



# VALUE THROUGH VISION

2013-14 | ANNUAL REPORT | Gravita India Limited

## Forward-looking statement

In this Annual Report, we have disclosed forward looking information to enable investors to comprehend our prospects and take 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 'anticipate', 'estimate', '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 achievements of results are subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Readers should keep this in mind. We undertake no obligation to publicly update any forward looking statement, whether as a result of new information, future events or otherwise.



You can scan QR code on your smartphone equipped with the appropriate reader app to know more about us. The same content may be viewed online

# Contents

## Corporate Overview 02-11

Vision pushes our boundaries further	2
Value reflected in numbers	4
Chairman's communiqué	6
Value through vision	8

## Statutory Reports 12-39

Management Discussion and Analysis	12
Directors' Report	16
Report on Corporate Governance	26

## Financial Statements 40-108

### Standalone

Independent Auditors' Report	40
Balance Sheet	44
Statement of Profit & Loss	45
Cash Flow Statement	46
Notes	48

### Consolidated

Independent Auditors' Report	76
Balance Sheet	78
Statement of Profit & Loss	79
Cash Flow Statement	80
Notes	82

# VALUE THROUGH VISION

---

We have an interesting story to share with our readers.

The story of what we can achieve, despite external challenges.

In a year marked by subdued global growth and sub-optimal economic performance at the domestic front, we continued to create greater stakeholder value through the power of our vision.

We have enhanced capacities, secured raw material sources, reinforced quality focus and satisfied discerning global customers with a competitive price-value proposition during the year.

The result is a sterling business performance and an encouraging road ahead. Our vision has enabled us to emerge as one of the holistic Lead players in the secondary market globally.

---

We are  
co-creating value  
through vision.

## Vision pushes our boundaries further

---

At Gravita India, we are a dynamic and diversified organization engaged in secondary Lead manufacturing and Poly Propylene Plastic products.

We have an enriched product portfolio and wide customer base in multi-fold segments like Lead acid battery, PVC stabilizers, Pigments, Radiation Protection applications and Constructions.

We aspire to be the preferred Lead supplier to discerning global customers. We focus on manufacturing Lead through competitive price-value propositions and customised products. The increasing demand of Lead as a metal in several downstream sectors has enabled us to emerge as one of the leading secondary manufacturers of Lead, nationally and internationally.

We have nine manufacturing plants located in India, Sri Lanka and African zone with a total installed capacity of 78,800 MTPA. We endeavour to achieve top-tier product quality standard by perfecting the science of manufacturing.



### 2013-14 in numbers

**78,800 MTPA**  
Total capacity as on  
31st March, 2014

**37**  
Number of countries in  
which we are present

**9**  
Number of manufacturing  
facilities

**42**  
Total products manufac-  
tured



#### Our Vision

- At Gravita, all our operations are eco-friendly and cost-competitive. We are dedicated in preserving and protecting our natural resources and are aware that we can do so only in a pollution-free environment.
- Our greatest and most precious asset has been our people and we are not loath to invest in their training and improvement to enable them to successfully meet new challenges in an ever changing scenario.
- Customer satisfaction is of paramount importance to us and we go all out to satisfy them with excellent service and value for money.



#### Our Mission

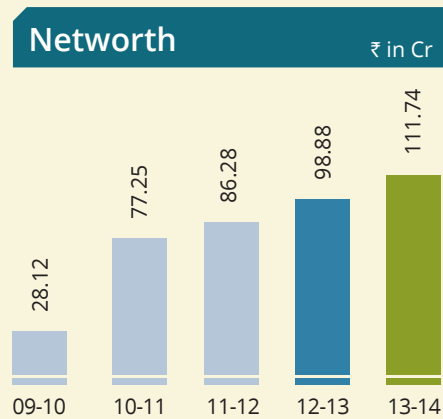
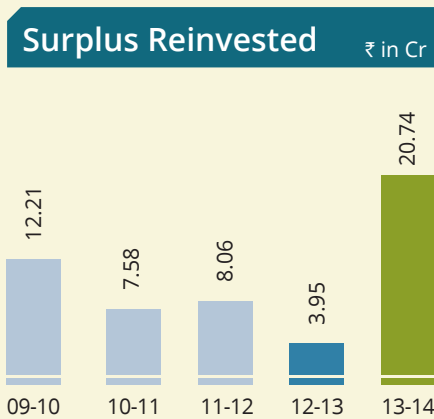
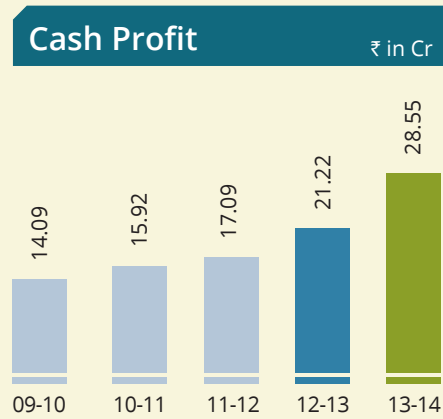
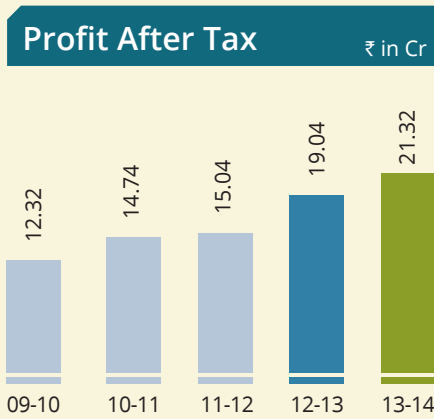
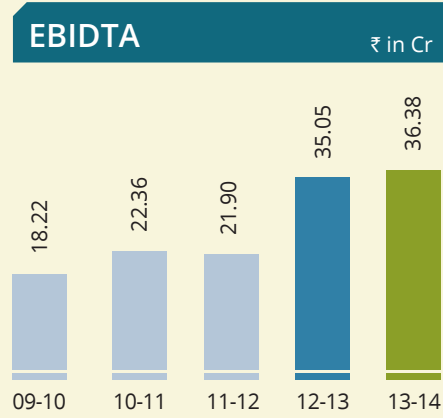
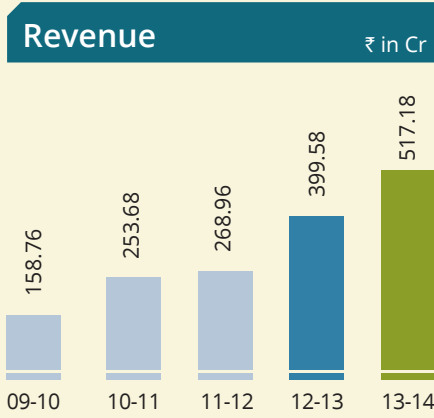
Our mission is to be a leading brand in the field of Lead, both nationally and internationally through constant endeavour and innovation.



#### Our Values

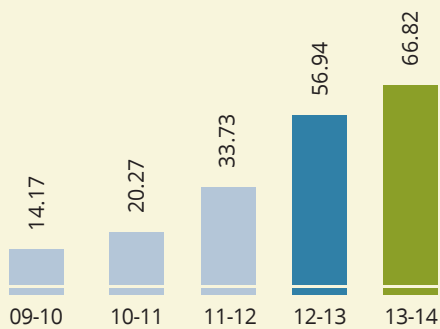
- Uncompromising commitment to quality and performance-related excellence.
- Constant innovation.
- Committed delivery schedule.
- Enhancing customer delight.

# Value reflected in numbers

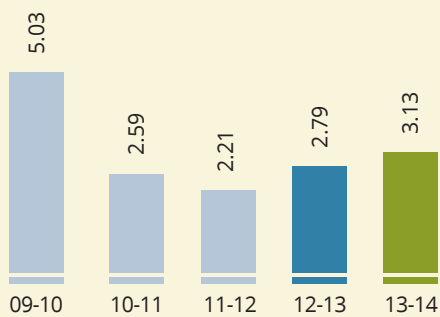




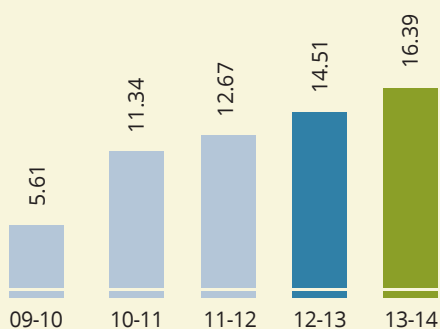
### Net Fixed Assets ₹ in Cr



### Earnings Per Share



### Book Value Per Share



### Revenue

**₹ 517.18 Crore**

(+29.43% from 2012-13:  
₹ 399.58 Crore)

### PAT

**₹ 21.32 Crore**

(+12% from 2012-13:  
₹ 19.04 Crore)

### Operating profit

**₹ 93.89 Crore**

(24% from 2012-13:  
₹ 75.78 Crore)

### EBIDTA

**₹ 36.38 Crore**

(3.79% from 2012-13:  
₹ 35.05 Crore)

### Ratios

	2012-13	2013-14
Return on Assets	9.97%	9.62%
Return on Equity	20.48%	20.20%

# Chairman's communiqué



## Dear Shareholders,

I am happy to share my thoughts with you at a time, when the global economy is on the mend and the Indian economy is likely to see better days, with a committed and decisive government at the Centre. Although the general business landscape was not very encouraging in FY 2013-14, Gravita India continued to create stakeholder value through eco-friendly, quality-driven, cost-competitive and innovative business practices. Such an approach has enabled us to emerge as one of the fastest growing secondary Lead manufacturers in India.

The demand for Lead scrap recycling has gone up owing to the requirement of downstream industries.

I am pleased to report that in FY 2013-14, we have successfully transitioned ourselves as a holistic Lead player with business interests ranging from Lead manufacturing to turnkey projects and technology solutions to trading.

### Industry scenario

The FY 2013-14 was a tough year for the Lead metal market. The demand growth of the metal was below the industry expectation. In addition, challenges of the automobile industry and emergence of alternative battery technologies further weakened the demand. The global Lead metal mining industry is expected to grow by 4-5%, with the developing economies being the primary contributors, with a 6-7% growth prospect, going forward.

India's Lead battery demand is expected to remain strong in the next five years. The country's battery market is experiencing demand from various downstream sectors, thereby providing immense opportunities to manufacturers. The steadily growing automobile sector and the increasing need for back-up power are driving the lead-acid battery market.

### Secondary Lead market

The demand for Lead scrap recycling has gone up owing to the requirement of downstream industries. The Ministry of Environment and Forests

has issued the Battery (Management and Handling) Rules, 2001 in order to organise and streamline the collection and recycling of scrap Lead batteries in an eco-friendly manner. Across the world many countries have framed similar rules/legislations to ensure a cleaner environment. Producing Lead through this route requires around one-third of the energy needed to extract it from its ores.

### Milestones

Gravita crossed many milestones during FY2013-14 and that has enhanced our confidence to push our boundaries further. The highlight of the year was the commercialization of our Gujarat plant from August 2013, which contributed an additional production of 4188 MTPA. The result was encouraging by any measure: our overall revenues surged by 29%, reaching ₹ 517.18-crore turnover, including 16% increase contributed by Gujarat unit (against ₹ 399.58 crore in 2012-13). Our net profit also scaled up at ₹ 21.32 crore (against ₹ 19.04 crore in 2012-13).

While the Gujarat plant added to our topline, it also made a significant contribution to our bottomline by providing logistical advantage for both exports and imports. This was possible owing to the plant's proximity to the port. It is pertinent to mention,



view this annual report online  
<http://www.gravitaindia.com/>





#### Meeting new customers

We have always been close to high-growth markets, catering to changing aspirations of customers.

**Read more on page 8**

#### Holistic business philosophy

At Gravita, we are strengthening a multi-line business with cross synergies to create long-term value.

**Read more on page 10**

#### Governance practices

Gravita India Limited aims at building and retaining trust with our shareholders, employees, customers, suppliers and diverse stakeholders.

**Read more on page 26**

in this context, that our exports in the total revenue pie increased to 49%, compared to 19% five years ago. We are now exporting to 37 countries globally. Our Gujarat plant enhanced export revenue significantly.

### Strategic initiatives

Today Gravita is one of the leading secondary Lead manufacturers in the country, with several competitive advantages. We have undertaken several strategic measures to create stakeholder value for the long term. First, the license to import scrap batteries gives us easy accessibility to raw material. While we sourced scrap batteries as raw material from domestic sources earlier, we now avail scrap from more than 15 countries globally. Second, sourcing of raw material through import gives us cost benefit, as international prices are cheaper than domestic sources. Finally, the Gujarat plant entails savings (around 80%) in logistical cost, with proximity to port being a critical contributor to the bottomline.

but also reduced our operational cost structure. Besides, we are continuously expanding our product portfolio across business segments to address diverse customer needs. This enriched product portfolio and enhanced capacities will significantly bolster our revenues, going forward. We have a revenue visibility of around 1 billion dollar in the next five to seven years.

As we take confident strides in our journey towards achieving our objective, we will require support of our entire team, management, Board of Directors and the wider community of stakeholders.

**Dr. Mahavir Prasad Agarwal,**  
Chairman

₹16.39

Book value per share as on 31st March, 2014

₹111.74 Crore

Networth as as on 31st March, 2014

₹20.74 Crore

Surplus reinvested during 2013-14

### Outlook

Going ahead, we plan to expand our capacity from 78,800 MTPA to 91,000 MTPA by the end of current fiscal. This targeted expansion will be achieved by setting up greenfield capacities as well as acquiring companies that match our business profile. Our vision to create more capacities is backed by the increasing demand from international markets. While our exports have increased at a CAGR of 36% in the last five years, it today stands at ₹ 250.90 crore as on 31st March, 2014.

With greater availability of raw materials from across the world, we have felt the need to enhance our capacity from 35,400 MTPA in 2010 to 78,800 MTPA. This has not only improved our efficiency,

Value through vision

## Meeting new customers

---

We have always been close to high-growth markets, catering to changing aspirations of customers. Our level-next strategy is to strengthen our position in markets where we already exist, and to expand our presence further to emerging pockets of growth.



We are globally recognised for our customer-first approach and industry-leading innovations.

From the setting up of manufacturing facilities in locations where raw material is readily available to selling our products in markets with high demand, we are leveraging opportunities and creating more value for customers.

**Futuristic products**

Over the years, we have been offering products and solutions that fulfil our customer aspirations and also help address environmental concerns. Our eco-friendliness is reflected in our primary business objective of recycling Lead products, which saves energy and helps conserve finite mining resources.

**Customised offerings**

Our product profile comprises over 42 products, which address the expectations of discerning customers and help strengthen their trust. This element of trust has strengthened our brand recall globally in the secondary Lead market.

29  
Countries of presence

9  
Number of manufacturing plants in India and rest of the world

78800 MT  
Installed capacity as on 31st March, 2014

42  
Number of products that make up our product portfolio

99.97%  
The level of purity of the products manufactured by us

**Manufacturing division**

The primary business segment of Gravita, the manufacturing vertical is involved in manufacturing Lead through secondary methods. With more than 9 plants (In India and abroad) (2 new plants are in process of being established) and operations spanning in 5 countries, we have maintained our leadership in terms of market share as well as quality. Our manufacturing processes include making Lead through Lead smelting (99.97% purity), Lead refining and other innovative processes. With the primary plant located in Jaipur, we have subsidiaries in India located at Jammu, , Kathua, both in the State of J & K, Gandhidham (Gujarat), a Unit at Mahindra SEZ (Jaipur) and another in Phagi (Jaipur). Abroad we have manufacturing plants at Ghana, Mozambique, Senegal and Sri Lanka.

Our international presence is strengthened by Gravita Netherlands B.V. in Netherlands, Gravita Global Pte Ltd in Singapore, Gravita Nicaragua S.A. in Nicaragua, Gravita Trinidad and Tobago Limited in Port of Spain, Trinidad and Tobago. In Nicaragua and Port of Spain the setting up of manufacturing plants is in process. We also have a joint venture agreement with the Best Group of Saudi Arabia for setting up a manufacturing unit of Lead and Lead Alloys in Saudi Arabia.

Value through vision

## Holistic business philosophy

---

At Gravita, we are strengthening a multi-line business with cross synergies to create long-term value. This holistic approach has made us a respected brand in the secondary Lead market.



## Quality and operational excellence

Over the years, we have been recognized for quality and customization in our products and services. The focus on quality and operations has been a fundamental driver to our leadership and growth. While we possess top-tier domestic and international quality certifications, our eco-friendly operations vindicate our capability of being a responsible manufacturer. We recycle Lead products to manufacture Lead, helping conserve a precious natural resource.

## Leverage capabilities globally

In each of our three business segments, we have stepped up investments to enhance capacities and capabilities. Catering to critical downstream customers for various industries, our enhanced scale in terms of production capacity and product spectrum will support our long-term growth objective.

## Focus on key clients

Our client-focused business approach forms a strong foundation to our sustained leadership. Over the years, we have developed a long-term relationship with many national and international customers, who appreciate our value-added products and services. We follow this practice across our three business verticals – manufacturing, turnkey projects and trading.

40

Countries in which we are present

5.61 cr

Order book as on 31st March, 2014

56

Number of turnkey projects delivered till 2013-14

3.54 cr

Share of revenue in 2013-14

18

Countries in which we are present

₹ 32.18 cr

Revenue generated in 2013-14

16

Number of clients who avail our trading services

## Turnkey Projects

We are among the few Indian companies to facilitate and fabricate Lead recycling plants, which include smelting and refining plants. Our ability to construct and establish refining plants, pollution control equipment and battery-breaking systems in an environmentally sustainable manner, makes us a distinguished player in our space. Having set up eco-friendly smelting, refining and alloying solutions for niche global customers, we are recognized for our:

- High asset uptime
- High conversion efficiency
- Low manufacturing cost
- Customised solutions
- Globally benchmarked quality control

## Trading

At Gravita, we leverage our knowledge, experience, expertise and global presence to trade in Lead, Lead products, metals, chemicals, ferrous scrap and minerals. With our dedicated business-to-business (B2B) portal, we provide a reliable platform to customers from across the world to buy or sell commodities.

# Management Discussion and Analysis

## Overview of the global economy

The financial year 2013-14 witnessed a gradual recovery of the global economy, although the pace has tended to be uneven and prone to uncertainties. At the same time, there has been a distinct change in the pattern of the recovery. While earlier it was fuelled by the emerging markets and developing economies, the impetus to growth has come from the developed economies this year. The US economy has performed encouragingly as evidenced by upbeat housing and employment related data, although the Euro region showed signs of subdued recovery. On the other hand, emerging markets like Brazil and India witnessed a

slowdown in economic growth. China, on the other hand, is focusing on a more balanced growth strategy, which will augur well for the country, going forward.

Overall, however, the growth in advanced economies is likely to result in greater export oriented opportunities for emerging ones, thereby leading to a more balanced scenario. The global economy is estimated to grow at an average rate of 3.7% in 2014 compared to the 3% growth rate recorded in 2013. At the same time, emerging economies like China and India are also expected to grow owing to structural policies supporting investments in those regions.

### Global growth (%)

(₹ in Lacs)

	2012	2013	Projections	
			2014	2015
<b>World Output</b>	3.1	3.0	3.7	3.9
<b>Advanced Economies</b>	<b>1.4</b>	<b>1.3</b>	2.2	2.3
United States	2.8	1.9	<b>2.8</b>	<b>3.0</b>
Euro Area	(0.7)	(0.4)	1.0	1.4
Japan	1.4	1.7	1.7	1.0
United Kingdom	0.3	1.7	2.4	2.2
Other Advanced Economies	1.9	2.2	3.0	3.2
<b>Emerging and Developing Economies</b>	<b>4.9</b>	<b>4.7</b>	5.1	5.4

(Source: International Monetary Fund, January, 2014)

## Overview of the Indian economy

Although the Indian economy progressed at a breakneck speed till a few years ago, the pace of growth has been considerably slackened in recent years. In fact, the country witnessed sub-5 percent growth during the last two years owing to declining infrastructure and corporate investments, weak consumer sentiments, persistent inflation and policy uncertainty. The situation was further complicated by the withdrawal of the US Quantitative Easing programme that led to significant rupee depreciation and widening of the country's current account deficit. In fact, the economy has experienced a consistent decline in GDP growth rate over the last two years, leading to an alarming volatility in the inflow of foreign investments.

The current state of the economy makes it essential for the government to implement a robust and feasible plan of action for its revival. The fact that India is one of the largest emerging economies in the world and has demonstrated the ability to grow rapidly in the past is largely expected to work in its favour. The country is likely to register a 5%

growth rate in the GDP during FY 2015 compared to the current 4.7% growth witnessed in FY 2014, subject to a normal monsoon and positive policy reforms.

The formation of a new government at the centre is likely to result in a host of measures to boost the economy, with a specific focus on power, infrastructure and education sectors. The new government is expected to adhere to the path of fiscal consolidation and strengthen the economic fundamentals in the process. To boost the growth of the manufacturing sector, the government has proposed setting up mega industrial zones in different parts of the country. The National Manufacturing Policy aims to increase the share of the manufacturing sector within the national GDP from the current 16% to 25-26% by 2025 (Source: VDMA Newsletter, Indian, Ausgabe, April 2014).

## Industry Snapshot

### Global overview

The global demand for refined Lead metal is slated to increase by 4.4% in 2014 to 11.73 million tons. In fact,





*The formation of a new government at the centre is likely to result in a host of measures to boost the economy, with a specific focus on power, infrastructure and education sectors*

the International Lead and Zinc Study Group forecasts demand to exceed supply in the global markets for Lead in 2014. This growth is basically expected to be driven by China where usage is forecasted to increase by 7.4% in 2014. In 2013, China accounted for 45.2% of total global Lead usage.

Following a rise of 7.5% in 2013, global Lead mine production is expected to increase by a further 5.2% to 5.66 million tons in 2014 – the result of higher output in Australia and China. In 2014, world production of refined Lead metal is forecasted to rise by 4.3% to 11.68 million tons (Source: ILZSG, April, 2014).

Lead in the global market is traded as soft Lead, animated Lead, Lead alloys and copper-base scrap (Source: Commodity online, December 2013). However, the global Lead industry is confronting numerous challenges that include smelter shutdowns in various regions. This can be attributed to a number of reasons such as tougher environmental regulations, the struggling automotive sector and the emergence of alternative battery technologies.

### Indian overview

India has witnessed a steady increase in the production and demand for Lead. According to data from the World Bureau of Metal Statistics, refined Lead production and consumption in India rose by 6.7% and 6%, respectively, in 2013 (Source: World Bureau of Metal Statistics).

The domestic demand for Lead is largely driven by the consumption of Lead acid batteries in various sectors, especially the automotive, telecom and the newly expanding solar power sectors. Moreover, the likely improvement of the Indian economic scenario later this year should boost the prospects of certain segments, including the automotive sector. This should translate into improved demand for Lead (that is a primary component of automobile batteries) and a subsequent increase in prices during the latter half of 2014 (Source: Business Line).

The country's Lead production is estimated to be around 0.75 million MT, with more than 85% of it being attributable to secondary sources. However, the lack of any major Lead ore deposit is the main constraint for enhancing domestic Lead production. This has also been the reason why India imports nearly 25% of its Lead requirement every year. The domestic Lead industry is characterised by the presence of only a few players in the primary market segment.

### Industry Drivers

#### Lead battery market in India

The Lead acid battery industry in India that comprises automobile, sealed maintenance free (SMF), tubular and Lead acid batteries, has been registering an annual growth rate of 25% on a year-on-year basis. While China still remains the world's largest battery market, India is expected to register the strongest growth in sales in 2014. Indian manufacturers are now gearing up to meet the increased global demand for locally made batteries, which will subsequently Lead to enhanced demand for Lead.

#### Solar industry

The solar energy potential in India is immense due to the country's convenient location near the Equator. India receives nearly 3000 hours of sunshine every year, which is equivalent to 5000 trillion kWh of energy. Rajasthan and Gujarat are the regions with maximum solar energy potential. This, coupled with the availability of barren land, increases the feasibility of setting up solar energy systems in these regions. Considering India's solar potential, the government has rolled out various policies and subsidy schemes to encourage growth of the industry.

The solar industry is one of the major demand drivers for the increase in Lead demand in India. The application of Lead acid batteries as power storage device creates demand for Lead in this sector.

#### Telecom industry

The telecom sector in India experienced rapid growth over the past decade on account of the country's liberalisation policies, structural reforms and market competition. Much of this growth can, however, be attributed to the unprecedented growth in mobile telephony as the number of domestic mobile subscribers grew at an astounding rate. At the same time, the telecom industry has immense growth potential, given that the teledensity in the country is just half of the average teledensity recorded in developed nations.

The growth in the telecom sector comprises welcome news for the domestic Lead industry as the application of Lead acid batteries as power storage device leads to enhanced demand for Lead. This is primarily due to the fact that every telecom tower is associated with the Lead acid battery bank to ensure uninterrupted power supply.

**Company overview**

**Brief analysis of the financial statements**

- Gross revenue grew 29% from ₹ 399.58 Crores to ₹ 517.18 Crores
- EBDITA surged 3.79% from ₹ 35.05 Crores to ₹ 36.18 Crores
- Net profit strengthened 12% from ₹ 19.03 Crores to ₹ 21.32 Crores
- EPS increased 12% from ₹ 2.79 to ₹ 3.12

**Gross revenue by geography** %

2012-13



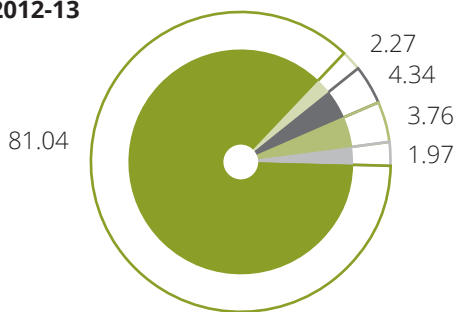
2013-14



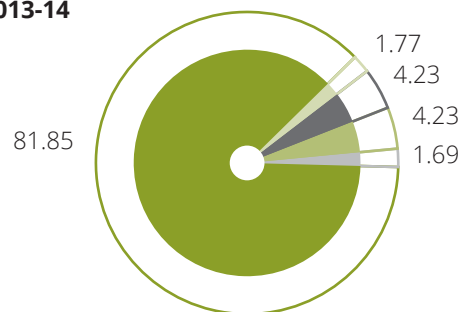
■ Domestic ■ Exports

**Key cost components as a percentage of gross revenue** %

2012-13



2013-14



■ Raw material ■ Manufacturing expenses  
 ■ Employee cost ■ Administrative expenses  
 ■ Selling and distribution expenses

### Human resource

We recognise that our human capital drives the Company's customer-driven business model. Therefore, we continuously strive to attract and retain the best talent from the local markets. Apart from having a robust performance management system, we strive to create an inspiring and rewarding work environment. Our employees' skills are constantly upgraded through a variety of training programmes and internal opportunities to increase work-based knowledge and efficiencies.

### Internal control systems

We have established a proper system of internal controls and procedures that are compatible with the size of our operations and business. A firm of chartered accountants regularly conducts internal audits of our operations,



*We recognise that our human capital drives the Company's customer-driven business model*

establishments, and stockyards on a quarterly basis, with a view to ensuring that these systems are properly adhered to. The Audit Committee reviews the reports of the Internal Auditors and monitors the effectiveness and operational efficiencies of these internal control systems. The Audit Committee gives valuable suggestions from time to time for improvement of the Company's business processes, systems and internal controls. The annual internal audit plans are prepared by Internal Auditors in consultation with the Audit Committee and the audit is conducted in accordance with this plan.

# Directors' Report

To,  
The Members of  
Gravita India Limited

It gives us immense pleasure in presenting you on behalf of the Board of Directors of the Company, the 22nd Annual Report of Gravita India Limited along with Audited Financial Statements for the year ended 31st March, 2014.

## Consolidated Financial Performance

	(₹ in Lacs)	
Particulars	2013-14	2012-13
Total Income	51,840.27	40,234.80
Total Expenditure	47926.88	36761.01
<b>Profit Before Interest, Depreciation And Tax (PBIDT)</b>	<b>3913.39</b>	<b>3473.79</b>
Less: Interest	569.64	551.94
Less: Depreciation	603.48	218.78
Profit Before Tax	2,740.27	2,703.07
Exceptional Items	22.42	26.17
Profit from ordinary Activities before Tax	2,762.69	2,729.24
Prior Period Items	312.29	-
Less: Provisions for Taxation Including Deferred Tax	287.33	379.39
<b>Profit After Tax (PAT)</b>	<b>2,163.07</b>	<b>2,349.85</b>
Share in Profit of Associates	1.77	(0.42)
Less: Minority Share in Profit & Loss	32.67	445.87
<b>Profit Available for Appropriation</b>	<b>2,132.17</b>	<b>1,903.56</b>
<b>APPROPRIATION:</b>		
Interim Dividend	204.53	340.59
Corporate Tax on Interim Dividend	33.18	55.25
<b>Transfer from Capital Reserve on Consolidation</b>	<b>(724.35)</b>	<b>694.09</b>
Transfer to General Reserve	148.86	179.79
Proposed for Dividend	340.88	204.38
Corporate Tax on Dividend	55.30	34.74
<b>Balance Carried to Balance Sheet</b>	<b>2,073.77</b>	<b>394.72</b>

### 1. State of Company's affairs

The Financial Year 2013-14 has been yet another year of sustained performance, success and growth for your Company, which along with the other group companies, excelled in its endeavors particularly in its core activities of Recycling and Production of Lead & Lead Metals. For the financial year ended 31st March 2014, the Company has recorded a strong revenue and margin performance. The significant milestones achieved by your Company during the year are as under:

#### Consolidated Results:

- **Consolidated total Revenue** increased to ₹ 518.40 Crores from ₹ 402.34 Crores in the previous year, depicting a growth rate of 29%.

