10/- each into five equity shares of ₹2/- each which was approved by shareholders through a postal ballot on 11<sup>th</sup> May 2012. Splitting equity shares will provide more liquidity, less volatility and contented entry of small investors.

## 9. Management Discussion and Analysis Report

Management Discussion and Analysis report, forming part of the Director's Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the stock exchange (s), is presented in a separate section forming part of Annual Report. The Report provides strategic direction and a more detailed analysis on the performance of the Company and its outlook.

## 10. Utilisation of IPO proceeds

The Company came up with an Initial Public Offering ('IPO' or 'Issue') in November 2010. The shares of the Company got listed on the National Stock Exchange of India Ltd (NSE) and BSE Ltd on 16<sup>th</sup> November 2010. The IPO was floated for 36,00,000 equity shares of ₹10/- each at an offer price of ₹125/-. During the year under review, the Company changed its investment plans and the allocated amount received in IPO fund was also changed with the prior approval of shareholders at the last AGM dated 27<sup>th</sup> July 2011 and further through postal ballot on 11<sup>th</sup> May 2012. The revised objectives for utilising IPO funds is summarised below:

### Revised IPO objectives:

(₹ In lacs)

Sr. no.	Object	Amount	Total Amount
1	Set-up additional manufacturing facilities at Jaipur		350.00
2	Invest in overseas ventures at		
	-Senegal- Gravita Senegal SAU	182.77	
	-Honduras- Gravita Honduras SA	336.25	519.02
3	Margin money for working capital requirement		2,500.00
4	Investment in Gravita Global Pte Ltd, Singapore for:-		
	Additional Stake of 12% in Navam Lanka Ltd. Sri Lanka	195.00	195.00
5	Setting up a new partnership firm M/s Gravita Technomech SEZ		245.00
6	Acquisition of M/s KM Udyog, Jammu (Presently known as M/s Gravita Metals)		750.00

(₹ In lacs)

Sr. no.	Object	Amount	Total Amount
7	Acquisition of M/s Metal Inc Kathua (Presently known as M/s Gravita Metal Inc.)		300.00
8	General corporate purposes		90.00
9	Expenses of the issue		261.54
<b>Total</b>			<b>5,210.56</b>

### Means of finance:

(₹ In lacs)

Particulars	Old	Revised
Proceeds of the issue	4,500.00	4,500.00
Internal Accruals	718.65	710.56

As of date, the total IPO funds have been utilised as per the revised objectives stated as above.

### 11. Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, based on the representations received from the operating management, confirm that:

- (i) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any.
- (ii) They have selected such Accounting Policies and applied them consistently and made judgements 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 31<sup>st</sup> March 2012 and of the Profit and Loss of the Company for that period.
- (iii) To the best of their knowledge and information, they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities, and
- (iv) They have prepared the Annual Accounts on a going concern basis.

### 12. Subsidiary company

The statement pursuant to Section 212 of the Companies Act, 1956 containing details of Company's subsidiaries is attached to the Balance Sheet.

The Consolidated Financial Statements of the Company and its subsidiaries prepared in accordance with Accounting Standard AS 21 issued by the Institute of Chartered Accountants of India (ICAI) forms a part of the Annual Report.

### 13. Listing fees

The shares of the Company are listed on the National Stock Exchange of India Ltd (NSE) and BSE Ltd (BSE) and the Listing Fee for 2012-13 has been duly paid.

### 14. Fixed deposit

The Company has not accepted any fixed deposits from public, shareholders or employees during the year under report.

### 15. Auditors' Report

The qualifications/observations and comments given in the report of the Auditors read together with Notes to Accounts are self explanatory and explained/clarified wherever necessary, hence no further information and explanation is required under Section 217(3) of the Companies Act, 1956.

### 16. Auditors

M/s Rajvanshi & Associates, Chartered Accountants, existing Statutory Auditors will retire at the conclusion of the ensuing Annual General Meeting and seek re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.

The Company received a certificate from M/s Rajvanshi & Associates, Chartered Accountants to the effect that their appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such re-appointment within the meaning of Section 226 of the Companies Act, 1956.

### 17. Corporate Governance

The Company has vigorously striven to follow the best Corporate

Governance practices aimed at building trust among key stakeholders, shareholders, employees, customers, suppliers and other stakeholders on four key elements of Corporate Governance - transparency, fairness, disclosure and accountability.

The compliance report on Corporate Governance and a certificate from Auditors of the Company regarding compliance of the conditions of Corporate Governance, as stipulated under Clause 49 of the Listing Agreement with the stock exchanges, is attached and forms part of this report. Certificate of the CEO/ CFO, inter alia, confirming the correctness of the financial statements, compliance with Company's Code of Conduct, adequacy of the Internal Control measures and reporting of matters to the Audit Committee in terms of Clause 49 of the Listing Agreement with the stock exchanges, is attached in the Corporate Governance report and forms part of this Report.

## 18. Particulars of Employees

The Company did not have any employee drawing remuneration specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Amendment Rules, 2011, and therefore no particulars are required to be furnished.

## 19. Disclosures regarding ESOPs

The members of the Company at its Annual General Meeting held on 27<sup>th</sup> July 2011, approved the issue of stock options to eligible employees/Directors of the Company and its subsidiaries. Accordingly, the Board at their meeting held on 10<sup>th</sup> August 2011 approved the "Gravita ESOP 2011" Scheme. The Compensation Committee formed to govern Gravita ESOP 2011 Scheme approved first grant of options to eligible employees/Directors of the Company on 23<sup>rd</sup> September 2011 effective from 1<sup>st</sup> October 2011. The details of ESOPs pursuant to Clause 12 of SEBI (ESOP & ESPS) Guidelines, 1999 are disclosed hereunder

a) Options granted		80076
b) The pricing formula		₹10/- per share
c) Options vested		Nil
d) Options exercised		Nil
e) The total number of shares arising as a result of exercise of option		Nil
f) Options lapsed		16,258
g) Variation of terms of options		Nil
h) Money realised by exercise of options		Nil
i) Total number of options in force		63,818
j) Employee wise details of options granted to		
• Senior managerial Personnel		
	Navin Prakash Sharma	4500
	Gopal Agarwal	2000
	Sandeep Chaudhary	3000
	Krishan Gopal Gupta	3500
	Sunil Kansal	3500
	R G Chaudhary	4500
	Shailendra Tripathi	3000
	Akshaya Goyal	3000
	Kamal Singh	3500
	V S Tanwar	5000
• Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year		Nil
• Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant		Nil

k) Diluted Earnings Per Share(EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard 20 'Earnings Per Share'		NA
l) Method of Calculation of Employee Compensation Cost		Intrinsic Value Method
m) Difference between the employee compensation cost so computed at point (l) above and the employee compensation cost that shall have been recognised if it had used the fair value of the options (in Lacs) is as under:		
Profit After Tax (₹ in Lacs):	782.29	
Add: Employee Compensation cost based on intrinsic value (₹ in Lacs)	47.83	
Less: Additional Employee Compensation Cost Based on Fair Value (₹ in Lacs)	48.02	
n) The impact of this difference on Profit and on EPS of the Company is as under:		0.19
Adjusted Profit After Tax (₹ in lacs)		782.10
Adjusted Basic EPS		₹5.74
Adjusted Diluted EPS		₹5.72
o) Weighted-average Exercise price granted during April 2011 to March 2012		₹ 10/-
Weighted-average Fair Value of option outstanding as on 31 <sup>st</sup> March 2012		₹376.62/-
p) A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:		Black -Scholes Pricing Method
• risk-free interest rate		8.5%
• expected life (in years)		2.50
• expected volatility		57.15%
• expected dividends		NA
• The price of the underlying share in market at the time of option grant.		₹ 384.75

## 20. Energy conservation, technology absorption and foreign exchange earnings

A statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given as an annexure to the Directors' Report.

## 21. Consolidated financial statements and cash flow statement

As stipulated by Clause 32 of the Listing Agreement, the consolidated financial statements were prepared by the Company in accordance with applicable Accounting Standards issued by the Institute of Chartered Accountants of India and the same together with the Auditor's Report thereof form part of the Annual Report.

## 22. Insider trading Prevention Code

The Company has a strong 'Code for Prevention of Insider Trading' in force framed in accordance with SEBI (Prevention of Insider Trading) Regulations, 2002 along with a proper mechanism in place for effective implementation and exercise of the same. There has been no instance of Insider Trading during the year under report.

## 23. Note of Appreciation

The Directors express their appreciation for the sincere cooperation and assistance of government authorities, bankers, customers and suppliers and business associates. Your Directors also wish to place on record their deep sense of appreciation for the committed services by your Company's employees. Your Directors acknowledge with gratitude the encouragement and support extended by our valued shareholders.

For and on behalf of the Board

(Rajat Agrawal)  
Managing Director

## Annexure to the Directors' Report

INFORMATION AS PER SECTION 271(1)(E) OF THE COMPANIES ACT, 1956 READ WITH PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2012

### I. Conservation of energy:

#### a) Energy conservation measures taken:

The Company has taken appropriate steps and made necessary arrangements to conserve and optimise the use of energy through improved operational methods and other means.

#### b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

The Company is making constant efforts to locate all the possible areas where additional investment can be considered for conservation of energy.

#### c) Impact of the measures taken above and consequent impact on the cost of production of goods:

The above measure helped in environment protection and sustenance and also resulted in reduction of the cost of production.

#### d) Total energy consumption and energy consumption per unit of production:

##### FORM A

A. Power & Fuel Consumption	Current Year [2011-12]	Previous Year [2010-11]
1. Electricity		
[a] Purchased		
- Units	3,68,630	2,88,880
- Total Amount (₹)	19,68,777	14,25,423
- Rate/Unit (₹)	5.34	4.93
[b] Own Generation		
Through Diesel Generator		
- Units produced	1,53,151	1,46,419
- Units per Litre of diesel oil	4.63	4.63
- Total amount (₹)	11,96,106	10,24,936
- Rate per unit (₹)	7.81	7.00
2. Coal (Used in Furnace)		
Char Coal for Furnace		
- Quantity (tons)	263.775	230.960
- Total Amount (₹)	42,85,626	24,50,247
- Average Rate	16,247	10,609
3. Furnace Oil		
- Quantity (Litres)	2,98,095	3,23,928
- Total Amount (₹)	1,09,31,143	81,16,660
- Average Rate	36.67	25.06



### e. Consumption per tons of production

The Company is engaged in a variety of products, hence the figures of consumption per unit of production are not ascertainable.

## II. Technology Absorption

### FORM B

#### Research & Development (R & D)

##### 1. Specific Areas in which R & D carried out by the Company

The Company has an ongoing process of Research & Development where regular studies and exploration is carried out to introduce new products and minimise by-production of waste during the various processes. Besides, the Company has a quality control department equipped with well experienced/quality personnel and latest sophisticated machines to monitor and ensure consistency in quality and adherence to quality standard norms.

##### 2. Benefits derived as a result of the R & D

- Reduced cost of production
- Improved the quality of products
- Enhanced brand building and gained a reputation as an innovative business
- Attracted the best employees through our enhanced reputation
- Found new business partnerships
- Attracted external finance

##### 3. Future Plan of Action

**VFD at Blower Motor:** - In order to save energy by controlling the speed of induced draft fan, a single loop control is proposed where at the suction in the flue gas path shall be measured with the help of a pressure transmitter and corrective signal shall be transferred to the variable frequency drive (VFD) for changing the speed of the fan as per actual requirement. This will lead to saving in power consumption for the induced draft fan.

**Ingot stacking machine:** - For automatically stacking of ingot collected by ingot casting machine. By using this, labour involvement will reduce remarkably from 6-7 labourers to one labour.

4. Expenditure on R & D: ₹21.96 lacs (capitalised with the related asset)

#### Technology Absorption, Adaption and Innovation

##### 1. Efforts made and benefits derived towards improvement in technology of machines and equipment

**Coal fired burner:** - Rotary furnace heating is done by burning of furnace oil through furnace oil burner. In place of furnace oil burner, coal fired burner is installed at rotary furnace where fine coal powder is injected into it with air in furnace and burned like fuel oil. With the use of coal fired burner, cost of production from Rotary Furnace reduced remarkably.

##### 2. Technology imported : Nil

## III. Foreign Exchange Earnings & Outgo

The details with regard to foreign exchange earnings and outgo are as under:

(₹ in lacs)

Particulars	Current Year [2011-12]	Previous Year [2010-11]
A) Foreign exchange earnings (F.O.B. value)	10,919.45	7,822.13
B) Foreign exchange outgo		
1. Import of		
- Raw materials	6,745.61	7,505.40
- Capital goods	-	-
- Stores and spares	-	-
2. Expenditure on		
- Travelling	4.14	10.32
- Others	98.89	44.28



# REPORT ON CORPORATE GOVERNANCE

## 1) Company's Philosophy on Code of Governance

The governance principles may vary across companies and countries, but the ultimate objectives remain constant - the commitment to manage business in most transparent manner, maximise the long-term value for shareholders and protect the interests of all stakeholders. In India, clause 49 of the listing agreement with the stock exchanges and the Ministry of Corporate Affairs' detailed Voluntary Corporate Governance Guidelines define the role and responsibilities of the Board towards greater disclosure of the information to shareholders.

The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasises the need for full transparency and accountability in

all its transactions, in order to protect the interests of its stakeholders.

## 2) Board of Directors

### Composition of the Board

The Board is an optimum mix of executive, non-executive and independent directors, which is in compliance with the listing agreements and other statutory provisions. At present, the Board consists of 6 Directors comprising of 3 Executive and 3 Non-Executive independent Directors.

### What Constitutes Independence of Directors?

For a Director to be considered independent, the Board determines that the Director does not have any direct or indirect material pecuniary relationship with the Company. The Board has adopted practices which are in line with the applicable legal requirements.

As on 31<sup>st</sup> March, 2012, the composition of Company's Board and their respective Directorship in other Companies are as follows:

Name of Director	Category of Director	Number of other Directorship#	Number of Board Level Committees where Chairperson or member	
			Chairperson	Member
Dr. Mahavir Prasad Agarwal	Executive and Promoter	3	Nil	Nil
Rajat Agrawal	Executive and Promoter	3	Nil	Nil
Rajeev Surana	Executive and Promoter	2	Nil	1
Dinesh Kumar Govil	Non-Executive Independent	2	2	Nil
Arun Kumar Gupta	Non-Executive Independent	Nil	Nil	Nil
Yogesh Mohan Kharbanda	Non-Executive Independent	1	Nil	1

# Directorship does not include Directorships held in Private and Foreign Companies.

## Board Meetings

Dates of Board meetings are fixed in advance and agenda papers are circulated to Directors generally one week before the meeting. All material information is incorporated in the agenda papers to facilitate meaningful and focussed discussions at the meeting. In case of exigencies or urgencies, resolutions are passed by circulation as well. The attendance record of Board meetings held during the year 2011-12 is as follows:

Attendance Record of Board Meetings held during the year 2011-12

S.No.	Date of Meeting	Board Strength	No. of Directors Present
1.	21 <sup>st</sup> May 2011	6	5
2.	10 <sup>th</sup> August 2011	6	4
3.	23 <sup>rd</sup> September 2011	6	4
4.	22 <sup>nd</sup> October 2011	6	5
5.	29 <sup>th</sup> November 2011	6	5
6.	3 <sup>rd</sup> February 2012	6	5
7.	9 <sup>th</sup> March 2012	6	4
8.	15 <sup>th</sup> March 2012	6	5

Attendance of each Director at the Board Meetings and Last Annual General Meeting (AGM)

Name of Director	Board Meetings held during the Year	Meetings Attended	Whether Last AGM (held on 27 <sup>th</sup> July 2011) Attended
Dr. Mahavir Prasad Agarwal	8	5	No
Rajat Agrawal	8	8	Yes
Rajeev Surana	8	7	Yes
Dinesh Kumar Govil	8	8	Yes
Arun Kumar Gupta	8	5	Yes
Yogesh Mohan Kharbanda	8	4	Yes

## Code of Conduct

The Board has laid down a Code of Conduct for all Directors and Senior Management Personnel of the Company, which is also available on the website of the Company at [www.gravitaindia.com](http://www.gravitaindia.com). The Code is applicable to all the Board members, employees of Finance and Accounts department and the executive assistants of the Management. The Code is circulated annually to all Board members and Senior Management and the compliance of the same is affirmed by them annually. A declaration signed by the Managing Director affirming compliance with the Code of Conduct by the Board and senior management is appended below.

## DECLARATION regarding compliance by Board members and Senior Management Personnel with the Company's Code of Conduct

I, Rajat Agrawal, Managing Director of Gravita India Limited, hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the Stock Exchanges, for the year ended 31<sup>st</sup> March 2012.

For and on behalf of the Board  
Sd/-  
(Rajat Agrawal)  
Managing Director

### 3) Audit Committee

Composition: The audit committee comprises 3 members, all of whom are independent. The Audit Committee Chairman, Mr. D.K. Govil is an Independent Director and has sound financial knowledge and is heavily experienced in banking and

financial sector. Majority of the audit committee members, including the Chairman, have accounting and financial management expertise. Composition of the audit committee meets the requirements of Section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement.

Details of Composition as well as Attendance Record of the Audit Committee Meetings held during 2011-12

Name of Members	Designation	Number of Meetings held during the year	Meetings Attended
Dinesh Kumar Govil	Chairman	4	4
Arun Kumar Gupta	Member	4	3
Yogesh Mohan Kharbanda	Member	4	2

**Number of Meetings:** During the financial year 2011-12 the Audit Committee met four times i.e. on 21<sup>st</sup> May 2011, 10<sup>th</sup> August 2011, 22<sup>nd</sup> October 2011 and 3<sup>rd</sup> February 2012. Time gap between any two meetings was less than four months.

Mrs. Leena Jain, Company Secretary of the Company acted as the Secretary to the Committee.

#### Role of Audit Committee

The role of the Audit Committee shall include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - b) Changes, if any, in accounting policies and practices and reasons for the same
  - c) Major accounting entries involving estimates based on the exercise of judgment by management
  - d) Significant adjustments made in the financial statements arising out of audit findings

- e) Compliance with listing and other legal requirements relating to financial statements
- f) Disclosure of any related party transactions
- g) Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue among others), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

#### 4) Remuneration Committee

**Composition:** The Company's Remuneration Committee comprises of three Non-executive and Independent Directors.

During the financial year 2011-12 the Remuneration Committee met three times i.e. on 21<sup>st</sup> May 2011, 23<sup>rd</sup> September 2011 and 29<sup>th</sup> November 2011.

#### Remuneration Policy

The remuneration of Executive/Non-Executive Directors is governed by the external competitive environment, track record, potential, individual performance and performance of the Company as well as industry standards.

Details of Remuneration paid to Directors during 2011-12

(Amount in ₹)

Name of Director	Salary	HRA	Other Allowances	Stock Options	Total
Dr. Mahavir Prasad Agarwal	14,40,000	5,76,000	15,84,000	Nil	36,00,000
Rajat Agrawal	14,40,000	5,76,000	15,84,000	Nil	36,00,000
Rajeev Surana	11,60,000	4,64,000	9,76,000	Nil	26,00,000

#### Notes:

1. The Company does not have any pecuniary relationship with any Non-Executive Independent Directors except for payment of sitting fees and reimbursement of travelling expenses to the Directors for attending Board Meeting. No sitting fee is paid for attending the meetings of Committees of Directors.
2. None of the Independent Directors has any share of the Company.