- **Operating Profit before Interest, Depreciation and Tax** stood at ₹ 39.13 Crores in financial year 2013-2014 as compared to ₹ 34.74 Crores in previous year.
- **Net Profit after Tax and minority interest during** the year stood at ₹ 21.32 Crores registering an increase of 12% over the corresponding figure of previous year.
- **Earnings per Share** of the Company stood at ₹ 3.13 per share having face value of ₹ 2 each.
- **Cash Profit** increased by 7% to ₹ 27.66 Crores during the year.



*Continuing with its liberal payout policies, the Board of Directors of the Company during the year approved the payment of Interim Dividend @ 15% (₹ 0.30 per equity share) amounting to ₹ 2.04 Crores*

#### Standalone Results:

- **Total Revenue** increased to ₹ 341.05 Crores from ₹ 263.49 Crores in the previous year, depicting a growth rate of 30%.
- **Operating Profit before Interest, Depreciation and Tax** stood at ₹ 22.06 Crores in financial year 2013-2014 as compared to ₹ 18.89 Crores in previous year.
- **Net Profit after Tax** during the year is reported at ₹ 14.88 Crores as compared to last year's PAT of ₹ 17.98 Crores.
- **Earnings per Share** of the Company stood at ₹ 2.18 per share having face value of ₹ 2 each.
- **Cash Profit** during the year stood at ₹ 16.62 Crores.

## 2. Dividend

The dividend payout for F.Y. 2013-14 has been recommended in accordance with your Company's policy of sustainable dividend pay-out vis-à-vis the requirement of internal accruals for its future growth plans.

Continuing with its liberal payout policies, the Board of Directors of the Company during the year approved the payment of Interim Dividend @ 15% (₹ 0.30 per equity share) amounting to ₹ 2.04 Crores. In addition, your Directors recommend payment of final dividend @ 25% (₹ 0.50 per equity share) amounting to ₹ 3.41 Crores for the financial year 2013-14. If approved at ensuing AGM, the total dividend payout (interim and final dividend) for the financial year 2013-14 will be 40% amounting to ₹ 5.45 Crores.

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

Gravita India Limited is having Global presence through its various Subsidiaries and all the subsidiaries are engaged in production of world-class products in an environment friendly atmosphere.

### a. Gravita Exim Limited, India:

Gravita Exim Limited is a Wholly-owned Subsidiary of the Company. Since Inception this subsidiary was engaged in the business of providing comprehensive Turnkey Solution for the Cost effective Battery Recycling Process & Plant with Environment-Friendly Technology

but during Financial Year 2012-13 the Company diversified its business in trading of various kind of commodities. Further, during the year under review the company bought 51% stake of Gravita Technomech (Now known as Gravita Infotech) from Gravita India Limited and ventured in the business of IT Segment for providing facilities related to IT Software and IT Solutions, Web Designing etc. Total revenue of the Company for current financial year stood at ₹ 6.47 Crores resulting in Net Profit of ₹ 2.79 Crores.

- b. Gravita Ghana Limited, Ghana:** Gravita Ghana Limited is a Wholly-owned Subsidiary of the Company. The subsidiary is engaged in recycling of Lead Acid battery Scrap for producing Remelted Lead Ingots, PP Chips etc. It has been awarded with National Award for Export Achievement for its remarkable performance in export of Remelted Lead Ingots from Ghana. During the year under review this plant produced 3076 MT of Remelted Lead Ingots and delivered revenue of ₹ 38.22 Crores as compared to ₹ 30.87 Crores in Previous Year whereas Net profit stood at ₹ 2.56 Crores depicting a tremendous increase of 300% as against previous year profit.
- c. Gravita Senegal SAU, Senegal:** Gravita Senegal SAU is a step down subsidiary of Gravita India Limited. The subsidiary is engaged in recycling of Lead Acid battery Scrap for producing Re-melted Lead Ingots, PP Chips etc. During the year under review this plant produced 2607 MT of Remelted Lead Ingots and achieved a turnover of ₹ 34.91 Crores coupled with net profit of ₹ 3.45 Crores.
- d. Gravita Mozambique LDA, Mozambique:** Gravita India Limited collectively with its wholly owned subsidiary Gravita Exim Limited holds the entire stake of Gravita Mozambique LDA. This Subsidiary is engaged in the business of Manufacture of Remelted Lead, Pure Lead, Lead Concentrate & Polypropylene Chips. During the year under review this subsidiary has produced 1933 MT of Remelted Lead Ingots and achieved a turnover of ₹ 25.68 Crores against ₹ 19.95 Crores in last year and reported a Net profit after Tax of ₹ 0.72 Crores during the year.

- e. Gravita Global Pte Ltd, Singapore:** Gravita Global Pte Ltd is a wholly owned subsidiary of the Company and is based at Singapore which is engaged in the trading business of Lead & Lead Products. The trading operations of the Company have started during the current year only and the Company has been able to achieve a turnover of ₹ 33.85 Crores resulting in a Net profit of ₹ 0.84 Crores. During the year under review, share capital of the said subsidiary has increased by 50000 Equity Shares of USD 1 each making its total paid up capital to 1345000 Equity shares of USD 1 each. Gravita India Ltd has provided a Corporate Guarantee of USD 500,000 in favour of Standard Bank PLC, London for providing Margin Limits for Metal Trading to Gravita Global Pte Ltd.
- f. Gravita Netherlands B.V., Netherlands:** Gravita Netherlands B.V. is a step down subsidiary of Gravita India Limited. It is investment subsidiary of the Company and during the year under review this subsidiary achieved a Total Profit of ₹ 5.18 Crores which is derived from Dividend income from other business entities/subsidiaries of Gravita Netherlands B.V.
- g. Navam Lanka Ltd, Srilanka:** Navam Lanka Limited is an indirect subsidiary of Gravita India Limited operating in Sri Lanka for more than a decade. It is the largest producer of Lead Ingots and Polypropylene Chips in Sri Lanka. This subsidiary is engaged in Recycling of Lead Acid Battery Scrap, Polypropylene Chips/Granules & Refining & Alloying of Lead Ingots to produce 99.97% Pure Lead and Specific Alloys. During the year under review this subsidiary produced 4803 MT of Remelted Lead Ingots and Refined Lead Ingots depicting 28% increase in production and achieved a Total Turnover of ₹ 60 Crores coupled with Net Profit after Tax of ₹ 0.78 Crores. During the year Net Profit of this subsidiary is comparatively low from previous F.Y. due to changes in accounting system in Sri Lanka. During the year "Sri Lanka Accounting Standards 2011" has been implemented due to which Depreciation is being calculated in different manner and amount of depreciation is calculated prospectively from the incorporation of Company. This subsidiary has also discarded some of its Fixed Assets which were obsolete or fully utilised.
- h. M/s Gravita Metals, India:** Gravita India Limited along with its wholly owned subsidiary Gravita Exim Limited holds 100% share in this partnership

firm. This firm is engaged in Manufacturing of Pure Lead and all kind of Lead Alloys like Antimonial Lead Alloy, Calcium, Selenium, Copper, Tin, Arsenic Lead Alloy etc. The firm is a Gem in the Crown of Gravita India Limited. The performance of firm was spectacular during the year among all business units as topline of the firm stood at ₹ 129.32 Crores and bottom line stood at ₹ 11.14 Crores with production of 8393 MT of Refined Lead Ingots.

- i. M/s Gravita Metals Inc, India:** Gravita India Limited holds 95% share in the partnership firm and the balance 5% is held by its subsidiary Gravita Exim Limited. This firm is engaged in Manufacturing of Pure Lead and all kind of Specific Lead Alloys. During the year under review the unit produced 912 MT of Remelted Lead Ingots and achieved a turnover of ₹ 14.56 Crores coupled with Net Profit of ₹ 0.05 Crores.

#### 4. Other Subsidiaries

The Company has some other subsidiaries/ Step Subsidiaries which are under process of implementation of projects/commercial production. The details of the same are given below:

- Gravita Energy Limited
- Gravita Infra Private Limited
- Noble Buildestate Private Limited
- Gravita Trinidad & Tobago Ltd.
- Gravita Nicaragua S.A.

#### 5. Sale/Disinvestment/winding up/ striking off

During the year under review the Company has received approval of Registrar of Companies for Striking off Name of Gravita Technomech LLP, a Subsidiary firm of the Company.

#### 6. Fund Management

Finance plays a significant role in working of any organisation. Being an emerging group Company is required to inject funds by way of Working Capital loans and other Term Loans for its operational ease. During the year under review the Company has availed credit limit of ₹ 58 Crores from SBI Consortium comprising State Bank of India as Lead Bank along with consortium member IDBI Bank.

Further the said limits were enhanced from ₹ 58 Crores to ₹ 82.50 Crores in April 2014 and by this enhancement Punjab National Bank also forms part of SBI Consortium. In addition to it the Company has taken an unsecured loan of ₹ 0.50 Crores from Kotak Mahindra Bank Limited for meeting its short term capital requirements.



## 7. Corporate Governance

Corporate governance is a continuous process at Gravita India Limited. It is about commitment to values and ethical business conduct. Systems, policies and frameworks are regularly upgraded to effectively meet the challenges of rapid growth in a dynamic external business environment.

Being a Listed Corporate entity, your Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability paving the way in building confidence among all its stakeholders for achieving sustainable long term growth and profitability.

A detailed Corporate Governance Report and a certificate from M/s P.Pincha & Associates, Practicing Company Secretaries, Jaipur regarding compliance with conditions of corporate governance as required under Clause 49 of the Listing Agreement are attached and form 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 and forms part of this report.

## 8. Insider Trading Prevention Code

Pursuant to the SEBI (Prohibition of Insider Trading) Regulations 1992, the company has formulated a comprehensive policy for prohibition of Insider Trading in Equity Shares of Gravita India Limited to preserve the confidentiality and to prevent misuse of unpublished price sensitive information. The Company Secretary has been designated as the Compliance Officer. It has also been posted on the website of the Company [www.gravitaindia.com](http://www.gravitaindia.com)

## 9. Energy Conservation

A detailed statement on Particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo as required under Section 217(1) (e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) 1988, forms part of this report.

## 10. Reserves

In compliance of Section 205 (2A) of the Companies Act, 1956 and in accordance with the Companies (Transfer of Profit to Reserves) Rules, 1975, it is proposed to carry an amount of ₹ 148.86 Crores to General Reserve Account.



*Your Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability paving the way in building confidence among all its stakeholders for achieving sustainable long term growth and profitability*

## 11. Subsidiary Companies

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs vide its circular dated February 8, 2011 has granted general exemption from attaching the Balance Sheet, Statement of Profit and Loss and other documents of the subsidiary companies with the Financial Statements of the Company. A statement containing brief financial details of the Company's subsidiaries for the financial year ended 31st March 2014 is included in the Annual Report.

The Board of Directors at their meeting held on 29th May 2014 passed necessary resolution according consent for not attaching the financial statements in respect of all the subsidiary companies for the year ended 31st March 2014. The statement pursuant to Section 212 of the Companies Act, 1956 containing details of Company's subsidiaries is attached.

The consolidated financial statements have been prepared in accordance with the relevant Accounting Standards as prescribed under Section 211(3C) of the Companies Act, 1956. In accordance with the Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented by your company include the financial information of all its subsidiaries.

## 12. Statutory Auditor

The existing statutory auditors, M/s Deloitte Haskins & Sells Chartered Accountants, Delhi (having firm registration no. 015125N) will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offered themselves for re-appointment. The Company has received a letter from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 141(3) (g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation. The Notes on financial statements are self-explanatory, and needs no further explanation.

### 13. Cost Auditor

M/s HMVN & Associates, Cost Accountants, who were appointed as Cost Auditors of the Company for conducting audit of the cost accounts of the company for the Financial Year 2013-14 were removed from the office of Cost Auditors, before the expiry of their term.

Accordingly, the Audit Committee and Board of Directors of the Company have appointed M/s K.G. Goyal & Associates, Cost Accountants having firm registration no. 000024 as Cost Auditors for conducting the audit of cost accounts maintained by the company in more improved and efficient manner for the Financial Year 2013-14 in place of M/s HMVN & Associates, Jaipur, the erstwhile cost auditors of the Company for the Financial Year 2013-14. The Cost Audit report for the F.Y. 2012-13 was filed with Registrar of Companies (Central Government) on 27th November 2013 while the due date for filing of Cost Audit Report for F.Y. 2012-13 was 27th September, 2013.

### 14. Directors

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered into with Stock Exchanges, appointed Mr. Dinesh Kumar Govil, Mr. Yogesh Mohan Kharbanda and Mr. Arun Kumar Gupta as Independent Directors of the Company.

As per Section 149(4) of the Companies Act, 2013 (Act), which came into effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors.

In accordance with the provisions of Section 149 of the Act, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming Annual General Meeting (AGM) of the Company.

Accordingly, Mr. Yogesh Mohan Kharbanda, Mr. Dinesh Kumar Govil and Mr. Arun Kumar Gupta, Independent Directors of the Company are being appointed for tenure of 5 Years as per the provisions of Companies Act, 2013.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under Sub Section (6) of Section 149 of the Companies Act, 2013 and under Clause 49 of the Listing Agreement with the Stock Exchanges.

Further, Dr. Mahavir Prasad Agarwal shall be the director retiring by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

### 15. Directors' Responsibility Statement

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

- I. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any;
- II. They have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st March 2014 and of the profit or 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.

### 16. Consolidated Financial Statements and Cash Flow Statement

As required under Clause 32 of the Listing Agreement, the Consolidated Financial Statements of the Company have been prepared in accordance with the requirements of Accounting Standards issued by 'The Institute of Chartered Accountants of India'. The Audited Consolidated Financial Statements together with Auditors' Report thereon forms part of the Annual Report.

### 17. Disclosures Regarding ESOPs

The Compensation Committee of the Board of Directors of the Company administers and monitors the Employees' Stock Option Scheme of the Company in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ('the SEBI Guidelines'). The applicable disclosures as stipulated under the SEBI Guidelines as on 31st March 2014 with regard to the Employees' Stock Option Scheme is provided in Annexure to this Report. The Company has received a certificate from the Auditors of the Company that the Scheme has been implemented in accordance with SEBI Guidelines and the resolution passed by the shareholders. The certificate would be placed at the Annual General Meeting for inspection by members.

The details of ESOPs pursuant to clause 12 of SEBI (Employees Stock Options Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 are disclosed hereunder:

#### Disclosure regarding Grants under Gravita Employees Stock Option Plan 2011

Sr. No.	Particulars	1st Grant (Effective date being 1st October, 2011)	2nd Grant (Effective date being 5th July, 2012)	3rd Grant (Effective date being 1st July 2013)
a)	Options granted	400,380	31,000	368,500
b)	The pricing formula	₹ 2/- per share	₹ 2/- per share	₹ 2/- per share
c)	Options vested	74706	2750	Nil
d)	Options exercised	72416	2750	Nil
e)	The total number of shares arising as a result of exercise of option	72416	2750	Nil
f)	Options lapsed	190735	3500	15000
g)	Variation of terms of options	Nil	Nil	Nil
h)	Money realised by exercise of options	₹ 144832	₹ 5500	Nil
i)	Total number of options in force	209645*	27500**	353500
j)	Employee wise details of options granted to-			
	Senior Managerial Personnel:			
	Naveen Prakash Sharma	22500	-	35000
	Sandeep Chaudhary	15000	-	20000
	Krishan Gopal Gupta	17500	-	17500
	Sunil Kansal	17500	-	17500
	Kamal Singh	17500	-	17500
	V S Tanwar	25000	-	20000
	Yogesh Malhotra	-	22500	26000
	Sanjay Singh Baid	-	-	20000
	Vijay Pareek	-	-	20000
	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	Nil	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	Nil	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']	₹ 2.17 per share		
l)	Method of Calculation of Employee Compensation Cost	The employee compensation cost has been calculated using the intrinsic value method of accounting for Options issued under the Company's Employee Stock Option Scheme. The employee compensation cost as per the intrinsic value method for the financial year 2013-14 is ₹ 64.86 Lacs		
m)	Difference between the employee compensation cost so computed by intrinsic value method and the employee compensation cost that shall have been recognised if it had used the fair value of the options (in Lacs).	₹ 5.03 Lacs		
n)	The impact of this difference on profits and on Earnings Per Share of the Company.	The effect on the profits and earnings per share, had the Fair Value Method been adopted, is presented below:		

(₹ In Lacs)

		Profit after Tax as reported		1,488.59
		Add: Intrinsic Value Compensation Cost		64.86
		Less: Fair Value Compensation Cost		69.89
		(Binomial Pricing Model)		
		Adjusted Profit		1,483.56
		Earnings Per Share	Basic (₹)	Diluted (₹)
		As reported	2.18	2.17
		As adjusted	2.18	2.16
(o)	Weighted-average Exercise price granted during April 2012 to March 2013		₹ 2/-	
	Weighted-average Exercise price granted during April 2013 to March 2014		₹ 2/-	
	Weighted-average fair value of options outstanding as on 31st March 2013		₹ 84.08	
	Weighted-average fair value of options outstanding as on 31st March 2014		₹ 47.40	
	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:		Binomial Pricing Model	
	Risk-free interest rate		7.88%	
	Expected life (in years)		5	
	Expected volatility		69.43%	
	Expected dividends		NA	
p)	The price of the underlying share in market at the time of option grant	₹ 76.95	₹ 176.20	₹ 21.45

\* This is total number of live options of First Grant. of it 72416 options have been exercised till the end of F.Y. 2013-14

\*\* This is total number of live options of Second Grant. Of it 2750 options have been exercised during the year.

## 18. Particulars of employees:

In terms of the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of the employees are set out in the below table:

Name	Age	Designation	Remuneration (₹)	Qualification	Experience in years	Date of Commencement of Employment	Particulars of previous employment
Mr. Rajat Agrawal	47 Years	Managing Director	₹ 500,000 Per Month	B.E. (Mechanical)	21 Years	04.08.1992	N.A.

## 19. Listing of Equity Shares

The equity shares of the Company are listed on the Bombay Stock Exchange Ltd (BSE Ltd) and National Stock Exchange (NSE) and the Listing fees for the Financial Year 2014-15 has been duly paid.

## 20. Management Discussion and Analysis Report

Management Discussion and Analysis Report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges in India is presented in a separate section forming part of this Annual Report.

## 21. Fixed Deposit

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

## 22. Share Capital

The Company has made allotment of 47614 Equity Shares of ₹ 2/- each to the Employees of the Company and its subsidiaries upon exercise of an equal number of stock options granted to them pursuant to the Stock Option Scheme of the Company. In view of the above allotment, the outstanding shares of the Company during the year has increased from 6,81,27,552 equity shares of ₹ 2/- each to 6,81,75,166 equity shares of ₹ 2/- each.

### 23. Acknowledgement

The results of an organisation are great reflective of the efforts put in by the people who work for/ with the company. The Directors fully recognise the contribution made by the employees of the company and other persons for successful operations of the company. The Directors also place on record their appreciation for the sincere cooperation and assistance of Government Authorities, Customers,

Suppliers, BSE, NSE, CDSL, NSDL, Bankers, Business Associates, Shareholders, Auditors, Financial Institutions and other individuals / bodies.

For and on behalf of the Board

Sd/-  
**Rajat Agrawal**                      **Rajeev Surana**  
 (Managing Director)                      (Whole-time Director)

## Annexure to the Directors' Report

INFORMATION AS PER SECTION 217(1) (e) OF THE COMPANIES ACT, 1956 READ WITH PARTICULARS REQUIRED UNDER THE (DISCLOSURES OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH 2014

### I. Conservation of Energy:

#### a) Energy Consumption Measures taken:

Gravita continues to work towards development and implementation of climate change mitigation projects mainly through energy efficiency and use of cleaner fuels. This year, the Company has taken up initiative like use of Coal Burners which with hot air from systems will reduce the utilisation of fuel to a reasonable extent.

#### b) Additional investments / proposals 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 measures have 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) Disclosure of particulars with respect to Conservation of Energy:	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>1. Electricity</b>		
a) Purchased		
● Unit Consumed	1,416,742	4,60,412
● Amount (₹)	9,757,734	2,838,171
● Rate/ Per Unit (₹)	6.89	6.16
b) Own Generation (through Diesel Generator)		
● Unit Consumed	160,420	141,196
● Amount (₹)	1,772,287	1,170,436
● Rate/ Per Unit (₹)	11.05	8.29
<b>2. Coal</b>		
a) Charcoal (MT)		
● Units (MT) Consumed	1526.294	485.432
● Amount (₹)	24,162,840	6,602,149
● Rate/ per MT (₹)	15,831	13,601
b) MET Coke		
● Units (MT) Consumed	-	13.162
● Amount (₹)	-	130,896
● Rate/ per MT (₹)	-	9,945

### FORM A

A) Disclosure of particulars with respect to Conservation of Energy:	For the year ended 31st March 2014	For the year ended 31st March 2013
c) <b>Pet Coke</b>		
● Units (MT) Consumed	691.248	91.391
● Amount (₹)	5,003,782	641,022
● Rate/ per MT (₹)	7,239	7,014
d) <b>Furnace Oil</b>		
● Units (Ltr) Consumed	569,564	395,659
● Amount (₹)	23,757,397	15,988,079
● Rate/per Ltr (₹)	41.71	40.41
e) <b>Diesel</b>		
● Units (Ltr) Consumed	43,652	-
● Amount (₹)	2,377,942	-
● Rate/per Ltr (₹)	54.47	-

B) Consumption per MT of production (Smelting)	For the year ended 31st March 2014	For the year ended 31st March 2013
I. Actual Production (MTs)	8,093	2,447
II. Consumption per MT of Production		
Electricity	KWH/MT	166
Charcoal	Kg/MT	193
Met Coke	Kg/MT	-
Pet Coke	Kg/MT	158
Furnance Oil	Ltr/MT	78
Diesel	Ltr/MT	2

C) Consumption per MT of production (Refining/Alloying)	For the year ended 31st March 2014	For the year ended 31st March 2013
I. Actual Production (MTs)	14026	8342
II. Consumption per MT of Production		
Electricity	KWH/MT	26
Charcoal	Kg/MT	1
Furnance Oil	Ltr/MT	35
Diesel	Ltr/MT	2

## II. Technology Absorption

### FORM B

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

##### (i) Specific Areas in which R&D was carried out by the Company

The company is having an ongoing process of research and development where regular studies and exploration is carried out for introduction of new products and minimisation of by- production of waste during various processes. Our Company has taken another step ahead by developing new technology on process equipment to get the maximum efficiency from the machine and to reduce the processing cost.

The company has developed in-house specific machines for the development of the projects. Some of them are:

- **Fully Automatic Ingot Machine:** The Company has implemented Fully Automatic Ingot Machine which has helped in deriving following benefits:

(a) Increase in the production capacity of the machine by way of increasing the number of moulds in the machine which in turn reduces the Lead discharge time and material holding time from the pot. These reductions help us in saving energy and its effects can be remarkably seen in our process cost of material and quality of Products.

(b) Reduction of manpower cost and increase in the symmetric quality product, by introducing the automatic arrangement of punching/markings on the ingots along with hammering on the ingots at the discharging end of the machine which ultimately saves time and labour cost.

- **Terminal Removing Machine:**

This machine is introduced for the first time in our Group. By using this machine we can remove battery terminals from battery cover which



enables the company in avoiding manual work on the battery cover. This makes the process of separation of the terminal lugs easy and fast, resulting in saving of manpower cost while ensuring safe & environment friendly process.

(ii) **Benefits of the Developments:**

- (a) Reduce the processing cost
- (b) Improve in the quality with symmetric products
- (c) Reduce the time of production
- (d) Increase the production
- (e) Lucrative for the buyers and new partners

(iii) **Future Action Plans:**

- (a) **Automatic Stack-strapping Machine:-** This machine gets ingot from Ingot casting machine and collect it to the stacking place and strap it automatically, which reduces the manpower cost.
- (b) **Automatic Dross Removing Machine:-** This machine helps in refining and alloying furnace for removing of dross automatically which is another step towards safety direction and it also increases our productivity in respect of time and energy in addition to saving in process time.

(iv) **Expenditure on R&D: Nil**

**2. Technology Absorption, Adaption and Innovation**

(i) **Efforts made & benefits Derived towards improvement in technology of machines and equipment's**

The Company has adopted following new technology during the year under review:

- **Lead Shot Plant:** The Company has imported a plant for manufacturing of Lead shots. Lead shot are used for specific steel products, sports applications and nuclear or atomic energy sector.
- **Lead Sheet and Lead Powder Plant:** During the year under review, the Company has through its in-house research and development designed two new plants for production of Lead Sheets and Lead Powder. Lead Sheets and Lead Powder are value added products to cater to the needs of niche market segments such as market of Nuclear, Health Care, Aerospace, Oil and Gas, Ship Building. Lead being a dense material enables it to be most suitable for being used as radiation protection applications.

Lead powder is also used for Radio logical Medical protection products, Industrial X-ray shielding and for Pigment Industries.

(ii) **Technology Imported: ₹ 25.96 Lacs**

**III. Foreign Exchanges Earnings & outgo**

Particulars	(₹ In Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>A) Expenditure in Foreign Currency</b>		
Import value on CIF Basis	-	-
Raw material and consumables	17758.60	16312.79
Capital Goods	25.96	-
Finance Costs	145.34	117.52
Others	23.35	36.87
<b>TOTAL</b>	<b>17953.25</b>	<b>16468.02</b>
<b>B) Earnings in Foreign Currency</b>		
<b>Export of Goods calculated on FOB basis</b>	18112.14	11471.12
Interest Income	87.83	62.64
Other Income	9.74	312.46
Expensed Recovered	-	8.58
Exceptional Items	-	256.50
<b>TOTAL</b>	<b>18209.71</b>	<b>12111.30</b>

For and on behalf of the Board

Sd/-  
**Rajat Agrawal**  
Managing Director

Sd/-  
**Rajeev Surana**  
Whole-time Director

# Report on Corporate Governance

## Company's Philosophy on Corporate Governance

Corporate Governance comprises of a set of structural system of rights and duties and framework of rules, principles and processes which determine the direction and performance of a corporate. It is a systematic process by which organisations are directed to manage their operations with the objective of enhancing the stakeholder value. Our Company has always practiced Corporate Governance of paramount standards and we follow a culture that is built on core values and ethics. Our company is committed towards transparency in all its dealings and places high emphasis on business principles. We believe that an efficient Corporate Governance goes beyond working results and financial gains and is a pre-requisite for the attainment of excellent performance.

Gravita India Ltd. aims at building and retaining trust with our shareholders, employees, customers, suppliers and diverse stakeholders; and in order to ensure this, we have embedded the best of corporate governance practices in our day to day operations. The company's policies on corporate governance and compliance specifically till the last date of this financial year i.e. 31st March, 2014, as required under Clause 49 of the Listing Agreements entered into with the Stock Exchanges have been displayed below for the enlightenment of our shareholders and investors.

## Code of Conduct

Commitment to ethical professional conduct is a must for Board members and senior management of Gravita. The Code is intended to serve as a basis for ethical decision-making in conduct of professional work. The Code of Conduct is available on the website of the Company [www.gravitaindia.com](http://www.gravitaindia.com). All Board members and senior management personnel affirm compliance with the Code of Conduct annually. A declaration signed by the Managing Director to this effect is enclosed at the end of this report.

## Board of Directors

Gravita India Limited has a healthy blend of Executive and Non-Executive Directors on its Board. All the Directors are eminent professionals and bring the wealth of their professional expertise and experience to the Management of the Company. The Board of our company acts as a part and parcel of its functioning and ensures that the management of the company fulfills our stakeholders' expectations and aspirations.

As on 31st March, 2014 the Company's Board comprised of 6 (Six) Directors out of which 3 (three) Directors are Executive Directors and 3 (three) are Non-Executive and Independent Directors. Half of the Board consists of Independent Directors which is in consonance with composition defined under Clause 49 of the Listing Agreement.

The details of composition of the Board as on 31st March, 2014, the attendance record of the Directors at the Board Meetings held during the financial year 2013-14 and at the last Annual General Meeting (AGM), as also the number of Directorships, Committee Chairmanships and Memberships held by them in other Companies are given herein below:

Name	Category	Whether Attended AGM held on 29th July, 2013	Number of Directorships# in other public companies as on 31.03.2014	No. of committee positions held in other public Companies as on 31.03.2014	
				Chairman	Member
Dr. Mahavir Prasad Agarwal	Executive & Promoter	Yes	3	Nil	Nil
Mr. Rajat Agrawal	Executive & Promoter	Yes	3	Nil	Nil
Mr. Rajeev Surana	Executive & Promoter	Yes	2	Nil	1
Mr. Dinesh Kumar Govil	Non-Executive & Lead independent	Yes	2	2	Nil
Mr. Yogesh Mohan Kharbanda	Non-Executive & Independent	No	1	Nil	1
Mr. Arun Kumar Gupta	Non-Executive & Independent	Yes	Nil	Nil	Nil

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

1. Dr. Mahavir Prasad Agarwal, Executive Director of the Company is the Father of Mr. Rajat Agrawal, Managing Director of the Company. Other than the aforesaid there are no inter-se relationships among the Directors.
2. None of the Director is member in more than 10 committees or Chairman of more than five committees across all companies in which he is a director.



## Board Meetings

Dates for the Board Meetings are decided well in advance and communicated to the Directors. Board Meetings are held at the Corporate Office of the Company. The Agenda along with the explanatory notes are sent in advance to the Directors. Additional meetings of the Board to address specific needs of Company are held as and when deemed necessary by the Board. In case of any exigency/ emergency, resolutions are passed by circulation. The information as

required under Annexure IA to Clause 49 is being made available to the Board. The intervening period between two Board meetings is well within the maximum gap of four months as prescribed under Clause 49 of the Listing Agreement with Stock Exchanges. The Board periodically reviews compliance reports of all laws applicable to the Company. Steps are taken by the Company to rectify instances of non-compliance, if any. The following Meetings of the Board were held during the Financial Year 2013-14.

S.No	Date of Meeting	Board Strength	No. of Directors Present
1	24th April, 2013	6	4
2	28th May, 2013	6	6
3	24th June, 2013	6	5
4	10th August, 2013	6	3
5	25th September, 2013	6	4
6	29th October, 2013	6	5
7	20th November, 2013	6	4
8	6th January, 2014	6	4
9	01st February, 2014	6	5
10	27th March, 2014	6	4

## 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 present at Last AGM (held on 29th July, 2013)
Dr. Mahavir Prasad Agarwal	10	9	Yes
Mr. Rajat Agrawal	10	9	Yes
Mr. Rajeev Surana	10	10	Yes
Mr. Dinesh Kumar Govil	10	10	Yes
Mr. Yogesh Mohan Kharbanda	10	1	No
Mr. Arun Kumar Gupta	10	5	Yes

## Audit Committee

The Audit Committee of the Company comprises of 3 (three) Non Executive Independent Directors. The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. Mr. Dinesh Kumar Govil is the chairman of Audit Committee. All the members of Audit Committee are financially literate and possess thorough knowledge of accounting principles. The Statutory, Internal and Cost Auditors are invited to attend the Audit Committee Meetings.

The Company Secretary of the Company acts as secretary to the Audit Committee.

### No. of Meetings

The following Audit Committee Meetings held during the year 2013-14:

- 27th May, 2013
- 24th June, 2013
- 10th August, 2013
- 29th October, 2013
- 1st February, 2014

**Composition of Audit Committee and Attendance:**

Name of Members	Designation	Number of Meetings held during the year	No. of Meetings Attended
Mr. Dinesh Kumar Govil	Chairman	5	5
Mr. Yogesh Mohan Kharbanda	Member	5	1
Mr. Arun Kumar Gupta	Member	5	5

The Terms of Reference of the Audit Committee are broadly as follows:

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are 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 judgement 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 up 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.

However, the Board of Directors at their meeting held on 29th May, 2014 has broadened the scope of Audit Committee by adopting additional roles for them as envisaged under the provisions of New Companies Act 2013.

### Remuneration Committee

The Remuneration Committee of the Company reviews and recommends the payment of annual salaries, commission and finalizes service agreements and other employment conditions of Executive Directors.

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

Independent Directors. During the financial year 2013-14 the Remuneration Committee met one time on 24th June 2013.

#### Composition of Remuneration Committee and Attendance:

Name of Members	Designation	Number of Meetings held during the year	No. of Meetings Attended
Mr. Dinesh Kumar Govil	Chairman	1	1
Mr. Yogesh Mohan Kharbanda	Member	1	NIL
Mr. Arun Kumar Gupta	Member	1	1

#### Remuneration Policy

The remuneration paid to Executive Directors is recommended by the Remuneration Committee and approved by Board in Board meeting, subject to the subsequent approval of the shareholders at the General

Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

#### Details of Remuneration paid to Directors during 2013-14

(Amount in ₹)

Name of Director	Designation	Salary and other Allowances	Stock Options	Total
Dr. Mahavir Prasad Agarwal	Chairman	4,050,000	Nil	40,50,000
Mr. Rajat Agrawal	Managing Director	5,400,000	Nil	54,00,000
Mr. Rajeev Surana	Whole-Time Director	2,850,000	Nil	28,50,000

#### Notes:

- The Company does not have any pecuniary relationship with any Non-Executive Independent Directors except for reimbursement of traveling expenses to the Directors for attending Board Meeting. No sitting fee is paid for attending the meetings of Committees of Directors.
- None of the Independent Directors have more than 2% shareholding in the Company.

The Board of Directors at their meeting held on 29th May, 2014 has broadened the scope of Remuneration Committee by adopting additional roles for them along with adoption of new name for the Committee viz., 'Nomination and Remuneration Committee' as envisaged under the provisions of New Companies Act 2013.

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

The Shareholder's/ Investor's Grievance Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transmission of shares and other miscellaneous complaints.

#### No. of Meetings

During the Year under review 2 (Two) Meetings of Shareholder's/ Investor's Grievance Committee were held on 17th April, 2013 and 20th January, 2014.

#### Details of Composition and Attendance record of the Shareholder's /Investor's Grievance Committee Meetings held during 2013-14

Name of Members	Designation	Number of Meetings held during the year	No. of Meetings Attended
Mr. Dinesh Kumar Govil	Chairman	2	2
Dr. Mahavir Prasad Agarwal	Member	2	2
Mr. Rajeev Surana	Member	2	2

### Terms of Reference

The role of Shareholder's/ Investor's Grievance 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

As per Clause 47 (a) of Listing Agreement, Mrs. Leena Jain Company Secretary is the Compliance Officer for complying with the requirements of Security Laws and the Listing Agreement with the Stock Exchanges in India.

### Status of Investor Complaints

The Company received 14 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 31st March, 2014.

The majority of complaints were regarding non-receipt of dividend warrants and/or Non-receipt of the refund order.

### 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. The Compensation Committee administers the Employee Stock Option Plan of the Company and determines eligibility of employees for Stock Options.

### No. of Meetings

The Committee met 2 (Two) times during the financial year 2013-14 namely 15th April, 2013 and 1st July, 2013.

### Details of Composition as well as Attendance record of the Compensation Committee Meeting held during 2013-14

Name of Members	Designation	No. of Meetings held during the year	Meetings Attended
Mr. Dinesh Kumar Govil	Chairman	2	2
Mr. Rajat Agrawal	Member	2	2
Mr. 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 Unvested 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.

### Investment Committee

An Investment Committee was constituted in the Company on 10th August 2011. The Committee comprises 3 (three) Directors all of whom are Executive Directors.

#### No. of Meetings

During the financial year 2013-14, 2 (two) Investment Committee meetings were held on the following dates:

- 8th April, 2013
- 20th January, 2014

#### Details of Composition as well as Attendance record of the Investment Committee Meeting held during 2013-14

Name of Members	Designation	No. of Meetings held during the year	Meetings Attended
Mr. Rajat Agrawal	Member	2	2
Mr. Rajeev Surana	Member	2	2
Dr. Mahavir Prasad Agarwal	Member	2	2

#### 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 etc; 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.

### Corporate Social Responsibility Committee

In terms of the requirement of Section 135 of Companies Act 2013 and Rules made thereunder, the Company has constituted the Corporate Social Responsibility Committee

("CSR Committee") comprising of 3 (three) Directors; two of whom are Executive Directors viz., Dr. Mahavir Prasad Agarwal and Mr. Rajat Agrawal and third member is Non-executive Independent Director i.e. Mr. Yogesh Mohan Kharbanda who will act as Chairman of the Committee.

#### No. of Meetings

Since the CSR committee of Gravita was inaugurated in the Board meeting dated 27th March, 2014, the committee has had no meetings in the financial year 2013-2014.

#### Terms of Reference

- To formulate the Corporate Social Responsibility policy of the company which shall indicate the activities to be undertaken by the company as specified in Schedule VII to the Act;
- To recommend the expenditure that can be incurred for this purpose;
- To monitor CSR policy of the company from time to time;
- To prepare a transparent monitoring mechanism for

ensuring implementation of the projects / programs / activities proposed to be undertaken by the company;

- To ensure that all kinds of income accrued to the company by way of CSR activities should be credited back to the community or CSR corpus.

## 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.	19th AGM	27.07.2011	04.30 P.M.	Fortune Park, Bellacasa, Cityplex, 1 Ashram Marg, Tonk Road, Jaipur-302018	6
2.	20th AGM	06.08.2012	11.30 A.M.	"Saurabh Farms", Chittora Road, Harsulia Mod, Diggji-Malpura, Tehsil-Phagi, Jaipur	Nil
3.	21st AGM	29.07.2013	11.30 A.M.	"Saurabh Farms", Chittora Road, Harsulia Mod, Diggji-Malpura, Tehsil-Phagi, Jaipur	2

- No Extra-Ordinary General Meeting of the Shareholders was held during the year.
- No Resolution was passed through postal ballot during the year
- None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

### Pledge of Shares

No Pledge has been created over the Equity Shares held by the Promoters and/or Promoters Group Shareholders during the Financial Year ended 31 March, 2014.

### Review of legal compliance reports

During the year, the Board periodically reviewed reports placed by the management with respect to compliance of various laws applicable to the Company. The Internal Auditors also review the compliance status and report to the Audit Committee.

### 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 Managing Director and Sr. General Manager (Finance & Accounts) 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 P. Pincha & Associates, Practicing Company Secretaries, Jaipur and the same is attached to this Report.

## Means of Communication

### Financial Results

- Pursuant to Clause 41(I)(f) of the Listing Agreement, the Company has regularly furnished, by way of post, online electronic upload on NEAPS and BSE Listing Centre as well as by fax (within 15 (fifteen) minutes of closure of the Board meeting) the quarterly un-audited as well as annual audited results to both the Stock exchanges i.e. BSE & NSE.
- The quarterly, half-yearly and annual results are published in 'Mint' in English (Delhi Edition), and in 'NafaNuKsan' (Vernacular) in Hindi.

- These Results are not sent individually to the Shareholders.

#### Website & Newsletter

- Pursuant to Clause 54 of the Listing Agreement the Company's website [www.gravitaindia.com](http://www.gravitaindia.com) contains a dedicated functional segment called 'Investors Information' (<http://www.gravitaindia.com/investors>) where all the information needed by the shareholders is available, including the Corporate Governance Report, Shareholding Patterns and Annual Reports.
- The in-house quarterly newsletter of the Company named 'Gravita Focus' is dispatched to the shareholders to keep them updated with the ongoing events of the company.

#### News Releases, Presentations, etc.

- All price sensitive information is immediately informed to Stock Exchanges before the same is communicated to general public through press releases, if any.
- Official news releases and Official Media Releases are sent to the Stock Exchanges regularly.
- **NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web based application designed by NSE for Corporates. All periodical compliance filings like shareholding pattern, corporate

governance report, media releases, etc. are filed electronically on NEAPS.

- **BSE Corporate Compliance & Listing Centre (the "Listing Centre"):** The Listing Centre of BSE is a web based application designed by BSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, etc. are also filed electronically on the Listing Centre.
- **SEBI Online Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web based complaints redressal system. The salient features of this system are:

Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaint and its current status.

#### Management Discussion and Analysis Report

The Management Discussion and Analysis Report forms part of the Annual Report of Financial Year 2013-14. All matters pertaining to industry structure and developments, opportunities and threats, segment/product wise performance, outlook, risks and concerns, internal control and systems, etc. are discussed in the said report.

#### General Shareholder Information

##### a) Annual General Meeting 2014

Day and Date	Saturday, 02nd August, 2014
Venue	Saurabh Chittora Road, Harsulia Mod, Diggil Malpura, Tehsil-Phagi, Jaipur- 303904 (Raj)
Time	11.00 a.m.
Financial Year	2013-14
Book Closure Dates	Monday, 28th July, 2014 to Saturday, 02nd August, 2014 (Both Days inclusive)
Rate of Dividend	25%
Date of Payment	Between 7th August, 2014 to 31st August, 2014

##### b) Tentative Financial Calendar (For F.Y. 2014-15)

The tentative schedule of Financial Results of the Company is as follows:

June Quarter Ending Results (Limited Reviewed)	Within 45 days from end of quarter
September Quarter Ending Results (Limited Reviewed)	Within 45 days from end of quarter
December Quarter Ending Results (Limited Reviewed)	Within 45 days from end of quarter
March Quarter/ Year Ending Results (Audited)	Within 60 days from end of financial year

c) 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 & NSE for the financial year 2014-15.

d) Stock Code

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

BSE Ltd : 533282

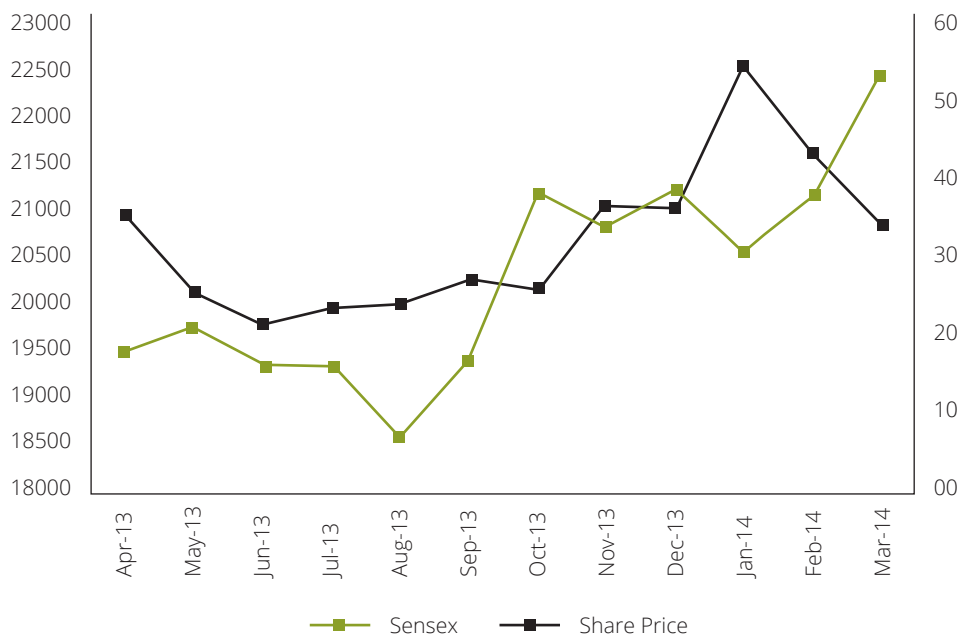
National Stock Exchange: GRAVITA

e) Stock Market Data

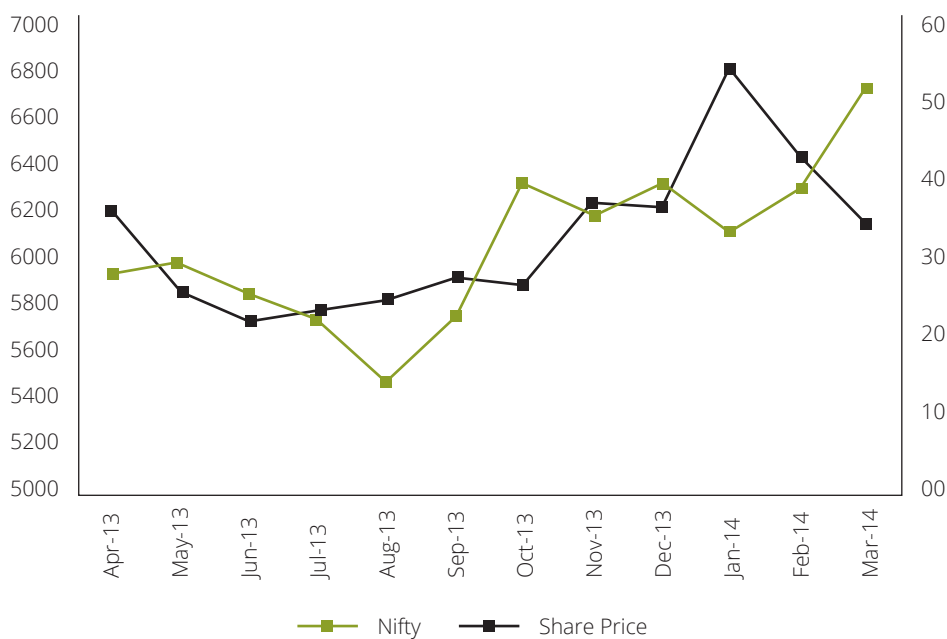
i. Market price data for the Financial Year 2013-14:

Year and Month	BSE			NSE		
	High (₹)	Low(₹)	Volume in '000 (In No.)	High (₹)	Low(₹)	Volume in '000 (In No)
April 2013	45.95	25.90	2796.907	45.95	25.85	4521.828
May 2013	36.50	25.50	1016.972	36.50	25.60	1385.232
June 2013	26.25	<b>20.80</b>	1356.961	26.85	<b>21.00</b>	1812.094
July 2013	32.55	21.10	1881.281	32.75	21.10	2315.541
Aug 2013	26.15	21.15	553.489	25.85	21.35	858.445
Sept 2013	33.00	22.10	991.444	34.85	22.05	1214.111
Oct 2013	28.60	25.10	507.598	29.00	25.10	746.201
Nov 2013	40.40	25.70	1178.233	40.50	26.05	2012.077
Dec 2013	41.50	35.00	1723.493	41.90	35.10	2413.697
Jan 2014	54.00	35.90	3107.423	54.20	35.70	6182.727
Feb 2014	<b>54.75</b>	40.00	811.681	<b>54.75</b>	39.55	1430.958
March 2014	43.55	33.55	950.183	43.75	33.85	1475.544

ii. Performance of the Company's Share Price vis-à-vis BSE Sensex during the year 2013-14

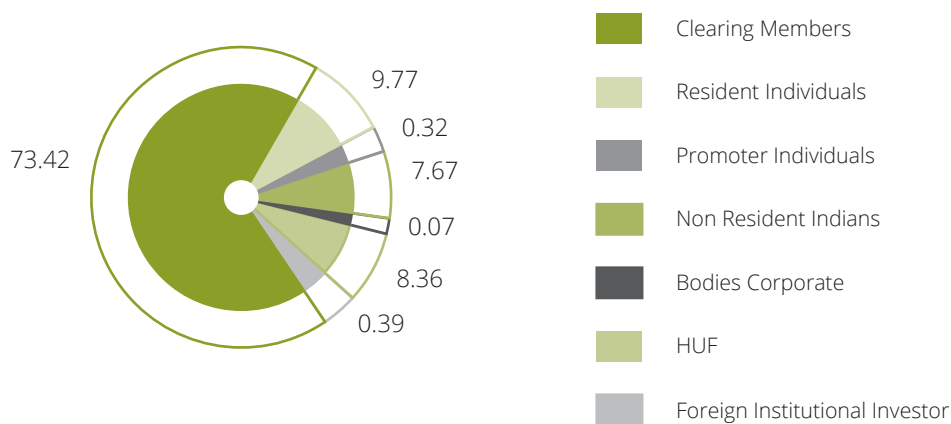


### iii. Performance of the Company's Share Price vis-à-vis NSE Nifty during the year 2013-14



### f) Shareholding Pattern as on 31st March, 2014

Category	No. of Shares	%age
CLEARING MEMBERS	215923	0.32
EMPLOYEES	626	0.00
FOREIGN INSTITUTIONAL INVESTOR	5227398	7.67
H U F	49326	0.07
BODIES CORPORATES	5696797	8.36
NON RESIDENT INDIANS	267382	0.39
PROMOTER INDIVIDUALS	50056000	73.42
RESIDENT INDIVIDUALS	6661714	9.77
<b>GRAND TOTAL</b>	<b>68175166</b>	<b>100.00</b>



g) **Distribution Schedule as on 31st March, 2014**

Nominal Value of Each Equity Share is ₹ 2/-

No. of Equity Shares Held	No. of Share Holders	% of Share holders	No. of Shares	Amount (In ₹)	% of Total Shares
0001-5000	3783	94.55	929195	1858390.00	1.36
5001-10000	68	1.70	247691	495382.00	0.36
10001-20000	48	1.20	344902	689804.00	0.51
20001-30000	18	0.45	219151	438302.00	0.32
30001-40000	14	0.35	248305	496610.00	0.36
40001-50000	4	0.10	91061	182122.00	0.13
50001-100000	14	0.35	464763	929526.00	0.68
100001 & Above	52	1.30	65630098	131260196.00	96.27
<b>TOTAL</b>	<b>4001</b>	<b>100.00</b>	<b>68175166</b>	<b>136350332.00</b>	<b>100.00</b>

h) **Corporate Identification Number (CIN)**

The Company is registered with the Registrar of Companies, Jaipur, Rajasthan. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L29308RJ1992PLC006870.

i) **Subsidiary Companies**

The Company does not have any material non listed Indian Subsidiary Company, whose Turnover or Net worth exceeds 20% of the consolidated turnover or Net worth respectively of the Company and its subsidiaries in the immediately preceding accounting year, in terms of Clause 49(iii) of the Listing Agreement.

j) **Reconciliation of Share Capital Audit**

A Qualified Practicing Company Secretary carried out the Quarterly Reconciliation of Share Capital Audit to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) of the total issued and listed Equity Share Capital. The Report on Reconciliation of Share Capital confirms that the total issued/paid up capital is in agreement with the total number of shares.

k) **Share Transfer System**

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

l) **Dematerialisation of Shares and Liquidity.**

The Shares of Company are compulsorily traded in dematerialised form and are available for trading on both the depositories in India viz. National Securities Depository Limited (NSDL) and Central Depository services (India) Limited (CDSL). Equity Shares of the Company representing 99.99% of the Company's Equity Share Capital are dematerialised as on 31st

March, 2014 and the promoters holding of 73.42% is completely held in the dematerialised form as on 31st March, 2014. The Company's Equity Shares are regularly traded on the Bombay Stock Exchange and National Stock Exchange in dematerialisation form. Under the Depository system, the International Security Identification Number (ISIN) allotted to the Company's shares is INE024L01027.

m) **Green Initiative In Corporate Governance**

As per the MCA Circular Nos. 17/2011 dated 21st April, 2011 & 18/2011 dated 29th April, 2011, Ministry of Corporate Affairs has undertaken a Green Initiative in Corporate Governance whereby the shareholders desirous of receiving notices, documents and other communication from the Company through electronic mode, can register their e-mail addresses with the Company. **As a responsible citizen, your Company strongly urge our shareholders to support the Green Initiative by giving positive consent by registering/ updating your email addresses with your respective Depository Participants or the Registrar and Transfer Agents of the Company, KARVY COMPUTERSHARE PRIVATE LIMITED for the purpose of receiving soft copies of various communications including the Annual Report.**

n) **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 2013-14.

o) **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. M.S. Madhusudan General Manager  
 Karvy Computershare Pvt Ltd  
 Plot No. 17-24, VittalRao Nagar,  
 Madhapur, Hyderabad – 500 081 Tel.: 040- 2342 0814  
 Email: einward.ris@karvy.com  
 Web site: www.karvy.com

For any further assistance, the Shareholders may Contact:

**Company's Corporate Office**

Company Secretary  
 Gravita India Limited  
 402, Gravita 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

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

**p) Plant Locations:**

- i. 'Saurabh', Chittora Road, Harsulia Mod, Diggi – Malpura, Tehsil – Phagi, Jaipur –303 904, Rajasthan, India.
- ii. Plot No. 322, Mithirohar Industrial Estate, Mithirohar, Taluka Gandhidham, Gujrat
- iii. Plot No. PA-011-006, Mahindra SEZ, Village Kalwara, Tehsil Sanganer, Distt. Jaipur

## **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 31st March 2014.

For Gravita India Limited

Sd/-

**(Rajat Agrawal)**

Managing Director

Place: Jaipur

Date: : 29th May, 2014

# CEO/CFO Certification

---

**Date: 28th May, 2014**

To,  
The Board of Directors  
Gravita India Limited  
Jaipur.

We, Rajat Agrawal, Managing Director & CEO and Sunil Kansal (Sr. GM Finance & Accounts) [Head of Finance function and a qualified Chartered Accountant], of Gravita India Limited, on the basis of review of Financial Statements and Cash Flow Statements for the year ended 31st March 2014 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 they 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 they have become aware and the involvement herein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For **Gravita India Limited**  
sd/-  
**Rajat Agrawal**  
(Managing Director)

For **Gravita India Limited**  
sd/-  
**Sunil Kansal**  
(Sr. GM Finance &Accounts)

# Corporate Governance Compliance Certificate

---

To  
The Members  
Gravita India Limited

We have examined the compliance of conditions of Corporate Governance by Gravita India Limited for the year ended on 31st March 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

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

Place : Jaipur  
Date : 20th June, 2014

**P. Pincha & Associates**  
Company Secretaries

Sd/-  
**Pradeep Pincha**  
Proprietor  
M.N. No. FCS-5369

## Independent Auditors' Report

To The Members Of  
**Gravita India Limited**

### Report on the Financial Statements

We have audited the accompanying financial statements of **GRAVITA INDIA LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and in accordance with the 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 financial statements that give a true and fair view and are free from material mis-statement, whether due to fraud or error.

### Auditors' Responsibility

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 mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid

financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on March 31, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 015125N)

**Jaideep Bhargava**  
Partner

Place : Jaipur  
Date : 29th May, 2014

(Membership No. 090295)

## Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the Company's business / activities / results during the year, clauses (x), (xiii), (xiv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(ii) In respect of its inventories:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the 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 and no material discrepancies were noticed on physical verification.

(iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:

- (A) The Company has granted the following loans :

(₹ in Lacs)

Name	Relationship	Loan granted during the year	Maximum amount outstanding during the year	Amount as at 31st March 2014
Gravita Ghana Limited	Subsidiary	Nil	724.74	488.31
Gravita Senegal SAU	Subsidiary	Nil	520.32	294.49
Gravita Exim Limited	Subsidiary	597.24	823.87	371.63
Noble Build Estate Private Limited	Subsidiary	Nil	200.00	200.00

- (a) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
- (b) The receipts of principal amounts and interest have generally been regular/as per stipulations.
- (c) There is no overdue amount remaining outstanding as at the year-end.

In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:

- (B) The Company has taken the following loans:

(₹ in Lacs)

Name	Relationship	Loan taken during the year	Maximum amount outstanding during the year	Amount as at 31st March 2014
Mr. Rajat Agrawal	Managing Director	157.00	157.00	-
Dr. Mahavir Prasad Agarwal	Director	77.00	77.00	-

## Annexure to the Independent Auditors' Report (Contd.)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- 
- (a) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
  - (b) The payments of principal amounts and interest in respect of such loans are regular/ as per stipulations.
  - (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
  - (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
    - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
    - (b) Where each of such transaction is in excess of ₹ 5 Lacs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, other than certain purchases which are of a special nature for which comparable quotations are not available and in respect of which we are, therefore, unable to comment if the transactions have been carried out at prices having regard to the prevailing market prices at the relevant time.
  - (vi) According to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
  - (vii) In our opinion, the internal audit functions carried out during the year by an external agency appointed by the Management have been commensurate with the size of the Company and the nature of its business.
  - (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
  - (ix) According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues applicable to it with the appropriate authorities.
    - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Wealth Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues in arrears as at 31st March 2014 for a period of more than six months from the date they became payable.
    - (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited as on 31st March 2014 on account of disputes are given below:



## Annexure to the Independent Auditors' Report (Contd.)

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Name of statute	Nature of dues	Forum where dispute is pending	Financial year to which the amount relates	Amount involved (₹ in Lacs)
Income tax Act, 1961	Demand against the Company of Income tax based on assessment u/s 143(3) of Income Tax Act, 1961	Commissioner of Income Tax (Appeals), Jaipur	2008-09	6.10
Income tax Act, 1961	Demand against the Company of Income tax based on assessment u/s 143(3) of Income Tax Act, 1961	Commissioner of Income Tax (Appeals), Jaipur	2009-10	0.35 (After adjusting with refund of ₹ 3.51 Lacs)
Cenvat Credit Rules, 2004	Demand against the Company for wrongly availing CENVAT credit without complying the provisions/conditions of Rule 9(4) of Cenvat Credit Rules, 2004	Commissioner of Central Excise (Appeals), Jaipur	2009-10	- (After netting off the amount deposited ₹ 1.68 Lacs)
Finance Act, 1994	Demand against the Company for wrongly availing Service Tax credit on various services at the time of Initial Public Offer	Commissioner of Central Excise (Appeals), Jaipur	2009-10	14.62
Customs Act, 1962	Demand against the Company for import of goods under inappropriate DEPB licenses	CESTAT, New Delhi	2009-10 and 2010-11	56.29
The Rajasthan Value Added Tax Act, 2003	Demand against the Company for non-submission of declarations and forms	Commissioner, Commercial Tax, Jaipur	2011-12	56.83
Central Sales tax Act, 1956	Demand against the Company for non-submission of forms and export proof documents	Commissioner, Commercial Tax, Jaipur	2011-12	75.98

(x) In our opinion and according to the information and explanations given to us, the Company has generally not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.

(xi) In our opinion and according to the information and explanations given to us, no loans and advances have been granted on the basis of security by way of pledge of shares, debentures and other securities.

(xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interests of the Company.

(xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the

purposes for which they were obtained, other than temporary deployment pending application.

(xiv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the year for long-term investment.

(xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 015125N)

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)

Place : Jaipur  
Date : 29th May, 2014

## Balance Sheet

as at 31st March 2014

(₹ in Lacs)

	Notes	As at 31st March 2014	As at 31st March 2013
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	1,363.50	1,362.55
Reserves and surplus	3	7,277.13	6,357.57
		<b>8,640.63</b>	<b>7,720.12</b>
<b>Non-current liabilities</b>			
Long term borrowings	4	709.30	938.22
Deferred tax liabilities (net)	5	124.91	108.31
Long term provisions	6	19.30	8.97
		<b>853.51</b>	<b>1,055.50</b>
<b>Current liabilities</b>			
Short term borrowings	7	5,363.50	4,094.04
Trade payables	8	1,191.96	2,203.93
Other current liabilities	9	1,295.68	864.46
Short term provisions	10	397.32	239.11
		<b>8,248.46</b>	<b>7,401.54</b>
<b>TOTAL</b>		<b>17,742.60</b>	<b>16,177.16</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		4,127.40	1,159.60
Intangible assets		29.81	15.40
Capital work-in-progress		233.41	675.36
		<b>4,390.62</b>	<b>1,850.36</b>
Non-current investments	12	1,557.95	1,607.08
Long term loans and advances	13	677.05	1,410.47
Other non-current assets	14	710.63	644.67
		<b>7,336.25</b>	<b>5,512.58</b>
<b>Current assets</b>			
Current investments	15	614.68	2,468.92
Inventories	16	3,599.58	3,824.09
Trade receivables	17	3,520.99	2,256.41
Cash and cash equivalents	18	106.39	137.29
Short term loans and advances	19	1,790.23	1,408.12
Other current assets	20	774.48	569.75
		<b>10,406.35</b>	<b>10,664.58</b>
<b>TOTAL</b>		<b>17,742.60</b>	<b>16,177.16</b>
See accompanying notes forming part of the financial statements	1-46		

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Jaipur  
Date : 29th May 2014

For and on behalf of the Board of Directors

**Rajat Agrawal**  
(Managing Director)

**Sunil Kansal**  
(SGM-Finance and Accounts)

Place : Jaipur  
Date : 29th May 2014

**Rajeev Surana**  
(Whole Time Director)

**Leena Jain**  
(Company Secretary)

## Statement of Profit and Loss

For the year ended 31st March 2014

		(₹ in Lacs)	
	Notes	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Income</b>			
Revenue from operations (gross)	21	35,316.64	26,671.08
Less : Excise duty		1,489.29	1,029.05
<b>Revenue from operations (net)</b>		<b>33,827.35</b>	<b>25,642.03</b>
Other income	22	277.59	707.19
<b>Total revenue (I)</b>		<b>34,104.94</b>	<b>26,349.22</b>
<b>Expenses</b>			
Cost of materials consumed	23	18,033.84	10,046.26
Purchase of stock-in-trade (traded goods)	24	10,734.00	14,103.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	25	(164.64)	(1,375.63)
Employee benefit expenses	26	1,302.74	713.74
Finance costs	27	775.59	590.38
Depreciation and amortisation expenses	11	173.11	69.35
Other expenses	28	1,649.81	727.11
<b>Total expenses (II)</b>		<b>32,504.45</b>	<b>24,874.54</b>
<b>Profit Before Exceptional Items And Tax (I - II)</b>		<b>1,600.49</b>	<b>1,474.68</b>
Add: Exceptional Items	29	-	490.59
<b>Profit Before Tax</b>		<b>1,600.49</b>	<b>1,965.27</b>
<b>Less: Tax expense</b>			
Current tax		139.46	205.83
Less: Minimum alternate tax (MAT) credit		-	60.51
Excess provision for tax relating to prior years written back		(44.16)	(9.41)
Net current tax expense		95.30	135.91
Deferred tax		16.60	31.48
Net tax expense		111.90	167.39
<b>Profit After Tax</b>		<b>1,488.59</b>	<b>1,797.88</b>
<b>Earnings per share of face value of ₹ 2 each</b>			
Basic (in ₹)	43	2.18	2.64
Diluted (in ₹)		2.17	2.63
See accompanying notes forming part of the financial statements	1-46		

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Jaipur  
Date : 29th May 2014

For and on behalf of the Board of Directors

**Rajat Agrawal**  
(Managing Director)

**Sunil Kansal**  
(SGM-Finance and Accounts)

Place : Jaipur  
Date : 29th May 2014

**Rajeev Surana**  
(Whole Time Director)

**Leena Jain**  
(Company Secretary)

## Cash Flow Statement

for the year ended 31st March 2014

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>A. Cash flow from operating activities</b>		
Profit before tax	1,600.49	1,965.27
<b>Adjustments for:</b>		
Depreciation and amortisation expense	173.11	69.35
Provision for diminution in non-current trade Investments	-	0.84
Provision for doubtful trade receivables, loans and advances	119.07	-
Profit on sale of assets	(2.22)	(4.49)
Loss on fixed assets discarded/ scrapped / written off	26.48	-
Exceptional Items	-	(490.88)
Expense on employee stock option (ESOP) scheme	64.86	67.65
Finance costs	775.59	527.74
Interest income	(65.91)	(220.69)
Dividend income from quoted and unquoted other investments in mutual funds	(16.17)	(56.83)
Dividend income from unquoted other investments in Subsidiaries	-	(281.32)
	1,074.81	(388.63)
<b>Operating profit before working capital changes</b>		
<b>Changes in working capital</b>		
<b>Adjustments for (increase) / decrease in operating assets:</b>		
Inventories	224.51	(2,257.72)
Trade receivables	(1,378.21)	601.33
Short term loans and advances	(387.55)	(369.01)
Long term loans and advances	508.08	(1,456.79)
Other current assets	(180.81)	23.16
Other non-current assets	(65.96)	623.85
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Long term provisions	10.33	-
Trade payables	(1,011.97)	1,515.24
Other current liabilities	63.00	254.89
Short term provisions	1.14	(0.39)
	(2,217.44)	(1,065.44)
<b>Cash generated from operations</b>	457.86	511.20
Net income tax paid (net of refunds)	95.70	230.59
<b>Net cash flow from operating activities (A)</b>	<b>362.16</b>	<b>280.61</b>

## Cash Flow Statement

for the year ended 31st March 2014

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(2,477.44)	(1,007.18)
Proceeds from sale of fixed assets	18.19	59.67
Purchase of long term investments	(27.37)	(877.43)
Proceeds from sale of long-term investments	76.50	1,222.24
Bank balances not considered as cash and cash equivalents (matured/ (placed))	(0.13)	2.65
Proceeds from sale of current investments	1,854.24	50.03
Dividend income	16.17	338.14
Interest income	57.96	220.69
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(481.88)</b>	<b>8.81</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares	0.95	0.55
Proceeds from long-term borrowings	724.47	860.41
Repayment of long-term borrowings	(871.29)	(33.39)
Proceeds from short-term borrowings (net)	1,319.24	253.83
Finance costs	(607.99)	(527.74)
Dividend paid (including tax on dividend)	(476.69)	(870.72)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>88.69</b>	<b>(317.06)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(31.03)</b>	<b>(27.64)</b>
Cash and cash equivalents at the beginning of the year	134.61	162.25
<b>Cash and cash equivalents at the end of the year (refer note 18)</b>	<b>103.58</b>	<b>134.61</b>

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Jaipur  
Date : 29th May 2014

For and on behalf of the Board of Directors

**Rajat Agrawal**  
(Managing Director)

**Sunil Kansal**  
(SGM-Finance and Accounts)

Place : Jaipur  
Date : 29th May 2014

**Rajeev Surana**  
(Whole Time Director)

**Leena Jain**  
(Company Secretary)

## Notes forming part of the Financial Statements

for the year ended 31st March 2014

### Corporate Information

Gravita India Limited (‘the Company’) is a public company incorporated under the provisions of the Companies Act, 1956. Its business operations currently encompass three business areas – Lead processing, International Trade and dealings in Lead and Turn-key Lead Recycling projects. The Company carry out Smelting of Lead Battery Scrap / Lead Concentrate to produce Secondary Lead Metal, which is further transformed into Pure Lead, Specific Lead Alloy, Lead Oxides (Lead Sub-Oxide, Red Lead, and Litharge) and Lead products like Lead Sheets, Lead Powder, Lead Shot, etc. The Company has Lead processing unit at Jaipur (Rajasthan) and Bhuj (Gujarat) and Turn-key Lead Recycling unit at SEZ, Jaipur (Rajasthan).

### Note 1 : Significant Accounting Policies

#### a) Basis of Accounting and Preparation of Financial Statements

The Financial Statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

#### c) Inventories

Inventories are valued at the lower of cost (moving weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges

in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and where applicable, Excise Duty.

#### d) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### e) Cash and Cash Equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

#### f) Fixed Assets (Tangible / Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately under other current assets.

#### Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

#### g) Depreciation and Amortisation

Depreciation on the fixed assets is provided under straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except on the following categories of assets:



## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

- (i) Assets costing up to ₹ 5,000/- are fully depreciated in the year of acquisition.
- (ii) Leasehold land and leasehold improvements are amortised over the primary period of lease.
- (iii) Intangible assets are amortised over their useful life of 5 years.

### h) Revenue Recognition

#### Revenue from Operations:

- Sale and operating income includes sale of products, services, profit from partnership firms, income from job work services, export incentives, etc.
- Sale of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer. Sales include excise duty but exclude sales tax and value added tax.
- Sale of services are recognised when services are rendered and related costs are incurred.
- Profit from partnership firms which are in the same line of operation is considered as operating Income.
- Revenue from job work services is recognised based on the services rendered in accordance with the terms of contracts.
- Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

#### Other income:

- Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- Dividend income is recognised when right to receive is established.
- Rent income is booked as per terms of contracts.

### i) Foreign Currency Transactions and Translations Initial Recognition:

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transactions.

#### Translations:

Monetary Items denominated in foreign currencies at the year end are restated 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.

#### Treatment of 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 expense in the Statement of Profit and Loss.

### j) Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### k) Employee Benefits

Employee benefits include Provident Fund, Employee State Insurance Scheme, Gratuity Fund and compensated absences.

#### Defined Contribution Plans

The Company's contribution to Provident Fund and Employee State Insurance Scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined Benefit Plans

For defined benefit plans in the form of Gratuity Fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

### Long-Term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

### l) Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

### m) Earnings Per Share

Basic earnings per share is computed by dividing the Profit After Tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the

period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### n) Employee Share Based Payments

Equity settled stock options granted under "Gravita Employee Stock Option Scheme" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share based Payments issued by the Institute of Chartered Accountants of India.

### o) Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### p) Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### q) Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or

may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

### r) Provisions and Contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

### s) Derivatives and Commodity Hedging Transactions

In order to hedge its exposure to foreign exchange and commodity price risks, the Company enters into forward, option, and other derivative financial instruments. The Company neither holds nor issues 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.

### t) Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## Note 2 : Share Capital

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
<b>Authorised share capital</b>		
75,000,000 (Previous year 75,000,000) equity shares of ₹ 2.00 each	1,500.00	1,500.00
<b>Issued, subscribed and paid up capital</b>		
68,175,166 (Previous year 68,127,552) equity shares of ₹ 2.00 each fully paid up	1,363.50	1,362.55
	<b>1,363.50</b>	<b>1,362.55</b>

Notes:

- (a) During the previous year, the Company has sub-divided its 1 equity share of ₹ 10.00 each into 5 equity shares of ₹ 2.00 each vide its shareholders' approval through postal ballot on 11th May 2012. Information relating to shares/ share capital in notes below should be read after considering the division of shares as explained herewith.

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### (b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Equity Shares	As at 31st March 2014		As at 31st March 2013	
	Number of shares	₹ in Lacs	Number of shares	₹ in Lacs
At the beginning of the year	68,127,552	1,362.55	68,100,000	1,362.00
Add: Issued during the year - ESOP	47,614	0.95	27,552	0.55
<b>At the end of the year</b>	<b>68,175,166</b>	<b>1,363.50</b>	<b>68,127,552</b>	<b>1,362.55</b>

### (c) Terms /Rights attached to Equity Shares

The Company has only one class of shares referred to as equity shares having a face value of ₹ 2.00 per share (₹ 2.00 per share). Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

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.

### (d) Aggregate number of Bonus Shares issued during the period of five years immediately preceding the reporting date

During the financial year 2009-10, the Company has allotted 3,340,000 equity shares of face value ₹ 10 each (one fully paid bonus share against two fully paid equity shares) by capitalisation of reserves amounting to ₹ 334.00 Lacs

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
<b>Equity shares with voting rights</b>		
Fully paid up by way of bonus shares (one fully paid bonus share of ₹ 2.00 per share against two fully paid of ₹ 2.00 per share)	16,700,000	16,700,000

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

Name of the shareholders	As at 31st March 2014		As at 31st March 2013	
	No. of shares (₹ 2.00 each fully paid up)	% holding	No. of shares (₹ 2.00 each fully paid up)	% holding
Mr. Rajat Agrawal	32,677,725	47.93	24,365,475	35.76
Dr. Mahavir Prasad Agarwal	13,673,325	20.06	13,673,325	20.07
Mrs. Anchal Agrawal	-	-	8,312,250	12.20
Mrs. Shashi Agarwal	3,674,700	5.39	3,674,700	5.39

### (f) Shares reserved for issuance under Options

The members of the Company at its Annual General Meeting held on 27th July 2011 had approved the issue of Stock Options to eligible employees/directors of the Company and its subsidiaries. Accordingly, the Board at their meeting held on August 10, 2011 approved the "Gravita ESOP 2011" Scheme. The Compensation Committee formed to govern the Gravita ESOP 2011 Scheme has approved first, second and third grant of options on 23rd September 2011, 5th July 2012 and 1st July 2013 respectively. Details are as follows:

	First grant	Second grant	Third grant
Grant date	23rd September 2011	5th July 2012	1st July 2013
Grant effective from	1st October 2011	5th July 2012	1st July 2013
Exercisable period	5 years	5 years	5 years
Option granted	400,380	31,000	368,500
Exercise price	₹ 2.00 per share	₹ 2.00 per share	₹ 2.00 per share

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Movement in stock options:

	First grant	Second grant	Third grant
Options outstanding at the beginning of the year	209,918	27,500	-
	(319,090)	-	-
New options issued during the year	-	-	368,500
	-	(31,000)	-
Options exercised during the year	44,864	2,750	-
	(27,552)	-	-
Lapsed/ forfeited during the year	27,825	-	15,000
	(81,620)	(3,500)	-
Options outstanding at the end of the year	137,229	24,750	353,500
	(209,918)	(27,500)	-

### Note 3 : Reserves and Surplus

	As at 31st March 2014	As at 31st March 2013
(₹ in Lacs)		
<b>Securities premium account</b>		
Opening balance	3,899.11	3,878.46
Add: Premium on shares issued during the year	38.42	20.65
<b>Closing balance</b>	<b>3,937.53</b>	<b>3,899.11</b>
<b>Share options outstanding account</b>		
Opening balance	94.83	47.83
Add: Amounts recorded on grants /cancellations during the year	64.86	67.65
Less: Transferred to securities premium account on exercise	38.42	20.65
<b>Closing balance</b>	<b>121.27</b>	<b>94.83</b>
<b>General reserve</b>		
Opening balance	369.04	189.25
Add: Amount transferred from surplus in Statement of Profit and Loss	148.86	179.79
<b>Closing balance</b>	<b>517.90</b>	<b>369.04</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Opening balances	1,994.59	1,011.45
Add: Profit for the year	1,488.59	1,797.88
Less: Appropriations:		
Interim dividend (Amount per share ₹ 0.30 (Previous year ₹ 0.50))	204.53	340.59
Income tax on interim dividend	33.18	55.25
Proposed final dividend (Amount per share ₹ 0.50 (Previous year ₹ 0.30))	340.88	204.38
Income tax on proposed final dividend	55.30	34.73
Transfer to general reserve	148.86	179.79
<b>Closing balance</b>	<b>2,700.43</b>	<b>1,994.59</b>
	<b>7,277.13</b>	<b>6,357.57</b>

### Note 4 : Long-Term Borrowings

	Non-current portion		Current maturities	
	As at	As at	As at	As at
	31st March 2014	31st March 2013	31st March 2014	31st March 2013
<b>Secured</b>				
Term loans				
- Banks #	14.66	77.81	72.46	71.05
- Others ##	694.64	860.41	689.13	404.90
	<b>709.30</b>	<b>938.22</b>	<b>761.59</b>	<b>475.95</b>
Less: Amount transferred to other current liabilities (refer note 9)	-	-	761.59	475.95
	<b>709.30</b>	<b>938.22</b>	-	-

#### Notes:

# Term loans from banks carry interest ranging from 7.93% p.a. to 10.82% p.a. The loans are secured by way of hypothecation of vehicles and repayable in equal monthly installments over a period of 3 to 5 years.

## Term loans from others represent loans from Export Import Bank of India which carries interest ranging from 6 months

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

USD LIBOR+5% p.a. to LIBOR+6% p.a. The loans are repayable in 18/20 equal quarterly installments as per the due dates specified in the respective loan agreements. Loans are secured /to be secured by way of the following:

- Pledge of liquid investments in fixed deposits.
- Second charge on entire current assets and fixed assets including immovable property of the Company except immovable property situated at Plot No. P.A. 011-066, Light Engineering Zone, Mahindra World, City -SEZ, Jaipur.
- Pledge of shares of Gravita Ghana Limited and Gravita Senegal SAU (pending to be secured).
- Mortgage of immovable property owned by Managing Director Mr. Rajat Agrawal.
- Extension of charge on the fixed assets including immovable property situated at Plot No. P.A. 011-066, Light Engineering Zone, Mahindra World, City - SEZ, Jaipur.
- Corporate guarantee of M/s Gravita Infotech (formerly known as M/s Gravita Technomech).
- Personal guarantee of Managing Director Mr. Rajat Agrawal.
- Mortgage of immovable property Plot No. P.A. 011-066, Light Engineering Zone, Mahindra World City - SEZ, Jaipur.

### Note 5 : Deferred tax Liabilities (Net)

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Tax effect of items constituting deferred tax liabilities</b>		
Difference between book balance and tax balance of fixed assets	188.77	110.51
<b>Less:Tax effect of items constituting deferred tax assets</b>		
Accrued expenses deductible on payments	25.23	2.20
Provision for doubtful receivables, loans and advances	38.63	-
	<b>124.91</b>	<b>108.31</b>

### Note 6 : Long term Provisions

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Provision for employee benefits</b>		
Provision for compensated absences	19.30	8.97
	<b>19.30</b>	<b>8.97</b>

### Note 7 : Short term Borrowings

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Secured</b>		
Loans repayable on demand from banks #:		
Cash credit / overdraft	2,009.54	1,041.52
Packing credit	1,897.36	939.25
Local bill discounting	84.41	468.91
Foreign currency loans - buyers credit	1,363.70	1,644.36
<b>Unsecured</b>		
Term loan from banks		
Kotak Mahindra Bank Limited	8.49	-
	<b>5,363.50</b>	<b>4,094.04</b>

#### Notes:

# Loans repayable on demand are secured by way of:

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

- (a) First pari-passu charge on entire current assets of the Company (both present and future),
- (b) First pari-passu charge on the following fixed assets of the Company:
- Flat no. 302, 401, 403 in Gravita Tower, A-27-B, Tilak Nagar, Shanti Path, Jaipur.
  - Land and building at Jai Chand ka Bas, Diggi Malpura Road, Phagi, Jaipur.
- (c) First pari-passu charge on the following other assets:
- Land and house at 3/90, HIG, Mansarovar, Jaipur of Gravita Impex Private Limited (related party).
  - Flat no. 203 in Gravita Tower, A-27-B, Tilak Nagar, Shanti Path, Jaipur of Managing Director Mr. Rajat Agrawal.
- (d) Personal guarantee of Managing Director Mr. Rajat Agrawal
- (e) Corporate guarantee of M/s Gravita Impex Private Limited (related party).

### Note 8 : Trade Payables

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Trade payables other than micro and small enterprises (other than acceptances) #	1,191.96	2,203.93
	<b>1,191.96</b>	<b>2,203.93</b>

# Based on the information available with the Company, no suppliers have been identified, who are registered under the Micro, Small and Medium Enterprise Development Act, 2006. Further, the Company has not received any claim of interest from any supplier under the said Act.

### Note 9 : Other Current Liabilities

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Current maturities of long term debt (refer note 4)	761.59	475.95
Interest accrued but not due on borrowings	26.75	15.36
Unclaimed equity share application money	2.19	2.19
Unclaimed dividends	0.62	0.49
Other payables		
Statutory remittances #	32.64	18.44
Payables on purchase of fixed assets	71.06	-
Advance from customers	340.13	351.32
Shortfall in payment of gratuity	27.13	-
Contractually reimbursable expenses to related parties (refer note 41(h)(ix))	8.57	0.71
Others	25.00	-
	<b>1,295.68</b>	<b>864.46</b>

# Includes contribution to Provident Fund and ESI, Withholding Taxes, Sales Tax (including Work Contract Tax), Service Tax and Professional Tax.

### Note 10 : Short Term Provisions

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Provision for employee benefits</b>		
Provision for compensated absences	1.14	-
<b>Other provisions</b>		
Provision for proposed equity dividend	340.88	204.38
Provision for tax on proposed dividend	55.30	34.73
	<b>397.32</b>	<b>239.11</b>



## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 11 : Fixed Assets

Assets description	As at 31st March 2013		Additions #		Gross block		Accumulated depreciation / amortisation		Net block	
	As at 31st March 2013	As at 31st March 2013	As at 31st March 2014	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014
<b>Tangible assets</b>										
Freehold land	236.19	-	225.63	10.56	-	-	-	-	225.63	236.19
Leasehold land	-	1,041.83	1,041.83	-	-	10.47	10.47	10.47	1,031.36	-
Buildings	198.64	1,172.02	1,370.66	-	27.46	19.13	-	46.59	1,324.07	171.18
Plant and equipments	499.99	882.51	1,329.74	52.76	153.90	73.98	9.95	217.93	1,111.81	346.09
Office equipments	51.50	21.20	57.18	15.52	11.50	6.07	7.86	9.71	47.47	40.00
Computer and accessories	108.58	37.67	134.16	12.09	43.11	17.08	8.21	51.98	82.18	65.47
Furniture and fixtures	23.44	8.55	26.45	5.54	6.19	5.22	2.94	8.47	17.98	17.25
Vehicles	333.32	38.79	371.89	0.22	49.90	35.40	0.31	84.99	286.90	283.42
<b>Sub total (A)</b>	<b>1,451.66</b>	<b>3,202.57</b>	<b>4,557.54</b>	<b>96.69</b>	<b>292.06</b>	<b>167.35</b>	<b>29.27</b>	<b>430.14</b>	<b>4,127.40</b>	<b>1,159.60</b>
Previous year	1,385.79	144.97	1,451.66	79.10	245.00	62.08	15.02	292.06	1,159.60	1,140.79
<b>Intangible assets</b>										
Computer software	29.84	16.58	46.22	0.20	14.44	5.76	3.79	16.41	29.81	15.40
<b>Sub total (B)</b>	<b>29.84</b>	<b>16.58</b>	<b>46.22</b>	<b>0.20</b>	<b>14.44</b>	<b>5.76</b>	<b>3.79</b>	<b>16.41</b>	<b>29.81</b>	<b>15.40</b>
Previous year	7.98	7.43	29.84	(14.43)	1.63	7.27	(5.54)	14.44	15.40	6.35
<b>Capital work-in-progress (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>233.41</b>	<b>675.36</b>
<b>Grand total (A+B+C)</b>	<b>1,481.50</b>	<b>3,219.15</b>	<b>4,603.76</b>	<b>96.89</b>	<b>306.50</b>	<b>173.11</b>	<b>33.06</b>	<b>446.55</b>	<b>4,390.62</b>	<b>1,850.36</b>
Previous year	1,393.77	152.40	1,481.50	64.67	246.63	69.35	9.48	306.50	1,850.36	1,147.14

# Including acquired through business purchase (refer note 37).

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 12 : Non-Current Investments (At cost as reduced by permanent diminution in value)

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Trade Investments</b>		
<b>Investment in equity instruments (unquoted)</b>		
<b>of subsidiary companies</b>		
Gravita Exim Limited	26.09	26.09
(200,000 (Previous year 200,000) equity shares of ₹ 10.00 each fully paid up)		
Gravita Ghana Limited	123.66	123.66
(314,363 (Previous year 314,363) equity shares of GHC 1.00 each fully paid up)		
Gravita Mozambique LDA	124.06	124.06
(7,618,800 (Previous year 7,618,800) equity shares of MZN 1.00 each fully paid up)		
Gravita Global Pte Limited	728.60	701.23
(1,345,000 (Previous year 1,295,000) equity shares of USD 1.00 each fully paid up)		
<b>Investment in partnership firms (refer note below)</b>		
M/s Gravita Metals #	380.00	380.00
M/s Gravita Metal Inc ##	95.00	95.00
M/s Gravita Infotech (Formerly known as M/s Gravita Technomech) ###	-	76.50
<b>Investment in limited liability partnership (LLP)</b>		
M/s Gravita Technomech LLP	-	0.84
Less: Provision for diminution in the value of investment	-	0.84
<b>Other investments (unquoted)</b>		
National saving certificates pledged with Government Authorities	0.03	0.03
	<b>1,477.44</b>	<b>1,526.57</b>
<b>Other investments</b>		
<b>Investment in equity instruments (unquoted)</b>		
<b>of subsidiary companies</b>		
Gravita Infra Private Limited	0.60	0.60
(6,000 (Previous year 6,000) equity shares of ₹ 10.00 each fully paid up)		
Gravita Energy Limited	4.95	4.95
(49,500 (Previous year 49,500) equity shares of ₹ 10.00 each fully paid up)		
Noble Build Estate Private Limited	74.96	74.96
(19,990 (Previous year 19,990) equity Shares of ₹ 10.00 each fully paid up)		
	<b>80.51</b>	<b>80.51</b>
<b>Aggregate amount of unquoted investments</b>	<b>1,557.95</b>	<b>1,607.08</b>
<b>Other details relating to investment in partnership firms</b>		
<b># Investment in M/s Gravita Metals</b>		
Name of the partner and share in profits (in %)		
Gravita India Limited	95.00%	95.00%
Gravita Exim Limited	5.00%	5.00%
Total capital of the firm (₹ in Lacs)	400.00	400.00
<b>## Investment in M/s Gravita Metal Inc</b>		
Name of the partner and share in profits (in %)		
Gravita India Limited	95.00%	95.00%
Gravita Exim Limited	5.00%	5.00%
Total capital of the firm (₹ in Lacs)	100.00	100.00
<b>### Investment in Gravita Infotech (Formerly known as M/s Gravita Technomech) (the Company ceased to be a partner w.e.f. January 9, 2014)</b>		
Name of the partner and share in profits (in %)		
Gravita India Limited	0.00%	51.00%
Gravita Exim Limited	51.00%	0.00%
Mr. Rajat Agrawal	49.00%	49.00%
Total capital of the firm (₹ in Lacs)	2.00	150.00
(During the current year, Fixed capital has been revised from ₹ 150.00 Lacs to ₹ 2.00 Lacs)		

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 13 : Long Term Loans and Advances (Unsecured, considered good unless otherwise stated)

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Loans and advances to related parties (refer note 41(h)(ii))	982.80	1,449.69
Less: Current maturities transferred to other current assets (refer note 20)	536.89	485.88
	<b>445.91</b>	<b>963.81</b>
Security deposits	22.47	12.72
Capital advances	20.33	244.03
Minimum alternate tax credit entitlement	94.04	60.51
Advance income tax (net of provision for taxation ₹ 139.46 Lacs (Previous year ₹ 205.83 Lacs))	94.04	129.21
Prepaid expenses	0.26	0.19
	<b>677.05</b>	<b>1,410.47</b>

### Note 14 : Other Non-Current Assets

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Deposits with original maturity of more than 3 months but less than 12 months #	683.68	627.89
Deposits with original maturity of more than 12 months #	-	16.78
Interest accrued but not due on loans and advances to related parties (refer note 41(h)(ii))	26.95	-
	<b>710.63</b>	<b>644.67</b>

# It includes deposits lien with banks and financial institution and are restricted from being exchange or use to settle a liability.