#### 5) Shareholder's/ Investor's Grievance Committee

##### Composition

The Company has an Investors' Grievance Committee to specifically look into the redressal of Investors' complaints like transfer of shares, non-receipt of balance sheet and non-receipt of declared dividend among others.

The Committee comprises of three Directors including Non-Executive Independent Director, Mr. Dinesh Kumar Govil, who chair the Committee.

##### Number of Meetings

The Committee met 5 (Five) times during the financial year 2011-12 namely on, 9<sup>th</sup> April 2011, 22<sup>nd</sup> April 2011, 13<sup>th</sup> May 2011, 26<sup>th</sup> July 2011, 24<sup>th</sup> January 2012.

Details of Composition as well as Attendance record of the Shareholder's /Investor's Grievance Committee Meetings held during 2011-12

Name of Members	Designation	Number of Meetings held during the year	Meetings Attended
Dinesh Kumar Govil	Chairman	5	5
Dr.Mahavir Prasad Agarwal	Member	5	3
Rajeev Surana	Member	5	3

### Terms of Reference

The role of Shareholder Committee involves:

- To consider and review shareholders'/investors' grievances and complaints and ensure that all shareholders'/ investors' grievances and correspondence are attended to expeditiously and satisfactorily unless constrained by incomplete documentation and/or legal impediments.
- To approve and register transfers and transmission of equity shares;
- To sub-divide, consolidate and/or replace any share certificate of the Company;
- To authorise affixation of common seal of the Company to share certificates;
- To do all other acts and deeds as may be necessary or incidental to the above;

### Compliance Officer

Mrs Leena Jain Company Secretary is the Compliance Officer for complying with the requirements of Securities Laws and the Listing Agreement with the Stock Exchanges in India.

### Status of Investor Complaints

The Company received 28 complaints from investors which were resolved well in stipulated time by the Company and there

were no complaints pending with the Company or its share transfer agents as on 31<sup>st</sup> March 2012.

The majority of complaints were regarding non-receipt of dividend warrants and/or non-receipt of the refund of the money invested in the IPO. However, the Company has resolved all the complaints relating to its IPO and after getting NOC from SEBI has got the 1% security deposit of the Company released from The BSE Limited, the Designated Stock Exchange of the Company towards IPO of the Company.

### 6) Compensation Committee

In terms of the requirement of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, the Company has constituted the Compensation Committee comprising of three Directors, two of whom are Non-executive Independent Directors and one is Executive Director. The Chairman of Compensation Committee is Mr. Dinesh Kumar Govil.

### Number of Meetings

The Committee met 2 (Two) times during the financial year 2011-12 namely on, 23<sup>rd</sup> September, 2011 and 22<sup>nd</sup> October, 2011.

Details of Composition as well as Attendance record of the Compensation Committee Meeting held during 2011-12

Name of Members	Designation	Number of Meetings held during the year	Meetings Attended
Dinesh Kumar Govil	Chairman	2	2
Rajat Agrawal	Member	2	2
Yogesh Mohan Kharbanda	Member	2	1

### Terms of Reference

The role of Compensation Committee involves:

- The quantum of Options to be granted under the Gravita ESOP 2011 per eligible employee and in the aggregate;
- The time and manner in which the Options are to be granted;
- The number of tranches in which the Options are to be granted, the number of Options to be granted in each such tranche and the determination of eligible employees to whom the Options are to be granted;
- The criteria for determining the number of Options to be

granted to each eligible employee,

- The assignment of weightage and such other criteria as may be determined by the Board to grade each eligible employee;
- The terms and conditions subject to which the Options granted would vest in each eligible employee and the vesting period;
- The terms and conditions subject to which and the time period within which the Options vested shall be exercised by the eligible employee;
- The exercise price for each Option;

- The number of Options to be apportioned/allocated for various grades of eligible employees;
- The number of Options to be granted to each eligible employee;
- Obtaining permissions from, making periodic reports to regulatory authorities, as may be required and ensuring compliance with all guidelines applicable to the Gravita ESOP 2011;
- Framing appropriate procedures and policies for granting, vesting and exercising of Options;
- The number of Options reserved, if any, for grant to new employees and directors who provide services to the Company in future and become eligible employees;
- The exercise period within which an eligible employee should exercise an Option and that Option would lapse on failure to exercise the Option within such exercise period;
- The specified time period within which an eligible employee shall exercise the vested options in the event of termination or resignation of such eligible employee;
- Procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions;
- Conditions under which an eligible employee shall have the

right to exercise all the Options vested in him at one time or at various points of time within the exercise Period;

- Conditions under which vesting under the Gravita ESOP 2011 shall be accelerated at the discretion of the Board;
- Treatment of invested options upon termination of employment, or upon a Director ceasing to hold office;
- Stipulating necessary guidelines and/or requirements for any mandatory exercise of Options by the eligible employees;
- The grant, vest and exercise of Option in case of eligible employees who are on long leave or are guilty of misconduct or violation of Company's policies; and
- Procedure for cashless exercise of options.

## 7) Investment Committee

An Investment Committee was constituted on 10<sup>th</sup> August, 2011. The Committee comprises 3 Directors all of whom are Executive Directors.

### No. of Meetings

The Committee met 3(Three) times during the financial year 2011-12 namely on, 29<sup>th</sup> November 2011, 29<sup>th</sup> February 2012 and 9<sup>th</sup> March 2012.

Details of Composition as well as Attendance record of the Investment Committee Meeting held during 2011-12

Name of Members	Designation	Number of Meetings held during the year	Meetings Attended
Rajat Agrawal	Member	3	3
Rajeev Surana	Member	3	2
Dr. Mahavir Prasad Agarwal	Member	3	3

### Terms of Reference

The role of Investment Committee involves:

- To make decisions about investments to be made by the Company in various overseas ventures whether by way of equity or capitalisation of exports or by way of loan;
- To make decisions about investments to be made by the

Company in shares, stocks, units of mutual funds, subscription to public issues of other companies among others and

- To make decisions about disinvestments/alienation/sale/transfer/gift or pledge of any of the investments made in clause mentioned above which the Committee may consider most beneficial in the interest of the Company.

## 8) General Body Meetings

The details of General Meetings held in the last three years are given below:

S. No.	AGM	Date	Time	Venue	No. of Special resolution passed
1.	17th AGM	11 <sup>th</sup> September 2009	11.00 A.M.	“Saurabh”, Chittora Road, Harsulia Mod, Diggi-Malpura, Tehsil-Phagi, Jaipur	3
2.	18th AGM	15 <sup>th</sup> September 2010	11.00 A.M.	“Saurabh”, Chittora Road, Harsulia Mod, Diggi-Malpura, Tehsil-Phagi, Jaipur	Nil
3.	19th AGM	27 <sup>th</sup> July 2011	04.30 P.M.	Fortune Park, Bellacasa, Cityplex, 1 Ashram Marg, Tonk Road, Jaipur-302018	6

## 9) Disclosures

- **Financial Statements/Accounting treatments:** In the preparation of Financial Statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.
- **Materially Significant Related Party Transactions:** There have been no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors that may have potential conflict with the interests of the Company
- **Disclosure on Risk Management:** The Board is periodically informed about the key risks and their minimisation procedures. Business risk evaluation and management is an ongoing process within the Company.
- **Details of non-compliance with regard to the capital market:** There have been no instances of non-compliance by the Company and no penalties and/or strictures have been imposed on it by stock exchanges or SEBI or any statutory authority on any matter related to the capital markets during the last three years.
- **CEO and CFO Certification:** The certificate required under clause 49(V) of the listing agreement duly signed by the CEO and General Manager (Finance) was placed before the Board and the same is also provided with this report.
- **Compliance with the mandatory requirements of Clause 49 of the Listing Agreement:** The Company has complied

with all the mandatory requirements of the Code of Corporate Governance as stipulated under the listing agreement. The Company has also obtained a certificate affirming the compliances from M/s Rajvanshi & Associates, Chartered Accountants, the Statutory Auditors of the Company and the same is attached to this Report.

## 10) Means of Communication

- The quarterly, half-yearly and annual results are published in Business Standard in English (Delhi edition), in Nafa Nuksan (Vernacular) in Hindi.
- The results are also posted on the Company’s website [www.gravitaindia.com](http://www.gravitaindia.com)
- The Company’s results and other Corporate Announcements are regularly sent to the BSE Limited and National Stock Exchange Limited.
- These results are not sent individually to the shareholders.
- All price sensitive information is immediately informed to Stock Exchanges before the same is communicated to general public through press releases, if any.

## 11) Management Discussion and Analysis Report

Management Discussion and Analysis Report forms part of this Annual Report.



## 12) General Shareholder Information

### 1. Annual General Meeting

Date	6 <sup>th</sup> August 2012
Venue	“Saurabh Farms”, Chittora Road, Harsulia Mod, Digg Malpura, Tehsil-Phagi, Jaipur 303904 (Rajasthan)
Time	11-30 A.M.
Financial Year	2011-12
Book Closure Dates	Wednesday, 1 <sup>st</sup> August 2012 to Monday, 6 <sup>th</sup> August 2012 (both days inclusive)
Rate of Dividend	30% (₹0.60/- per share)
Date of payment	Between 11 <sup>th</sup> August 2012 to 4 <sup>th</sup> September 2012

### 2. Tentative Financial Calendar (For FY 2012-13)

The tentative schedule of financial results of the Company is as follows:

June Quarter Ending Results	Within 45 days from end of quarter
September Quarter Ending Results	Within 45 days from end of quarter
December Quarter Ending Results	Within 45 days from end of quarter
March Quarter/ Year Ending Results	Within 45 days from end of quarter (Un-audited) OR With in 60 days from end of financial year (Audited)

### 5. Stock Market Data

a) Market price data for the Financial Year 2011-12:

Year and Month	BSE			NSE		
	High (₹)	Low(₹)	Volume in '000 (in No.)	High (₹)	Low(₹)	Volume in '000 (In No)
April 2011	428.90	329.00	6847.209	430.50	329.60	11106.557
May 2011	379.70	332.60	2446.009	380.00	332.00	3400.157
June 2011	391.00	333.35	1649.067	377.70	334.10	2193.602
July 2011	410.00	337.25	1843.218	410.00	335.00	2837.988
Aug 2011	401.95	303.00	2783.393	400.95	302.00	3258.074
Sept 2011	481.50	305.00	10111.690	481.95	292.65	17708.767
Oct 2011	526.10	302.00	8649.337	526.00	353.65	13427.977
Nov 2011	564.50	398.00	4797.475	564.80	397.10	7364.660
Dec 2011	428.35	345.00	2486.431	427.45	345.05	4005.354
Jan 2012	591.60	363.00	3995.930	592.00	363.05	6770.297
Feb 2012	773.70	538.25	2826.631	773.80	538.20	4300.233
March 2012	841.55	600.00	2830.211	841.75	600.00	3973.984

### 3. Listing at Stock Exchanges

The Company's shares are presently listed on BSE Ltd and National Stock Exchange of India Ltd (NSE). The Company has paid listing fees to BSE and NSE for the financial year 2012-13.

### 4. Stock Code

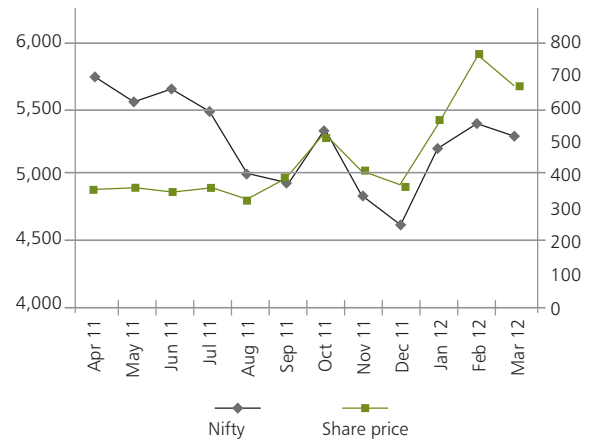
Stock Code for the Equity Shares of the Company at the respective Stock Exchanges are:

BSE Ltd : 533282  
National Stock Exchange : GRAVITA

b) Performance of the Company's Share Price vis-à-vis BSE SENSEX during the year 2011-12

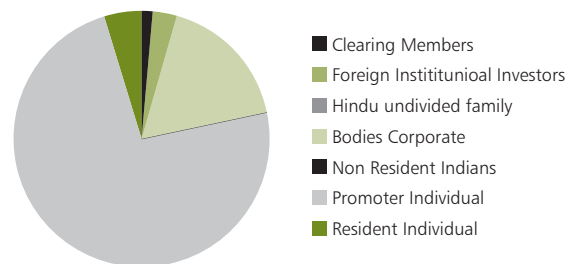


c) Performance of the Company's Share Price vis-à-vis NSE Nifty during the year 2011-12



## 6. Shareholding Pattern as on 31<sup>st</sup> March 2012

Category	Number of Shares	Percentage
Clearing members	194318	1.43
Foreign institutional investor	420034	3.08
Hindu undivided family	24570	0.18
Indian financial institutions	130	0.00
Bodies corporate	2324716	17.07
Non resident Indians	1963	0.01
Promoter individuals	10014000	73.52
Resident individuals	640269	4.70
Grand total	1,36,20,000	100.00



## 7. Distribution Schedule as on 31<sup>st</sup> March 2012

Nominal Value of Each Equity Share is ₹10/-

Number of Equity Shares Held	Number of Share Holders	% of Share Holders	Number of Shares	Amount (In ₹)	% of Total Shares
0001-5000	2173	91.53	102021	1020210.00	0.75
5001-10000	28	1.18	22706	227060.00	0.17
10001-20000	29	1.22	42195	421950.00	0.30
20001-30000	12	0.51	31734	317340.00	0.23
30001-40000	10	0.42	36902	369020.00	0.27
40001-50000	17	0.72	78802	788020.00	0.58
50001-100000	28	1.18	209355	2093550.00	1.54
100001 & Above	77	3.24	13096285	130962850.00	96.15
TOTAL	2374	100.00	13620000	136200000.00	100.00

## 8. Dematerialisation of Shares and Liquidity

The Shares of the Company are required to be traded in the dematerialised form and are available for trading under both the Depository Systems in India – NSDL and CDSL. The annual custody fee for the financial year 2012-13 has been paid to NSDL and CDSL, the Depositories.

Old ISIN- INE024L01019

New ISIN- INE024L01027

## 9. Share Transfer System

The share transfers documents complete in all respects are registered and/or share transfers under objections are returned within stipulated time period.

## 10. Outstanding GDRs/ADRs/Warrants or Any Convertible Instruments

The Company has not issued GDRs / ADRs/ Warrants or any other instruments which is convertible into equity shares of the Company during 2011-12.

## 11. Address for Correspondence

Shareholder's correspondence should be addressed to the Company's RTA at the address mentioned below:

### Registrar and Share Transfer Agents

Mr. T P Raju, General Manager  
Karvy Computershare Pvt Ltd  
Plot No. 17 to 24, Vittal Rao Nagar, Madhapur  
Hyderabad – 500 081. Tel. 040-2342 0818  
Email: einward.ris@karvy.com  
Web site: www.karvy.com

For any further assistance, the shareholder's may Contact:

### Corporate Office

Company Secretary  
Gravita India Limited  
402, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar,  
Jaipur – 302 004, Rajasthan, India  
Tel. 0141-2623266  
Email: companysecretary@gravitaindia.com  
Web Site: www.gravitaindia.com

### Registered Office

Gravita India Limited  
'Saurabh', Chittora Road, Harsulia Mod, Diggi – Malpura,  
Tehsil – Phagi, Jaipur – 303 904, Rajasthan, India  
Tel. 09928070682  
Email: works@gravitaindia.com  
info@gravitaindia.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective depository participant.

In Compliance of Clause 47(f) of the listing agreement, the Company has designated exclusive email ID for redressal of Investor Grievances i.e. companysecretary@gravitaindia.com

## 12. Plant Location

'Saurabh', Chittora Road, Harsulia Mod, Diggi – Malpura, Tehsil – Phagi, Jaipur – 303 904, Rajasthan, India



# CEO/CFO Certification

Date: 25<sup>th</sup> May 2012

To,

The Board of Directors

Gravita India Limited

Jaipur.

We, Rajat Agrawal, Managing Director & CEO and Sunil Kansal, General Manager (Finance)[head of Finance Function and a qualified Chartered Accountant], of Gravita India Limited, on the basis of review of Financial Statements and the Cash Flow Statement for the year ended 31<sup>st</sup> March 2012 and to the best of our knowledge and belief, hereby certify that :

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct;
4. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have

evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies,

5. We have indicated to the Auditors and the Audit Committee
  - a. Significant changes in internal control over financial reporting during the year;
  - b. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - c. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.



# Auditor's Certificate

To,  
The Members  
Gravita India Limited  
Jaipur.

We have examined the Compliance of conditions of Corporate Governance by Gravita India Limited for the year ended on 31<sup>st</sup> March 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with 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 explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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 Rajvanshi & Associates  
Chartered Accountants

Vikas Rajvanshi  
*Partner*

Membership No.: 073670  
Firm Regn. No.: 005069C

Place: Jaipur  
Date: 25<sup>th</sup> May 2012

## Auditor's Report

To  
The Shareholders of  
**GRAVITA INDIA LIMITED**  
Jaipur

1. We have audited the accompanying financial statements of **GRAVITA INDIA LIMITED** which comprise the Balance Sheet as at 31<sup>st</sup> March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
2. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in annexure referred to in paragraph 3 above as required by Section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956; and
  - e. On the basis written representations received from the directors as on 31<sup>st</sup> March 2012, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2012, from being appointed as a director in terms of clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.
  - f. In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
    - i. In the case of Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012;
    - ii. In the case of Profit & Loss Account, of the profit of the Company for the year ended on that date; and
    - iii. In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

## Annexure to the Auditor's Report

(Referred to in paragraph 3 of our report of even date)

- (i) In respect of fixed assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
  - (b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification, as per the explanations provided to us
  - (c) In our opinion and according to the information and explanation given to us, there is no substantial disposal of fixed assets during the year.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its business.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories. As explained to us no material discrepancies were noticed on verification between the physical stocks and the book records.
- (iii) In respect of loans secured or unsecured, taken or granted by the Company to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956:
  - (a) As per information and explanations provided to us, the Company has given loan to subsidiary namely Gravita Exim Limited of ₹905.44 lacs Maximum amount outstanding at any time during the year being ₹421.23 lacs and balance at the year end being ₹287.06 lacs.
  - (b) In our opinion, the rate of interest, where applicable and other terms & conditions on which loans have been given to the parties listed in the register maintained u/s 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
  - (c) In our opinion and according to the information and explanations given to us the receipt of the principal amount and interest as per terms of the agreement are regular.
  - (d) The loan is receivable on demand hence there is no overdue amount in excess of ₹1 Lacs in respect of loans granted to companies, firms or other parties listed in the register maintained under Section 301 of Companies Act, 1956.
  - (e) According to the information and explanations given to us, the Company has taken unsecured loan of ₹2.00 crore from Jalousies India (P) Limited which is a Company in which directors are interested during the year and also repayment was made of the same amount which is covered in the register maintained under Section 301 of the Companies Act, 1956.
  - (f) In our opinion, the rate of interest, where applicable and other terms & conditions on which loans have been taken from the parties listed in the register maintained u/s 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
  - (g) In our opinion and according to the information and explanations given to us the payment of the principal amount was repaid in full along with interest as per terms of the agreement.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

## Annexure to the Auditor's Report (Contd.)

- (v) In respect of Register maintained under Section 301 of the Companies Act, 1956:
- (a) Based on the information and explanations given to us, the transactions pertaining to contracts and arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act, 1956 have been so entered.
- (b) According to information and explanation given to us, there are transactions of purchases and sales entered in the register maintained under Section 301 of the Companies Act, 1956 and prices of such are reasonable having regard to prevailing market prices at the relevant time as explained to us.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposit from Public and companies, therefore burden of Compliance of the provisions the Section 58A and 58AA [clause 4(vi)of the Order] of the Companies Act, 1956 do not arise.
- (vii) In our opinion, the Company has internal audit system commensurate with the size of the Company and nature of its business.
- (viii) As informed to us, Company is maintaining the cost records as prescribed under Section 209(1) (d) of the Companies Act, 1956 by the Central Government for the products of the Company. We have not, however, carried out the detailed examination of the same.
- (ix) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the Company has been regular in depositing undisputed statutory dues including Income Tax, TDS, Sales-tax, VAT, Custom Duty, Excise Duty, Educational Cess and any other dues during the year with the appropriate authorities except in three cases.