### Note 15 : Current Investments

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Trade Investments</b>		
<b>Investment in partnership firms</b>		
M/s Gravita Metals	505.41	783.78
M/s Gravita Metal Inc	109.27	396.26
M/s Gravita Infotech (Formerly know as M/s Gravita Technomech)	-	430.74
	614.68	1,610.78
<b>Other investments</b>		
<b>Investment in mutual funds (quoted)</b>		
Kotak Floater Short Term-Daily Dividend Plan (Nil (Previous year 23,129) units of face value ₹ 1,000.00 each)	-	233.98
Templeton India Low Duration Fund-Monthly Dividend Reinvestment Plan (Nil (Previous year 1,979,082) units of face value ₹ 10.00 each)	-	204.83
Reliance Liquid Fund - Treasury Plan-Daily Dividend Option Plan (Nil (Previous year 2,101,292) units of face value ₹ 10.00 each)	-	359.23
<b>Investment in debentures (unquoted)</b>		
Siddhi Multi Trade Private Limited (Nil (Previous year 60) 20% Series-A non-convertible debentures of ₹ 100,000.00 each fully paid up)	-	60.00
(Nil (Previous year 10,000) Series-C non-convertible debentures of ₹ 1.00 each fully paid up)	-	0.10
	-	858.14
	<b>614.68</b>	<b>2,468.92</b>
Aggregate cost of quoted Investments	-	798.04
Aggregate market value of quoted Investments	-	798.87
Aggregate cost of unquoted Investments	614.68	1,670.88

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 16 : Inventories (At lower of cost and net realisable value)

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
Raw material	1,048.04	552.84
Stock-in-transit	441.23	1,351.37
	<b>1,489.27</b>	<b>1,904.21</b>
Work-in-progress (refer note 25)	274.91	177.05
Finished goods (other than those acquired for trading)	704.44	512.64
Goods-in-transit	250.01	838.17
	<b>954.45</b>	<b>1,350.81</b>
Stock-in-trade (traded goods)	739.61	276.47
Stores and spares	67.28	53.65
Consumables	74.06	61.90
	<b>3,599.58</b>	<b>3,824.09</b>

### Note 17 : Trade Receivables

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	-	80.04
Doubtful	113.63	-
	113.63	80.04
Less: Provision for doubtful trade receivables	113.63	-
	-	<b>80.04</b>
<b>Other trade receivables</b>		
Secured, considered good	84.41	468.91
Unsecured, considered good	3,436.58	1,707.46
	<b>3,520.99</b>	<b>2,176.37</b>
	<b>3,520.99</b>	<b>2,256.41</b>

### Note 18 : Cash and Cash Equivalent ##

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
Cash in hand	13.89	7.08
Remittance in transit /cheques in hand	74.70	1.41
Balances with banks:		
in current accounts	14.99	126.12
in earmarked accounts #		
Unclaimed equity share application money	2.19	2.19
Unclaimed dividend account	0.62	0.49
	<b>106.39</b>	<b>137.29</b>
Notes:		
# Balances with banks in earmarked accounts include balances that can be utilised only towards settlement of unclaimed dividend/ share application money.		
## Of the above, the balances that meet the definition of cash and cash equivalents as per Accounting Standard 3 'Cash Flow Statements' is	<b>103.58</b>	<b>134.61</b>

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 19 : Short term loans and Advances (Unsecured, considered good unless otherwise stated)

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Security deposits	9.08	5.60
Loans and advances to related parties (refer note 41(h)(ii))	371.63	769.23
Advance to vendors		
Unsecured, considered good	571.84	452.54
Doubtful	5.44	-
	577.28	452.54
Less: Provision for doubtful advances	5.44	-
	571.84	452.54
Prepaid expenses	16.64	30.79
Advance to employees including Imprest #	4.99	4.15
Balances with government authorities		
CENVAT credit receivable	364.19	134.60
VAT credit receivable	163.98	2.96
Service Tax credit receivable	14.34	3.27
Export incentives receivable	273.14	3.11
	815.65	143.94
Others	0.40	1.87
	<b>1,790.23</b>	<b>1,408.12</b>
<b>Note:</b>		
# Details of loans and advances due from directors or other officers	<b>0.30</b>	<b>3.52</b>

### Note 20 : Other Current Assets

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Current maturities of long terms loans and advances to related parties (refer note 13)	536.89	485.88
Interest accrued but not due on		
Deposits	27.50	16.10
Investment in debentures	-	3.86
Loans and advance to related parties (refer note 41(h)(ii))	37.17	-
Fixed assets held for sale	16.38	-
Contractually reimbursable expenses from related parties (refer note 41(h)(viii))	122.68	63.59
Others	33.86	0.32
	<b>774.48</b>	<b>569.75</b>

### Note 21: Revenue from Operations

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Sale of products (inclusive of excise duty) (refer note (i))	33,928.79	25,711.90
Sale of services (Technical consultancy)	23.03	-
Other operating revenue (refer note (ii))	1,364.82	959.18
<b>Revenue from operations (Gross)</b>	<b>35,316.64</b>	<b>26,671.08</b>
Less: Excise duty	1,489.29	1,029.05
<b>Revenue from operations (Net)</b>	<b>33,827.35</b>	<b>25,642.03</b>
<b>Notes:</b>		
<b>(i) Sale of products comprises</b>		
Manufactured Goods (refer note (a))	23,114.11	10,388.28
Traded goods (refer note (b))	10,814.68	15,323.62
	<b>33,928.79</b>	<b>25,711.90</b>

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 21: Revenue from Operations (Contd.)

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>(ii) Other operating revenue comprises</b>		
Export incentives	335.84	5.36
Share of profit from partnership firms	1,027.94	894.49
Job work income	1.04	41.38
Profit on DEPB license	-	17.95
	<b>1,364.82</b>	<b>959.18</b>
<b>(a) Details of manufactured goods sold</b>		
Refined Lead Ingots	13,998.68	2,485.83
Lead alloys	5,292.03	6,476.34
Lead value added products	860.78	1,162.14
Remelted Lead Ingots	1,684.70	22.88
Others	1,277.92	241.09
	<b>23,114.11</b>	<b>10,388.28</b>
<b>(b) Details of traded goods sold</b>		
Remelted Lead Ingots /Remelted Blocks	8,929.75	12,767.98
Lead concentrate	1,212.25	1,359.38
Lead value added products	246.95	343.13
Refined Lead Ingots	-	255.05
Others	425.73	598.08
	<b>10,814.68</b>	<b>15,323.62</b>

### Note 22 : Other Income

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Interest income on:		
Bank deposits	65.50	101.60
Loans and advances (refer note 41(h)(ii))	179.63	159.50
Debentures	-	22.22
Others	0.41	-
Dividend income from unquoted other investments in subsidiaries	-	281.32
Dividend income from quoted and unquoted other investments in mutual funds	16.17	56.83
Net gain on foreign currency transactions and translation	-	48.83
Rent income	9.74	9.68
Profit on sale of fixed assets	2.22	4.78
Others	3.92	22.43
	<b>277.59</b>	<b>707.19</b>

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 23 : Cost of Materials Consumed ##

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Raw materials #</b>		
Opening stock	1,904.21	1,033.13
Add: Purchases (including acquired through business purchase (refer note 37))	16,564.98	10,261.61
Less: Closing stock	1,048.04	552.84
Less: Stock-in-transit	441.23	1,351.37
	<b>16,979.92</b>	<b>9,390.53</b>
<b>Consumables (including stores and spares)#</b>		
Opening stock	115.55	47.73
Add: Purchases	1,079.71	723.55
Less: Closing stock	141.34	115.55
	<b>1,053.92</b>	<b>655.73</b>
	<b>18,033.84</b>	<b>10,046.26</b>
Note:		
# Details of raw materials and consumables consumed		
Remelted Lead ingots	7,456.33	3,388.13
Lead scrap	1,914.17	1,730.05
Refined Lead ingots	-	1,058.22
Battery scrap, battery plate and powder	7,165.98	1,557.91
Lead concentrate	171.82	154.42
Others	1,325.54	2,157.53
	<b>18,033.84</b>	<b>10,046.26</b>
## Details of raw materials and consumables consumed as		
Indigenous	3,735.51	4,486.31
Imported	14,298.33	5,559.95
	<b>18,033.84</b>	<b>10,046.26</b>

### Note 24 : Purchase of stock-in-trade (Traded Goods)

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Details of purchase of stock-in-trade (traded goods) (product-wise)</b>		
Remelted Lead ingots	8,922.20	12,229.43
Lead concentrate	1,022.59	427.73
Refined Lead ingots	-	148.00
Others	789.21	1,298.17
	<b>10,734.00</b>	<b>14,103.33</b>

### Note 25: Changes in Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Inventories at the end of the year (I)</b>		
Finished goods	954.45	1,350.81
Work-in-progress #	274.91	177.05
Stock-in-trade (traded goods)	739.61	276.47
	<b>1,968.97</b>	<b>1,804.33</b>
<b>Inventories at the beginning of the year (II)</b>		
Finished goods	1,350.81	114.40
Work-in-progress	177.05	95.50
Stock-in-trade (traded goods)	276.47	218.80
	<b>1,804.33</b>	<b>428.70</b>
<b>(Increase) / decrease ((II) - (I))</b>	<b>(164.64)</b>	<b>(1,375.63)</b>



## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 25 : Changes in Inventories of Finished Goods, Work-In-Progress and stock-in-trade (Contd.)

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Note:		
<b># Details of inventory of work-in-progress</b>		
Ash and residues	84.35	83.35
Rejected and process generated scrap material	78.36	60.09
Material-in-process	77.90	9.56
Others	34.30	24.05
	<b>274.91</b>	<b>177.05</b>

### Note 26 : Employee Benefits Expense

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Salaries and wages	1,092.77	598.09
Contribution to provident and other funds (refer Note 38)	76.49	14.82
Expense on employee stock option (ESOP) scheme (refer Note 2(f))	64.86	67.65
Staff welfare expenses	68.62	33.18
	<b>1,302.74</b>	<b>713.74</b>

### Note 27 : Finance Costs

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Interest expense on:		
Borrowings	432.44	344.70
Others #	14.92	4.81
Other borrowing costs	49.07	56.29
Net loss on foreign currency transactions and translation (considered as finance costs)	279.16	184.58
	<b>775.59</b>	<b>590.38</b>

# includes interest on delayed payment of income tax ₹ 7.95 Lacs (Previous year ₹ 0.02 Lacs).

### Note 28 : Other Expenses

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Power and fuel	112.46	39.91
Rent	58.52	38.24
Increase /(decrease) of excise duty on inventory	46.18	48.20
Rates and taxes	-	0.58
Repairs and maintenance		
Plant and equipments	73.89	13.60
Buildings	23.58	11.51
Others	17.30	0.08
Insurance	8.53	3.06
Freight and forwarding	284.80	149.11
Travelling and conveyance	80.93	89.50
Subcontracting	83.59	52.96
Legal and professional	91.87	50.85

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 28 : Other Expenses (Contd.)

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Rebate and discount	39.14	38.91
Sales commission	17.37	31.12
Advertising and sales promotion	44.25	25.01
Communication	27.46	19.51
Training and recruitment	35.11	13.47
Printing and stationery	9.23	5.98
Donation	9.19	4.08
Payment to auditors:		
To statutory auditors		
For audit	8.50	1.50
For limited reviews (including service tax)	8.73	1.20
For other services	1.40	0.19
Reimbursement of expenses	0.09	-
To cost auditors		
For audit	0.15	-
Provision for doubtful trade receivables, loans and advances	119.07	-
Net loss on foreign currency transactions and translation (other than considered as finance costs)	307.28	-
Loss on fixed assets discarded/ scrapped / written off	26.48	-
Provision for diminution in non-current trade Investments	-	0.84
Corporate social responsibility	2.97	0.32
Miscellaneous	111.74	87.38
	<b>1,649.81</b>	<b>727.11</b>

### Note 29 : Exceptional Items

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Profit on sale of unquoted non-current trade investments in		
Gravita Honduras SA DE CV	-	26.17
Navam Lanka Limited	-	234.09
Gravita Senegal SAU	-	230.33
	-	<b>490.59</b>

### Note 30 : Contingent Liabilities and Commitments

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Contingent liabilities</b>		
Corporate guarantee given for loans availed by the following partnership firms		
M/s Gravita Metals	2,275.00	2,275.00
Dues outstanding	741.62	736.33
M/s Gravita Metal Inc	500.00	-
Dues outstanding	346.38	-
Corporate guarantee given for loans availed by the following subsidiary		
M/s Gravita Global Pte Limited	300.50	-
Dues outstanding	-	-
Guarantee given to government authorities on behalf of partnership firms	500.00	985.44

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 30 : Contingent Liabilities and Commitments (Contd.)

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
Claims against the Company not acknowledged as debt #		
Income Tax	9.96	-
Excise Duty/Customs Duty/Service Tax	72.59	-
Sales Tax	132.81	-
# All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded, in the opinion of the Management, will not have a material effect on the results of the operations or financial position of the Company. Advance paid against the above is ₹ 5.19 Lacs (Previous year ₹ Nil).		
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for		
Tangible assets #	5,430.00	-
Intangible assets ##	22.82	-
Letter of credit and bank guarantees issued by bankers and outstanding as at 31st March 2014	9.02	-

# During the year, the Company has purchased land from Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) for ₹ 561.26 Lacs. As per the terms and conditions, the Company is required to setup an industrial unit and committed to invest ₹ 5,430.00 Lacs in plant and machinery including construction of building within two years from the date of allotment of land (i.e., 8th April 2013).

## As at 31st March 2014, implementation of software SAP is under progress.

### Note 31 : Derivative Instruments and Unhedged Foreign Currency Exposure

The Company uses forward contracts to hedge its foreign currency exposure. The Company does not enter into any derivative instruments for trading or speculative purpose. The net value of forward contracts as at 31st March 2014 is ₹ 484.97 Lacs (Previous year ₹ Nil).

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As at 31st March 2014		As at 31st March 2013	
	Foreign currency (in Lacs)	₹ in Lacs	Foreign currency (in Lacs)	₹ in Lacs
Payables (including borrowings)	\$50.19	3,016.62	\$69.80	3,795.98
Receivables (including loans and advances)	\$20.14	1,210.31	\$21.17	1,144.36
	€	-	€ 0.10	7.10

### Note 32 : Value of Imports Calculated on Cif Basis

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Raw material and consumables (including stock-in-transit)	13,264.48	6,388.84
Capital goods	25.96	-
	<b>13,290.44</b>	<b>6,388.84</b>

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 33 : Expenditure in Foreign Currency

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Finance costs	145.34	118.36
Others	23.35	36.87
	<b>168.69</b>	<b>155.23</b>

### Note 34 : Earnings in Foreign Currency

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Export of goods calculated on FOB basis	18,112.14	11,471.12
Interest Income	87.83	62.64
Other income	9.74	312.46
Expenses recovered	-	8.58
Exceptional items	-	256.50
	<b>18,209.71</b>	<b>12,111.30</b>

### Note 35 : Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

Loans and advances in the nature of loans given to subsidiaries, associates, firms / companies in which directors are interested:

(₹ in Lacs)

Name of the party	Relationship	Amount outstanding As at 31st March 2014 #	Maximum balance outstanding during the year #
Gravita Ghana Limited	Subsidiary	488.31	724.74
		(724.74)	(832.00)
Gravita Senegal SAU	Subsidiary	294.49	520.32
		(520.32)	(579.00)
Gravita Exim Limited	Subsidiary	371.63	823.87
		(769.23)	(1,060.18)
Noble Build Estate Private Limited	Subsidiary	200.00	200.00
		(200.00)	(200.00)

# Excluding interest.

### Note 36 : Details of Fixed Assets Held for sale

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Plant and equipments	16.38	-
	<b>16.38</b>	<b>-</b>

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 37 : Details of new Business Acquisition

On April 1, 2013, the Company acquired SEZ undertaking of M/s Gravita Infotech (Formerly known as Gravita Technomech) (a partnership firm, in which the Company was having a 51% profit share on the date of acquisition), on a going concern basis by way of slump sale agreement for a lump sum consideration amounting to ₹ 555.91 Lacs .

Details of the assets and liabilities purchased under slump sale agreement are as under:

	(₹ in Lacs)
	<b>Amount</b>
Fixed assets (including capital work-in-progress)	1,062.59
Long term loans and advances	8.29
Short term loans and advances	50.01
Cash and cash equivalents	9.84
Trade receivables	82.76
Inventories	374.02
<b>Total assets</b>	<b>1,587.51</b>
Long term borrowings	711.88
Trade payables	70.05
Other current liabilities	249.67
<b>Total liabilities</b>	<b>1,031.60</b>
<b>Net assets</b>	<b>555.91</b>

### Note 38 : Employee Benefits

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below:

#### Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Employer's Contribution to Provident Fund	35.71	13.03

#### Defined Benefit Plan

The employees' gratuity fund scheme managed by a Trust namely 'Gravita India Limited Employees Gratuity Trust' is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### (a) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Lacs)

	Gratuity (Funded)		Compensatory absences (Unfunded)	
	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
Defined Benefit obligation at beginning of year	17.87	29.21	8.97	6.20
Current service cost	10.99	4.40	6.14	9.92
Interest cost	1.42	2.31	0.63	1.00
Actuarial (gain) / loss	27.29	(18.05)	6.90	(6.87)
Benefits paid	(0.24)	-	(2.20)	(1.28)
Defined Benefit obligation at year end	<b>57.33</b>	17.87	<b>20.44</b>	8.97

### (b) Reconciliation of opening and closing balances of fair value of Plan Assets

(₹ in Lacs)

	Gratuity (Funded)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Fair value of Plan assets at beginning of the year	31.52	28.81
Expected return on Plan Assets	2.51	2.31
Actuarial gain / (loss)	(3.59)	0.17
Employer's contribution	-	0.23
Benefits paid	(0.24)	-
Fair value of Plan Assets at end of the year	30.20	31.52
Actual return on Plan Assets	2.51	2.31

### (c) Reconciliation of fair value of assets and obligations

(₹ in Lacs)

	Gratuity (Funded)		Compensatory absences (Unfunded)	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Fair value of Plan Assets	30.20	31.52	-	-
Present value of obligation	57.33	17.87	20.44	8.97
Liability / (Asset) recognised in Balance Sheet	<b>27.13</b>	(13.65)	<b>20.44</b>	8.97

### (d) Expenses recognised during the year

(₹ in Lacs)

	Gratuity (Funded)		Compensatory absences (Unfunded)	
	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
Current service cost	10.99	4.40	6.14	9.92
Interest cost	1.42	2.31	0.63	1.00
Expected return on Plan Assets	(2.51)	(2.31)	-	-
Actuarial (gain) / loss	30.88	(17.82)	6.90	(6.87)
Net expense in Statement of Profit and Loss	<b>40.78</b>	(13.42)	<b>13.67</b>	4.05

### (e) Investment details

(% Invested)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Insurer-managed funds	100.00	100.00
	100.00	100.00

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### (f) Experience adjustments (Gratuity (Funded)) #

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2012
Present value of obligation	57.33	17.87	29.21
Fair value of plan assets	(30.20)	(31.52)	(28.81)
Funded status [Deficit /(Surplus)]	27.13	(13.65)	0.40
Experience gain /(loss) adjustments on plan liabilities	(33.49)	17.65	- #
Experience gain /(loss) adjustments on plan assets	(3.59)	0.17	- #

# Figures for the financial years 2009-10, 2010-11 and 2011-12 are not readily available.

### (g) Actuarial assumptions

(₹ in Lacs)

	Gratuity (Funded)		Compensatory absences (Unfunded)	
	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
Mortality table	100% of IAL-2	LIC 1994-1996	100% of IAL-2	LIC 1994-1996
Discount rate (per annum) #	9.00%	8.00%	9.00%	8.00%
Rate of escalation in salary (per annum) ##	6.00%	6.00%	6.00%	6.00%
Expected rate of return on plan assets (per annum) ###	8.00%	8.00%	N/A	N/A

# The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

## The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

### The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

### Note 39 : Details of Borrowing Costs Capitalised

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Borrowing costs capitalised during the year		
as fixed assets	39.18	-
as capital work-in-progress	12.37	-
	<b>51.55</b>	<b>-</b>

### Note 40 : Segment Reporting

As per Accounting Standard (AS) 17 "Segment Reporting", Segment information has been provided under the Notes forming part of the Consolidated Financial Statements.



## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 41 : Related Party Transactions

#### (a) Subsidiaries

(₹ in Lacs)

Name of the Company	Country of incorporation	% of holding as at 31st March 2014	% of holding as at 31st March 2013
Gravita Exim Limited	India	100.00	100.00
Gravita Ghana Limited	Ghana	100.00	100.00
Gravita Mozambique LDA	Mozambique	100.00	100.00
Gravita Energy Limited	India	99.20	99.20
Gravita Infra Private Limited	India	99.00	99.00
Noble Build Estate Private Limited	India	100.00	100.00
Gravita Global Pte Limited	Singapore	100.00	100.00
Navam Lanka Limited	Srilanka	52.00	52.00
Gravita Netherlands BV	Netherlands	100.00	100.00
Gravita Senegal SAU	Senegal	100.00	100.00
Gravita Nicaragua SA	Nicaragua	100.00	100.00
Gravita Trinidad & Tobago Limited	Trinidad & Tobago	100.00	100.00

#### (b) Associates

(₹ in Lacs)

Name of the Company	Country of incorporation	% of holding as at 31st March 2014	% of holding as at 31st March 2013
Pearl Landcon Private Limited	India	25.00	25.00
Gravita Honduras SA DE CV (ceased to be an associate w.e.f. September 25, 2012)	Honduras	-	-

#### (c) Partnership firms

(₹ in Lacs)

Name of the firm	Country of incorporation	% of holding as at 31st March 2014	% of holding as at 31st March 2013
M/s Gravita Metals	India	100.00	100.00
M/s Gravita Metal Inc	India	100.00	100.00
M/s Gravita Infotech (Formerly known as M/s Gravita Technomech)	India	51.00	51.00

#### (d) Limited liability partnership firm

(₹ in Lacs)

Name of the firm	Country of incorporation	% of holding as at 31st March 2014	% of holding as at 31st March 2013
M/s Gravita Technomech LLP (dissolved w.e.f. 8th August 2013)	India	-	100.00

#### (e) Key management personnel

Name of the Director	Designation
Dr. Mahavir Prasad Agarwal	Chairman and Whole-Time Director
Mr. Rajat Agrawal	Managing Director
Mr. Rajeev Surana	Whole-Time Director

#### (f) Relatives of key management personnel

Name of the Relative	Relationship
Mrs. Shashi Agarwal	Wife of Dr. Mahavir Prasad Agarwal

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### (g) Enterprises having common key management personnel and/or their relatives

Gravita Impex Private Limited
Saurabh Farms Limited
Shah Buildcon Private Limited
Jalousies India Private Limited
Surana Professional Services Private Limited
M/s R.Surana & Company
M/s Surana Associates
Rajeev Surana HUF

### (h) Details of Related Party Transactions/Balances for the year ended 31st March 2014

(₹ in Lacs)

(i)	Sale /purchase of goods and services	Sale of goods	Purchase of goods	Amount receivable as at 31st March 2014	Amount payable as at 31st March 2014
<b>Subsidiaries</b>					
	Gravita Senegal SAU	36.79	2,032.60	0.01	282.88
		(-)	(3,525.58)	(-)	(690.09)
	Gravita Ghana Limited	71.59	2,920.55	66.62	70.85
		(1.14)	(3,009.50)	(1.15)	(37.76)
	Gravita Exim Limited	4.65	8.10	-	-
		(9.70)	(264.21)	(-)	(-)
	Navam Lanka Limited	44.23	88.82	0.12	-
		(1.00)	(723.12)	(0.07)	(100.17)
	Gravita Mozambique LDA	36.60	1,570.43	33.94	326.86
		(-)	(1,953.58)	(-)	(177.63)
	Gravita Global Pte Limited	-	27.49	-	-
		(-)	(-)	(-)	(-)
<b>Associates</b>					
	Gravita Honduras SA DE CV	-	-	-	-
		(-)	(106.79)	(-)	(-)
<b>Partnership firms</b>					
	M/s Gravita Metal Inc	-	74.07	-	43.55
		(51.94)	(157.11)	(-)	(-)
	M/s Gravita Metals	4,127.22	9.95	249.64	-
		(3,121.42)	(46.83)	(-)	(-)
	M/s Gravita Infotech (formerly known as M/s Gravita Technomech)	-	-	-	-
		(2.05)	(-)	(-)	(-)

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

(₹ in Lacs)				
(ii) Loans given and repayment thereof (including interest)	Loan given	Repayment (including interest)	Interest income during the year	Amount receivable as at 31st March 2014 (including interest)
<b>Subsidiaries</b>				
Gravita Ghana Limited	-	292.92	56.50	488.32
	(832.45)	(71.21)	(51.20)	(724.74)
Gravita Senegal SAU	-	266.41	43.06	296.97
	(578.97)	(50.19)	(28.89)	(520.32)
Gravita Exim Limited	597.24	1,017.91	57.75	406.31
	(1,853.94)	(1,424.69)	(52.91)	(769.23)
Noble Build Estate Private Limited	-	-	22.32	226.95
	(200.00)	(-)	(4.63)	(204.63)
<b>Associates</b>				
Gravita Honduras SA DE CV	-	-	-	-
	(26.93)	(26.93)	(-)	(-)

(₹ in Lacs)				
(iii) Loans taken and repayment thereof	Loan taken	Repayment (including interest)	Interest Expenses during the year	Amount payable as at 31st March 2014 (including interest)
<b>Key management personnel</b>				
Mr. Rajat Agrawal	157.00	162.56	5.56	-
	(-)	(-)	(-)	(-)
Dr. Mahavir Prasad Agarwal	77.00	80.68	3.68	-
	(-)	(-)	(-)	(-)

(₹ in Lacs)		
(iv) Investment and disinvestment	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Investment made</b>		
<b>Subsidiaries</b>		
Gravita Global Pte Limited	27.37	701.23
Noble Build Estate Private Limited	-	74.96
Gravita Exim Limited	-	1.18
<b>Disinvestment made</b>		
<b>Subsidiaries</b>		
Navam Lanka Limited (sold to Gravita Exim Limited)	-	405.09
Gravita Senegal SAU (sold to Gravita Netherlands BV)	-	223.93
<b>Associates</b>		
Gravita Honduras SA DE CV	-	362.42
<b>Partnership firms</b>		
M/s Gravita Infotech (formerly known as M/s Gravita Technomech)	76.50	-
<b>Limited liability partnership firms #</b>		
M/s Gravita Technomech LLP (dissolved w.e.f. 8th August 2013)	0.84	-

# Investment in M/s Gravita Technomech LLP has been written off during the year.

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

(₹ in Lacs)		
(v) Reimbursement of expenses (received)	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Subsidiaries</b>		
Gravita Ghana Limited	4.24	7.27
Gravita Senegal SAU	7.03	32.91
Navam Lanka Limited	-	1.10
Gravita Mozambique LDA	5.93	6.03
Gravita Energy Limited	-	0.76
Gravita Infra Private Limited	-	0.01
Gravita Nicaragua SA	-	16.35
Gravita Trinidad & Tobago Limited	-	6.16
<b>Enterprises having common key management personnel and/or their relatives</b>		
Shah Buildcon Private Limited	-	0.89

(₹ in Lacs)		
(vi) Remuneration	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Key management personnel</b>		
Mr. Rajat Agrawal	54.00	36.00
Dr. Mahavir Prasad Agarwal	40.50	36.00
Mr. Rajeev Surana	28.50	24.00
<b>Relative of key management personnel</b>		
Mrs. Shashi Agarwal	-	0.05

(₹ in Lacs)		
(vii) Other transactions (nature of each transaction is mentioned in brackets)	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Subsidiaries</b>		
Gravita Senegal SAU (Dividend received)	-	210.80
Navam Lanka Limited (Dividend received)	-	70.52
Gravita Exim Limited (Rent paid)	7.98	2.56
Gravita Global Pte Limited (Guarantee given)	300.50	-
<b>Associates</b>		
Gravita Honduras SA DE CV (Rent Income)	-	9.68
<b>Partnership firms</b>		
M/s Gravita Metals (Rebate paid)	0.45	-
M/s Gravita Metal Inc (Guarantee given)	500.00	-
<b>Key management personnel</b>		
Mr. Rajat Agrawal (Rent Paid)	28.66	25.71
<b>Enterprises having common key management personnel and/or their relatives</b>		
Saurabh Farms Limited (Rent paid)	4.27	1.53
Shah Buildcon Private Limited (Rent Paid)	1.98	1.20
Rajeev Surana HUF (Rent Paid)	5.85	1.00

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

(₹ in Lacs)		
(viii) Amount recoverable at year end	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Subsidiaries</b>		
Navam Lanka Limited	0.52	-
Gravita Ghana Limited	2.41	17.14
Gravita Mozambique LDA	1.00	5.77
Gravita Senegal SAU	5.01	12.78
Gravita Energy Limited	2.61	2.59
Gravita Infra Private Limited	2.84	2.83
Noble Build Estate Private Limited	0.73	-
Gravita Global Pte Limited	0.57	-
Gravita Netherlands BV	0.07	-
Gravita Nicaragua SA	24.20	16.32
Gravita Trinidad & Tobago Limited	7.17	6.16
<b>Partnership firms</b>		
M/s Gravita Metals	44.11	-
M/s Gravita Metal Inc	31.44	-
	<b>122.68</b>	<b>63.59</b>

(₹ in Lacs)		
(ix) Amount payable at year end	As at 31st March 2014	As at 31st March 2013
<b>Subsidiaries</b>		
Gravita Exim Limited	7.82	-
<b>Partnership firms</b>		
M/s Gravita Infotech (formerly known as M/s Gravita Technomech)	0.74	-
<b>Key management personnel</b>		
Mr. Rajat Agrawal	0.01	-
<b>Enterprises having common key management personnel and/or their relatives</b>		
Saurabh Farms Limited	-	0.68
Shah Buildcon Private Limited	-	0.03
	<b>8.57</b>	<b>0.71</b>

(₹ in Lacs)		
(x) Guarantees and collateral outstanding	As at 31st March 2014	As at 31st March 2013
<b>Subsidiaries</b>		
Gravita Global Pte Limited	300.50	-
<b>Partnership firms</b>		
M/s Gravita Metals	2,675.00	2,275.00
M/s Gravita Metal Inc	600.00	-

### Note 42 : Leases

The Company has entered into operating lease arrangements for certain facilities and office premises for a period upto 11 months with the renewal/ termination clauses. Lease payments recognised in the Statement of Profit and Loss for the year are ₹ 58.52 Lacs (Previous year ₹ 38.24 Lacs ). Details of future minimum lease payments are provided below:

(₹ in Lacs)		
	As at 31st March 2014	As at 31st March 2013
Not later than one year	30.54	3.35
	<b>30.54</b>	<b>3.35</b>

## Notes forming part of the Financial Statements (Contd.)

for the year ended 31st March 2014

### Note 43 : Earnings Per Share (EPS)

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
Net profit after tax as per Statement of Profit and Loss attributable to equity shareholders (₹ in Lacs) (a)	1,488.59	1,797.88
Weighted average number of equity shares outstanding during the year (in numbers) (b)	68,147,541	68,112,078
Basic earnings per share of face value ₹ 2 each (in ₹) (a)/ (b)	2.18	2.64
Effect of potential dilutive equity shares on employee stock options outstanding (in numbers) (c)	492,895	231,650
Weighted average number of equity shares in computing diluted earnings per share (in numbers) [(d) = (b)+(c)]	68,640,436	68,343,728
Diluted earnings per share of face value ₹ 2 each (in ₹) (a) / (d)	2.17	2.63

### Note 44 :

During the year, the Excise Department, under the provisions of Section 12F of Central Excise Act, 1944, has seized past books and records of the Company as well as current period upto 10th February 2014 on account of non-payment of an insignificant amount towards alleged inventory shortage during a search at Company's plant situated at Phagi, Jaipur. In this regard, no show cause notice has been received by the Company till date. The management is confident that the matter will get resolved in due course and no material liability would arise on resolution of this matter.

### Note 45 :

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of domestic and international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by 30th November 2014. The Management is of the opinion that its international and domestic transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

### Note 46 :

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

**Rajat Agrawal**  
(Managing Director)

**Rajeev Surana**  
(Whole Time Director)

**Sunil Kansal**  
(SGM-Finance and Accounts)

**Leena Jain**  
(Company Secretary)

Place : Jaipur  
Date : 29th May 2014

## Independent Auditors' Report

---

To

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **GRAVITA INDIA LIMITED** (the "Company"), its subsidiaries and partnership firms (the Company, its subsidiaries and partnership firms constitute "the Group") and its share of the profit of its associate for the year ended March 31, 2014, which comprise the Consolidated Balance Sheet as at March 31, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Consolidated Financial Statements**

The Company's 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 Group in accordance with the 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 mis-statement, whether due to fraud or error.

### **Auditors' Responsibility**

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 mis-statement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material mis-statement 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the 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.



## Independent Auditors' Report

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and unaudited financial statements of an associate referred to below in the Other Matter paragraph, the aforesaid 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 Group as at March 31, 2014;
- (b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matters

We did not audit the financial statements of subsidiaries, Gravita Exim Limited, Gravita Ghana Limited., Gravita Global Pte. Limited, Gravita Mozambique LDA, Noble Build Estate Private Limited, Gravita Energy Limited, Gravita Infra Private Limited, Navam Lanka Limited and partnership firms, M/s. Gravita Metals, M/s. Gravita Metal Inc., M/s. Gravita Infotech (formerly known as M/s Gravita Technomech) and M/s. Gravita Technomech LLP (dissolved w.e.f. August 8, 2013), whose financial statements reflect Total Assets (net) of ₹

9,117.60 Lacs as at March 31, 2014, Total Revenues (net) of ₹ 23,230.74 Lacs and Net Cash Inflows (net) amounting to ₹ 13.64 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and partnership firms, is based solely on the reports of the other auditors.

The consolidated financial statements also include the Group's share of net profit of ₹ 1.77 Lacs for the year ended March 31, 2014, in respect of an associate Pearl Landcon Private Limited, whose financial statements have not been audited by their auditors and in so far as it relates to the amounts and disclosures included in respect of this, is based solely on the basis of unaudited financial statements prepared by the management of associate company for the preparation of the consolidated financial statements of the Company.

Our opinion is not qualified in respect of this matter.

For **Deloitte Haskins & Sells**  
Chartered Accountants  
(Firm's Registration No. 015125N)

Place : Jaipur  
Date : 29th May, 2014

**Jaideep Bhargava**  
Partner  
(Membership No. 090295)

## Consolidated Balance Sheet

as at 31st March 2014

(₹ in Lacs)			
	Notes	As at 31st March 2014	As at 31st March 2013
<b>Equity and Liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	2	1,363.50	1,362.55
Reserves and surplus	3	9,810.91	8,576.50
		<b>11,174.41</b>	<b>9,939.05</b>
<b>Minority interest</b>			
		582.20	803.85
<b>Non-current liabilities</b>			
Long term borrowings	4	709.30	1,440.52
Deferred tax liabilities (net)	5	135.62	118.86
Long term provisions	6	44.43	8.97
		<b>889.35</b>	<b>1,568.35</b>
<b>Current liabilities</b>			
Short term borrowings	7	7,413.41	5,352.25
Trade payables	8	797.74	2,173.99
Other current liabilities	9	1,327.65	1,531.75
Short term provisions	10	513.31	247.57
		<b>10,052.11</b>	<b>9,305.56</b>
<b>TOTAL</b>		<b>22,698.07</b>	<b>21,616.81</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets	11		
Tangible assets		5,956.84	4,295.19
Intangible assets		102.09	114.85
Capital work-in-progress		622.93	1,283.57
		<b>6,681.86</b>	<b>5,693.61</b>
Non-current investments	12	1.91	14.61
Long term loans and advances	13	326.80	366.33
Other non-current assets	14	690.91	648.68
		<b>7,701.48</b>	<b>6,723.23</b>
<b>Current assets</b>			
Current investments	15	-	858.14
Inventories	16	6,228.75	6,835.12
Trade receivables	17	5,015.50	4,322.28
Cash and cash equivalents	18	353.38	370.64
Short term loans and advances	19	3,304.44	2,472.57
Other current assets	20	94.52	34.83
		<b>14,996.59</b>	<b>14,893.58</b>
		<b>22,698.07</b>	<b>21,616.81</b>
See accompanying notes forming part of the consolidated financial statements	1-40		

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Jaipur  
Date : 29th May, 2014

For and on behalf of the Board of Directors

**Rajat Agrawal**  
(Managing Director)

**Sunil Kansal**  
(SGM-Finance and Accounts)

Place : Jaipur  
Date : 29th May, 2014

**Rajeev Surana**  
(Whole Time Director)

**Leena Jain**  
(Company Secretary)

## Consolidated Statement of Profit and Loss

as at 31st March 2014

	Notes	For the year ended 31st March 2014	For the year ended 31st March 2013
(₹ in Lacs)			
<b>Income</b>			
Revenue from operations (gross)	21	54,810.88	40,987.26
Less : Excise duty		3,092.92	1,029.05
<b>Revenue from operations (net)</b>		<b>51,717.96</b>	<b>39,958.21</b>
Other income	22	122.31	276.59
<b>Total revenue (I)</b>		<b>51,840.27</b>	<b>40,234.80</b>
<b>Expenses</b>			
Cost of materials consumed	23	40,188.89	27,434.53
Purchase of stock-in-trade (traded goods)		2,576.37	6,577.55
Changes in inventories of finished goods, work-in-progress and stock-in-trade	24	(436.23)	(1,631.56)
Employee benefits expense	25	2,189.21	1,734.47
Finance costs	26	917.74	908.87
Depreciation and amortisation expense	11	603.48	218.78
Other expenses	27	3,060.54	2,289.09
<b>Total expenses (II)</b>		<b>49,100.00</b>	<b>37,531.73</b>
<b>Profit Before Exceptional Items And Tax (I - II)</b>		<b>2,740.27</b>	<b>2,703.07</b>
Add: Exceptional items	28	22.42	26.17
<b>Profit Before Tax And Prior Period Adjustments</b>		<b>2,762.69</b>	<b>2,729.24</b>
Less: Prior period adjustments (refer note 39)		312.29	-
<b>Profit Before Tax</b>		<b>2,450.40</b>	<b>2,729.24</b>
<b>Less: Tax Expense</b>			
Current tax		318.22	446.06
Less: Minimum alternate tax (MAT) credit		3.19	88.57
Excess provision for tax relating to prior years written back		(44.46)	(11.02)
Net current tax expense		270.57	346.47
Deferred tax		16.76	32.92
Net tax expense		287.33	379.39
<b>Profit After Tax Before Share of Profit/ (Loss) of Associates and Minority Interest</b>		<b>2,163.07</b>	<b>2,349.85</b>
Add: Share in profit/ (loss) of associate		1.77	(0.42)
Less: Minority interest		32.67	445.87
<b>Profit After Tax</b>		<b>2,132.17</b>	<b>1,903.56</b>
<b>Earnings Per Share of Face Value of ₹ 2 each</b>			
Basic (in ₹)	37	3.13	2.79
Diluted (in ₹)		3.11	2.79
See accompanying notes forming part of the consolidated financial statements	1-40		

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Jaipur  
Date : 29th May, 2014

For and on behalf of the Board of Directors

**Rajat Agrawal**  
(Managing Director)

**Sunil Kansal**  
(SGM-Finance and Accounts)

Place : Jaipur  
Date : 29th May, 2014

**Rajeev Surana**  
(Whole Time Director)

**Leena Jain**  
(Company Secretary)

## Consolidated Cash Flow Statement

for the year ended 31st March 2014

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>A. Cash flow from operating activities</b>		
Profit before tax share of profit/(loss) of associate and minority interest	2,450.40	2,729.24
<b>Adjustments for:</b>		
Depreciation and amortisation expense	603.48	218.78
Provision for doubtful trade receivables, loans and advances	119.07	-
Profit on sale of assets	-	(3.11)
Loss on fixed assets discarded/ scrapped / written off	153.88	-
Loss on sale of fixed assets	25.58	-
Exceptional items	(22.42)	(26.17)
Expense on employee stock option (ESOP) scheme	64.86	67.65
Finance costs	917.74	908.87
Interest income	(74.80)	(143.46)
Dividend income from quoted and unquoted other investments in mutual funds	(16.17)	(56.83)
	1,771.22	965.73
<b>Operating profit before working capital changes</b>		
<b>Changes in working capital</b>		
<b>Adjustments for increase / (decrease) in operating assets:</b>		
Inventories	606.37	(4,015.64)
Trade receivables	(806.85)	162.18
Short term loans and advances	(837.31)	(565.15)
Long term loans and advances	0.26	(288.95)
Other current assets	(45.34)	(20.07)
Other non-current assets	(42.23)	616.43
<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
Long term provisions	35.46	-
Trade payables	(1,376.25)	1,447.32
Other current liabilities	(338.93)	1,208.99
Short term provisions	5.80	-
	(2,799.02)	(1,454.89)
<b>Cash generated from operations</b>	1,422.60	2,240.08
Income tax paid (net of refunds)	352.13	334.56
<b>Net cash flow from operating activities (A)</b>	<b>1,070.47</b>	<b>1,905.52</b>

## Consolidated Cash Flow Statement

for the year ended 31st March 2014

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>B. Cash flow from investing activities</b>		
Capital expenditure on fixed assets, including capital advances	(1,924.21)	(2,547.02)
Proceeds from sale of fixed assets	100.84	61.37
Purchase of non-current investments	-	585.77
Proceeds from sale of non-current investments	36.89	-
Bank balances not considered as cash and cash equivalents (matured/ (placed))	(0.13)	2.65
Proceed from sale of current investments	858.14	556.72
Dividend income	16.17	56.83
Interest income	78.66	143.46
<b>Net cash used in investing activities (B)</b>	<b>(833.64)</b>	<b>(1,140.22)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue of equity shares (including share premium)	0.95	21.20
Proceeds from long-term borrowings	12.59	451.22
Repayment of long-term borrowings	(691.56)	-
Proceeds from short-term borrowings (net)	2,061.16	352.59
Dividend paid to minority shareholders	(254.32)	-
Finance costs	(906.35)	(908.87)
Dividend paid (including tax on dividend)	(476.69)	(870.72)
<b>Net cash used in financing activities (C)</b>	<b>(254.22)</b>	<b>(954.58)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(17.39)</b>	<b>(189.28)</b>
Cash and cash equivalents at the beginning of the year	367.96	557.24
<b>Cash and cash equivalents at the end of the year (refer note 18)</b>	<b>350.57</b>	<b>367.96</b>

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

**Jaideep Bhargava**  
Partner

Place : Jaipur  
Date : 29th May, 2014

For and on behalf of the Board of Directors

**Rajat Agrawal**  
(Managing Director)

**Sunil Kansal**  
(SGM-Finance and Accounts)

Place : Jaipur  
Date : 29th May, 2014

**Rajeev Surana**  
(Whole Time Director)

**Leena Jain**  
(Company Secretary)

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014

### Corporate Information

Gravita India Limited (‘the Company’) is a public company incorporated under the provisions of the Companies Act, 1956. The consolidated financial statements relate to the Company, its subsidiary companies, subsidiary partnership firms and Group’s share of profit / loss in its associate (together ‘the Group’). Its business operations currently encompass three business areas – Lead processing, International Trade and dealings in Lead and Turn-key Lead recycling projects. The Group carry out smelting of Lead battery Scrap / Lead Concentrate to produce Secondary Lead Metal, which is further transformed into Pure Lead, Specific Lead Alloy, Lead Oxides (Lead Sub-Oxide, Red Lead, and Litharge) and Lead products like Lead Sheets, Lead Powder, Lead Shot, etc. The Group has Lead processing Units in India and abroad.

### Note 1 : Significant Accounting Policies

#### a) Basis of Accounting and Preparation of Consolidated Financial Statements

The Consolidated Financial Statements of the group have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act / 2013 Act, as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year except for change in the accounting policy for translation of foreign operations from non-integral to integral foreign operations as more fully described in Note 39.

#### b) Principles of Consolidation

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

- (i) The financial statements of the subsidiary companies and associates used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31st March 2014. These have been consolidated based on latest available financial statements.
- (ii) 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, after eliminating intra-group balances, intra-group

transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

- (iii) The consolidated financial statements include the share of profit / loss of the associate company which have been accounted for using equity method as per Accounting Standard 23 “Accounting for Investments in Associates in Consolidated Financial Statements”. Accordingly, the share of profit/ loss of the associate company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
- (iv) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as ‘Goodwill’ being an asset in the consolidated financial statements and is tested for impairment on annual basis. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as ‘Capital Reserve’ and shown under the head ‘Reserves & Surplus’, in the consolidated financial statements.
- (v) Goodwill arising on the acquisition of a foreign entity is translated at the closing rate in case of non-integral operations and by using the exchange rate at the date of the investment in case of integral operations. Capital reserve is translated at the exchange rate on the date of investment and should not be restated as at the year end, even if the operations are non-integral.
- (vi) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.
- (vii) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.
- (viii) Goodwill arising on consolidation is not amortised but tested for impairment.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

- (ix) Following subsidiary companies and associate have been considered in the preparation of the consolidated financial statements:

(₹ in Lacs)			
S.No.	Name of the subsidiary	% of holding as at 31st March 2014	% of holding as at 31st March 2013
1	Gravita Exim Limited	100.00	100.00
2	Gravita Ghana Limited	100.00	100.00
3	Gravita Mozambique LDA	100.00	100.00
4	Gravita Energy Limited	99.20	99.20
5	Gravita Infra Private Limited	99.00	99.00
6	Noble Build Estate Private Limited	100.00	100.00
7	Gravita Global Pte Limited	100.00	100.00
8	Navam Lanka Limited	52.00	52.00
9	Gravita Netherlands BV	100.00	100.00
10	Gravita Senegal S.A.U	100.00	100.00
11	Gravita Nicaragua S.A.	100.00	100.00
12	Gravita Trinidad & Tobago Limited	100.00	100.00
13	M/s Gravita Metals	100.00	100.00
14	M/s Gravita Metal Inc	100.00	100.00
15	M/s GravitInfotech (Formerly known as M/s GravitaTechnomech)	51.00	51.00

(₹ in Lacs)			
S.No.	Name of the associate	% of holding as at 31st March 2014	% of holding as at 31st March 2013
1	Pearl Landcon Private Limited	25.00	25.00

- (x) The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.

### c) Use of Estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### d) Inventories

Inventories are valued at the lower of cost (moving weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges

in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and where applicable, excise duty,

### e) Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### f) Cash and Cash Equivalents (for Purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### g) Fixed Assets (Tangible / Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if



## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. 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 consolidated statement of Profit and Loss when the asset is derecognised.

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately under other current assets.

### Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost and related incidental expenses.

### h) Depreciation and Amortisation

Depreciation on the fixed assets is provided under straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 or at rates permissible under applicable local laws so as to charge off the cost of assets to the Statement of Profit and Loss over their estimated useful life, except on the following categories of assets:

- (i) Assets costing up to ₹5,000/- are fully depreciated in the year of acquisition.
- (ii) Leasehold land and leasehold improvements are amortised over the primary period of lease.
- (iii) Intangible assets are amortised over their useful life of 5 years.

### i) Revenue Recognition

#### Revenue from Operations:

- Sale and operating income includes sale of products, services, profit from partnership firms, income from job work services, export incentives, etc.
- Sale of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer. Sales include excise duty but exclude sales tax and value added tax.

- Sale of services are recognised when services are rendered and related costs are incurred.

- Profit from partnership firms which are in the same line of operation is considered as operating income.

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

- Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

#### Other Income:

- Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.

- Dividend income is recognised when right to receive is established.

- Rent income is booked as per terms of contracts.

### j) Foreign Currency Transactions and Translations

#### Initial Recognition:

Company: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at an average exchange rate prevailing during the year.

Non-integral foreign operations: Transactions of non-integral foreign operations are translated at the at an average exchange rate prevailing during the year.

#### Translations:

Company: Foreign currency monetary items of the Company, outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Integral foreign operations: Foreign currency monetary items of the Company's integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

Non-integral foreign operations: All assets and liabilities of non-integral foreign operations are translated at the year-end rates.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Treatment of Exchange Differences:

Company: Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

Integral foreign operations: Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Consolidated Statement of Profit and Loss.

Non-integral foreign operations: The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

### k. Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### l. Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

#### Defined Contribution Plans

The group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

#### Defined Benefit Plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Consolidated Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits

are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

#### Short-Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

#### Long-Term Employee Benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

### m. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the consolidated statement of Profit and Loss on a straight-line basis.

### n. Earnings Per Share

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### **o. Employee Share Based Payments**

Equity settled stock options granted under "Gravita Employee Stock Option Scheme" are accounted for under the intrinsic value method as per the accounting treatment prescribed by Employee Stock Option Scheme and Employee Stock Purchase Guidelines, 1999, issued by Securities and Exchange Board of India and the Guidance Note on Employee Share based Payments issued by the Institute of Chartered Accountants of India.

### **p. Borrowing Costs**

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the consolidated statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the consolidated statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### **q. Segment Reporting**

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities.'

### **r. Taxes on Income**

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is probable that future economic benefit associated with it will flow to the entity.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the entity has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

### s. Impairment of Assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the consolidated statement of Profit and Loss.

### t. Provisions and Contingencies

A provision is recognised when group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the consolidated financial statements.

### u. Derivatives and Commodity Hedging Transactions

In order to hedge its exposure to foreign exchange and commodity price risks, the group enters into forward, option, and other derivative financial instruments. The group neither holds nor issues 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.

### v. Operating Cycle

Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## Note 2 : Share Capital

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
<b>Authorised share capital</b>		
75,000,000 (Previous year 75,000,000) equity shares of ₹ 2.00 each	1,500.00	1,500.00
<b>Issued, subscribed and paid up capital</b>		
68,175,166 (Previous year 68,127,552) equity shares of ₹ 2.00 each fully paid up	1,363.50	1,362.55
	<b>1,363.50</b>	<b>1,362.55</b>

Notes:

- (a) During the previous year, the Company has sub-divided its 1 equity share of ₹ 10.00 each into 5 equity shares of ₹ 2.00 each vide its shareholders' approval through postal ballot on 11th May 2012. Information relating to shares/ share capital in notes below should be read after considering the division of shares as explained herewith.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### (b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:

Equity Shares	As at 31st March 2014		As at 31st March 2013	
	Number of shares	₹ in Lacs	Number of shares	₹ in Lacs
<b>At the beginning of the year</b>	68,127,552	1,362.55	68,100,000	1,362.00
Add: Issued during the year - ESOP	47,614	0.95	27,552	0.55
<b>At the end of the year</b>	<b>68,175,166</b>	<b>1,363.50</b>	<b>68,127,552</b>	<b>1,362.55</b>

### (c) Terms /Rights attached to Equity Shares

The Company has only one class of shares referred to as equity shares having a face value of ₹ 2.00 per share (₹ 2.00 per share). Each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

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.

### (d) Aggregate number of Bonus Shares issued during the period of five years immediately preceding the reporting date

During the financial year 2009-10, the Company has allotted 3,340,000 equity shares of face value ₹ 10 each (One fully paid bonus share against two fully paid) by capitalisation of reserves amounting to ₹ 334.00 Lacs.

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Equity shares with voting rights</b>		
Fully paid up by way of bonus shares (one fully paid bonus share of ₹ 2.00 per share against two fully paid of ₹ 2.00 per share)	16,700,000	16,700,000

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

Name of the shareholders	As at 31st March 2014		As at 31st March 2013	
	No. of shares (₹ 2.00 each fully paid up)	% holding	No. of shares (₹ 2.00 each fully paid up)	% holding
Mr. Rajat Agrawal	32,677,725	47.93	24,365,475	35.76
Dr. Mahavir Prasad Agarwal	13,673,325	20.06	13,673,325	20.07
Mrs. Anchal Agrawal	-	-	8,312,250	12.20
Mrs. Shashi Agarwal	3,674,700	5.39	3,674,700	5.39

### (f) Shares reserved for issuance under options

The members of the Company at its Annual General Meeting held on 27th July 2011 had approved the issue of Stock Options to eligible employees/directors of the Group. Accordingly, the Board at their meeting held on 10th August 2011 approved the "Gravita ESOP 2011" Scheme. The Compensation Committee formed to govern the Gravita ESOP 2011 Scheme has approved first, second and third grant of options on 23rd September 2011, 5th July 2012 and 1st July 2013 respectively. Details are as follows:

	First grant	Second grant	Third grant
Grant date	23rd September 2011	5th July 2012	1st July 2013
Grant effective from	1st October 2011	5th July 2012	1st July 2013
Exercisable period	5 years	5 years	5 years
Option granted	400,380	31,000	368,500
Exercise price	₹ 2.00 per share	₹ 2.00 per share	₹ 2.00 per share

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Movement in stock options:

	First grant	Second grant	Third grant
Options outstanding at the beginning of the year	209,918	27,500	-
	(319,090)	-	-
New options issued during the year	-	-	368,500
	-	(31,000)	-
Options exercised during the year	44,864	2,750	-
	(27,552)	-	-
Lapsed/ forfeited during the year	27,825	-	15,000
	(81,620)	(3,500)	-
Options outstanding at the end of the year	137,229	24,750	353,500
	(209,918)	(27,500)	-

### Note 3 : Reserves and Surplus

(₹ in Lacs)

	As at 31st March 2014	As at 31st March, 2013
<b>Securities premium account</b>		
Opening balance	4,583.80	3,878.46
Add: Premium on shares issued during the year	38.42	705.34
Less: Transferred to capital reserve	684.69	-
<b>Closing balance</b>	<b>3,937.53</b>	<b>4,583.80</b>
<b>Share options outstanding account</b>		
Opening balance	94.83	47.83
Add: Amounts recorded on grants /cancellations during the year	64.86	67.65
Less: Transferred to securities premium account on exercise	38.42	20.65
<b>Closing balance</b>	<b>121.27</b>	<b>94.83</b>
<b>General reserve</b>		
Opening balance	369.04	189.25
Add: Amount transferred from surplus in consolidated statement of Profit and Loss	148.86	179.79
<b>Closing balance</b>	<b>517.90</b>	<b>369.04</b>
<b>Capital reserve on consolidation</b>		
Opening balance	832.09	960.26
Add: Amount transferred from securities premium	684.69	-
Add/ (less): Transferred to surplus in consolidated statement of Profit and Loss	(724.35)	694.09
Add/ (less): Effect of changes in Group's interest	(489.72)	(822.26)
<b>Closing balance</b>	<b>302.71</b>	<b>832.09</b>
<b>Foreign currency translation reserve (FCTR)</b>		
Opening balance	(2.64)	(127.20)
Add: Effect of foreign exchange rate variations during the year	82.49	124.56
<b>Closing balance</b>	<b>79.85</b>	<b>(2.64)</b>
<b>Surplus in the consolidated statement of Profit and Loss</b>		
Opening balance	2,777.88	2,383.16
Add: Profit for the year	2,132.17	1,903.56
Less/(Add): Appropriations		
Interim dividend (Amount per share ₹ 0.30 (Previous year ₹ 0.50))	204.53	340.59
Income tax on interim dividend	33.18	55.25
Proposed final dividend (Amount per share ₹ 0.50 (Previous year ₹ 0.30))	340.88	204.38
Income tax on proposed final dividend	55.30	34.74
Transfer to capital reserve on consolidation	(724.35)	694.09
Transfer to general reserve	148.86	179.79
<b>Closing balance</b>	<b>4,851.65</b>	<b>2,777.88</b>
<b>Foreign Currency Monetary Translation Difference Account</b>		
	-	(78.50)
	<b>9,810.91</b>	<b>8,576.50</b>



## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 4 : Long-Term Borrowings

(₹ in Lacs)

	Non-current portion		Current maturities	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
<b>Secured</b>				
Term loans				
Banks #	14.66	86.98	82.48	95.70
Others ##	694.64	1,353.54	689.13	623.66
	<b>709.30</b>	<b>1,440.52</b>	<b>771.61</b>	<b>719.36</b>
Less: Amount transferred to other current liabilities (refer note 9)	-	-	771.61	719.36
	<b>709.30</b>	<b>1,440.52</b>	-	-

Notes:

# Term loans from banks carry interest ranging from 7.93% p.a. to 10.82% p.a. The loans are secured by way of hypothecation of vehicles and repayable in equal monthly installments over a period of 3 to 5 years.

## Term loans from others represent loans from Export Import Bank of India which carries interest ranging from 6 months USD LIBOR+5% p.a. to LIBOR+6% p.a. The loans are repayable in 18/20 equal quarterly installments as per the due dates specified in the respective loan agreements. Loans are secured /to be secured by way of the following:

- Pledge of liquid investments in fixed deposits of the Company.
- Second charge on entire current assets and fixed assets including immovable property of the Company except immovable property situated at Plot No. P.A. 011-066, Light Engineering Zone, Mahindra World City - SEZ, Jaipur.
- Pledge of shares of Gravita Ghana Limited and Gravita Senegal SAU (pending to be secured).
- Mortgage of immovable property owned by Managing Director Mr. Rajat Agrawal.
- Extension of charge on the fixed assets including immovable property situated at Plot No. P.A. 011-066, Light Engineering Zone, Mahindra World City - SEZ, Jaipur.
- Corporate guarantee of M/s Gravita Infotech (formerly known as M/s Gravita Technomech).
- Personal guarantee of Managing Director Mr. Rajat Agrawal.
- Mortgage of immovable property Plot No. P.A. 011-066, Light Engineering Zone, Mahindra World City - SEZ, Jaipur.
- Primary Mortgage of plant and machinery for USD 1.20 Lacs of plot no. 27 A, Mirigama EPZ, Mirigama, Sri Lanka.

### Note 5 : Deferred Tax Liabilities (Net)

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Tax effect of items constituting deferred tax liabilities</b>		
Difference between book balance and tax balance of fixed assets	199.48	121.06
<b>Less: Tax effect of items constituting deferred tax assets</b>		
Accrued expenses deductible on payments	25.23	2.20
Provision for doubtful receivables, loans and advances	38.63	-
	<b>135.62</b>	<b>118.86</b>

### Note 6 : Long Term Provisions

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Provision for employee benefits	44.43	8.97
	<b>44.43</b>	<b>8.97</b>



## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 7 : Short Term Borrowings

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
<b>Secured</b>		
Loans repayable on demand from banks #		
Cash credit / overdraft	3,415.61	1,780.20
Packing credit	1,897.36	939.25
Local bill discounting	726.51	986.70
Foreign currency loans - buyers credit	1,363.70	1,644.36
<b>Unsecured</b>		
Term loans from banks	8.49	-
Kotak Mahindra Bank Limited	1.74	1.74
Others	<b>7,413.41</b>	<b>5,352.25</b>

#### Notes:

# Loans repayable on demand are secured by way of:

- (a) First pari-passu charge on entire current assets of the Company (both present and future),
- (b) First pari-passu charge on the following fixed assets of the Company:
  - (i) Flat no. 302, 401, 403 in Gravita Tower, A-27-B, Tilak Nagar, Shanti Path, Jaipur.
  - (ii) Land and building at Jai Chand ka Bas, Diggil Malpura Road, Phagi, Jaipur.
- (c) First pari-passu charge on the following other assets:
  - (i) Land and house at 3/90, HIG, Mansarovar, Jaipur of Gravita Impex Private Limited (related party).
  - (ii) Flat no. 203 in Gravita Tower, A-27-B, Tilak Nagar, Shanti Path, Jaipur of Managing Director Mr. Rajat Agrawal.
- (d) Personal guarantee of Managing Director Mr. Rajat Agrawal.
- (e) Corporate guarantee of Gravita Impex Private Limited (related party).
- (f) Mortgage of lease hold rights of Plot no. 25 & 26, SICOP, Industrial Area, Kathua leased in favour of M/s Gravita Metal Inc.
- (g) Hypothecation of plant and machinery and other fixed assets of M/s Gravita Metal Inc (both present and future).
- (h) Hypothecation of stock, book debts and other current assets of M/s Gravita Metal Inc.
- (i) Extension of charge over mortgage along with furniture fixture of flat no. 102 in Gravita Tower, A-27-B, Tilak Nagar, Shanti Path, Jaipur of Gravita Exim Limited.
- (j) Mortgage of lease hold rights of Plot no. 52-B, SICOP, Phase-I, Industrial complex, Gangyal, Jammu leased in favour of M/s Gravita Metals.
- (k) Primary mortgage over stock, debtors and movable machinery of Navam Lanka Limited, plot no. 27 A, Mirigama EPZ, Mirigama, Sri Lanka.
- (l) Primary mortgage over lease hold land of Navam Lanka Limited, plot no. 27 A, Mirigama EPZ, Mirigama, Sri Lanka.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 8 : Trade Payables

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Trade payables other than micro and small enterprises (other than acceptances) #	797.74	2,173.99
	<b>797.74</b>	<b>2,173.99</b>

# Based on the information available with the Group, no suppliers have been identified, who are registered under the Micro, Small and Medium Enterprise Development Act, 2006. Further, the Group has not received any claim of interest from any supplier under the said Act.