Sl. No	Particulars	Amount Involved (₹ in Lacs)	Forum where dispute is pending
1.	The Sales Tax exemption claimed by the Company has been withdrawn and interest of ₹8.69 Lacs was levied by expatriate order.	20.20	Assistant Commissioner, Commercial Taxes Department Special Circle-II Jaipur
2.	Rejection of Central Excise rebate of ₹4.70 lacs and refund of ₹0.05 lacs on exported goods u/s 11B of Central Excise Act 1944	4.75	Central Excise Appellate Tribunal, Delhi (CEGAT)
3.	Scrutiny Assessment Proceedings U/s 143(3) for F.Y 2007-08 A.Y 2008-09	1.55*	CIT (Appeals) III Jaipur

\*The Company has paid ₹1.55 Lacs against the same on protest

- (x) The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.
- (xi) Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions and the banks during the year.
- (xii) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.



## Annexure to the Auditor's Report (Contd.)

- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of the clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) The Company has given guarantees for loans taken by others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the Company.
- (xvi) According to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, the Company has raised four term loans during the year and has applied for the purpose for which they have been raised.
- (xvii) According to the information and explanation given to us, and on an overall examination of the Balance Sheet of the Company, we are of the opinion that there are no funds raised on short-term basis that, prima facie, have been used for the long term investment nor the long term loan have been used to finance short term assets except for permanent working capital.
- (xviii) During the year the Company has not allotted equity shares on preferential basis to the parties covered in the register maintained u/s 301 of the Companies Act, 1956.
- (xix) According to the information and explanation given to us, during the period covered by our audit report, the Company has not issued any debentures. Accordingly, no security/charge has been created in respect of debentures issued.
- (xx) The Company has issued 36,00,000/- Equity Shares of Face value of ₹10/- each at a premium of ₹115/- per share during the Financial Year 2010-2011. The end use of proceeds of the fund raised by public issue has been disclosed by the management in the notes to the accounts which is duly verified by us.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

### For Rajvanshi & Associates

*Chartered Accountants*

Firm Regn. No. : 005069C

### Vikas Rajvanshi

*Partner*

Membership No. : 073670

Place : Jaipur

Date : 25<sup>th</sup> May 2012

## Balance Sheet as at 31<sup>st</sup> March 2012

Particulars	Notes	(₹ in Lacs)	
		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	1,362.00	1,362.00
Reserves & Surplus	2	5,127.00	4,930.05
		<b>6,489.00</b>	<b>6,292.05</b>
<b>Non-Current Liabilities</b>			
Long Term Borrowings	3	111.20	16.63
Deferred Tax Liabilities (net)	4	76.84	60.80
Long Term Provisions	5	35.41	50.08
		<b>223.45</b>	<b>127.51</b>
<b>Current Liabilities</b>			
Short Term Borrowings	6	4,248.81	2,601.94
Trade Payables	7	645.05	643.81
Other Current Liabilities	8	248.45	77.10
Short Term Provisions	9	519.23	685.17
		<b>5,661.54</b>	<b>4,008.03</b>
<b>Total</b>		<b>12,373.99</b>	<b>10,427.59</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	1,140.79	625.94
Intangible Assets	10	6.35	0.05
Non Current Investments	11	1,603.17	999.13
Long Term Loans and Advances	12	5.81	5.06
		<b>2,756.12</b>	<b>1,630.18</b>
<b>Current Assets</b>			
Current Investments	13	2,418.89	2,645.47
Inventories	14	1,566.37	1,641.72
Trade Receivables	15	2,857.75	3,147.52
Cash and Bank Balances	16	265.09	36.75
Short Term Loans and Advances	17	1,295.64	1,090.46
Other Current Assets	18	1,214.13	235.49
		<b>9,617.87</b>	<b>8,797.41</b>
<b>Total</b>		<b>12,373.99</b>	<b>10,427.59</b>
Significant Accounting Policies	A		
Notes to Financial Statements	1 to 38		

As per our report of even date

**For Rajvanshi & Associates**  
Chartered Accountants  
Firm Regn. No. : 005069C

For & on behalf of the Board of Directors

40

**Vikas Rajvanshi**  
Partner  
Membership No. : 073670

**Rajat Agrawal**  
Managing Director

**Rajeev Surana**  
Whole Time Director

Date : 25<sup>th</sup> May 2012  
Place : Jaipur

**Leena Jain**  
Company Secretary

**Statement of Profit and Loss** for the year ended 31<sup>st</sup> March 2012

Particulars	Notes	(₹ in Lacs)	
		Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>INCOME</b>			
Revenue from Operations (gross)	19	20,972.68	20,568.48
Less : Excise Duty		730.59	1,030.29
<b>Revenue From Operation (net)</b>		<b>20,242.09</b>	<b>19,538.19</b>
Other Income	20	431.58	459.73
<b>Total Revenue (I)</b>		<b>20,673.67</b>	<b>19,997.92</b>
<b>EXPENDITURES</b>			
Cost of Material Consumed	21	6,811.02	6,054.78
Purchase of Stock-in-Trade	22	11,562.32	11,018.11
Change in Inventory of Finished Goods, WIP & Stock In Trade	23	(89.82)	219.18
Employee Benefit Expenses	24	616.84	550.16
Finance Costs	25	299.83	170.17
Depreciation and Amortisation Expenses	10	52.09	39.01
Other Expenses	26	446.67	561.29
<b>Total Expenses (II)</b>		<b>19,698.95</b>	<b>18,612.71</b>
<b>Profit Before Exceptional, Extraordinary Items &amp; Tax (I-II)</b>		<b>974.73</b>	<b>1,385.21</b>
Add: Exceptional Items	27	32.17	-
<b>Profit Before Extraordinary Items &amp; Tax</b>		<b>1,006.90</b>	<b>1,385.21</b>
Extraordinary Items			
Prior Period Income (includes write back of excess provision)		1.26	-
<b>Profit Before Tax</b>		<b>1,008.16</b>	<b>1,385.21</b>
<b>Less: Tax Expense</b>			
Prior Period Tax		(0.75)	-
Current Tax		210.58	402.45
Deferred Tax		16.04	9.54
<b>Net Profit for the period</b>		<b>782.29</b>	<b>973.22</b>
<b>Earnings per equity share</b>	28		
Basic		5.74	8.54
Diluted		5.72	8.54
Significant Accounting Policies	A		
Notes to Financial Statements	1 to 38		

As per our report of even date

**For Rajvanshi & Associates**  
Chartered Accountants  
Firm Regn. No. : 005069C

For &amp; on behalf of the Board of Directors

**Vikas Rajvanshi**  
Partner  
Membership No. : 073670

**Rajat Agrawal**  
Managing Director

**Rajeev Surana**  
Whole Time Director

Date : 25<sup>th</sup> May 2012  
Place : Jaipur

**Leena Jain**  
Company Secretary

## Cash Flow Statement for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax	1,008.16	1,385.21
<b>Non-cash adjustments to reconcile profit before tax to net cash flows</b>		
Depreciation of current year	52.09	39.01
Profit on Sale of Investment	(32.17)	-
Loss on sale of fixed asset	3.94	0.45
ESOP Expenses	47.83	-
Interest Paid	299.83	146.58
Interest Received	(181.72)	(27.31)
Income from Investment	(200.26)	-
Dividend from IPO Funds	(149.22)	(251.00)
<b>Operating Profit before working capital change</b>	<b>848.48</b>	<b>1,292.93</b>
Movements in Working Capital:		
Increase/(Decrease) in Trade Payables	1.24	-
Increase/(Decrease) in Long Term Provisions	(20.21)	38.29
Increase/(Decrease) in Other Current Liabilities	171.35	276.13
Decrease/(Increase) in Current Investments	226.58	-
Decrease/(Increase) in Trade Receivable	289.77	(2,242.24)
Decrease/(Increase) in Inventories	75.34	(402.15)
Decrease/(increase) Other Current Assets	(978.63)	(235.49)
<b>Cash generated from/(used in) operating activities</b>	<b>613.91</b>	<b>(1,272.53)</b>
Direct taxes paid	345.52	360.68
<b>Net Cash Flow from Operating Activities</b>	<b>268.39</b>	<b>(1,633.21)</b>
<b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(579.54)	(223.34)
Sale of Fixed Assets	2.37	7.00
Purchase of Investments	(707.63)	(3,025.74)
Sale of Investments	336.03	-
Movement in Loans & Advances	(72.35)	(264.44)
Interest Received	181.72	27.31
Dividend Income	149.22	251.00
<b>Net Cash Flow from Investing Activities</b>	<b>(690.19)</b>	<b>(3,228.20)</b>

**Cash Flow Statement** (Contd.) for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>(C) NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	1,741.44	665.84
Proceeds from Issue of Share Capital	-	4,500.00
Interest Paid	(299.83)	(146.58)
Dividend Paid (including Dividend Distribution Tax)	(791.48)	-
Misc Exp	-	(221.35)
<b>Net Cash Flow from Financing Activities</b>	<b>650.13</b>	<b>4,797.91</b>
Increase in Cash & Bank Balances (A+B+C)	228.34	(63.50)
Add: Opening Cash & Bank Balances	36.75	100.25
<b>Closing Cash &amp; Bank Balances</b>	<b>265.09</b>	<b>36.75</b>

As per our report of even date

**For Rajvanshi & Associates**  
*Chartered Accountants*  
 Firm Regn. No. : 005069C

For &amp; on behalf of the Board of Directors

**Vikas Rajvanshi**  
*Partner*  
 Membership No. : 073670

**Rajat Agrawal**  
*Managing Director*

**Rajeev Surana**  
*Whole Time Director*

Date : 25<sup>th</sup> May 2012  
 Place : Jaipur

**Leena Jain**  
*Company Secretary*

## Notes forming part of Financial Statements for the period 01-Apr-2011 to 31-Mar-2012

### NOTE A

#### 1. Significant Accounting Policies:

##### I. Basis of preparation of Financial Statement

###### (a) Basis of Accounting & preparation:

The financial statements are prepared on the accounting principles of a going concern. The Company follows accrual method of accounting and the financial statements have been prepared in accordance with the historical cost conventions which are in accordance with the Generally Accepted Accounting Principles and the provisions of the Companies Act, 1956. Accounting Policies not specifically referred to otherwise are consistent and in consonance with the applicable Accounting Standards prescribed by the Companies (Accounting Standards) Rules, 2006 to the extent applicable. All expenses and income to the extent ascertainable with reasonable certainty are accounted for on accrual basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained in point II below.

###### (b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year.

Although these estimates are based upon management's best knowledge of current events and actions, accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to accounts to the financial statements.

##### II. Change in basis of presentation and disclosure of financial statements

During the year ended 31<sup>st</sup> March 2012, the revised Schedule VI notified under the Companies Act, 1956, has become mandatory to the Company for preparation and presentation of its financial statements. The adoption of Revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The Company has also re-grouped/re-classified the previous year figures in accordance with the requirements applicable in the current year.

##### III. Valuation of Inventory

Raw materials, components, stores and spares are valued at lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

The stock of Work-in-progress and finished goods of the Business has been valued at the lower of cost and net realisable value. The cost has been measured on the standard cost basis and includes cost of materials and cost of conversion to its present location and conditions. All other inventories of stores, consumables, raw materials are valued at landed cost. The stock of waste is also valued at cost. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Stock - in - Transit is valued at cost.

All items of inventories as certified by the Management are valued on the basis mentioned above.

##### IV. Cash Flow Statement

The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India whereby profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

and item of income or expenses associated with investing or financing cash flow. The cash flows from operating, investing and financing activities of the Company are segregated.

Figures in bracket represent outflow in cash.

Cash & Bank Balances includes ₹8.10 Lacs as Cash in Hand, ₹1.32 Lacs as Cheque in Hand & ₹152.83 Lacs in Current Account, ₹97.52 Lacs in Term Deposit, ₹5.06 Lacs in Unpaid Share Application Money Account & ₹0.27 Lacs in Unpaid Dividend Account.

### V. Prior Period Items

Prior period items means which arise in the current period as a result of 'errors' or 'omissions' in the financial statements prepared in earlier years, effects of changes in estimates of which are not treated as omission or error. Last year provision made of ₹1.26 Lacs was written back during the year.

### VI. Tangible Assets

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of commercial utilisation.

Subsequent expenditure related to an item of fixed assets is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from de-recognition of fixed assets are measured as the difference between net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit and Loss when the asset is de-recognised.

Intangible assets includes software which has been written off over the period of license.

### VII. Depreciation

Depreciation on Fixed Assets is provided, pro rata for the period of use, on Straight Line Method (SLM), as per rates specified in the Schedule XIV to the Companies Act, 1956. The Company has used the following rates to provide depreciation on its fixed assets:

Assets	Rates (SLM)
Buildings	3.34%
Plant & Equipment	4.75%
Furniture & Fixtures	6.33%
Vehicles	9.50%
Electric Equipments	7.07%
Computer & Accessories	16.21%

Individual assets costing less than ₹5,000/- have been fully depreciated in the year of purchase on pro rata basis.

### VIII. Revenue Recognition

Sales and operating income includes sale of products, by-products and waste, and export incentives. Revenue from sale of goods is recognised when all the significant risks and rewards of ownership of the goods have been passed to the buyer. Revenue from export sales are recognised on shipment basis. Sales are stated net of returns, excise duty and Sales Tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.

Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable. Interest income is included under the head "other income" in the Statement of Profit and Loss.

Revenue from job work services is recognised based on the services rendered in accordance with the terms of contracts.

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

Claims receivable on account of Insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

Dividend Income is recognised in the year in which it is declared / received.

### IX. Foreign Currency Transactions

#### Initial recognition

Transactions denominated in foreign currencies are normally recorded in the reporting currency at the exchange rate declared by the custom authorities for the relevant period.

#### Conversion

Monetary Items denominated in foreign currencies at the year end are re-stated at year end rates. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transactions; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

#### Exchange Differences

Exchange Differences arising on the settlement of monetary items or on re-statement of the Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

### X. Investments

Investments are classified as long term or current based on intention of the management at the time of purchase. Initially investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges. Dividend re-invested in case of mutual funds is added to the value of investment in mutual funds while corresponding credit is recorded in the Profit and Loss Statement.

Current investments are carried in the financial statements at lower of cost and fair value. Long-term investments are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the Statement of Profit & Loss.

### XI. Employees benefit

Provident Fund of the Regional Provident Fund Commissioner is a defined contribution scheme, and contribution made to Regional Provident Fund Commissioner is charged to Profit & Loss Account.

Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial basis and is being funded every year through policy of approved fund.

Liability of Leave encashment is accounted for on the basis of actuarial valuation and is being funded through policy of approved fund.

Actuarial gains & losses are charged to Profit & Loss Account.

Bonus is paid to employees on the maximum rate of 20% of Basic Pay as per Payment of Bonus Act, 1965 and to other employees at the rate of 8.33% on Basic Pay and shown as Ex-gratia.

### XII. Employee stock compensation cost

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity settled transactions).

In accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, the cost of equity-settled transaction is measured using the intrinsic (fair) value method and recognised, together with corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognised for equity-settled transactions at each reporting



## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognised in the Statement of Profit and Loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expenses.

### XIII. Borrowing Cost

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds. Borrowing costs that are attributable to the acquisition/construction of qualifying assets are capitalised as part of the cost of such asset up to the date when the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.

### XIV. Earning Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they are entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### XV. Leases

#### a) Where the Company is the Lessee

Lease where the Lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Lease Rentals with respect to assets taken on 'Operating Lease' are charged to the Profit and Loss Account on a straight line basis over the lease term.

Leases where the Lessor effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item are classified as Finance Lease. Assets acquired on 'Finance Lease' which transfer risk and rewards of ownership to the Company are capitalised as assets by the Company at lower of fair value of the leased property or the present value of the minimum lease payments.

Amortisation of capitalised leased assets is computed on the Straight Line method as per rate envisaged in Schedule XIV to the Companies Act, 1956. Lease rental payable is apportioned between principal and finance charge using the internal rate of return method. The finance charge is allocated over the lease term so as to provide a constant periodic rate of interest on the remaining balance of liability.

#### b) Where the Company is Lessor

Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as Finance Leases. Assets given under 'Finance Lease' are recognised as Receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognised in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as Operating Leases. Assets subject to 'Operating Leases' are included in fixed assets. Lease income on an operating lease is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### XVI. Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in Equity is recognised in Equity and not in the Statement of Profit and Loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognised for all taxable timing differences. Deferred tax assets are recognised for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such written-down value is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority.

### XVII. Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Profit and Loss Account.

### XVIII. Provisions and Contingent Liabilities

A provision is recognised if, as a result of a past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

### XIX. Derivatives & Commodity Hedging Transactions

In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company neither hold nor issue any derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 1 SHARE CAPITAL

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Authorised Equity Share Capital</b>		
1,50,00,000 Equity Shares of ₹10/- each	1,500.00	1,500.00
<b>Issued, Subscribed &amp; Paid up Capital</b>		
1,36,20,000 Equity Shares of ₹10/- each fully paid up	1,362.00	1,362.00
	<b>1,362.00</b>	<b>1,362.00</b>

#### a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at	
	31 <sup>st</sup> March 2012 No. of Shares	31 <sup>st</sup> March 2011 No. of Shares
At the beginning of the period	13,620,000	10,020,000
Issued during the year*	-	3,600,000
Equity Shares at the end of the year	13,620,000	13,620,000

\* 3,600,000 Equity Shares issued through IPO during the financial year 2010-11

#### b) Terms/Rights attached to Equity Shares

The Company has only one class of equity shares having a face value of ₹10/- per share. Each equity share holder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of the Company have declared interim dividend @ 10% amounting to ₹1/- per share on the paid up capital of the Company in the meeting held on 3<sup>rd</sup> February 2012.