### Note 9 : Other Current Liabilities

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Current maturities of long term debt (refer note 4)	771.61	719.36
Interest accrued but not due on borrowings	26.75	15.36
Unclaimed equity share application money	2.19	2.19
Unclaimed/unpaid dividends	0.62	0.49
Other payables		
Statutory remittances #	80.69	140.24
Payables on purchase of fixed assets	71.06	-
Advance from customers	341.35	590.25
Shortfall in payment of gratuity	27.13	-
Others	6.25	63.86
	<b>1,327.65</b>	<b>1,531.75</b>

# Includes contribution to Provident Fund and ESI, Withholding Taxes, Sales Tax (including Work Contract Tax), Service Tax and Professional Tax.

### Note 10 : Short Term Provisions

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Provision for employee benefits	6.64	-
<b>Other provisions</b>		
Provision for proposed equity dividend	340.88	204.38
Provision for tax on proposed dividend	55.30	34.73
Provision for taxation (net of advance tax)	110.49	7.62
Others	-	0.84
	<b>513.31</b>	<b>247.57</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 11 : Fixed Assets

Assets description	Gross block			Accumulated depreciation / amortisation			Net block		
	As at 31st March 2013	Additions	Sold / adjustments #	As at 31st March 2014	As at 31st March 2013	During the year	Sold / adjustments	As at 31st March 2014	As at 31st March 2013
<b>Tangible assets</b>									
Freehold land	286.20	-	10.56	275.64	-	-	-	275.64	286.20
Leasehold land	618.47	670.81	27.58	1,261.70	-	10.47	-	1,251.23	618.47
Buildings	728.27	1,192.54	(60.74)	1,981.55	60.85	92.41	(80.42)	1,747.87	667.42
Plant and equipments	2,416.65	864.80	338.28	2,943.17	342.97	366.00	(195.95)	2,038.25	2,073.68
Office equipments	33.67	24.45	5.17	52.95	12.28	10.04	4.91	35.54	21.39
Computer and accessories	144.24	39.01	23.45	159.80	64.71	20.78	13.00	87.31	79.53
Furniture and fixtures	168.69	11.91	6.93	173.67	18.66	12.60	(2.17)	140.24	150.03
Vehicles	508.04	59.51	(1.86)	569.41	109.57	64.52	(14.56)	380.76	398.47
<b>Sub total (A)</b>	<b>4,904.23</b>	<b>2,863.03</b>	<b>349.37</b>	<b>7,417.89</b>	<b>609.04</b>	<b>576.82</b>	<b>(275.19)</b>	<b>5,956.84</b>	<b>4,295.19</b>
Previous year	4,159.98	789.93	45.68	4,904.23	431.60	194.46	17.02	4,295.19	3,165.99
<b>Intangible assets</b>									
Computer software	33.27	16.58	0.20	49.65	16.99	6.28	4.34	30.72	16.28
Technical know how	21.33	-	(29.85)	51.18	4.27	10.24	(36.67)	-	17.06
Goodwill	101.89	-	-	101.89	20.38	10.14	-	71.37	81.51
<b>Sub total (B)</b>	<b>156.49</b>	<b>16.58</b>	<b>(29.65)</b>	<b>202.72</b>	<b>41.64</b>	<b>26.66</b>	<b>(32.33)</b>	<b>102.09</b>	<b>114.85</b>
Previous year	145.86	7.43	(3.20)	156.49	26.30	24.33	8.99	114.85	120.86
<b>Capital work-in-progress (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>622.93</b>	<b>1,283.57</b>
<b>Grand total (A+B+C)</b>	<b>5,060.72</b>	<b>2,879.61</b>	<b>319.72</b>	<b>7,620.61</b>	<b>650.68</b>	<b>603.48</b>	<b>(307.52)</b>	<b>6,681.86</b>	<b>5,693.61</b>
Previous year	4,305.84	797.36	42.48	5,060.72	457.90	218.79	26.01	5,693.61	3,373.07

# Include amounts on account of change in classification of subsidiaries from 'Non-Integral Operations' to 'Integral Operations'. For details, refer note 39.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 12 : Non-Current Investments (At cost as reduced by permanent diminution in value)

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Trade Investment</b>		
<b>Investment in associates (unquoted)</b>		
Pearl Landcorn Pvt. Ltd.	1.85	0.08
(5,000 (Previous year 5,000) equity shares of ₹ 10.00 each fully paid up)		
	<b>1.85</b>	<b>0.08</b>
<b>Other investments (unquoted)</b>		
Pagrik Ethiopia PLC	-	14.47
(Nil (Previous year 31,560) equity shares of ₹ 10.00 each fully paid up)		
National saving certificates pledged with Government Authorities	0.06	0.06
	<b>0.06</b>	<b>14.53</b>
	1.91	14.61
Aggregate amount of unquoted investments	<b>1.91</b>	<b>14.61</b>

### Note 13 : Long Term Loans and Advances (Unsecured, considered good unless otherwise stated)

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Security deposits	59.86	61.79
Capital advances	20.33	244.03
Minimum alternate tax credit entitlement	125.29	60.51
Advance income tax (net of provision for taxation)	119.65	-
Prepaid expenses	1.67	-
	<b>326.80</b>	<b>366.33</b>

### Note 14 : Other Non-Current Assets

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Deposits with original maturity of more than 3 months but less than 12 months #	687.57	631.90
Deposits with original maturity of more than 12 months #	3.34	16.78
	<b>690.91</b>	<b>648.68</b>

# It includes deposits lien with banks and financial institution and are restricted from being exchange or use to settle a liability.

### Note 15 : Current Investments

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
<b>Non-trade investments</b>		
<b>Investment in mutual funds (quoted)</b>		
Kotak Floater Short Term-Daily Dividend Plan (Nil (Previous year 23,129) units of face value ₹ 1,000.00 each)	-	233.98
Templeton India Low Duration Fund-Monthly Dividend Reinvestment Plan (Nil (Previous year 1,979,082) units of face value ₹ 10.00 each)	-	204.83
Reliance Liquid Fund - Treasury Plan-Daily Dividend Option Plan (Nil (Previous year 2,101,292) units of face value ₹ 10.00 each)	-	359.23
	-	798.04

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 15 : Current Investments (Contd.)

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
<b>Investment in debentures (unquoted)</b>		
Siddhi Multi Trade Private Limited (Nil (Previous year 60) 20% Series-A non-convertible debentures of ₹ 100,000.00 each fully paid up)	-	60.00
(Nil (Previous year 10,000) Series-C non-convertible debentures of ₹ 1.00 each fully paid up)	-	0.10
	-	60.10
	-	<b>858.14</b>
Aggregate cost of quoted Investments	-	798.04
Aggregate market value of quoted Investments	-	798.87
Aggregate cost of unquoted Investments	-	60.10

### Note 16 : Inventories (At lower of cost and net realisable value)

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
Raw material	1,319.95	1,618.59
Stock-in-transit	537.36	1,268.29
	<b>1,857.31</b>	<b>2,886.88</b>
Work-in-progress	890.52	606.21
Finished goods (other than those acquired for trading)	1,937.59	2,482.16
Goods in transit	250.01	-
	<b>2,187.60</b>	<b>2,482.16</b>
Stock-in-trade (traded goods)	759.08	302.91
Goods in transit	-	104.46
	<b>759.08</b>	<b>407.37</b>
Stores and spares	247.16	214.56
Consumables	231.69	237.94
Goods in transit	55.39	-
	<b>287.08</b>	<b>237.94</b>
	<b>6,228.75</b>	<b>6,835.12</b>

### Note 17 : Trade Receivables

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
<b>Trade receivables outstanding for a period exceeding six months from the date they are due for payment</b>		
Unsecured, considered good	30.10	143.72
Doubtful	113.63	-
	143.73	143.72
Less: Provision for doubtful trade receivables	113.63	-
	<b>30.10</b>	<b>143.72</b>
<b>Other trade receivables</b>		
Secured, considered good	726.51	530.73
Unsecured, considered good	4,258.89	3,647.83
	<b>4,985.40</b>	<b>4,178.56</b>
	<b>5,015.50</b>	<b>4,322.28</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 18 : Cash and Cash Equivalent ##

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
Cash in hand	30.09	32.26
Remittance in transit /cheques in hand	97.68	5.61
Balances with banks:		
in current accounts	222.80	330.09
in earmarked accounts #		
Unclaimed equity share application money	2.19	2.19
Unclaimed dividend account	0.62	0.49
	<b>353.38</b>	<b>370.64</b>
Notes:		
# Balances with banks in earmarked accounts include balances that can be utilised only towards settlement of unclaimed dividend/ share application money.		
## Of the above, the balances that meet the definition of cash and cash equivalents as per Accounting Standard 3 "Cash Flow Statements" is	<b>350.57</b>	<b>367.96</b>

### Note 19 : Short Term Loans and Advances (Unsecured, considered good unless otherwise stated)

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
Security deposits	12.71	16.80
Advance to vendors		
Unsecured, considered good	1,865.43	1,770.84
Doubtful	5.44	-
	1,870.87	1,770.84
Less: Provision for doubtful advances	5.44	-
	<b>1,865.43</b>	<b>1,770.84</b>
Prepaid expenses	73.67	98.54
Advance to employees including Imprest	7.39	44.14
Balances with government authorities		
CENVAT credit receivable	655.46	319.43
VAT credit receivable	327.78	160.97
Service Tax credit receivable	14.50	21.60
Export Incentives receivable	273.21	6.39
Interest subsidy receivable	52.20	-
	<b>1,323.15</b>	<b>508.39</b>
Others	22.09	33.86
	<b>3,304.44</b>	<b>2,472.57</b>

### Note 20 : Other Current Assets

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
Interest accrued but not due on		
Deposits	27.82	0.05
Investment in debentures	-	3.86
Fixed assets held for sale	18.21	-
Others	48.49	30.92
	<b>94.52</b>	<b>34.83</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 21 : Revenue From Operations

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Sale of products (inclusive of excise duty) (refer note (i))	53,122.69	39,789.08
Sale of services (Technical consultancy)	27.61	14.98
Other operating revenue (refer note (ii))	1,660.58	1,183.20
<b>Revenue from operations (Gross)</b>	<b>54,810.88</b>	<b>40,987.26</b>
Less: Excise duty	3,092.92	1,029.05
<b>Revenue from operations (Net)</b>	<b>51,717.96</b>	<b>39,958.21</b>
Notes:		
<b>(i) Sale of products comprises</b>		
Manufactured goods	49,904.77	26,622.88
Traded goods	3,217.92	13,166.20
	<b>53,122.69</b>	<b>39,789.08</b>
<b>(ii) Other operating revenue comprises</b>		
Export incentives	338.19	9.01
Excise incentives (refund)	1,319.44	1,114.37
Job work income	2.95	41.87
Profit on DEPB license	-	17.95
	<b>1,660.58</b>	<b>1,183.20</b>

### Note 22 : Other Income

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Interest income on:		
Bank deposits	74.06	104.59
Loans and advances	-	16.65
Debentures	-	22.22
Others	0.74	-
Dividend income from quoted and unquoted other investments in mutual funds	16.17	56.83
Net gain on foreign currency transactions and translation	-	21.83
Rent income	9.74	12.24
Profit on sale of fixed assets	-	7.70
Others	21.60	34.53
	<b>122.31</b>	<b>276.59</b>



## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 23 : Cost of Materials Consumed

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Raw materials</b>		
Opening stock	2,886.88	1,439.70
Add: Exchange rate variation	18.83	-
	2,905.71	1,439.70
Add: Purchases	37,039.87	27,883.11
Less: Closing stock	1,319.95	1,618.59
Less: Stock-in-transit	537.36	1,268.29
	<b>38,088.27</b>	<b>26,435.93</b>
<b>Consumables (including stores and spares)</b>		
Opening stock	452.50	210.38
Add: Exchange rate variation	18.55	-
	471.05	210.38
Add: Purchases	2,163.81	1,240.72
Less: Closing stock	478.85	452.50
Less: Stock-in-transit	55.39	-
	<b>2,100.62</b>	<b>998.60</b>
	<b>40,188.89</b>	<b>27,434.53</b>

### Note 24 : Changes In Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
<b>Inventories at the end of the year (I)</b>		
Finished goods	2,187.60	2,387.39
Work-in-progress	890.52	606.21
Stock-in-trade (traded goods)	759.08	407.37
	<b>3,837.20</b>	<b>3,400.97</b>
<b>Inventories at the beginning of the year (II)</b>		
Finished goods	2,549.52	686.95
Work-in-progress	512.88	431.87
Opening stock of subsidiaries added/transferred	-	541.99
<b>Stock-in-trade (traded goods)</b>	276.47	92.04
	<b>3,338.87</b>	<b>1,752.85</b>
Add: Exchange rate variation (III)	62.10	16.56
<b>(Increase) / decrease ((II) + (III) - (I))</b>	<b>(436.23)</b>	<b>(1,631.56)</b>

### Note 25 : Employee Benefits Expenses

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Salaries and wages	1,867.19	1,469.00
Contributions to provident and other funds	76.61	67.90
Expense on employee stock option (ESOP) scheme (refer Note 2(f))	64.86	67.65
Staff welfare expenses	180.55	129.92
	<b>2,189.21</b>	<b>1,734.47</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 26 : Finance Costs

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Interest expense on:		
Borrowings	569.64	551.94
Others #	14.92	5.95
Other borrowing costs	54.02	116.41
Net loss on foreign currency transactions and translation (considered as finance costs)	279.16	234.57
	<b>917.74</b>	<b>908.87</b>

# includes interest on delayed payment of income tax ₹ 7.95 Lacs (Previous year ₹ 0.02 Lacs).

### Note 27 : Other Expenses

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Power and fuel	295.52	203.80
Rent	211.58	190.60
Increase /(decrease) of excise duty on inventory	46.18	48.20
Repairs and maintenance		
Plant and equipments	208.44	111.07
Buildings	57.18	18.71
Others	31.64	23.57
Insurance	20.98	17.17
Freight and forwarding	873.68	786.50
Travelling and conveyance	234.90	196.04
Subcontracting (job work)	83.62	68.31
Legal and professional	132.57	97.35
Rebate and discount	114.18	151.53
Sales commission	17.41	31.48
Advertising and sales promotion	65.54	34.61
Communication	51.64	48.71
Training and recruitment	37.72	13.86
Printing and stationery	13.62	11.49
Donation	13.91	19.14
Payment to auditors: #		
To statutory auditors		
For audit	16.39	3.07
For limited reviews (including service tax)	8.73	1.20
For other services	1.40	0.19
Reimbursement of expenses	0.09	-
To cost auditors:		
For audit	0.15	-
Provision for doubtful trade receivables, loans and advances	119.07	-
Net loss on foreign currency transactions and translation (other than considered as finance costs)	12.55	-
Loss on sale of fixed assets	25.58	-
Loss on fixed assets discarded/ scrapped / written off	153.88	4.59
Corporate social responsibility	3.00	0.32
Miscellaneous	209.39	207.58
	<b>3,060.54</b>	<b>2,289.09</b>

# Includes payment to auditors of subsidiaries companies.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 28 : Exceptional Items

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Profit on sale of unquoted non-current trade investments in associate companies		
Gravita Honduras SA DE CV	-	26.17
Pagrik Ethopia PLC	22.42	-
	<b>22.42</b>	<b>26.17</b>

### Note 29 : Contingent Liabilities and Commitments

	(₹ in Lacs)	
	As at 31st March 2014	As at 31st March 2013
<b>Contingent Liabilities</b>		
Claims against the group not acknowledged as debt #		
Income Tax	9.96	-
Excise Duty/Customs Duty/Service Tax	1,196.06	-
Sales Tax	132.81	-
# All the above matters are subject to legal proceedings in the ordinary course of business. The legal proceedings, when ultimately concluded, in the opinion of the Management, will not have a material effect on the results of the operations or financial position of the Company.		
<b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for		
Tangible assets #	5,430.00	-
Intangible assets ##	22.82	-
Letter of credit and bank guarantees issued by bankers and outstanding as at 31st March 2014	9.02	-

# During the year, the group has purchased land from Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) for ₹ 561.26 Lacs. As per the terms and conditions, the group is required to setup an industrial unit and committed to invest ₹ 5,430.00 Lacs in plant and machinery including construction of building within two years from the date of allotment of land (i.e., April 8, 2013).

## As at 31st March 2014, implementation of software SAP is under progress.

### Note 30 : Derivative Instruments and Unhedged Foreign Currency Exposure

The group uses forward contracts to hedge its foreign currency exposure. The group does not enter into any derivative instruments for trading or speculative purpose. The net value of forward contracts as at 31st March 2014 is ₹ 484.97 Lacs (Previous year ₹ Nil).

Foreign currency exposure that are not hedged by derivative instruments or otherwise as at 31st March 2014 amounting to ₹ 819.53 Lacs (previous year ₹ 546.97 Lacs). The unhedged exposures are naturally hedged by future foreign currency earnings and earnings linked to foreign currency.

### Note 31 : Details of Fixed Assets Held for Sale

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Plant and equipments	18.21	-
	<b>18.21</b>	<b>-</b>

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 32 : Employee Benefits

As per Accounting Standard 15 "Employee benefits", the disclosures as defined in the Accounting Standard are given below :

#### Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

	(₹ in Lacs)	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Employer's Contribution to Provident Fund	42.30	18.09

#### Defined Benefit Plan

Within the Group, the employees' gratuity fund scheme of the parent company is funded and managed by a Trust namely 'Gravita India Limited Employees Gratuity Trust' and gratuity scheme of its subsidiaries is not funded. The scheme is defined as a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

#### (a) Reconciliation of opening and closing balances of Defined Benefit Obligation

(₹ in Lacs)

	Gratuity		Compensatory absences	
	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
Defined Benefit obligation at beginning of the year	28.76	39.60	13.03	8.59
Current service cost	13.05	8.51	6.80	14.87
Interest cost	2.30	3.14	0.98	1.19
Actuarial (gain) / loss	18.60	(22.49)	6.77	(6.87)
Benefits paid	(0.24)	-	(3.85)	(4.75)
Defined Benefit obligation at end of the year	<b>62.47</b>	28.76	<b>23.73</b>	13.03

#### (b) Reconciliation of opening and closing balances of fair value of Plan Assets

(₹ in Lacs)

	Gratuity	
	For the year ended 31st March 2014	For the year ended 31st March 2013
Fair value of Plan assets at beginning of year	40.30	36.84
Expected return on Plan Assets	3.21	2.95
Actuarial gain / (loss)	(3.56)	0.22
Employer contribution	-	0.29
Benefits paid	(0.24)	-
Fair value of Plan Assets at year end	<b>39.71</b>	<b>40.30</b>
Actual return on Plan Assets	3.21	2.95

#### (c) Reconciliation of fair value of assets and obligations

(₹ in Lacs)

	Gratuity		Compensatory absences	
	As at 31st March 2014	As at 31st March 2013	As at 31st March 2014	As at 31st March 2013
Fair value of Plan Assets	39.71	40.30	-	-
Present value of obligation	62.47	28.76	23.73	13.03
Liability /(Asset) recognised in Balance Sheet	<b>22.76</b>	(11.54)	<b>23.73</b>	13.03

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### (d) Expenses recognised during the year

(₹ in Lacs)

	Gratuity		Compensatory absences	
	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
Current service cost	13.05	5.64	6.80	12.25
Interest cost	2.30	2.95	0.98	1.09
Expected return on Plan Assets	(3.21)	(2.95)	(0.11)	(0.09)
Actuarial (gain) / loss	22.17	(19.76)	6.88	(9.04)
Net expense in Statement of Profit and Loss	<b>34.31</b>	(14.12)	<b>14.55</b>	4.21

### (e) Investment details

(₹ in Lacs)

	% invested	
	As at 31st March 2014	As at 31st March 2013
	Insurer-managed funds	100.00
	100.00	100.00

### (f) Experience adjustments (Gratuity) #

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2012
Present value of obligation	62.47	28.76	37.24
Fair value of plan assets	(39.71)	(40.30)	(36.84)
Funded status [Deficit /(Surplus)]	22.76	(11.54)	0.40
Experience gain /(loss) adjustments on plan liabilities	(41.65)	19.54	- #
Experience gain /(loss) adjustments on plan assets	(3.56)	0.22	- #

# Figures for the financial years 2009-10, 2010-11 and 2011-12 are not readily available.

### (g) Actuarial assumptions

	Gratuity		Compensatory absences	
	For the year ended 31st March 2014	For the year ended 31st March 2013	For the year ended 31st March 2014	For the year ended 31st March 2013
Mortality table	100% of IAL-2	LIC 1994-1996	100% of IAL-2	LIC 1994-1996
Discount rate (per annum) #	9.00%	8.00%	9.00%	8.00%
Rate of escalation in salary (per annum) ##	6.00%	6.00%	6.00%	6.00%
Expected rate of return on plan assets (per annum) ###	8.00%	8.00%	N/A	N/A

# The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

## The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

### The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 33 : Details of Borrowing Costs Capitalised

(₹ in Lacs)

	For the year ended 31st March 2014	For the year ended 31st March 2013
Borrowing costs capitalised during the year		
as fixed assets	39.18	-
as capital work-in-progress	12.37	-
	<b>51.55</b>	-

### Note 34 : Segment Reporting

(₹ in Lacs)

	For the year ended 31st March 2014			For the year ended 31st March 2013		
	Lead	Others	Total	Lead	Others	Total
<b>(a) Primary segment information - Business segment:</b>						
Segment revenue (Net sales/income from each segment)	51,364.11	353.85	51,717.96	38,155.62	1,802.59	39,958.21
<b>Total revenue</b>	<b>51,364.11</b>	<b>353.85</b>	<b>51,717.96</b>	<b>38,155.62</b>	<b>1,802.59</b>	<b>39,958.21</b>
Segment profit before tax and interest from each segment	3,568.01	(32.31)	3,535.70	3,171.96	163.39	3,335.35
<b>Operating profit</b>			<b>3,535.70</b>			<b>3,335.35</b>
Finance costs			(917.74)			(908.87)
Other income			122.31			276.59
Profit on sale of investments			22.42			26.17
Income tax			(287.33)			(379.39)
Prior period adjustments			(312.29)			-
<b>Profit after tax</b>			<b>2,163.07</b>			<b>2,349.85</b>
Segment assets	21,074.91	1,623.16	22,698.07	19,284.57	2,323.27	21,607.84
Unallocated assets			-			-
<b>Total assets</b>			<b>22,698.07</b>			<b>21,607.84</b>
Segment liabilities	2,987.30	1,119.75	4,107.05	2,907.67	1,241.20	4,148.87
Unallocated liabilities			6,834.41			6,716.07
Total liabilities			11,082.59			10,864.94
Capital expenditure	1,113.66	1,105.31	2,218.97	2,095.51	(14.58)	2,080.93
Unallocated capital expenditure			-			-
<b>Total capital expenditures</b>			<b>2,218.97</b>			<b>2,080.93</b>
Depreciation and amortisation expense	569.23	34.25	603.48	198.62	20.16	218.78
Unallocated depreciation and amortisation expense			-			-
<b>Total depreciation and amortisation expense</b>			<b>603.48</b>			<b>218.78</b>
<b>(b) Secondary segment information - Geographical segment:</b>						
	India	Others	Total	India	Others	Total
Segment revenue (Net sales/income from each segment)	26,627.89	25,090.07	51,717.96	24,835.78	15,122.43	39,958.21
Segment assets	17,577.42	5,120.65	22,698.07	15,629.42	5,978.42	21,607.84
Capital expenditures	1,791.72	427.25	2,218.97	2,030.83	50.10	2,080.93

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 35 : Related Party Transactions

#### (a) Associates

(₹ in Lacs)			
Name of the Company	Country of incorporation	% of holding as at 31st March 2014	% of holding as at 31st March 2013
Pearl Landcon Private Limited	India	25.00	25.00
Gravita Honduras SA DE CV (ceased to be an associate w.e.f. 25th September 2012)	Honduras	-	-

#### (b) Key management personnel

Name of the director	Designation
Dr. Mahavir Prasad Agarwal	Chairman and Whole-Time Director
Mr. Rajat Agrawal	Managing Director
Mr. Rajeev Surana	Whole-Time Director
Mr. Vijendra Singh Tanwar	Director
Mr. Yogesh Malhotra	Director

#### (c) Relatives of key management personnel

Name of the director	Relationship
Mrs. Shashi Agarwal	Wife of Dr. Mahavir Prasad Agarwal

#### (d) Enterprises having common key management personnel and/or their relatives

Gravita Impex Private Limited
Saurabh Farms Limited
Shah Buildcon Private Limited
Jalousies India Private Limited
Surana Professional Services Private Limited
M/s R.Surana & Company
M/s Surana Associates
Rajeev Surana HUF

#### (e) Details of related party transactions/balances for the year ended 31st March 2014

(₹ in Lacs)					
(i)	Sale /purchase of goods and services	Sale of goods	Purchase of goods	Amount receivable as at 31st March 2014	Amount payable as at 31st March 2014
	<b>Associates</b>				
	Gravita Senegal SAU	-	-	-	-
		-	(106.79)	-	-

(₹ in Lacs)					
(ii)	Loans given and repayment thereof (including interest)	Loan given	Repayment (including interest)	Interest income during the year	Amount receivable as at 31st March 2014 (including interest)
	<b>Associates</b>				
	Gravita Honduras SA DE CV	-	-	-	-
		(26.93)	(26.93)	-	-



## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

(₹ in Lacs)					
(iii)	<b>Loans taken and repayment thereof</b>	<b>Loan given</b>	<b>Repayment (including interest)</b>	<b>Interest income during the year</b>	<b>Amount payable as at 31st March 2014</b>
	<b>Key management personnel</b>	157.00	162.56	5.56	-
	Mr. Rajat Agrawal	-	-	-	-
	Dr. Mahavir Prasad Agarwal	77.00	80.68	3.68	-
		-	-	-	-
(₹ in Lacs)					
(iv)	<b>Reimbursement of expenses (received)</b>		<b>For the year ended 31st March 2013</b>	<b>For the year ended 31st March 2014</b>	
	Enterprises having common key management personnel and/or their relatives				
	Shah Buildcon Private Limited		-		0.89
(₹ in Lacs)					
(v)	<b>Remuneration</b>		<b>For the year ended 31st March 2014</b>	<b>For the year ended 31st March 2013</b>	
	<b>Key management personnel</b>				
	Mr. Rajat Agrawal		90.00	72.00	
	Dr. Mahavir Prasad Agarwal		40.50	36.00	
	Mr. Rajeev Surana		28.50	24.00	
	Mr. Vijendra Singh Tanwar		12.60	21.60	
	Mr. Yogesh Malhotra		24.86	20.27	
	<b>Relative of key management personnel</b>				
	Mrs. Shashi Agarwal		-	0.05	
(₹ in Lacs)					
(vi)	<b>Other transactions (nature of each transaction is mentioned in brackets)</b>		<b>For the year ended 31st March 2014</b>	<b>For the year ended 31st March 2013</b>	
	<b>Associates</b>				
	Gravita Honduras SA DE CV (Rent Income)		-	9.68	
	Gravita Honduras SA DE CV (Disinvestment made)		-	362.42	
	Pagrik Ethopia PLC (Disinvestment made)		36.89	-	
	<b>Key management personnel</b>				
	Mr. Rajat Agrawal (Rent Paid)		28.66	25.71	
	<b>Enterprises having common key management personnel and/or their relatives</b>				
	Saurabh Farms Limited (Rent paid)		4.73	4.05	
	Shah Buildcon Private Limited (Rent paid)		1.98	1.20	
	Rajeev Surana HUF (Rent paid)		5.85	1.00	
(₹ in Lacs)					
(vii)	<b>Amount payable at year end</b>		<b>As at 31st March 2014</b>	<b>As at 31st March 2013</b>	
	<b>Key management personnel</b>				
	Mr. Rajat Agrawal (Rent paid)		0.01	-	
	<b>Enterprises having common key management personnel and/or their relatives</b>				
	Saurabh Farms Limited		-	0.68	
	Shah Buildcon Private Limited		-	0.03	
			0.01	0.71	

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

### Note 36: Leases

The group has entered into operating lease arrangements for certain facilities and office premises for a defined period with a renewal/ termination clauses. Lease payments recognised in the Statement of Profit and Loss for the year are ₹ 211.58 Lacs (Previous year ₹ 190.60 Lacs). Details of future minimum lease payments are provided below:

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Not later than one year	199.86	116.71
Later than one year and not later than 5 years	331.84	387.80
Later than 5 years	190.62	271.39
	<b>722.32</b>	<b>775.90</b>

### Note 37 : Earnings Per Share (EPS)

(₹ in Lacs)

	As at 31st March 2014	As at 31st March 2013
Net profit after tax as per Statement of Profit and Loss attributable to equity shareholders (₹ in Lacs) (a)	2,132.17	1,903.56
Weighted average number of equity shares outstanding during the year (in numbers) (b)	68,147,541	68,112,078
Basic earnings per share of face value ₹ 2 each (in ₹) (a) / (b)	3.13	2.79
Effect of potential dilutive equity shares on employee stock options outstanding (in numbers) (c)	492,895	231,650
Weighted average number of equity shares in computing diluted earnings per share (in numbers) [(d) = (b)+(c)]	68,640,436	68,343,728
Diluted earnings per share of face value ₹ 2 each (in ₹) (a) / (d)	3.11	2.79

### Note 38:

During the year, the Excise Department, under the provisions of Section 12F of Central Excise Act, 1944, has seized past books and records of the Company as well as current period upto 10th February 2014 on account of non-payment of an insignificant amount towards alleged inventory shortage during a search at Company's plant situated at Phagi, Jaipur. In this regard, no show cause notice has been received by the Company till date. The management is confident that the matter will get resolved in due course and no material liability would arise on resolution of this matter.