For the year ended 31<sup>st</sup> March 2012, the amount of per share final dividend recognised as distributions to equity shareholders is ₹3/- per share (31<sup>st</sup> March 2011: ₹4/- per share).

The Company has acquired approval of shareholders by way of postal ballot on 11-May-2012 for sub-division of face value of equity share from ₹10 per share to ₹2 per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts.

#### c) Shares held by the holding/ultimate holding company and/or their subsidiaries/associates: - Nil

#### d) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:

During the F.Y. 2009-10 the Company has allotted one fully paid bonus share against two fully paid equity shares by capitalisation of Reserves amounting to ₹33,400,000/-.

#### e) Details of shareholders holding more than 5% shares in the Company

Equity shares of ₹10/- each fully paid	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of share	% holding	No. of share	% holding
i) Mr. Rajat Agrawal	4,873,095	35.78%	4,873,095	35.78%
ii) Dr. M. P. Agarwal	2,734,665	20.08%	2,734,665	20.08%
iii) Smt. Anchal Agrawal	1,662,450	12.21%	1,662,450	12.21%
iv) Smt. Shashi Agarwal	734,940	5.40%	734,940	5.40%

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### f) Shares reserved for issue under options

The Company has reserved issuance of 681000 Equity Shares of ₹10/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year company has granted 80076 options to the eligible employees at a price of ₹10/- per share plus all applicable taxes, as may be levied in this regard on the Company. The options would vest over a maximum period of 4 year. 16,258 options were lapsed during the year ended 31<sup>st</sup> March 2012. For further details refer to Director's Report.

## 2 RESERVES AND SURPLUS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Capital reserve</b>		
Capital Investment Subsidy		
Opening Balance	13.70	13.70
Less: Transferred to General Reserve (as conditions have been fulfilled)	13.70	-
	-	13.70
<b>Securities Premium Reserve</b>		
Balance as per the last financial statements	3,878.46	-
Add: Proceeds from IPO	-	4,140.00
Less: Amount utilised towards IPO expenses	-	261.54
<b>Closing Balance</b>	<b>3,878.46</b>	<b>3,878.46</b>
<b>Employee stock options outstanding</b>		
Gross employee stock compensation for options granted in earlier years	-	-
Add: gross compensation for options granted during the year	47.83	-
Less: deferred employee stock compensation	-	-
Less: transferred to securities premium on exercise of stock options	-	-
<b>Closing Balance</b>	<b>47.83</b>	<b>-</b>
<b>General reserve</b>		
Balance as per the last financial statements	97.32	-
Add: Amount transferred from Capital Investment Subsidy	13.70	-
Add: Amount transferred from Profit & Loss Account	78.23	97.32
<b>Closing Balance</b>	<b>189.25</b>	<b>97.32</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per Last Financial Statements	940.56	699.95
Profit for the Year	782.29	973.22
Less: Appropriations		
Interim Dividend amount per share ₹1/-	136.20	-
Dividend Tax on Interim Dividend Paid	22.10	-
Proposed Equity Dividend amount per share ₹3/- (₹4/- per share for financial year 2010-11)	408.60	544.80
Tax on Proposed Equity Dividend	66.28	90.48
Transfer to General Reserve	78.23	97.32
<b>Total Appropriations</b>	<b>711.41</b>	<b>732.61</b>
<b>Net Surplus</b>	<b>1,011.45</b>	<b>940.56</b>
<b>Total Reserves and Surplus</b>	<b>5,127.00</b>	<b>4,930.05</b>

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 3 LONG-TERM BORROWINGS

(₹ in Lacs)

Particulars	Non-current Portion		Current Maturities	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Term Loan</b>				
<b>(Secured against Hypothecation of Vehicles)*</b>				
1) Axis Bank Ltd	54.04	3.24	25.74	4.77
2) ICICI Bank Ltd	57.17	8.62	35.55	12.57
3) Punjab & Sind Bank Ltd	-	4.77	6.05	6.83
	<b>111.20</b>	<b>16.63</b>	<b>67.34</b>	<b>24.17</b>

\* Term Loan from Banks/Financial Institutions were taken as under: -

Name of Banks/Financial Institution	Financial Year (in Which loan was taken)	Rate of Interest	Terms of Repayment
1) Axis Bank Ltd Secured by first charge by way of hypothecation of Mercedes - Benz S-Class -350 L	2011-12	9.77%	36 monthly Installments @ ₹260,783/-
2) Axis Bank Ltd Secured by first charge by way of hypothecation of Verna CRDi SX VGT (Euro-III)	2009-10	9.03%	36 monthly Installments @ ₹23,146/-
3) Axis Bank Ltd Secured by first charge by way of hypothecation of Honda Civic 1.8 S AT (Euro-III)	2007-08	10.80%	60 monthly Installments @ ₹21,450/-
4) ICICI Bank Ltd Secured by first charge by way of hypothecation of OPTRA 2.0 LT	2011-12	10.82%	36 Monthly Installments @ ₹27,506/-
5) ICICI Bank Ltd Secured by first charge by way of hypothecation of Innova 2.5 V	2011-12	10.79%	36 Monthly Installments @ ₹38,820/-
6) ICICI Bank Ltd Secured by first charge by way of hypothecation of Audi Q7 QUTT.4.2 TDI	2011-12	10.00%	36 Monthly Installments @ ₹208,000/-
7) ICICI Bank Ltd Secured by first charge by way of hypothecation of I20 Asta CRDI (Euro-IV)	2010-11	8.05%	36 Monthly Installments @ ₹20,248/-
8) ICICI Bank Ltd Secured by first charge by way of hypothecation of Maruti Swift Dzire ZDI (Euro-IV)	2010-11	8.30%	36 Monthly Installments @ ₹21,882/-
9) ICICI Bank Ltd Secured by first charge by way of hypothecation of Corolla Altis D-4D G L	2010-11	7.93%	36 Monthly Installments @ ₹41,363/-
10) ICICI Bank Ltd Secured by first charge by way of hypothecation of I 20 Asta	2010-11	8.05%	36 Monthly installments @ ₹20,248/-

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

Name of Banks/Financial Institution	Financial Year (in Which loan was taken)	Rate of Interest	Terms of Repayment
11) Punjab & Sind Bank Secured by first charge by way of hypothecation of Chevrolet Optra Magnum 2.0 LS TCDI	2008-09	13.25% (floating Rate)	Monthly Installment of ₹18,000/-
12) Punjab & Sind Bank Secured by first charge by way of hypothecation of Ford Fiesta 1.4 Duratorq TDCi Sxi + ABS (Euro-III)	2008-09	13.25% (floating Rate)	Monthly Installment of ₹17,000/-
13) Punjab & Sind Bank Secured by first charge by way of hypothecation of Verna CRD1 SX VGT (Euro-III)	2008-09	13.25% (floating Rate)	Monthly Installment of ₹17,500/-

#### 4 DEFERRED TAX LIABILITY

In View of the Accounting Standard 22 issued by Institute of Chartered Accountants of India, the significant component and classification of deferred tax liability on account of timing difference comprises of the following :

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Difference of W.D.V as per IT Act & as per Companies Act	236.82	183.01
Deferred Tax liability related to Fixed Assets	76.84	60.80
<b>Deferred Tax Liability</b>	<b>76.84</b>	<b>60.80</b>

#### 5 LONG TERM PROVISIONS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Gratuity (Refer Note No.29)	29.21	27.01
Leave Benefits (Refer Note No.29)	6.20	23.07
	<b>35.41</b>	<b>50.08</b>

#### 6 SHORT TERM BORROWINGS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Secured Loan</b>		
Working Capital loan repayable on demand from Punjab National bank		
Cash Credit	367.92	36.57
Packing Credit	555.38	492.52
Foreign Outward Bill Discount	574.08	209.59
Local Bill Discount	384.84	644.62
Foreign Currency Loans - Buyers Credit	2,366.60	1,218.64
	<b>4,248.81</b>	<b>2,601.94</b>

#### For Working Capital Loan from Banks

Working Capital Loan are secured by way of hypothecations (Floating Charge) on stocks (including raw material, work-in-progress, finished goods), Book Debts and/or Equitable mortgage of factory land, buildings, flats, guarantees and Fixed Deposits.

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 7 TRADE PAYABLES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Trade Payables	645.05	643.81

Details of dues to Micro, Small and Medium Enterprises as defined under MSMED Act, 2006

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures regarding:

- Amount due and outstanding to suppliers as at the end of accounting year.
- Interest paid during the year.
- Interest payable at the end of accounting year.
- Interest accrued and unpaid at the end of the accounting year, have not been given.

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

### 8 OTHER CURRENT LIABILITIES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Current Maturities of Long Term Debt (Refer Note No. 3)	67.34	24.17
Advance from Customers	45.47	52.93
Interest accrued but not Due on Borrowings	19.64	-
Application Money Received and Due for Refund (Refer Note No 16)	5.06	-
Unpaid Dividends	0.27	-
Others	110.67	-
	<b>248.45</b>	<b>77.10</b>

### 9 SHORT TERM PROVISIONS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Provision for Employee Benefits</b>		
Bonus & Exgratia	13.97	16.88
<b>Other provisions</b>		
Provision for Expenses	30.38	33.00
Proposed Equity Dividend	408.60	544.80
Provision for Tax on Proposed Equity Dividend	66.28	90.48
<b>Total</b>	<b>519.23</b>	<b>685.17</b>

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 10 DEPRECIATION

Depreciation Chart as per S.L.M. Method for the period from 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012

(₹ in Lacs)

Sl. No.	Name of Asset	Rate of Dep. (In %)	GROSS BLOCK			DEPRECIATION			NET BLOCK		
			As on 1-Apr-2011	Addition	Deductions	As on 31-Mar-2012	As on 1-Apr-2011	For the year	Deductions	Up to 31-Mar-2012	As on 31-Mar-2011
1	Land	-	50.35	217.52	-	267.87	-	-	-	50.35	267.87
2	Buildings	3.34%	158.11	40.40	-	198.51	20.95	3.80	24.75	137.16	173.76
3	Plant & Equipment	4.75%	412.23	97.81	5.26	504.77	121.05	21.10	142.01	291.18	362.77
4	Furniture & Fixtures	6.33%	19.78	2.85	-	22.63	3.89	1.36	5.25	15.89	17.38
5	Vehicles	9.50%	93.52	197.23	2.24	288.51	19.45	10.17	28.50	74.07	260.01
6	Electric Equipments	7.07%	16.42	1.99	-	18.40	3.12	1.29	4.42	13.29	13.99
7	Computer & Accessories	16.21%	71.18	13.91	-	85.09	27.18	12.90	40.08	44.00	45.01
	<b>Total of Tangible Assets</b>		<b>821.59</b>	<b>571.71</b>	<b>7.51</b>	<b>1,385.79</b>	<b>195.65</b>	<b>50.62</b>	<b>245.00</b>	<b>625.94</b>	<b>1,140.79</b>
8	Intangible Assets		0.21	7.84	0.07	7.98	0.15	1.47	1.63	0.05	6.35
	<b>Total of Fixed Assets</b>		<b>821.80</b>	<b>579.54</b>	<b>7.57</b>	<b>1,393.77</b>	<b>195.80</b>	<b>52.09</b>	<b>246.63</b>	<b>626.00</b>	<b>1,147.14</b>



## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 11 NON CURRENT INVESTMENTS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
(Valued at cost/ refer Accounting policy No. X)		
<b>(i) Investment in Equity Instruments (unquoted)</b>		
<b>(a) Investment in Subsidiary companies</b>		
Investment in Gravita Exim Ltd. (1,99,300 Equity Shares @ ₹10.00 Each at premium of ₹2.50 Per Share)	24.91	24.91
Investment in Gravita Ghana Limited (3,14,363 Equity Shares @ GHC 1.00 Each)	123.66	123.66
Investment in Gravita Mozambique LDA (76,18,800 Equity Shares @ MZN 1.00 Each)	124.06	124.06
Investment in Gravita Senegal S.A.U (23,800 Equity Shares @ CFA 10,000.00 Each)	223.93	223.93
Investment in Gravita Infra Private Ltd (6000 Equity Shares @ ₹10 each)	0.60	4.55
Investment in Gravita Energy Ltd (49500 Equity Shares @ ₹10 each)	4.95	4.95
Investment in Gravita Georgia Limited (3,57,410 Equity Shares @ 1.00 GEL Each)	-	97.09
Investment in Floret Tradelink Ltd. (25,450 Equity Shares @ ₹10.00 Each)	-	2.55
<b>(b) Investment in Associates</b>		
Investment in Navam Lanka Limited (3,58,475 Equity Shares @ 100 LKR Each as on 31 <sup>st</sup> March 2012) (3,58,467 Equity Shares @ 100 LKR Each as on 31 <sup>st</sup> March 2011)	171.00	170.99
Investment in Gravita Honduras SA DE CV (85,158 Equity Shares @ 100 LPS Each)	336.25	199.67
<b>(ii) Investment in Limited Liability Partnership Firms</b>		
Investment in M/s Gravita Technomech LLP	1.02	1.02
<b>(iii) Investment in Partnership Firms</b>		
M/s Gravita Technomech	76.50	-
M/s Gravita Metals (Formerly known as M/s K. M. Udyog)	380.00	-
M/s Gravita Metal Inc (Formerly known as M/s Metal Inc)	95.00	-
<b>(iv) Other Investments (unquoted)</b>		
Gratuity Policy with Bajaj Allianz Life Insurance Co. Ltd	28.81	13.89
Leave Encashment Policy with Bajaj Allianz Life Insurance Co. Ltd	12.45	7.83
NSC	0.03	0.03
	<b>1,603.17</b>	<b>999.13</b>
<b>Details of Investments in Partnership Firms</b>		
<b>Investment in M/s Gravita Technomech</b>		
Name of the partner and share in profits		
Gravita India Limited	51.00%	51.00%
Mr. Rajat Agrawal	49.00%	49.00%
<b>Total capital of the firm</b>	<b>150.00</b>	<b>64.50</b>

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 11 NON CURRENT INVESTMENTS (Contd.)

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Investment in Gravita Metals</b>		
Name of the partner and share in profits		
Gravita India Limited	95.00%	55.00%
Gravita Exim Ltd	5.00%	5.00%
Mr. Pravin Jain	-	10.00%
Mr. Kishan Lal	-	10.00%
Mr. Alpesh Kanungo	-	10.00%
Mr. Atul Parmar	-	10.00%
<b>Total Capital of the Firm</b>	<b>400.00</b>	<b>154.45</b>
<b>Investment in Gravita Metal Inc</b>		
Name of the partner and share in profits		
Gravita India Limited	95.00%	-
Gravita Exim Ltd	5.00%	-
Mr. Kamal Alang	-	25.00%
Mr. Rajinder Sharma	-	25.00%
Mr. Arihant Alang	-	25.00%
Mr. Lal Chand Sharma	-	25.00%
<b>Total Capital of the Firm</b>	<b>100.00</b>	<b>44.35</b>

### 12 LONG TERM LOANS AND ADVANCES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Security deposit</b>		
Unsecured and Considered Good	5.81	5.06
	<b>5.81</b>	<b>5.06</b>

### 13 CURRENT INVESTMENTS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
(Refer Accounting Policy No. X for basis of valuation)		
<b>Current Capital in Partnership Firms</b>		
M/s Gravita Technomech	271.23	-
M/s Gravita Metals	524.79	-
M/s Gravita Metal Inc	208.00	-
<b>Investment in Mutual Funds out of IPO Fund</b>	<b>1,414.86</b>	<b>2,645.47</b>
	<b>2,418.89</b>	<b>2,645.47</b>

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 14 INVENTORIES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
(At Lower of cost and Net Realisable Value/ Refer Accounting Policy No. III)		
Raw Material	143.99	614.40
Work-in-progress	95.50	81.81
Finished Goods	333.19	257.06
Consumables	47.73	64.03
Stock-in-Transit	889.14	624.41
Stores & Spares	56.82	-
	<b>1,566.37</b>	<b>1,641.72</b>

### 15 TRADE RECEIVABLES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Doubtful*	5.64	6.00
*Legal Case filed against Sun System u/s 138 of the Negotiable Instrument Act, 1881		
<b>Total (A)</b>	<b>5.64</b>	<b>6.00</b>
Other Trade Receivables		
Secured and Considered Good	958.92	854.21
Unsecured and Considered Good	1,893.19	2,287.31
<b>Total (B)</b>	<b>2,852.11</b>	<b>3,141.52</b>
<b>Total (A + B)</b>	<b>2,857.75</b>	<b>3,147.52</b>

### 16 CASH AND BANK BALANCES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Balances with banks:		
In current accounts	152.83	24.31
Deposits with original maturity of less than three months	97.52	-
In Unpaid Share Application Money*	5.06	-
In Unpaid Dividend Account	0.27	-
Cheques/drafts on hand	1.32	5.54
Cash in hand	8.10	6.91
	<b>265.09</b>	<b>36.75</b>

\*Unpaid Share Application money of ₹17.31 lacs, was remained unreflected in the balance sheet as on 31.03.2011, which has no impact on Profit and Loss of the Company. The figure has been now incorporated in the balance sheet as on 31.03.2012.

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 17 SHORT TERM LOANS AND ADVANCES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
(Unsecured and Considered Good)		
Capital Advances	64.61	-
Security Deposit	5.14	27.67
Loan and Advances to Related Parties (Refer Note no. 32)	322.02	426.14
Advances recoverable in cash or in kind	714.82	555.34
<b>Other loans and advances</b>		
Advance income-tax (net of provision for taxation)	91.82	(41.77)
Prepaid expenses	17.32	17.41
Advance to employees including Imprest*	5.32	1.67
Balances with statutory/government authorities	59.05	104.01
Other	15.55	-
<b>Total</b>	<b>1,295.64</b>	<b>1,090.46</b>
* Loans and advances due to directors or other officers, etc.		
Loan to employees include		
Dues to officers	6.46	4.66

### 18 OTHER CURRENT ASSETS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Deposits with Original Maturity for more than 3 months but less than 12 months	1,171.00	228.49
Interest Accrued on Fixed Deposits	43.12	7.00
	<b>1,214.13</b>	<b>235.49</b>

### 19 REVENUE FROM OPERATIONS

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>Revenue from operations</b>		
Sale of products		
Manufacturing*	7,833.90	7,884.90
Trading	12,933.54	12,678.74
<b>Revenue from operations (gross)</b>	<b>20,767.45</b>	<b>20,563.64</b>
Less: Excise duty	730.59	1,030.29
<b>Revenue from operations (net)</b>	<b>20,036.86</b>	<b>19,533.35</b>
<b>Other operating revenue</b>		
Income from Partnership Firms	200.26	-
Export Incentive	4.40	3.64
DEPB Income	0.57	1.21
<b>Total Revenue from Operation</b>	<b>20,242.09</b>	<b>19,538.19</b>
*Details of products sold		
Refined Lead Ingots	2,117.26	3,272.06
Lead Alloys	5,010.19	4,200.86
Re-melted Lead Ingots/Re-melted Blocks	9,637.22	9,411.71
Lead Concentrate	2,166.00	1,551.78
others	1,836.77	2,127.22
	<b>20,767.45</b>	<b>20,563.64</b>

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 20 OTHER INCOME

Particulars	₹ in Lacs	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Job Work Income	21.94	5.80
Profit on DEP B License	24.64	9.71
Sundry balance write back	-	1.45
<b>Interest income on</b>		
Bank deposits	52.85	7.58
Loans & Advances	128.87	19.73
Income from Dividend on Current investments	149.22	63.43
Income from Employee benefit funds	2.67	-
Foreign Exchange difference	-	164.46
Income from Hedging	11.86	-
Income from Dividend from Subsidiaries	-	187.57
Other non-operating income	39.53	-
	<b>431.58</b>	<b>459.73</b>

### 21 COST OF RAW MATERIAL AND CONSUMABLES

Particulars	₹ in Lacs	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>Material Consumed *</b>		
Opening Stock	1,238.81	658.02
Add: Purchases	5,797.52	5,888.14
Add: Import Expenses	267.46	366.01
Add: Freight inward-import & Local	66.51	106.79
Less: Closing stock of Materials #	(143.99)	(614.40)
Less: Stock In Transit #	(889.14)	(624.41)
<b>Total (A)</b>	<b>6,337.17</b>	<b>5,780.16</b>
<b>Consumables Consumed</b>		
Opening stock of consumables	64.03	23.49
Add: Purchase of Consumables	453.57	307.84
Add: Freight Inward	3.98	7.32
Less: Closing Stock of consumable #	(47.73)	(64.03)
<b>Total (B)</b>	<b>473.85</b>	<b>274.63</b>
<b>Total (A) + (B)</b>	<b>6,811.02</b>	<b>6,054.78</b>
<b>* Details of raw material Consumed</b>	<b>2011-12</b>	<b>2010-11</b>
Re-melted Lead	2,709.11	3,760.71
Lead scrap	2,598.84	1,173.78
Refined Lead Ingot	413.94	758.98
Lead Concentrate	290.77	139.73
Battery Scrap & Battery Plate & Dust	238.24	194.13
Others	560.11	27.45
	<b>6,811.02</b>	<b>6,054.78</b>

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 21 COST OF RAW MATERIAL AND CONSUMABLES (Contd.)

Particulars	Year ended	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
# Details of closing inventory	2011-12	2010-11
Raw materials and components including Stock In Transit		
Battery Scrap & Battery Plate & Dust	114.47	31.01
Lead Concentrate	366.91	282.95
Lead Scrap	228.68	562.67
Remelted Lead Ingots	209.26	232.98
Others	161.55	129.20
	<b>1,080.86</b>	<b>1,238.81</b>

### 22 PURCHASE OF STOCK IN TRADE

Particulars	Year ended	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Domestic *	423.84	1,500.43
Import *	11,138.47	9,517.68
<b>Total</b>	<b>11,562.32</b>	<b>11,018.11</b>
* Details of purchase of traded goods	2011-12	2010-11
Remelted Lead Ingots	8,023.19	7,112.87
Lead Concentrate	1,242.49	801.00
Refined Lead Ingots	108.26	915.49
Others	2,188.37	2,189.76
	<b>11,562.32</b>	<b>11,018.11</b>

### 23 (INCREASE)/DECREASE IN INVENTORY

Particulars	Year ended	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Closing stock		
Finished/Traded Goods *	333.19	257.06
Work in Process #	95.50	81.81
Less :Opening Stock		
Finished/Traded Goods	257.06	541.26
Work in Process	81.81	16.80
<b>Total</b>	<b>(89.82)</b>	<b>219.18</b>
* Details of Inventory		
Traded goods		
Remelted Lead Ingots	187.70	8.86
Lead Concentrate	25.35	67.80
Others	5.74	6.31
	<b>218.79</b>	<b>82.96</b>
# Work-in-progress		
Ash & Residues	61.74	25.95
Lead Alloys scrap	6.47	36.72
Material in Process	9.39	-
Others	17.91	19.15
	<b>95.50</b>	<b>81.81</b>

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 23 (INCREASE)/DECREASE IN INVENTORY (Contd.)

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>* Finished goods</b>		
Refined Lead Ingots	-	7.84
Lead Alloys	69.95	64.12
Lead Ingots	27.50	92.61
Others	16.95	9.53
	<b>114.40</b>	<b>174.10</b>

### 24 EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Salaries, wages	514.67	472.63
Contribution to Provident and Other Fund	15.06	9.48
Gratuity expense (Note No.29)	2.19	13.63
Leave Encashment Expenses (Note No.29)	(4.10)	16.57
Bonus & Exgratia Expenses	12.54	20.88
Staff welfare expenses	28.64	16.97
Employee stock option scheme	47.83	-
	<b>616.84</b>	<b>550.16</b>

### 25 FINANCE COSTS

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Interest Expenses	142.70	146.58
Bank charges	90.66	66.50
<b>Amortisation of ancillary borrowing costs:</b>		
Foreign Exchange difference to the extent considered as an adjustment to borrowing costs	66.47	(42.91)
	<b>299.83</b>	<b>170.17</b>

### 26 OTHERS EXPENSES

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Job Work Charges	18.02	9.13
Power and fuel Expenses	19.74	14.33
Laboratory Expenses	1.59	-
Freight and Forwarding Charges	132.84	155.11
Rent Expenses	18.46	9.37
Insurance Expenses	3.76	8.68
<b>Repairs and Maintenance:</b>		
Plant and Machinery	14.13	41.45
Buildings	6.78	15.42
Others	8.73	2.93

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 26 OTHERS EXPENSES (Contd.)

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Testing Charges	3.20	1.19
Advertising and Sales Promotion	38.05	21.56
Donation	3.08	1.31
Electricity Expenses	5.04	4.33
Sales commission Expenses	28.15	36.36
Travelling and conveyance Expenses	51.61	64.97
Communication Expenses	12.75	9.70
Printing and stationery Expenses	7.66	6.54
Postage & Courier Expenses	6.21	4.86
Legal and Professional Fees	44.19	44.30
Office Expenses	4.94	8.68
Payment to auditor (Refer details below)	2.90	3.79
Training & Recruitment Expenses	8.01	21.87
Rebate & Discount	1.42	57.09
Miscellaneous expenses	1.47	1.08
Loss on sale of fixed assets (net)	3.94	-
R & D Expenses	-	17.25
	<b>446.67</b>	<b>561.29</b>
<b>Payment to auditor</b>	<b>2011-12</b>	<b>2010-11</b>
<b>As auditor:</b>		
Statutory & Tax Audit Fees	2.50	1.90
<b>In other capacity:</b>		
Other services (certification fees)	0.40	1.89
	<b>2.90</b>	<b>3.79</b>

### 27 EXCEPTIONAL ITEMS

Exceptional items includes profit on sale of subsidiary amounting to ₹ 32.17 Lacs

### 28 EARNINGS PER SHARE (EPS)

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	782.29	973.22
ii) Weighted Average number of equity Shares used as denominator for calculating EPS	13,620,000	11,390,959
iii) Basic Earnings per share	5.74	8.54
iv) Weighted Average number of equity shares used as denominator for calculating Diluted EPS	13,682,160	11,390,959
v) Diluted Earnings per Share	5.72	8.54
vi) Face Value per equity Share	₹10	₹10



## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 29 GRATUITY AND LEAVE ENCASHMENT

The liability in respect of payment under employees leave encashment and gratuity has been provided on actuarial valuation in line with Accounting Standard 15 (Revised). (₹ in Lacs)

Particulars	Gratuity		Leave Encashment	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>I. Changes in Present value of obligations</b>				
Mortality Table (LIC)	(1994-96)	(1994-96)	(1994-96)	(1994-96)
Valuation Rate of Interest	8.00%	8.00%	8.00%	8.00%
Salary Inflation Rate	5.00%	5.00%	5.00%	5.00%
Retirement Age	58	58	58	58
<b>II. Change in Benefit Obligation</b>				
Opening Defined Benefit	27.01	13.38	23.07	8.66
Obligation Service Cost for the year	2.19	13.63	(4.10)	16.57
Payment Made during the year	-	-	(12.77)	(2.16)
<b>Closing defined benefit obligation</b>	<b>29.21</b>	<b>27.01</b>	<b>6.20</b>	<b>23.07</b>

### 30 LEASES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Total of future minimum lease payments under operating lease for each of the following period are as under		
A) Not Later than one Year	13.57	11.52
B) Later than one year and not later than 5 years	-	6.90
C) Later than 5 years	-	-
	<b>13.57</b>	<b>18.42</b>

The Company has taken certain assets on Operating Lease agreement with:

#### A. Rajat Agrawal

Major terms of the Agreement are as under:

- Monthly Lease Rent ₹35,000/-
- Tenure of the lease: Lease agreement valid till dated 30<sup>th</sup> November, 2012

#### B. Rajat Agrawal

Major terms of the Agreement are as under:

- Monthly Lease Rent ₹35,000/-
- Tenure of the lease: Lease agreement valid till dated 30<sup>th</sup> November, 2012

#### C. Rajat Agrawal

Major terms of the Agreement are as under:

- Monthly Lease Rent ₹130,000/-
- Tenure of the lease: Lease agreement valid till dated 14<sup>th</sup> September 2012

#### D. Saurabh Farms Limited

Major terms of the Agreement are as under:

- Monthly Lease Rent ₹2,000/-
- Tenure of the lease: Lease agreement valid till dated 30<sup>th</sup> November, 2012

#### E. Archana Gupta & Vijay Gupta

Major terms of the Agreement are as under:

- Monthly Lease Rent ₹13,128/-
- Tenure of the lease: Lease agreement valid till dated 31<sup>st</sup> August 2012

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 31 SEGMENT REPORTING

The Company is a one-segment company in the business of Lead Smelting & Refining. Hence, no further disclosures are required under AS-17, other than those already provided in the financial statements.

### 32 RELATED PARTY DISCLOSURE

#### a. List of Subsidiaries

- i) Gravita Exim Limited
- ii) Gravita Ghana Limited
- iii) Gravita Mozambique LDA
- iv) Gravita Senegal S.A.U
- v) Gravita Energy Limited
- vi) Gravita Infra Pvt. Ltd.
- vii) Gravita Technomech LLP
- viii) M/s Gravita Technomech
- ix) M/s Gravita Metals (formerly known as M/s KM Udyog)
- x) M/s Gravita Metal Inc (formerly known as M/s Metal Inc)
- xi) Gravita Georgia Limited (Subsidiary upto 23<sup>rd</sup> September 2011)
- xii) Floret Tradelink Limited (Subsidiary upto 18<sup>th</sup> May 2011)
- xiii) Penta Exim Limited (Subsidiary upto 6<sup>th</sup> May 2011)

#### b. Associates

- i) Navam Lanka Ltd.
- ii) Gravita Honduras SA DE CV
- iii) Pearl Landcon Pvt Limited

#### c. Enterprises having same Key Management Personnel and/or their relatives as the reporting enterprise:

- i) Gravita Impex Pvt. Limited
- ii) Saurabh Farms Limited
- iii) Gravita Honduras SA DE CV
- iv) Gravita Metal Inc (formerly known as Metal Inc)
- v) Navam Lanka Limited
- vi) Shah Buildcon Pvt. Limited
- vii) Jalousies India Pvt. Limited
- viii) Surana Professional Services Pvt Limited
- ix) Gravita Exim Ltd.
- x) Gravita Energy Ltd.
- xi) Gravita Infra Pvt. Ltd.
- xii) Gravita Technomech LLP.
- xiii) M/s Gravita Technomech
- xiv) M/s Gravita Metals (formerly known as M/s KM Udyog)
- xv) Gravita Ghana Ltd.
- xvi) R. Surana & Company
- xvii) Surana Associates

#### d. Key Management Personnel

- i) Dr. Mahavir Prasad Agarwal
- ii) Shri Rajat Agrawal
- iii) Shri Rajeev Surana

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

Related Party Transactions (Figures shown in bracket relate to FY 2010-11)

### e. Sale/purchase of goods and services

(₹ in Lacs)

Particulars	Sale of Goods	Purchase of Goods	Amount Owed by related parties	Amount Owed to related parties
<b>Subsidiaries</b>				
Gravita Senegal S.A.U	-	2,726.56	-	78.97
	-	(544.23)	-	(110.21)
Gravita Ghana Ltd.	-	2,506.08	-	282.40
	-	(995.89)	-	(84.93)
Gravita Georgia Ltd.	-	671.94	-	-
	-	(683.80)	-	(76.76)
Gravita Exim Ltd.	0.51	3.20	1.32	-
	(3.82)	(32.18)	-	(5.19)
Penta Exim Ltd. (discontinued w.e.f. 7 <sup>th</sup> May 2011)	-	-	-	-
	(11.83)	(152.27)	-	-
Floret Tradelink Ltd (discontinued w.e.f. 19 <sup>th</sup> May 2011)	-	-	-	-
	(2.34)	-	-	-
<b>Associates</b>				
Navam Lanka Limited	5.69	1,743.17	-	121.47
	(44.10)	(516.14)	(2.50)	(9.82)
Gravita Honduras SA DE CV	28.57	661.56	-	12.76
	(118.23)	-	-	-

### f. Loans given and repayment thereof

(₹ in Lacs)

Particulars	Loan Given	Repayment	Interest Accrued	Amount Owed by related parties
<b>Subsidiaries</b>				
Gravita Technomech LLP	-	296.48	-	-
	(296.48)	-	-	(296.48)
Floret Tradelink Ltd. (discontinued w.e.f. 19 <sup>th</sup> May 2011)	6.00	-	0.65	7.47
	(48.50)	(55.45)	(2.33)	(5.27)
Gravita Exim Ltd.	905.44	738.27	16.94	287.07
	(566.50)	(471.65)	(10.90)	(104.66)

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

Amount due from Subsidiaries/Associates Companies as given below: -

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	Closing Balance	Maximum Outstanding	Closing Balance	Maximum Outstanding
Gravita Mozambique LDA	0.22	4.27	4.25	33.01
Gravita Senegal S.A.U	-	-	6.39	10.92
Gravita Ghana Limited	0.21	0.28	-	-
Floret Tradelink Ltd.	-	-	5.26	55.06
Gravita Exim Ltd	287.07	421.23	104.66	307.55
Gravita Georgia Ltd.	-	-	2.31	2.40
Gravita Honduras SA DE CV	26.31	37.95	7.02	7.02
Gravita Technomech LLP	-	296.48	296.48	296.48
Gravita Energy Limited	4.94	4.94	-	-
Gravita Infra Private Limited	2.83	2.83	-	-
Navam Lanka Limited	0.55	0.55	-	-

g. Loans taken and repayment thereof

(₹ in Lacs)

Particulars	Loan Taken	Repayment	Interest Accrued	Amount Owed to related parties
Loans taken and repayment thereof/ from in which directors are interested				
Jalousies India Pvt Ltd	200.00	200.00	1.89	-
	-	-	-	-
Key Management Personnel				
Dr. M P Agarwal	-	-	-	-
	(41.50)	(41.50)	-	-
Shri Rajat Agrawal	-	-	-	-
	(25.00)	(25.00)	-	-

h. Remuneration to key managerial personnel

(₹ in Lacs)

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Mr. Rajat Agrawal	36.00	48.00
Dr. M.P. Agarwal	36.00	48.00
Mr. Rajeev Surana	26.00	36.00
Relative of Key Management Personnel		
Mrs. Shashi Agarwal	0.78	6.17
<b>Total</b>	<b>98.78</b>	<b>138.17</b>

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### i. Other Transaction with Related Parties/Key Managerial Personnel/Relative of Key Managerial Personnel (₹ in Lacs)

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Gravita Georgia Limited (Disinvestment)	97.09	-
Floret Tradelink Limited (Disinvestment)	2.55	-
Gravita Metals (Investment Made)	380.00	-
Gravita Metal Inc (Investment Made)	95.00	-
Gravita Technomech (Investment Made)	76.50	-
Gravita Infra Pvt Ltd (refund of application money)	(3.95)	4.55
Saurabh Farms Limited (Rent Paid)	0.20	0.13
Navam Lanka Limited (Dividend Received)	-	84.88
Navam Lanka Limited (Investment Made)	0.01	-
Floret Tradelink Ltd (Investment Made)	-	2.04
Gravita Energy Ltd (Investment Made)	-	4.95
Gravita Technomech LLP (Investment Made)	-	1.02
Gravita Mozambique LDA (Investment Made)	-	31.98
Gravita Senegal SAU (Investment Made)	-	182.77
Gravita Ghana Limited (Dividend Received)	-	102.69
Gravita Honduras SA DE CV (Investment Made)	136.58	139.73
Mr. Rajat Agrawal (Rent Paid) (Rent Outstanding as on 31-Mar-2012 ₹10,800/-)	15.21	7.42
Rajeev Surana HUF (Rent Paid) (Rent Outstanding as on 31-Mar-2012 ₹32,340/-)	3.27	3.96

### 33 CONTINGENT LIABILITIES

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Bank Guarantees to Custom authorities for import of Raw material against Advance licences:	-	7.77
Letter of Credit for import of raw material	21.74	35.70
Bank Guarantee to BSE	22.50	22.50

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 34 UTILIZATION OF MONEY RAISED THROUGH IPO FUNDS

Particulars of Funds Utilisation	Revised Objects as approved at AGM held on 27/7/2011	Actual Utilisation As at 31 <sup>st</sup> March 2012	Objects as per Prospectus	(₹ in Lacs)
				Actual Utilisation As at 31 March 2011
Set up additional manufacturing facilities at:				
- Jaipur	723.00	371.43	723.00	14.48
- Maharashtra	-	-	579.00	-
Invest in overseas ventures at:				
Navam Lanka Ltd, Sri Lanka	178.00	0.01	150.00	-
Gravita Senegal SAU, Senegal	182.77	182.77	200.00	182.77
Gravita Honduras SA DE CV, Honduras	358.34	336.25	235.00	199.67
Invest in Partnership Firms:				
M/s Gravita Metals, Jammu	750.00	750.00	-	-
M/s Gravita Metal Inc, Kathua	300.00	300.00	-	-
M/s Gravita Technomech, Jaipur (SEZ Unit)	245.00	245.00	-	-
Invest in setting up manufacturing facilities at Australia, Belarus, Chile and Mexico	930.00	-	1,860.00	-
Margin money for working capital requirement	1,200.00	1,200.00	1,000.00	1,000.00
General corporate purposes	90.00	90.00	50.00	80.11
Expenses of the issue	261.54	261.54	312.00	261.54
<b>Total</b>	<b>5,218.65</b>	<b>3,737.00</b>	<b>5,109.00</b>	<b>1,738.57</b>

### 35 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

The Company used forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transaction and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purpose. There are no outstanding foreign currency contracts as on 31-Mar-2012.

The foreign currency exposure not hedged as at 31-Mar-2012 is as under:

Currency	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	Payable	Receivable	Payable	Receivable
In Rs. Equivalent	575.91	1,397.28	472.23	1139.32
In USD	\$7.58	\$23.22	\$10.58	\$24.16
In Euro	EUR 0.00	EUR 3.12	EUR 0.00	EUR 0.96

There is outstanding Buyers Credit as on 31<sup>st</sup> March 2012 in Foreign Currency against purchase of raw material which is as below:

Currency	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012 Payables	As at 31 <sup>st</sup> March 2011 Payables
In Rs.	2,366.60	1218.64
In USD	\$46.26	\$27.69

## Notes forming part of Financial Statements (Contd.) for the Period 01-Apr-2011 to 31-Mar-2012

### 36 VALUE OF IMPORTS CALCULATED ON CIF BASIS

Particulars	Year ended	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
Raw Material (including material in transit)	6,745.61	7,505.40

(₹ in Lacs)

### 37 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	Year ended	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
1) Bank charges	20.23	6.31
2) Tour & Travelling	4.14	10.32
3) Visa Expenses	-	0.06
4) Subscription & Membership	1.61	1.03
5) Business Promotion Exp.	1.09	7.91
6) Commission on sales	20.19	8.17
7) Overseas Allowances	-	0.28
8) Freight Inward	-	2.14
9) IHC Charges	-	0.43
10) Ocean freight	-	1.15
11) Bank Interest	55.41	15.90
12) Swift Charges	0.36	0.90
<b>Total</b>	<b>103.03</b>	<b>54.60</b>

(₹ in Lacs)

### 38 EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

Particulars	Year ended	
	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2011
1) Export of Goods Calculated on FOB Basis	10,946.81	7,511.29
2) Service Charge Income	39.11	-
3) Dividend Received	-	187.57
4) Foreign Exchange Rate Difference	(66.47)	123.27
<b>Total</b>	<b>10,919.45</b>	<b>7,822.13</b>

(₹ in Lacs)

As per our report of even date

For Rajvanshi &amp; Associates

Chartered Accountants

Firm Regn. No. : 005069C

For &amp; on behalf of the Board of Directors

Vikas Rajvanshi

Partner

Membership No. : 073670

Date : 25<sup>th</sup> May 2012

Place : Jaipur

Rajat Agrawal

Managing Director

Rajeev Surana

Whole Time Director

Leena Jain  
Company Secretary

## Consolidated Auditor's Report

To  
The Board of Directors of  
**GRAVITA INDIA LIMITED**

We have audited the accompanying Consolidated Financial Statements of **GRAVITA INDIA LIMITED** ("the Company") and its subsidiaries, which comprise the Consolidated Balance Sheet as at 31<sup>st</sup> March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial Position, Consolidated Financial Performance and Consolidated Cash Flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion and to the best of our information and according to the explanations given to us, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2012;
- (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

**For Rajvanshi & Associates**

*Chartered Accountants*

Firm Regn. No. : 005069C

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**Vikas Rajvanshi**

*Partner*

Membership No. : 073670

Place : Jaipur

Date : 25<sup>th</sup> May 2012



**Consolidated Balance Sheet** as at 31<sup>st</sup> March 2012

Particulars	Notes	(₹ in Lacs)	
		As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	1	1,362.00	1,362.00
Reserves & Surplus	2	7,284.19	6,387.12
		<b>8,646.19</b>	<b>7,749.12</b>
<b>Minority Interest</b>		180.32	228.19
<b>Non-Current Liabilities</b>			
Long-term Borrowings	3	989.30	34.08
Deferred Tax Liabilities (Net)	4	85.95	68.66
Long-term Provisions	5	52.22	61.44
		<b>1,127.47</b>	<b>164.18</b>
<b>Current Liabilities</b>			
Short-term Borrowings	6	4,999.65	2,784.29
Trade Payables	7	643.50	373.99
Other Current Liabilities	8	447.31	511.58
Short-term Provisions	9	643.73	838.57
		<b>6,734.19</b>	<b>4,508.43</b>
<b>Total</b>		<b>16,688.17</b>	<b>12,649.92</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	10	3,165.99	1,941.77
Intangible Assets	10	120.86	85.26
Capital Work-in-Progress	10	86.22	-
Non-current Investments	11	627.58	494.32
Long-term Loans and Advances	12	12.73	5.05
		<b>4,013.38</b>	<b>2,526.40</b>
<b>Current Assets</b>			
Current investments	13	1,417.86	2,645.47
Inventories	14	2,819.48	2,291.47
Trade Receivables	15	4,484.46	3,503.26
Cash and Bank Balances	16	562.57	155.89
Short-term Loans and Advances	17	2,059.93	1,264.75
Other Current Assets	18	1,330.49	262.68
<b>Short-term Loans and Advances</b>		<b>12,674.79</b>	<b>10,123.52</b>
<b>Total</b>		<b>16,688.17</b>	<b>12,649.92</b>
Significant Accounting Policies	A		
Notes to Financial Statements	1 to 37		

As per our report of even date

**For Rajvanshi & Associates**  
Chartered Accountants  
Firm Regn. No. : 005069C

For &amp; on behalf of the Board of Directors

**Vikas Rajvanshi**  
Partner  
Membership No. : 073670

**Rajat Agrawal**  
Managing Director

**Rajeev Surana**  
Whole Time Director

Date : 25<sup>th</sup> May 2012  
Place : Jaipur

**Leena Jain**  
Company Secretary

## Statement of Consolidated Profit & Loss for the year ended 31<sup>st</sup> March 2012

Particulars	Notes	(₹ in Lacs)	
		Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>INCOME</b>			
Revenue from Operations (gross)	19	27,580.12	26,398.52
Less: Excise Duty		730.59	1,030.29
<b>Revenue from Operations (net)</b>		<b>26,849.53</b>	<b>25,368.23</b>
Other Income	20	490.52	322.46
<b>TOTAL (I)</b>		<b>27,340.05</b>	<b>25,690.69</b>
<b>EXPENSES</b>			
Cost of Material Consumed	21	15,942.10	14,494.89
Purchase of Stock in Trade	22	6,480.93	5,974.23
Change in Inventory of Finished Goods, WIP & Stock In Trade	23	(466.13)	282.64
Employee Benefit Expenses	24	1,346.52	1,133.55
Finance Cost	25	254.11	203.40
Depreciation and Amortisation Expenses	10	151.72	116.13
Other Expenses	26	1,618.52	1,470.39
<b>Total (II)</b>		<b>25,327.77</b>	<b>23,675.23</b>
<b>Profit Before Exceptional, Extraordinary Items &amp; Tax(I-II)</b>		<b>2,012.28</b>	<b>2,015.46</b>
Add: Prior Period Income	27	3.64	-
Less : Exceptional Items	28	(111.61)	(51.25)
<b>Profit Before Extraordinary Items &amp; Tax</b>		<b>1,904.31</b>	<b>1,964.21</b>
Less: Extraordinary Items		-	-
<b>Profit Before Tax</b>		<b>1,904.31</b>	<b>1,964.21</b>
<b>Less: Tax Expense</b>			
Prior Period Tax		11.82	-
Current Tax		298.27	472.36
Deferred Tax		17.29	11.95
Profit for the period before Minority Interest		1,576.93	1,479.90
Less: Minority Interest		72.55	5.17
<b>Surplus during the year transferred to Balance Sheet</b>		<b>1,504.38</b>	<b>1,474.73</b>
<b>Earnings Per Equity Share</b>			
Basic		11.05	12.95
Diluted		11.00	12.95
Significant Accounting Policies	A		
Notes to Financial Statements	1 to 37		

As per our report of even date

For **Rajvanshi & Associates**  
Chartered Accountants  
Firm Regn. No. : 005069C

For & on behalf of the Board of Directors

**Vikas Rajvanshi**  
Partner  
Membership No. : 073670

**Rajat Agrawal**  
Managing Director

**Rajeev Surana**  
Whole Time Director

Date : 25<sup>th</sup> May 2012  
Place : Jaipur

**Leena Jain**  
Company Secretary

## Statement of Consolidated Cash Flow for the year ended 31<sup>st</sup> March 2012

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>(A) NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	1,904.31	1,964.22
<b>Non-cash adjustments to reconcile Profit Before Tax to Net Cash Flows</b>		
Depreciation for the year	151.72	116.13
Loss/(profit) on Sale of Fixed Assets	5.18	-
Loss/(profit) on Sale of investments	111.61	51.25
Misc. Expenses Written off	-	82.17
Share in Profit of Associates	(52.35)	(42.03)
Employee Stock Compensation Expense	47.83	-
Unrealised Foreign Exchange Loss	(21.97)	(38.55)
Finance Expenses	254.11	300.88
Interest Income	(132.69)	(22.36)
Dividend income	(149.44)	(148.31)
<b>Operating Profit before Working Capital changes</b>	<b>2,118.31</b>	<b>2,263.41</b>
Movements in Working Capital :		
Increase / (decrease) in Trade Payables	269.51	(204.37)
Increase / (decrease) in Long-term Provisions	(9.22)	31.63
Increase / (decrease) in Short-term Provisions	(69.24)	(384.40)
Increase / (decrease) in Other Current Liabilities	(64.26)	-
Decrease / (increase) in Trade Receivables	(981.20)	(1,921.68)
Decrease / (increase) in Inventories	(528.01)	(88.92)
Decrease / (increase) in Long-term Loans and Advances	(7.68)	(23.00)
Decrease / (increase) in Short-term Loans and Advances	(694.93)	(294.04)
Decrease / (increase) in Other Current Assets	(1,067.80)	(238.80)
<b>Cash generated from Operations</b>	<b>(1,034.52)</b>	<b>(860.17)</b>
Direct Taxes paid	(375.54)	(474.03)
<b>Net cash flow from/ (used in) Operating Activities (A)</b>	<b>(1,410.06)</b>	<b>(1,334.21)</b>
<b>(B) NET CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets, including Intangible Assets and CWIP	(1,927.12)	(675.70)
Interest Income	132.69	22.36
Dividend Income	149.44	148.31
Proceeds from Sale of Fixed Assets	424.18	-
Proceeds of Non-current Investments	-	-
Purchase of Non-current Investments	(80.91)	(94.23)
Purchase of Current Investments	-	(2,645.47)
Loss/(Profit) on Sale of Investments	(111.61)	(51.25)
Proceeds from Sale/Maturity of Current Investments	1,227.61	-
Investments in Bank Deposits	-	-
Adjustment for Share of minority in Subsidiary	(120.42)	(191.01)
<b>Net Cash Flow from Investing Activities (B)</b>	<b>(306.14)</b>	<b>(3,486.99)</b>

## Statement of Consolidated Cash Flow (Contd.) for the year ended 31<sup>st</sup> March 2012

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>(C) NET CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Shares	-	360.00
Premium on Issue of Shares	-	3,878.46
Proceeds from Long Term Borrowings	955.22	-
Repayments of Long Term Borrowings	-	(22.97)
Proceeds from Short Term Borrowings (net)	2,215.36	757.57
Financial Expenses	(254.11)	(300.88)
Dividend of Equity Shares	(681.00)	-
Tax on Dividend	(112.58)	-
<b>Net Cash Flow from Financing Activities (C)</b>	<b>2,122.89</b>	<b>4,672.19</b>
<b>Increase in Cash and Cash Equivalent (A+B+C)</b>	<b>406.68</b>	<b>(149.01)</b>
Add: Opening Cash	155.89	304.89
<b>Closing Cash</b>	<b>562.57</b>	<b>155.89</b>

As per our report of even date

**For Rajvanshi & Associates**  
*Chartered Accountants*  
Firm Regn. No. : 005069C

For & on behalf of the Board of Directors

**Vikas Rajvanshi**  
*Partner*  
Membership No. : 073670

**Rajat Agrawal**  
*Managing Director*

**Rajeev Surana**  
*Whole Time Director*

Date : 25<sup>th</sup> May 2012  
Place : Jaipur

**Leena Jain**  
*Company Secretary*

## Notes to Consolidated Financial Statements for the year ended 31<sup>st</sup> March 2012

### NOTE A

#### A. Significant Accounting Policies

##### I. Basis of preparation of Financial Statements

##### a. Basis of Accounting:

The financial statements are prepared under historical cost convention to comply in all material aspects with the mandatory Accounting Standards notified under Companies (Accounting Standards) Rules 2006 and the provisions of the Companies Act, 1956, adopting accrual system of accounting unless otherwise stated.

##### b. Principles of Consolidation : -

The financial statements of the subsidiary companies used in the consolidation are drawn as of the same reporting date as of the Company.

The consolidated financial statements have been prepared on the following basis:

- The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealised profits or losses have been eliminated.
- The excess of cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the Consolidated Financial Statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the Consolidated Financial Statements.
- The Consolidated Financial Statements include the share of profit / loss of Associate Companies, which are accounted under the 'Equity method' as per which the share of profit of the Associate Company has been added to the cost of investment. An Associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture. Investments in Associates are initially recorded at cost, any Goodwill/ Capital reserve arising at the time of acquisition are identified and carrying amount of investment are adjusted thereafter by post acquisition share of Profits/Losses.
- Minority interest's share in net assets of consolidated subsidiaries is presented in the Consolidated Balance Sheet separate from Liabilities and the Equity of company shareholder. Minority interest in the Consolidated Financial Statements (CFS) is identified and recognised after taking into consideration :
  1. The amount of Equity attributable to minorities at the date on which investments in a subsidiary are made.
  2. The Minorities' share of movement in Equity since the date Parent - Subsidiary relationship came into existence.
  3. The Losses attributable to the minorities are adjusted against the minority interest in the Equity of the Subsidiary.
  4. The excess of Loss over the minority interest in the Equity is adjusted against General Reserve of the Company.
- In case of foreign subsidiaries, being non integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, Liabilities and Equity are translated at the closing rate. Any exchange difference arising on translation is recognised in the "Foreign Currency Translation Reserve".
- The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the CFS and are presented in the same manner as the Company's separate financial statements except otherwise stated elsewhere in this schedule.
- The stocks held out of the inter-group sales and purchase transactions are stated at the cost to the seller company and the adjustment thereof is stated as stock reserve.
- The Fixed Assets acquired from Group Companies are re-stated at the cost to the Company and the depreciation is calculated on the cost to the seller company.
- The figures of Previous year have been re-grouped/re-classified, where necessary, to conform to the current year's classification.

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### c. Other Significant Accounting Policies

These are set out under "Significant Accounting Policies" as given in the Company's financial statements on standalone basis.

### 1 SHARE CAPITAL

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Authorised Share Capital</b>		
1,50,00,000 Equity Shares of ₹10/- each	1,500.00	1,500.00
<b>Issued, Subscribed &amp; Paid up Capital</b>		
1,36,20,000 Equity Shares of ₹10/- each fully paid up	1,362.00	1,362.00
	<b>1,362.00</b>	<b>1,362.00</b>

#### a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	As at 31 <sup>st</sup> March 2012 No. of Shares	As at 31 <sup>st</sup> March 2011 No. of Shares
At the beginning of the period	13,620,000	10,020,000
Issued during the year (IPO)	-	3,600,000
<b>At the end of the period</b>	<b>13,620,000</b>	<b>13,620,000</b>

#### b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a face value of ₹10/- per share. Each equity share holder is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Board of Directors of the Company have declared interim dividend @ 10% amounting to ₹1/- per share on the paid up capital of the Company in the meeting held on 3<sup>rd</sup> February 2012.

For the year ended 31<sup>st</sup> March 2012, the amount of per share final dividend recognised as distributions to Equity Shareholders is ₹3/- per share (31<sup>st</sup> March 2011: ₹4/- per share).

The Company has acquired approval of shareholders by way of postal ballot on 11-May-2012 for sub-division of face value of equity share from ₹10/- per share to ₹2/- per share.

In the event of liquidation of the Company, the holders of Equity Shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts.

#### c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date:-

During the F.Y. 2009-10 the Company has allotted one fully paid bonus share against two fully paid equity shares by capitalisation of Reserves amounting to ₹33,400,000/-.

#### d) Details of shareholders holding more than 5% shares in the Company

Equity shares of ₹10/- each fully paid	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	No. of share	% holding	No. of share	% holding
i) Mr. Rajat Agrawal	4,873,095	35.78%	4,873,095	35.78%
ii) Dr. M. P. Agarwal	2,734,665	20.08%	2,734,665	20.08%
iii) Smt. Anchal Agrawal	1,662,450	12.21%	1,662,450	12.21%
iv) Smt. Shashi Agarwal	734,940	5.40%	734,940	5.40%

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### e) Shares reserved for issue under options

The Company has reserved issuance of 681000 Equity Shares of ₹10/- each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Scheme (ESOS). During the year company has granted 80076 options to the eligible employees at a price of ₹10/- per share plus all applicable taxes, as may be levied in this regard on the Company. The options would vest over a maximum period of 4 year. 16,258 options were lapsed during the year ended 31<sup>st</sup> March 2012. For further details refer to Annexure to Director's Report.

## 2 RESERVES AND SURPLUS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Capital Investment Subsidy</b>		
Balance as per the last financial statements	13.70	13.70
Less: Transferred to General Reserve	13.70	-
	-	13.70
<b>Capital reserve on consolidation</b>		
Balance as per the last financial statements	386.78	491.76
Additions/(Deductions) during the year	(13.45)	(104.98)
<b>Closing Balance</b>	<b>373.33</b>	<b>386.78</b>
<b>Foreign Exchange Translation Reserve</b>	<b>(127.20)</b>	<b>(105.25)</b>
<b>Securities Premium Account</b>		
Balance as per the last financial statements	3,878.46	-
Add: Proceeds from IPO	-	4,140.00
Less: Amounts utilised for IPO expenses	-	261.54
<b>Closing Balance</b>	<b>3,878.46</b>	<b>3,878.46</b>
<b>Employee Stock Options Outstanding</b>		
Gross Employee Stock Compensation for Options granted in earlier years	-	-
Add: Gross Compensation for Options Granted during the Year	47.83	-
Less: Deferred Employee Stock Compensation	-	-
Less: Transferred to Securities Premium on exercise of Stock Options	-	-
<b>Closing Balance</b>	<b>47.83</b>	<b>-</b>
<b>General Reserve</b>		
Balance as per the last financial statements	235.55	227.98
Add: Amount transferred from Capital Investment Subsidy	13.70	-
Add: Amount transferred from P&L	78.23	97.32
Less: Transfer to Capital Reserve on consolidation	-	(89.75)
<b>Closing Balance</b>	<b>327.48</b>	<b>235.55</b>
<b>Surplus/(deficit) in the statement of Profit and Loss</b>		
Balance as per last financial statements	1,977.88	1,220.53
Profit for the year	1,504.38	1,474.73
<b>Less: Appropriations</b>		
Transfer to Capital Reserve on consolidation	(13.45)	(15.22)
Interim Dividend amount per share ₹1/-	136.20	-
Dividend Tax on Interim Dividend Paid	22.10	-
Proposed Equity Dividend of ₹3/- per Share	408.60	544.80
Tax on proposed Equity Dividend	66.29	90.48
Transfer to General Reserve	78.23	97.32
<b>Total Appropriations</b>	<b>697.97</b>	<b>717.38</b>
<b>Net surplus in the statement of Profit and Loss</b>	<b>2,784.29</b>	<b>1,977.88</b>
<b>Total Reserves and Surplus</b>	<b>7,284.19</b>	<b>6,387.12</b>

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 3 LONG-TERM BORROWINGS

(₹ in Lacs)

Particulars	Non-current Portion		Current Maturities	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Term Loan</b>				
1) Axis Bank Ltd. (Secured against hypothecation of Vehicles)	54.04	4.34	26.84	6.30
2) ICICI Bank (Secured against hypothecation of Vehicles)	57.94	15.26	37.82	12.30
3) Punjab & Sind Bank (Secured against hypothecation of Vehicles)	-	4.77	6.05	6.83
4) Kotak Mahindra (Secured against hypothecation of vehicles)	-	-	-	5.91
5) HDFC Bank (Secured against hypothecation of Vehicles)	2.02	9.71	7.68	7.07
6) Exim Bank (Secured)*	875.30	-	-	-
	<b>989.30</b>	<b>34.08</b>	<b>78.39</b>	<b>38.41</b>

\* Term Loan From Exim Bank is secured against hypothecation of movable Fixed Assets and Land & Building

Term Loan from Financial Institutions were taken as under: -

Name of Banks/Financial Institution	Financial Year (in Which loan was taken)	Rate of Interest	Terms of Repayment
a Axis Bank Ltd.	2011-12	9.77%	36 monthly Installments @ ₹260,783/-
	2009-10	9.03%	36 monthly Installments @ ₹23,146/-
		5.75%	25 Monthly Installments @ ₹99,539/-
	2007-08	10.80%	60 Monthly Installments @ ₹21,450/-
	2011-12	10.00%	36 Monthly Installments @ ₹200,000/-
b ICICI Bank Ltd.	2011-12	10.82%	36 Monthly Installments @ ₹27,506/-
		10.79%	36 Monthly Installments @ ₹38,820/-
	2010-11	8.05%	36 Monthly Installments @ ₹20,248/-
		8.30%	36 Monthly Installments @ ₹21,882/-
		7.93%	36 Monthly Installments @ ₹41,363/-
		8.05%	36 Monthly Installments @ ₹20,248/-
		9.89%	60 Monthly Installments @ ₹31,275/-



## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

Term Loan from Financial Institutions were taken as under: (contd.)

Name of Banks/Financial Institution	Financial Year (in Which loan was taken)	Rate of Interest	Terms of Repayment
c Punjab & Sind Bank Ltd.	2008-09	13.25% (floating Rate)	Monthly Installment of ₹18,000/-
		13.25% (floating Rate)	Monthly Installment of ₹17,000/-
		13.25% (floating Rate)	Monthly Installment of ₹17,500/-
d HDFC Bank Ltd	2010-11	8.42%	36 Monthly Installments @ ₹68,420/-
e Kotak Mahindra Bank Ltd	2009-10	5.75%	25 Monthly Installments @ ₹99,539/-
f Export Import Bank of India	2011-12	6 Month's LIBOR plus 450 bps per annum	20 Equal Quarterly Installments

#### 4 DEFERRED TAX LIABILITY

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Fixed assets: Impact of difference between tax depreciation and book depreciation	85.95	68.66
	<b>85.95</b>	<b>68.66</b>

#### 5 LONG TERM PROVISIONS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Provision for Employee Benefits</b>		
Provision for gratuity (Note No.31)	42.54	34.52
Provision for leave benefits (Note No.31)	9.68	26.92
	<b>52.22</b>	<b>61.44</b>

#### 6 SHORT TERM BORROWINGS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Secured</b>		
Working Capital loan repayable on demand from Punjab National bank		
Cash Credit	585.75	36.57
Packing Credit	555.38	492.52
Foreign Outward Bill Discount	574.08	209.59
Local Bill Discount	903.45	644.62
Foreign Currency Loans-Buyers Credit	2,366.60	1,218.64
<b>Unsecured</b>		
Loan from related parties	-	137.11
Other loans	14.39	45.24
	<b>4,999.65</b>	<b>2,784.29</b>

#### For Working Capital Loan from Banks

Working Capital Loan are secured by way of Hypothecations (Floating Charge) on stocks (including raw material, work-in-progress, finished goods), Book Debts and/or Equitable mortgage of Factory Land, Buildings, Flats and Fixed Deposits.

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 7 TRADE PAYABLES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Trade Payables	643.50	373.99

Details of dues to Micro and Small Enterprises as defined under MSMED Act, 2006 (applicable to Indian Companies only)

The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act 2006 and hence disclosures regarding:

- Amount due and outstanding to suppliers as at the end of accounting year.
- Interest paid during the year
- Interest payable at the end of accounting year
- Interest accrued and unpaid at the end of the accounting year, have not been given.

The Company is making efforts to get the confirmations from the suppliers as regards their status under the Act.

### 8 OTHER CURRENT LIABILITIES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Current maturities of long term debt (Refer Note 3)	78.39	38.41
Advance from Customers	133.37	52.93
Interest accrued but not due on Borrowings	19.64	-
Application money received and due for Refund (Refer Note No 16)	5.06	-
Unpaid Dividends	0.27	-
Others*	210.58	420.24
	<b>447.31</b>	<b>511.58</b>

\*Includes Statutory dues, Salaries and other payables.

### 9 SHORT TERM PROVISIONS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Provision for employee benefits</b>		
Provision for Bonus & Exgratia	20.40	16.88
	<b>20.40</b>	<b>16.88</b>
<b>Other provisions</b>		
Provision for expenses	63.50	136.27
Proposed equity dividend	408.60	544.80
Provision for tax on proposed equity dividend	66.29	90.48
Provision for tax	84.94	50.14
	<b>623.33</b>	<b>821.69</b>
	<b>643.73</b>	<b>838.57</b>

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 10 CONSOLIDATED DEPRECIATION

Depreciation Chart as per the Companies Act, 1956 as per S.L.M. Method for the year ended on 31-Mar-2012

(₹ in Lacs)

Sl. No.	Name of Asset	Rate of Dep. (In %)	GROSS BLOCK				DEPRECIATION AND AMORTISATION EXPENSES				NET BLOCK		
			As on 1-Apr-2011	Addition	Deductions	Exchange Translation Reserve	As on 31-Mar-2012	As on 1-Apr-2011	For the year	Deductions	Exchange Translation Reserve	Up to 31-Mar-2012	As on 31-Mar-2011
1	Land	-	94.26	646.94	-	2.83	744.03	-	-	-	-	94.26	744.03
2	Buildings	3.34%	329.15	120.91	1.54	10.60	459.12	33.06	9.92	-	0.75	296.09	415.39
3	Plant & Equipment	4.75%	1,130.03	778.28	215.31	55.13	1,748.12	230.97	67.42	63.61	2.99	899.06	1,510.36
4	Furniture & Fixtures	6.33%	61.67	13.63	5.56	1.06	70.81	10.50	4.86	1.41	0.12	51.17	56.73
5	Vehicles	9.50%	239.66	201.15	6.17	2.91	437.55	51.68	24.54	3.99	0.46	187.98	364.86
6	Electric Equipments	7.07%	18.82	3.64	2.35	0.03	20.14	3.88	1.68	0.86	0.02	14.94	15.42
7	Computer & Accessories	16.21%	102.20	18.15	1.44	0.87	119.78	43.53	17.69	0.94	0.30	58.67	59.20
	<b>Total</b>		<b>1,975.79</b>	<b>1,782.70</b>	<b>232.37</b>	<b>73.44</b>	<b>3,599.55</b>	<b>373.62</b>	<b>126.11</b>	<b>70.82</b>	<b>4.64</b>	<b>1602.16*</b>	<b>3,165.99</b>
8	Intangible Assets		87.64	58.21	-	1.37	147.22	0.15	25.62	-	0.59	87.48	120.86
9	Capital WIP		-	86.22	-	-	86.22	-	-	-	-	-	86.22
	<b>Total</b>		<b>2,063.42</b>	<b>1,927.12</b>	<b>232.37</b>	<b>-</b>	<b>3,832.99</b>	<b>373.78</b>	<b>151.72</b>	<b>70.82</b>	<b>5.23</b>	<b>1,689.65</b>	<b>3,373.07</b>

\* Opening Net Block has been reduced as subsidiaries has been sold/transferred

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 11 NON CURRENT INVESTMENTS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Unquoted Equity Instruments</b>		
<b>(i) Investment in Associates</b>		
Investment in Navam Lanka Limited (3,58,475 Equity Shares of 100 LKR Each as on 31st March,2012) (3,58,467 Equity Shares of 100 LKR Each as on 31st March,2011)	238.21	248.98
Investment in Gravita Honduras SA DE CV (85,158 Equity Shares of 100 LPS Each)	321.79	199.67
Pearl Landcon Pvt. Ltd (5,000 Equity Share of ₹10 each)	0.10	1.34
<b>ii) Other Investments</b>		
Pagrik Ethopia PLC (31,560 Equity Share of BIRR 10.00 each)	14.47	14.47
<b>Non Trade Investments (valued at cost unless stated otherwise)</b>		
<b>Other Investments</b>		
Gratuity Policy with Bajaj Allianz Life Insurance Co. Ltd	40.50	21.89
Leave Encashment Policy with Bajaj Allianz Life Insurance Co. Ltd	12.45	7.83
NSC	0.06	0.14
	<b>627.58</b>	<b>494.32</b>

### 12 LOANS AND ADVANCES

Particulars	(₹ in Lacs)			
	Non-current		Current	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Capital Advances</b>				
Unsecured, considered good	-	-	64.65	-
(A)	-	-	<b>64.65</b>	-
<b>Security deposit</b>				
Unsecured, considered good	12.73	5.05	62.47	47.20
(B)	<b>12.73</b>	<b>5.05</b>	<b>62.47</b>	<b>47.20</b>
<b>Loan and advances to Related Parties</b>				
Unsecured, considered good	-	-	30.77	94.37
(C)	-	-	<b>30.77</b>	<b>94.37</b>
<b>Advances recoverable in Cash or in kind</b>				
Advance to Suppliers (Unsecured considered good)	-	-	1,486.16	823.97
(D)	-	-	<b>1,486.16</b>	<b>823.97</b>
<b>Other loans and advances</b>				
Advance income-tax (net of provision for tax)	-	-	100.25	-
Prepaid expenses	-	-	29.01	72.85
Advance to employees*	-	-	20.13	21.15
Balances with Statutory/ Government authorities	-	-	253.88	205.21
Other	-	-	12.61	-
(E)	-	-	<b>415.88</b>	<b>299.21</b>
<b>Total (A+ B + C + D + E)</b>	<b>12.73</b>	<b>5.05</b>	<b>2,059.93</b>	<b>1,264.75</b>

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 12 LOANS AND ADVANCES (Contd.)

Loans and advances due from Directors or other officers, etc.

(₹ in Lacs)

Particulars	Current	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
*Loans to employees include		
Dues from officers	7.64	7.42

### 13 CURRENT INVESTMENTS

(₹ in Lacs)

Particulars	Current	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Current investments (Valued at lower of cost and fair value, unless stated otherwise)		
Unquoted mutual funds		
Investment in Mutual Funds out of IPO Fund	1,417.86	2,645.47
	1,417.86	2,645.47

### 14 INVENTORIES

(₹ in Lacs)

Particulars	Current	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Inventories (At Lower of cost and Net Realisable Value/refer accompanying policy)		
Raw Material	328.75	784.94
Work in Progress	276.75	182.46
Finished Goods	556.16	332.08
Consumables	381.95	120.25
Stock In Transit	1,072.78	799.19
By Products	167.48	45.71
Consignment In Transit	51.57	46.82
	2,835.44	2,311.45
Less: Transfer to Stock Reserve	15.96	19.98
	2,819.48	2,291.47

### 15 TRADE RECEIVABLE

(₹ in Lacs)

Particulars	Current	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured Considered Good	56.19	-
Doubtful*	5.64	-
Total (A)	61.83	-
Other receivables		
Secured, considered good	958.92	-
Unsecured, considered good	3,463.71	3,503.26
Total (B)	4,422.63	3,503.26
Total (A + B)	4,484.46	3,503.26

\* Legal Case filed against Sun System u/s 138 of the Negotiable Instruments Act, 1881

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 16 CASH AND BANK BALANCES

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Cash and cash equivalents</b>		
Balances with banks:		
In Current Accounts	339.29	104.59
Deposits with original maturity of less than three months	97.52	-
In Unpaid Dividend Account	0.27	-
On Unpaid Application Money*	5.06	-
Cheques/drafts on hand	1.32	18.30
Cash in hand	119.11	33.00
	<b>562.57</b>	<b>155.89</b>

\*Unpaid Share Application money of ₹17.31 lacs, was remained unreflected in the balance sheet as on 31.03.2011, which has no impact on Profit and Loss of the Company. The figure has been now incorporated in the balance sheet as on 31.03.2012.

### 17 SHORT TERM LOANS & ADVANCES

Refer note No. 12

### 18 OTHER CURRENT ASSETS

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>Unsecured, considered good unless stated otherwise</b>		
Deposits with original maturity for more than 3 months but less than 12 months	1,265.11	231.80
<b>Total (A)</b>	<b>1,265.11</b>	<b>231.80</b>
<b>Others</b>		
Interest accrued on fixed deposits	43.12	7.00
Interest accrued on investments	-	-
Misc Expenses	1.31	23.88
Pre-operative expenses	16.71	-
Preliminary expenses	0.95	-
Other Current Assets	3.29	-
<b>Total (B)</b>	<b>65.38</b>	<b>30.88</b>
<b>Total (A + B)</b>	<b>1,330.49</b>	<b>262.68</b>

### 19 REVENUE FROM OPERATIONS

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>Sale of products</b>		
Manufactured	19,479.60	18,545.22
Traded	7,567.59	7,683.58
Sale of Services	55.19	164.62
	<b>27,102.38</b>	<b>26,393.42</b>
Less: Excise duty	730.59	1,030.29
	<b>26,371.79</b>	<b>25,363.13</b>
<b>Other Operating Revenue</b>		
Export incentive	9.74	5.10
Excise Incentives and subsidy	468.00	-
<b>Revenue from Operations (net)</b>	<b>26,849.53</b>	<b>25,368.23</b>

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31st March 2012

### 20 OTHER INCOME

Particulars	₹ in Lacs	
	Year ended 31st March 2012	Year ended 31st March 2011
Job Work Income	22.34	5.80
Profit on DEP B License	24.58	10.35
Sundry balance write back	0.37	11.23
<b>Interest income on</b>		
Bank deposits	53.21	7.81
Loans & Advances	79.48	14.53
<b>Dividend income on</b>		
Investment in Associates	-	84.88
Current investments	149.44	63.43
Foreign Exchange Gain	-	73.30
Income from Hedging	11.86	-
Income from employee benefit funds	2.67	-
Profit from Sale of Investment	41.20	5.96
Misc Income	53.02	3.14
Share in Profit of Associates	52.35	42.03
	<b>490.52</b>	<b>322.46</b>

### 21 COST OF RAW MATERIAL AND CONSUMABLES

Particulars	₹ in Lacs	
	Year ended 31st March 2012	Year ended 31st March 2011
<b>Material Consumed</b>		
Opening Stock as per last financial statements	1,644.16	1,083.70
Less: Opening Stock of Subsidiaries sold/transferred	138.38	-
Net Opening Stock	1,505.78	1,083.70
Add: Purchases	14,061.37	13,695.88
Add: Direct Expenses	728.48	653.69
Less: Closing stock of Materials	1,372.96	1,644.16
	<b>14,922.67</b>	<b>13,789.11</b>
<b>Consumable Consumed</b>		
Opening Stock as per last financial statements	131.17	62.80
Less: Opening Stock of Subsidiaries sold/transferred	3.48	-
Net Opening Stock	127.69	62.80
Add: Purchase of Consumables	1,166.93	760.39
Add: Freight Inward	9.91	13.76
Less: Closing Stock of consumable	285.10	131.17
	<b>1,019.43</b>	<b>705.78</b>
	<b>15,942.10</b>	<b>14,494.89</b>

### 22 PURCHASE OF STOCK IN TRADE

Particulars	₹ in Lacs	
	As at 31st March 2012	As at 31st March 2011
Domestic	437.31	1,500.43
Import	6,043.62	4,473.80
	<b>6,480.93</b>	<b>5,974.23</b>

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31st March 2012

### 23 (INCREASE)/DECREASE IN INVENTORY

Particulars	₹ in Lacs	
	Year ended 31st March 2012	Year ended 31st March 2011
<b>Closing stock</b>		
Finished Goods	612.95	437.48
Work in Process	431.87	197.47
	<b>1,044.82</b>	<b>634.95</b>
<b>Less: Opening Stock</b>		
Finished Goods	437.48	755.79
Work in Process	197.47	161.80
Less: Opening Stock of Subsidiaries sold/transferred	56.26	-
	<b>578.69</b>	<b>917.59</b>
	<b>(466.13)</b>	<b>282.64</b>

### 24 EMPLOYEE BENEFITS EXPENSES

Particulars	₹ in Lacs	
	Year ended 31st March 2012	Year ended 31st March 2011
Salaries, Wages and Bonus	1,167.90	989.25
Contribution to Provident and other Fund	22.49	11.21
Employee Stock Option Scheme	47.83	-
Gratuity expense (Note No.31)	7.14	13.63
Leave Encashment Expenses (Note No.31)	0.65	22.14
Bonus & Exgratia	15.97	27.71
Staff welfare expenses	84.54	69.61
	<b>1,346.52</b>	<b>1,133.55</b>

### 25 FINANCE COST

Particulars	₹ in Lacs	
	Year ended 31st March 2012	Year ended 31st March 2011
Interest	189.95	156.29
Bank charges	121.39	90.02
Amortisation of ancillary borrowing costs		
Exchange difference to the extent considered as an adjustment to borrowing costs	(57.23)	(42.91)
	<b>254.11</b>	<b>203.40</b>

### 26 OTHER EXPENSES

Particulars	₹ in Lacs	
	Year ended 31st March 2012	Year ended 31st March 2011
Job Work Charges	19.09	9.13
Power and fuel	109.87	68.39
Freight and forwarding charges	619.53	568.48
Rent	236.39	116.61
Insurance	11.51	10.65
Repairs and maintenance		
Plant and machinery	50.92	13.49
Buildings	26.63	127.70
Others	38.35	7.37



## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 26 OTHERS EXPENSES (Contd.)

Particulars	₹ in Lacs	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Manufacturing Expenses	2.05	9.43
R & D Expenses	-	17.25
Testing charges	3.28	1.19
Advertising and sales promotion	67.31	38.86
Donation	3.91	2.12
Electricity	13.14	11.15
Sales commission	29.13	36.59
Travelling and conveyance	157.03	147.12
Communication costs	38.48	31.45
Printing and stationery	12.90	8.15
Postage & Courier	7.13	5.33
Legal and professional fees	76.13	77.38
Office Expenses	50.54	65.54
Payment to auditors	5.37	3.12
Penalties and fine	-	3.83
Training & recruitment	9.11	21.89
Rebate & Discount	1.42	57.09
Balances written off	5.88	8.90
Loss on sale of fixed assets (net)	5.18	1.22
Miscellaneous expenses	18.24	0.96
	<b>1,618.52</b>	<b>1,470.39</b>

### 27 PRIOR PERIOD ITEMS

The prior period items recognised in the financial statements includes reversal of excess provision made during previous financial year.

### 28 EXCEPTIONAL ITEMS

Exceptional Items during the current year includes loss on sale of Subsidiary amounting to ₹111.60 Lacs.

### 29 THE SUBSIDIARIES CONSIDERED IN THE CONSOLIDATED FINANCIAL STATEMENTS ARE:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest
Gravita Exim Limited	India	99.65%
Gravita Energy Limited	India	99.00%
Gravita Infra Private Limited	India	60.00%
M/s Gravita Technomech	India	51.00%
M/s Gravita Technomech LLP	India	51.00%
M/s Gravita Metals (formerly known as M/s K.M Udyog)	India	100.00%
M/s Gravita Metal INC (formerly known as M/s Metal Inc.)	India	100.00%
Gravita Ghana Limited	Ghana	100.00%
Gravita Mozambique Limitada	Mozambique	100.00%
Gravita Senegal SAU	Senegal	100.00%

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

The subsidiaries disposed off during the year are as under:

Name of Company	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	Stake Held	Carrying Amount	Stake Held	Carrying Amount
Gravita Georgia Limited	-	-	100.00%	9,709,413
Penta Exim Limited	-	-	90.02%	460,000
Floret Tradelink Limited	-	-	50.90%	254,500

The Associates considered in the Consolidated Financial Statements following equity method on the basis of principles given in Accounting Standards (AS) -23 i.e Accounting for Investments in Associates in Consolidated Financial Statement are:-

Name of Associate	Country of Incorporation	Proportion of ownership interest
Navam Lanka Limited	Sri Lanka	40.00%
Pearl Landcon Private Limited	India	25.00%
Gravita Honduras SA DE CV	Honduras	33.33%

### 30 EARNINGS PER SHARE (EPS)

Particulars	(₹ in Lacs)	
	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
i. Net Profit attributable to Equity Shareholders	1,504.38	1,474.73
ii. Weighted Average number of Equity Shares used as denominator for calculating Basic EPS	13,620,000	11,390,959
iii. Basic Earnings per share	11.05	12.95
iv. Weighted Average number of Equity Shares used as denominator for calculating Diluted EPS	13,682,160	11,390,959
v. Diluted Earnings per Share	11.00	12.95
vi. Face Value per Equity Share	10	10

### 31 GRATUITY AND LEAVE ENCASHMENT

The liability in respect of payment under Employees Leave Encashment and Gratuity has been provided on actuarial valuation in line with Accounting Standard 15 (Revised). Since there is not much change in the conditions and circumstances between 31-Mar-2011 and 31-Mar-2012, therefore defined benefit obligations are taken on the basis of last year provisions.

Particulars	Gratuity		Leave Encashment	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
<b>I. Changes in Present value of obligations</b>				
Mortality Table (LIC)	(1994-96)	(1994-96)	(1994-96)	(1994-96)
Valuation Rate of Interest	8.00%	8.00%	8.00%	8.00%
Salary Inflation Rate	5.00%	5.00%	5.00%	5.00%
Retirement Age	58	58	58	58
<b>II. Change in Benefit Obligation</b>				
Opening Defined Benefit	34.52	17.17	26.92	12.64
Obligation Service Cost for the year	8.02	17.35	(17.24)	14.28
<b>Closing defined benefit obligation</b>	<b>42.54</b>	<b>34.52</b>	<b>9.68</b>	<b>26.92</b>

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 32 LEASES

The Company has taken certain assets on Operating Lease Agreement. The general description of Lease terms are:

Name of Lessor	Monthly Lease Rent	Tenure of Lease (till)
Rajat Agrawal (3 Lease Agreements)	i. ₹35,000 per month	30 <sup>th</sup> November 2012
	ii. ₹35000 per month	30 <sup>th</sup> November 2012
	iii. ₹130000 per month	14 <sup>th</sup> November 2012
Saurabh Farms Limited	₹2,000 per month	30 <sup>th</sup> November 2012
Archana Gupta & Vijay Gupta	₹ 13,128 per month	31 <sup>th</sup> August 2012
Shah Buildcon Pvt. Limited	₹25,000 per month	30 <sup>th</sup> November 2012
Steel & Allied Products	₹29,282 per month	31 <sup>th</sup> May 2012
Saurabh Farms Limited	₹30,000 per month	30 <sup>th</sup> November 2012
Anchal Agrawal	₹35,000 per month	31 <sup>th</sup> December 2012
B S Tambi & Shyam Sharan Tambi	₹38,000 per month	14 <sup>th</sup> July 2020

Total of future minimum lease payments under operating lease for each of the following period are as under

Particulars	(₹ in Lacs)	
	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
A) Not Later than one Year	25.24	27.20
B) Later than one year and not later than 5 years	22.80	34.29
C) Later than 5 years	10.45	19.95
	<b>56.06</b>	<b>81.44</b>

### 33 SEGMENT REPORTING

The Company has identified two reportable segments viz. Lead and other business. Segments have been identified and reported taking into account -

- Nature of Products and services
- the different risks and returns
- the organisation structure
- the internal financial reporting system

Gross turnover is after elimination of inter segment turnover. Lead includes all types of Lead, Lead Alloy, Refined Lead, Remelted Lead, Lead Oxides, and Lead products

Other segment includes sales, installation, commissioning, and consulting in respect of Lead smelting plant and turnkey projects

#### i. Primary Segment Information

S. No.	Particulars	(₹ in Lacs)	
		Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
1.	Segment Revenue (Net sale/ income from each segment)		
	Lead	26,067.23	24,369.90
	Others	782.30	998.33
	<b>Total</b>	<b>26,849.53</b>	<b>25,368.23</b>
	Less: Inter Segment Revenue		
	<b>Net Sales/ Income from Operations</b>		

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### i. Primary Segment Information (Contd.)

(₹ in Lacs)

S. No.	Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>2.</b>	<b>Segment Profit before Tax and Interest from each Segment</b>		
	Lead	1,967.48	1,951.28
	Others	74.43	127.20
	<b>Total</b>	<b>2,041.91</b>	<b>2,078.48</b>
	Less: i) Interest	189.95	156.29
	ii) Other un-allocable expenditure	-	-
	<b>Total Profit before Tax</b>	<b>1,851.96</b>	<b>1,922.19</b>
<b>3.</b>	<b>Segment Assets</b>		
	Lead	14,452.63	12,244.13
	Others	2,235.54	405.80
	<b>Total</b>	<b>16,688.17</b>	<b>12,649.92</b>
<b>4.</b>	<b>Segment Liabilities</b>		
	Lead	6,668.45	4,773.51
	Others	1,373.53	127.29
	<b>Total</b>	<b>8,041.98</b>	<b>4,900.80</b>
<b>5.</b>	<b>Total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (tangible and intangible assets)</b>		
	Lead	1,369.87	955.13
	Others	585.86	58.62
	<b>Total</b>	<b>1,955.73</b>	<b>1,013.75</b>
<b>6.</b>	<b>Total amount of expenses included in the segment result for depreciation and amortisation in respect of segment assets for the period</b>		
	Lead	134.30	101.01
	Others	17.42	15.12
	<b>Total</b>	<b>151.72</b>	<b>116.13</b>

### ii. Secondary Segment Information

(₹ in Lacs)

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>Segment Revenue - External Turnover</b>		
- Within India	25,556.55	20,594.15
- Outside India	1,292.98	4,774.08
<b>Total Revenue</b>	<b>26,849.53</b>	<b>25,368.23</b>
<b>Segment Assets</b>		
- Within India	14,237.84	10,792.71
- Outside India	2,450.33	1,857.21
<b>Total Assets</b>	<b>16,688.17</b>	<b>12,649.92</b>
<b>Segment Liability</b>		
- Within India	7,666.95	4,371.98
- Outside India	375.03	528.82
<b>Total Liabilities</b>	<b>8,041.98</b>	<b>4,900.80</b>
<b>Capital Expenditure</b>		
- Within India	1,379.20	824.14
- Outside India	576.53	189.61
<b>Total Expenditure</b>	<b>1,955.73</b>	<b>1,013.75</b>

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 34 RELATED PARTY DISCLOSURE

#### a. List of Subsidiaries

- i) Gravita Exim Limited
- ii) Gravita Ghana Limited
- iii) Gravita Mozambique LDA
- iv) Gravita Senegal S.A.U
- v) Gravita Energy Limited
- vi) Gravita Infra Pvt. Ltd.
- vii) Gravita Technomech LLP
- viii) M/s Gravita Technomech
- ix) M/s Gravita Metals (formerly known as M/s KM Udyog)
- x) M/s Gravita Metal Inc (formerly known as M/s Metal Inc)
- xi) Gravita Georgia Limited (Subsidiary upto 23<sup>rd</sup> September 2011)
- xii) Floret Tradelink Limited (Subsidiary upto 18<sup>th</sup> May 2011)
- xiii) Penta Exim Limited (Subsidiary upto 6<sup>th</sup> May 2011)

#### b. Associates

- i) Navam Lanka Ltd.
- ii) Gravita Honduras SA DE CV
- iii) Pearl Landcon Pvt Limited

#### c. Enterprises having same Key Management Personnel and/or their relatives as the reporting enterprise:

- i) Gravita Impex Pvt. Limited
- ii) Saurabh Farms Limited
- iii) Gravita Honduras SA DE CV
- iv) Gravita Metal Inc (formerly known as Metal Inc)
- v) Navam Lanka Limited
- vi) Shah Buildcon Pvt. Limited
- vii) Jalousies India Pvt. Limited
- viii) Surana Professional Services Pvt Limited
- ix) Gravita Exim Ltd.
- x) Gravita Energy Ltd.
- xi) Gravita Infra Pvt. Ltd.
- xii) Gravita Technomech LLP.
- xiii) M/s Gravita Technomech
- xiv) M/s Gravita Metals (formerly known as M/s KM Udyog)
- xv) Gravita Ghana Ltd.
- xvi) R. Surana & Company
- xvii) Surana Associates

#### d. Key Management Personnel

- i) Dr. Mahavir Prasad Agarwal
- ii) Shri Rajat Agrawal
- iii) Shri Rajeev Surana

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

e) Related Party Transactions (Figures shown in bracket relate to FY 2010-11)

i. Sale/purchase of goods and services

(₹ in Lacs)

Particulars	Sale of Goods	Purchase of Goods	Amount Owed by related parties	Amount Owed to related parties
<b>Associates</b>				
Navam Lanka Limited	5.69 (44.10)	1,743.17 (516.14)	- (2.50)	121.47 (9.82)
Gravita Honduras SA DE CV	28.57 (118.23)	661.56 -	- -	12.76 -

ii. Loans taken and repayment thereof

(₹ in Lacs)

Particulars	Loan Taken	Repayment	Interest Accrued	Amount Owed to related parties
<b>Loans taken and repayment thereof from/ in entities in which directors are interested</b>				
Jalousies India Pvt Ltd	200.00 -	200.00 -	1.89 -	- -
<b>Key Management Personnel</b>				
Dr. M P Agarwal	- (41.50)	- (41.50)	- -	- -
Shri Rajat Agrawal	- (25.00)	- (25.00)	- -	- -

iii. Remuneration to key managerial personnel

(₹ in Lacs)

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
<b>Shri Rajat Agrawal</b>		
Salary, bonus and contribution to PF	36.00	48.00
<b>Dr. M.P. Agarwal</b>		
Salary, bonus and contribution to PF	36.00	48.00
<b>Shri Rajeev Surana</b>		
Salary, bonus and contribution to PF	26.00	36.00
<b>Relative of Key Management Personnel</b>		
Mrs. Shashi Agarwal	0.78	6.17
<b>Total</b>	<b>98.78</b>	<b>138.17</b>

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### f. Other Transaction with Related Parties/Key Managerial Personnel/Relative of Key Managerial Personnel (₹ in Lacs)

Particulars	Year ended 31 <sup>st</sup> March 2012	Year ended 31 <sup>st</sup> March 2011
Saurabh Farms Limited (Rent Paid)	0.20	0.13
Mr. Rajat Agrawal (Rent Paid) (Rent Outstanding As on 31-Mar-2012 ₹10,800/-)	15.21	7.42
Rajeev Surana HUF (Rent Paid) (Rent Outstanding As on 31-Mar-2012 ₹32,340/-)	3.27	3.96
Navam Lanka Limited (Dividend Received)	-	84.88
Navam Lanka Limited (Investment made)	0.01	-
Gravita Honduras SA DE CV (Investment made)	136.58	139.73
Shah Buildcon Private Limited (Rent Paid)	0.75	-
Mrs Anchal Agrawal (Rent Paid)	4.35	2.73

### 35 CONTINGENT LIABILITIES

(₹ in Lacs)

Particulars	As at 31 <sup>st</sup> March 2012	As at 31 <sup>st</sup> March 2011
Bank Guarantees to Custom authorities for import of Raw material against Advance Licenses:	-	7.77
Letter Of Credit for import of raw material	21.74	35.70
Bank Guarantee to BSE	22.50	22.50

### 36 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

The Company used forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transaction and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purpose. There are no outstanding foreign currency contracts as on 31-Mar-2012.

The foreign currency exposure not hedged as at 31-Mar-2012 is as under:

(Figures in Lacs)

Currency	As at 31 <sup>st</sup> March 2012		As at 31 <sup>st</sup> March 2011	
	Payable	Receivable	Payable	Receivable
In ₹ Equivalent	575.91	1,397.28	472.23	1139.32
In USD	\$7.58	\$23.22	\$10.58	\$24.16
In Euro	EUR 0.00	EUR 3.12	EUR 0.00	EUR 0.96

There is outstanding Buyers Credit as on 31<sup>st</sup> March 2012 in Foreign Currency against purchase of raw material which is as below:

(Figures in Lacs)

Currency	As at 31 <sup>st</sup> March 2012 Payables	As at 31 <sup>st</sup> March 2011 Payables
In ₹	2,366.60	1218.64
In USD	\$46.26	\$27.69

## Notes to Consolidated Financial Statements (Contd.) for the year ended 31<sup>st</sup> March 2012

### 37 STATEMENT PURSUANT TO SECTION 212 OF COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31-MARCH-2012

(Figures in Lacs)

S. No.	Stake Held	Name of Subsidiary Companies	Reporting Currency	Capital	Reserve & Surpluses	Total Assets	Total liabilities	Invest-ments	Turnover/ Total income	Profit Before Taxation	Provision for taxation	Profit after taxation	Country
1	99.65%	Gravita Exim Ltd.	INR	20.00	314.96	747.62	747.62	56.38	519.68	(82.94)	1.29	(84.22)	India
2	99.00%	Gravita Energy Ltd.	INR	5.00	-	10.85	10.85	3.00	-	-	-	-	India
3	60.00%	Gravita Infra Pvt. Ltd.	INR	1.00	-	3.85	3.85	-	-	-	-	-	India
4	51.00%	Gravita Technomech	INR	415.56	-	1487.91	1487.91	-	444.57	150.15	4.38	145.77	India
5	51.00%	Gravita Technomech LLP	INR	2.00	-	2.03	2.03	-	-	-	-	-	India
6	100.00%	Gravita Metals (formerly known as K.M Udyog)	INR	755.82	206.20	2262.59	2262.59	-	5289.99	178.62	-	178.62	India
7	100.00%	Gravita Metal Inc. (formerly known as Metal Inc.)	INR	321.84	(11.72)	329.73	329.73	-	222.18	(14.69)	-	(14.69)	India
8	100.00%	Gravita Ghana Ltd.	GHS	3.14	42.07	46.30	46.30	-	88.05	15.05	-	15.05	Ghana
			INR	92.49	1237.83	1362.21	1362.21	-	2704.06	462.59	-	462.59	
9	100.00%	Gravita Senegal SAU	CFA	2380.00	4134.91	8146.18	8146.18	-	31118.47	3096.79	521.80	2574.99	Senegal
			INR	256.33	445.33	877.34	877.34	-	3230.10	321.45	54.16	267.28	
10	96.38%	Gravita Mozambique LDA	MZN	79.05	77.32	349.69	349.69	-	710.09	47.74	12.95	34.78	Mozambique
			INR	147.45	144.23	652.27	652.27	-	1255.01	84.37	22.89	61.48	

Note :- Exchange Rates for the respective foreign currency are as under:

Reporting Currency	Exchange rate as on 31.3.2011	Exchange rate as on 31.3.2012	Average Exchange rate during the year
GHS to INR	29.7825	29.4206	30.7117
CFA to INR	0.0955	0.1077	0.1038
MZN to INR	1.4836	1.8653	1.7674

As per our report of even date

**For Rajvanshi & Associates**  
Chartered Accountants  
Firm Regn. No. : 005069C

For & on behalf of the Board of Directors

**Vikas Rajvanshi**  
Partner  
Membership No. : 073670

**Rajat Agrawal**  
Managing Director

**Rajeev Surana**  
Whole Time Director

Date : 25<sup>th</sup> May 2012  
Place : Jaipur

**Leena Jain**  
Company Secretary





Regd. Office: "Saurabh", Chittora Road, Harsulia Mod, Diggi-Malpura, Tehsil Phagi, Jaipur-303904

### ATTENDANCE SLIP

Regd. Folio No. / Client ID: .....

Name and Address of First / Sole Shareholder: .....  
.....  
.....

No. of Shares held: .....

I hereby record my presence at the 20th Annual General Meeting of the Company to be held on Saturday, the 6<sup>th</sup> day of August 2012 at 11.30 A.M. at "Saurabh Farms", Chittora Road, Harsulia Mod, Diggi Malpura, Tehsil-Phagi, Jaipur - 303904 (Rajasthan)

\_\_\_\_\_  
Signature of the Member / Proxy

**Notes:**

- a) Only Member / Proxy can attend the meeting. No minors would be allowed at the meeting.
- b) Member / Proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand it over at the entrance of the meeting hall.
- c) Member / Proxy should bring his / her copy of the Annual Report for reference at the meeting.



Regd. Office: "Saurabh", Chittora Road, Harsulia Mod, Diggi-Malpura, Tehsil Phagi, Jaipur-303904

### PROXY FORM

Regd. Folio No. / Client ID: .....

No. of Shares held: .....

I / We ..... of being a member / members of the above named Company, hereby appoint .....

or failing him / her ..... of ..... as my/our Proxy to attend and vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held on 6<sup>th</sup> day of August 2012 at 11.30 A.M. at "Saurabh Farms", Chittora Road, Harsulia Mod, Diggi Malpura, Tehsil-Phagi, Jaipur - 303904 (Rajasthan) and at any adjournment(s) thereof.

Signed this ..... day ..... of 2012



**Notes:**

- a) Proxy need not be a member of the Company.
- b) The Proxy form duly filled in and signed by the member(s) across Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time fixed for the meeting.
- c) Corporate members intending to send their authorised representative(s) to attend the meeting are requested to send a Certified Copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the meeting.