### Note 39:

Hitherto the Company was considering its subsidiaries as 'Non-Integral Operations' for the purpose of consolidation. However, on a review thereof, the Management is of the view that all its subsidiaries (other than Navam Lanka Limited, Srilanka) since inception are in the nature of 'Integral Operations' in terms of the criteria specified in Accounting Standard 11 'Effect of Changes in Foreign Exchange Rates'. On giving effect thereof, the impact of necessary adjustments amounting to ₹ 312.29 Lacs has been disclosed as 'Prior-Period Adjustment' in the Consolidated Statement of Profit and Loss.

### Note 40:

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

**Rajat Agrawal**  
(Managing Director)

**Rajeev Surana**  
(Whole Time Director)

**Sunil Kansal**  
(SGM-Finance and Accounts)

**Leena Jain**  
(Company Secretary)

Place: Jaipur  
Date: 29th May, 2014

# Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

## Statement of information relating to subsidiaries including subsidiaries of subsidiaries (In terms of Government of India, Ministry of Corporate Affairs General Circular No: 2/2011, No: 5/12/2007-CL-III dated 8th February 2011) in compliance with Section 212 of the Companies Act, 1956 for the year ended 31 March 2014

S.No.	Name of the subsidiary/ firm	Country of incorporation	% of stake held	Currency	Share capital	Reserves and surplus	Total assets excluding current and non-current investments	Non-current and current investment (Other than investment in subsidiaries)	Total liabilities	Revenue from operations (net)	Profit/ (loss) before taxation	Provision for taxation	Profit/ (loss) after taxation	Proposed/ paid dividend (including Corporate Dividend Tax)
1	Gravita Energy Limited	India	99.20	INR	5.00 (5.00)	(7.35)	0.35 (7.70)	-	2.70	-	(7.35)	-	(7.35)	-
2	Gravita Exim Limited	India	100.00	INR	20.00 (20.00)	510.29 (230.95)	503.33 (649.21)	0.53 (863.79)	458.61 (15.00)	282.75 (1,431.65)	341.72 (-84.36)	62.38 (-0.35)	279.34 (-84.01)	-
3	Gravita Ghana Limited	Ghana	100.00	GHS	3.14 (3.14)	50.38 (44.27)	100.50 (76.61)	(29.20)	46.98	137.93 (106.83)	9.33 (2.19)	-	9.33 (2.19)	-
4	Gravita Global Pte Limited	Singapore	100.00	USD	13.45 (12.95)	1.39	8.97 (0.20)	(0.02)	8.33	55.94	1.58	0.19	1.39	-
5	Gravita Infra Private Limited	India	99.00	INR	1.00 (1.00)	(3.48)	0.46 (3.87)	(2.87)	2.94	-	(3.48)	-	(3.48)	-
6	Gravita Mozambique LDA	Mozambique	100.00	MZN	79.05 (79.05)	40.46 (87.80)	473.36 (501.01)	(334.16)	353.85	1,293.11 (1,046.47)	36.50 (13.14)	-	36.50 (11.19)	-
7	Gravita Netherlands BV	Netherlands	100.00	USD	0.24 (0.24)	22.81 (12.82)	10.53 (0.71)	(0.02)	-	-	8.57 (0.29)	-	8.57 (0.29)	-
8	Gravita Nicaragua SA	Nicaragua	100.00	NIO	1.00 (0.95)	-	153.25 (22.55)	(21.60)	152.25	-	-	-	-	-
9	Gravita Senegal SAU	Senegal	100.00	CFA	2,380.00 (2,380.00)	4,733.70 (7,157.46)	10,279.89 (15,513.94)	(5,976.48)	31,166.19	28,248.81 (33,971.92)	3,282.76 (5,804.91)	492.41 (759.37)	2,790.35 (5,045.54)	3,474.80 (2,023.00)
10	Gravita Trinidad & Tobago Limited	Trinidad & Tobago	100.00	TTD	1.26 (0.31)	-	4.82 (1.26)	(0.95)	3.56	-	-	-	-	-
11	M/s Gravita Infotech (Formerly known as M/s Gravita Technomech)	India	51.00	INR	30.25 (1,197.34)	-	31.78 (2,533.24)	-	1.53	-	(2.70)	(3.25)	0.55	-
12	M/s Gravita Metal Inc	India	100.00	INR	(61.485) 210.26 (498.35)	(78.50)	(1,576.86) 61.243 (591.11)	(1,040.51)	402.17	(930.73) 1,456.31 (650.01)	(218.99) (18.02) (23.56)	(16.22)	(202.77) (18.02) (23.56)	-
13	M/s Gravita Metals	India	100.00	INR	925.64 (1,197.34)	-	2,730.55 (2,533.24)	(1,335.90)	1,804.91	12,931.80 (11,137.09)	1,099.48 (809.16)	-	1,099.48 (809.16)	-
14	M/s Gravita Technomech LLP (dissolved w.e.f. August 8, 2013)	India	-	INR	-	-	-	-	-	-	-	-	-	-
15	Navam Lanka Limited	Sri Lanka	52.00	LKR	(1.64) 896.34 (896.34)	(-0.04)	(1.60) 3,553.69 (5,334.46)	-	1,548.91	13,143.50 (13,174.64)	265.64 (1,922.67)	95.97 (224.02)	169.67 (1,698.65)	1,613.42 (492.99)
16	Noble Build Estate Private Limited	India	100.00	INR	2.00 (2.00)	(1.40)	228.81 (210.53)	(209.78)	228.21	-	-	-	-	-

### Notes:

(i) Figures in brackets relate to the previous year.

(ii) For converting the figures given in foreign currency appearing in the accounts of the subsidiary companies into equivalent INR, following exchange rates are used

## Notes forming part of the Consolidated Financial Statements

for the year ended 31st March 2014 (Contd.)

Currency	Balance Sheet (Closing rate to INR)		Statement of Profit and Loss (Average rate to INR)	
	As at 31st March 2014	As at 31st March 2013	For the Year ended 31st March 2014	For the Year ended 31st March 2013
Ghanaian Cedi (GHS)	22.4156	28.5256	27.7127	28.9014
Mozambique Metical (MZN)	1.9092	1.8218	1.9861	1.9064
United State Dollar (USD)	60.0998	54.6550	60.4962	54.5494
Sri lanka rupee (LKR)	0.4570	0.4315	0.4621	0.4222
CFA Franc (CFA)	0.1255	0.1068	0.1236	0.1081
Nicaraguan Cordoba Oro (NIO)	2.3731	2.2582	2.4653	2.3251
Trinidad Tobago Dollar (TTD)	9.5596	8.6802	9.5910	8.6845

- (iii) The Consolidated financial statements are in compliance with applicable Accounting Standards in India.
- (iv) In compliance with the requirements of Clause 32 of the Listing Agreement, the consolidated financial statements are duly audited by the auditors.
- (v) Full accounts of the aforesaid subsidiaries are available for inspection at the Registered office of the Company and on request same will be made available to the shareholders of the holding company and subsidiary companies.

# Corporate Information

## Corporate Identification Number

(CIN): L29308RJ1992PLC006870

## Board of Directors

**Dr. Mahavir Prasad Agarwal**

*Chairman & Whole time Director*

**Rajat Agrawal**

*Managing Director*

**Rajeev Surana**

*Whole Time Director*

**Dinesh Kumar Govil**

*Director*

**Yogesh Mohan Kharbanda**

*Director*

**Arun Kumar Gupta**

*Director*

## Company Secretary

**Leena Jain**

## Key Mangement Personnel

**Naveen Prakash Sharma**

*President & CEO*

**Vijendra Singh Tanwar**

*Director- New Business Development*

**Vijay Pareek**

*Vice President (Sales & Marketing)*

**Yogesh Malhotra**

*Vice President (Operations)*

**Sandeep Choudhary**

*Vice President (Imports)*

**Sanjay Singh Baid**

*Vice President (Procurement)*

## Statutory Auditors

**M/s Deloitte Haskins & Sells**

7th Floor, Building No. 10, Tower B,  
DLF Cyber City Complex, DLF Phase II,  
Gurgaon – 122 002, Haryana, India  
Website: [www.deloitte.com](http://www.deloitte.com)

## Internal Auditors

**M/s Ernst & Young LLP**

Golf View Corporate Tower B, Sector 42,  
Sector Road, Gurgaon - 122002, Haryana, India  
Website: <http://www.ey.com/india>

## Cost Auditors

**M/s K.G. Goyal & Associates**

289, Mahaveer Nagar-II,  
Maharani Farms, Durgapura  
Jaipur-302018

## Registrar & Share Transfer Agent

**Karvy Computershare Private Limited**

KARVY HOUSE, 46, Avenue 4, Street No. 1,  
Banjara Hills, Hyderabad- 500 034  
Website: [www.Karvy.com](http://www.Karvy.com)

## Bankers

State Bank of India

IDBI Bank Ltd.

AXIS Bank Ltd.

Punjab National Bank

## Corporate Office

402, Gravita Tower, A-27-B, Shanti Path,  
Tilak Nagar, Jaipur-302 004, India  
Ph. No.: +91-141-2623266, +91-141-2622697  
Fax: +91-141-2621491  
[www.gravitaindia.com](http://www.gravitaindia.com)

## Registered Office and Works

"Saurabh", Chittora Road, Harsulia Mod,  
Diggi- Malpura Road, Tehsil Phagi, Jaipur- 303 904  
Email: [works@gravitaindia.com](mailto:works@gravitaindia.com)  
[info@gravitaindia.com](mailto:info@gravitaindia.com)





## Notice of the Annual General Meeting

Notice is hereby given that the **22nd Annual General Meeting** of the Members of **Gravita India Limited** having **CIN-L29308RJ1992PLC006870**, will be held on **Saturday, the 02nd August 2014** at **11.00 a.m.** at "Saurabh", Chittora Road, Harsulia Mod, Digg Malpura, Tehsil-Phagi, Jaipur-303904 (Rajasthan) to transact the following businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare Final Dividend on Equity Shares for the Financial Year 2013-14.
3. To appoint a Director in place of Dr. Mahavir Prasad Agarwal (DIN 00188179), who retires by rotation and being eligible, offers himself for re-appointment.
4. **To consider and if thought fit to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

"RESOLVED THAT M/s. Deloitte Haskins & Sells, Chartered Accountants, having Firm Registration No. 015125N be and are hereby re-appointed as the Statutory Auditors of the Company, who shall hold office for a period of 5 years from the conclusion of this Annual General Meeting until the conclusion of the 27th Annual General Meeting of the Company (subject to ratification of their appointment at every AGM), on such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors."

### SPECIAL BUSINESS

5. **To consider and if thought fit, to pass, with or without modification (s), the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT in suppression of the resolution passed in this behalf by the Company at its Extra-Ordinary General Meeting held on 27th February 2009, consent of the shareholders of the company be and is hereby accorded pursuant to provisions of Section 180(1)(c) and any other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof and any rules thereunder for the time being in force), to the Board of Directors of the company to borrow, from time to time at the discretion of the Board for the business purposes of the Company, any sum or sums of money in any form whether secured or unsecured, in Indian or Foreign currency or by way of debentures/bonds or any other Security(ies), from time to time from any Bank(s)/ Financial Institution(s) or any other Institution(s), firms, Body Corporate(s) or other person(s), in India or abroad, apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of the business provided that the sum(s) so borrowed under this resolution and remaining outstanding at any time shall not exceed in the aggregate of ₹ 200 crores (Two Hundred Crores only) in excess of and in addition to the paid up capital and free reserves of the Company for the time being."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution, the Board be and is hereby authorized to do all such acts, deeds and things as it may in its absolute discretion deem fit, necessary, proper or desirable and to settle any question, difficulty, doubt that may arise in respect of the borrowing(s) aforesaid and further to do all such acts,

deeds and things and to execute all documents and writings as may be necessary, proper, desirable or expedient to give effect to this resolution."

6. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, approval of the Company be and is hereby given to the appointment of **Mr. Yogesh Mohan Kharbanda**, whose period of office was liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing in terms of Section 160 of the Act and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company who shall hold office for a period of five years from the date of this Annual General Meeting and whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation."

7. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, approval of the Company be and is hereby given to the appointment of **Mr. Dinesh Kumar Govil**, whose period of office was liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing in terms of Section 160 of the Act and who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company who shall hold office for a period of five years from the date of this Annual General Meeting and whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation."

8. **To consider and if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION:**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, approval of the Company be and is hereby given to the appointment of **Mr. Arun Kumar Gupta**, whose period of office was liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing in terms of Section 160 of the Act and who has submitted a declaration that he meets the



criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company who shall hold office for a period of five years from the date of this Annual General Meeting and whose office shall not, henceforth, be liable to determination by retirement of Directors by rotation."

**9. To consider and if thought fit, to pass with or without modification(s) , the following resolution as SPECIAL RESOLUTION:**

"**RESOLVED THAT** pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013, read with Rule 22 of Companies (Management and Administration) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof and any rules thereunder for the time being in force), and subject to such other approvals, sanctions, consents and permissions as may be deemed necessary, consent of the shareholders of the company be and is hereby accorded to Board of Directors of the Company for entering into related party transactions as set out under Item 9 of the Explanatory Statement annexed to this Notice with Related Parties as defined under various provisions of Companies Act, 2013 from the date of this Annual General Meeting till the conclusion of next Annual General Meeting."

"**RESOLVED FURTHER THAT** subject to prior approval of Audit Committee of Board of Directors of the Company for the related party transactions, the Board of Directors of the Company be and are hereby authorized to finalize the terms and to execute agreements, deeds or writings required to be executed in relation to the proposed related party transactions and to do all acts, things and deeds as may be deemed necessary to give effect to this resolution."

**10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:**

"**RESOLVED THAT** pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the Cost Auditors appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be paid the remuneration as set out in the Statement annexed to the Notice convening this Meeting."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board

sd/-

Date: 20th June 2014

Place: Jaipur

(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. 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.**
2. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
3. An explanatory statement pursuant to Section 102 (1) of the Companies Act, 2013 in respect of the Special businesses is annexed hereto.
4. Members and Proxies attending the Meeting are requested to bring their attendance slip duly filled along with their copy of Annual Report to the Meeting.
5. Corporate Members are requested to send a duly certified true copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
6. The Register of Members and Share Transfer Books of the Company shall remain closed from **Monday, 28th July 2014 to Saturday, 2nd August 2014** (both days inclusive) for determining the names of members eligible for dividend on Equity Shares.
7. 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 at the end of business hours of 25th July 2014 and in respect of shares held in dematerialized form, the dividend will be paid to members whose names are furnished by the Depositories, viz. National Securities Depository Limited and Central Depository Services (India) Limited as Beneficial Owners as on that date.
8. Members are requested to note that Dividends and / or IPO Application Money not encashed or remaining unclaimed for a period of 7 (seven) Years from the date of transfer to the Company's Unpaid Dividend Account/ IPO Application Money shall be transferred to the Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956.



9. The members who have not yet encashed their dividend warrants and / or application money in IPO for the below mentioned financial years, are requested to forward their claims to the Company's Registrar and Share transfer Agents (RTA). It may be noted that once the unclaimed dividend and / or unclaimed application money is transferred to the Investor Education and Protection Fund (IEPF) as above, no claim shall rest with the company in respect of such amount. The respective unclaimed dividend and IPO Application Money along with their due dates for transfer to IEPF are as under:

Financial Year Ended	Nature of Amount	Due date of transfer to IEPF
31st March 2011	IPO Application Money	12.11.2017
31st March 2011	Final Dividend	29.08.2018
31st March 2012	Interim Dividend	06.03.2019
31st March 2012	Final Dividend	15.09.2019
31st March 2013	Interim Dividend	27.09.2019
31st March 2013	Interim Dividend	04.03.2020
31st March 2013	Final Dividend	04.09.2020
31st March 2014	Interim Dividend	10.03.2021

10. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 29, 2013 (date of last Annual General Meeting) on the website of the Company ([www.gravitaindia.com](http://www.gravitaindia.com)).
11. Members holding shares in electronic form are requested to intimate immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company / Karvy Computershare Pvt. Ltd (RTA) quoting reference of the Registered Folio Number.
12. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Karvy, for consolidation into a single folio.
13. 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.
14. The Certificate, from M/s Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of the Company for the financial year 2013-14, certifying that the Company's Stock option Scheme viz 'Gravita Employees Stock Option Plan 2011' is being implemented in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, and in accordance with the resolution passed by shareholders at the Annual General Meeting held on 27.07.2011 shall be available for inspection by the members at the AGM.
15. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
16. Information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the directors who are proposed to be appointed/ re-appointed at the ensuing Annual General Meeting under Item No. 3, 6,7, and 8 of the Notice are as under:

Brief Profile of the Director and Nature of his Expertise in functional areas	Directorships/Committee memberships in other public companies	Shareholding in Gravita India Limited
<p><b>Dr. Mahavir Prasad Agarwal,</b> Dr. Agarwal has worked in the Department of Medical &amp; Health, Government of Rajasthan in various capacities from 1958 to 1992. He retired as Director of Department of Medical &amp; Health, Rajasthan in 1992. After retirement, Dr. Agarwal engaged himself in the business of Lead Manufacturing and trading with his technocrat son to gather vast 22 years of experience in the Lead Metal Industry. He is an instrumental guiding force and source of inspiration to whole Gravita Team.</p>	<p><b>Directorships:</b> Gravita Exim Limited Saurabh Farms Limited Gravita Energy Limited</p> <p><b>Committee Membership:</b> Nil</p>	20.06%
<p><b>Mr. Yogesh Mohan Kharbanda</b> Mr. Yogesh Mohan Kharbanda is well-qualified and has wide and varied experience of more than 20 years in business management.</p>	<p><b>Directorships:</b> Gravita Exim Limited</p> <p><b>Committee Membership:</b> Gravita Exim Limited</p>	Nil
<p><b>Mr. Dinesh Kumar Govil</b> Mr. Dinesh Kumar Govil, aged 66 years is a professional Banker having 34 years of rich and varied exposure in field of Banking Industry. He is a qualified Bachelor of Engineering and a PMA from "Indian Institute of Management" Ahmedabad, with acumen to understand functioning of business. He is Chairman of Audit Committee of Board of Directors of the Company. He has served BOB Housing Finance Ltd., Jaipur in the capacity of Managing Director. He has been on the Board of various Gramin Banks sponsored by Bank of Baroda for 5 years. He is also having exposure of International Banking environment during his tenure of 4 years as Senior Manager/Chief Manager in U.A.E.</p>	<p><b>Directorships:</b> Gravita Exim Limited Viva Home Finance Limited</p> <p><b>Committee Membership:</b> Gravita Exim Limited</p>	Nil

Brief Profile of the Director and Nature of his Expertise in functional areas	Directorships/Committee memberships in other public companies	Shareholding in Gravita India Limited
<p><b>Mr. Arun Kumar Gupta</b></p> <p>Mr. Gupta, an Engineering Graduate, has vast experience of 43 years of working on various positions with Government of Rajasthan. Has worked as Chairman of Task Force for Revamping of Chambal Canal in Rajasthan in 2007-08.</p> <p>He has also been advisor of Govt.of Rajasthan on issues relating to Inter-State water dispute and other technical matters relating to development of water resources in the state.</p>	Nil	Nil

17. Electronic copy of Annual report 2014 and Notice of the 22nd Annual General Meeting of the Company inter alia, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes. For members who have not registered their email address, physical copies of the Notice of the 22nd Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
18. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting a duly filled in 'E-Communication Registration Form', available on following URL <http://www.gravitaIndia.com/investors/e-communication>. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.
19. In compliance with provisions of Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and Clause 35B of the Equity Listing Agreement, the Company is pleased to offer e-voting facility for the members to enable them to cast their votes electronically on all resolutions set forth in this Notice.
- (viii) If you are a first time user follow the steps given below:

For this purpose, the Company has signed an agreement with the Central Depository Services (India) Limited ("CDSL") for facilitating e-voting.

The instructions for members for voting electronically are as under:-

- (i) The voting period begins on Sunday, 27th July 2014 at 10.00 A.M. and ends on Tuesday, 29th July 2014 at 5.00 P.M During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on 4th July, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- (iii) Click on "Shareholders" tab.
- (iv) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>● In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xiii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xvi) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note For Institutional Shareholders
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user should be created using admin login and password, who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

- (xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under Help Section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

By Order of the Board

sd/-

Date: 20th June 2014

Place: Jaipur

**(Leena Jain)**

Company Secretary

#### ANNEXURE TO THE NOTICE

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

The following Explanatory Statement sets out all the material facts relating of the Special Business mentioned in the accompanying Notice:

#### ITEM NO. 5

Taking into account the future finance requirements for growth plans and expansion programmes being contemplated and undertaken by the Company and to cater to the Working Capital needs, a fresh resolution is proposed providing that, in addition to the Company's existing borrowings, the Directors may, for and on behalf of and for the purpose of the Company, borrow further sums of money amounting in the aggregate to a sum not exceeding ₹ 200 crores.

In terms of provisions of Section 180(1) (c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the consent of the Company in a general meeting, borrow moneys apart from temporary loans obtained from the Company's bankers in the ordinary course of business, in excess of the aggregate of the paid-up capital and its free reserves. The members at their Extraordinary General Meeting held on 29th February 2009 had accorded their consent under Section 293(1)(d) of the Companies Act, 1956 as applicable at that time, to the Directors for borrowing moneys up to a limit of ₹ 100 crores (apart from temporary loans obtained from the Company's bankers in the ordinary course of business).

Hence the members are requested to accord their approval for revising the borrowing power limit of the Board from ₹ 100 crores to ₹ 200 crores.

The Directors, recommend passing of the relevant Special Resolution as mentioned at item No 5 of the Notice.

None of the Directors, Key Managerial Persons of the Company and their relatives may be deemed concerned or interested in the resolution.

#### ITEM NO. 6, 7 and 8

The Company had, pursuant to the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, appointed Mr. Yogesh Mohan Kharbanda, Mr. Dinesh Kumar Govil and Mr.

Arun Kumar Gupta as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Act, which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as Independent Directors, who are not liable to retire by rotation.

The Nomination and Remuneration Committee has recommended the appointment of these directors as Independent Directors for a period of 5 years from the date of this Annual General Meeting i.e. from 2nd August, 2014 up to 1st August, 2019. A notice under section 160 of the Companies Act, 2013 has been received from a member proposing them as a candidate for the office of Director of the Company.

Mr. Yogesh Mohan Kharbanda, Mr. Dinesh Kumar Govil and Mr. Arun Kumar Gupta, non-executive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfil the conditions specified in the Act and the Rules framed thereunder for appointment as Independent Director and they are independent of the management.

In compliance with the provisions of Section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Corporate

Office of the Company during normal business hours on any working day.

None of the Directors, Key Managerial Persons of the Company, and their relatives except Mr. Yogesh Mohan Kharbanda, Mr. Dinesh Kumar Govil and Mr. Arun Kumar Gupta and their relatives may be deemed concerned or interested in the resolution.

#### ITEM NO. 9

The provisions of Section 188 of Companies Act, 2013 governs the following Related Party Transactions which requires prior approval of Board of Directors and in case the Paid-up Share Capital of the Company is ₹ 10 crores or more, the prior approval of Shareholders by way of Special Resolution:

- a) Sale, purchase or supply of any goods or materials;
- b) Selling or otherwise disposing of, or buying, property of any kind;
- c) Leasing of property of any kind;
- d) Availing or rendering of any services;
- e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g) Underwriting the subscription of any securities or derivatives thereof, of the company.

Since the Company has its presence globally through various Subsidiaries/Associates/Firms etc., the Company is required to enter into various Related Parties Transactions as defined under Section 188 of the Companies Act, 2013 with related parties as defined under Section 2 (76) of the said Act. The Details of the proposed transactions per annum are mentioned herein below:

S. No.	Type of Transaction	Name of the Related Parties	Nature of Relationship	Maximum Limit (₹ In Lakhs)
1.	Leasing of property of any kind	Mr. Rajat Agrawal	Managing Director	35.00
		Gravita Exim Limited	Wholly Owned Subsidiary	9.00
		Saurabh Farms Limited	Enterprise having common KMP	15.00
		Shah Buildcon Private Limited	Enterprise having common KMP	6.00
		Jalousies India Private Limited	Enterprise having common KMP	6.00
		Mrs. Anchal Agrawal	Relative of Managing Director	3.00
		Gravita Senegal SAU	Wholly Owned Step down Subsidiary	200.00
2.	Sale or Supply of Goods & Materials	Gravita Ghana Limited	Wholly Owned Subsidiary	200.00
		Gravita Exim Limited	Wholly Owned Subsidiary	200.00
		Navam Lanka Limited	Subsidiary	200.00
		Gravita Mozambique LDA	Wholly Owned Subsidiary	200.00
		Gravita Global Pte Limited	Wholly Owned Subsidiary	100.00
		M/s Gravita Metal Inc	Wholly Owned Subsidiary Firm	100.00
		M/s Gravita Metals	Wholly Owned Subsidiary Firm	6,000.00
		M/s Gravita Infotech* (formerly known as M/s Gravita Technomech)	Firm in which Managing Director is a Partner	50.00
		Gravita Trinidad & Tobago Limited	Wholly Owned Step down Subsidiary	500.00
		Gravita Nicaragua SA	Wholly Owned Step down Subsidiary	500.00

S. No.	Type of Transaction	Name of the Related Parties	Nature of Relationship	Maximum Limit (₹ In Lakhs)
3.	Purchase of Goods and Materials	Gravita Senegal SAU	Wholly Owned Step Down Subsidiary	3,500.00
		Gravita Ghana Limited	Wholly Owned Subsidiary	5,000.00
		Gravita Exim Limited	Wholly Owned Subsidiary	200.00
		Navam Lanka Limited	Subsidiary	200.00
		Gravita Mozambique LDA	Wholly Owned Subsidiary	2,500.00
		Gravita Global Pte Limited	Wholly Owned Subsidiary	500.00
		M/s Gravita Metal Inc	Wholly Owned Subsidiary Firm	200.00
		M/s Gravita Metals	Wholly Owned Subsidiary Firm	100.00
		Gravita Trinidad & Tobago Limited	Wholly Owned Step down Subsidiary	2,500.00
		M/s Gravita Infotech* (formerly known as M/s Gravita Technomech)	Firm in which Managing Director is a Partner	100.00
		Gravita Nicaragua SA	Wholly Owned Step down Subsidiary	2,500.00
4.	Availing/Rendering of any services	M/s Gravita Infotech* (formerly known as M/s Gravita Technomech)	Firm in which Managing Director is a Partner	50.00

\*The Company has sought consent of members via postal ballot dated 29th May 2014 for buying the stake of 49% in M/s Gravita Infotech held by Mr Rajat Agrawal, Managing Director of the Company. The results of postal ballot will be declared on 11th July 2014. If the said resolution is passed by requisite majority through the postal ballot, the 'Nature of Relationship' of Company with M/s Gravita Infotech would be 'wholly owned subsidiary firm'.

The details as required to be disclosed in Explanatory Statement as per Section 188 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013 are as under:

Name of the Related Parties	Name of the director or key managerial personnel who is related, if any	Nature of relationship	Nature, Material terms, monetary value and particulars of the contract
Gravita Senegal SAU	-	Wholly Owned step down Subsidiary	As stated in Resolution and table given above
Gravita Ghana Limited	Mr. Rajat Agrawal, Mr. Rajeev Surana	Wholly Owned Subsidiary	-do-
Gravita Exim Limited	Mr. Rajat Agrawal, Mr. Rajeev Surana, Dr. M P Agarwal, Mr. Yogesh Mohan Kharbanda and Mr. Dinesh Kumar Govil	Wholly Owned Subsidiary	-do-
Navam Lanka Limited	Mr. Rajat Agrawal, Mr. Rajeev Surana	Subsidiary	-do-
Gravita Mozambique LDA	-	Wholly Owned Subsidiary	-do-
Gravita Global Pte Limited	Mr. Rajat Agrawal	Wholly Owned Subsidiary	-do-
M/s Gravita Metal Inc	-	Wholly Owned Subsidiary Firms	-do-
M/s Gravita Metals	-	Wholly Owned Subsidiary Firms	-do-
M/s Gravita Infotech* (formerly known as M/s Gravita Technomech)	Mr. Rajat Agrawal	Firm in which Managing Director is a Partner	-do-
Gravita Trinidad & Tobago Limited	Mr. Rajat Agrawal	Wholly Owned step down Subsidiary	-do-
Gravita Nicaragua SA	-	Wholly Owned step down Subsidiary	-do-
Saurabh Farms Limited	Mr. Rajat Agrawal, Dr. Mahavir Prasad Agarwal	Enterprise having common KMP	-do-
Shah Buildcon Private Limited	Mr. Rajat Agrawal, Dr. Mahavir Prasad Agarwal	Enterprise having common KMP	-do-
Jalousies India Private Limited	Mr. Rajat Agrawal, Dr. Mahavir Prasad Agarwal	Enterprise having common KMP	-do-
Mrs. Anchal Agrawal	1. Mr. Rajat Agrawal, 2. Dr. Mahavir Prasad Agarwal	1. Husband 2. Father-in Law	-do-
Mr. Rajat Agrawal	Dr. Mahavir Prasad Agarwal	Father	-do-

\*The Company has sought consent of members via postal ballot dated 29th May 2014 for buying the stake of 49% in M/s Gravita Infotech held by Mr Rajat Agrawal, Managing Director of the Company. The results of postal ballot will be declared on 11th July 2014. If the said resolution is passed by requisite majority through the postal ballot, the 'Nature of Relationship' of Company with M/s Gravita Infotech would be 'wholly owned subsidiary firm'.

The Board recommends passing of the relevant Special Resolution as mentioned at Item No 9 of the Notice.

None of the Directors, Key Managerial Persons of the Company, and their relatives except Mr. Rajat Agrawal and Dr. Mahavir Prasad Agarwal and their relatives may be deemed concerned or interested in the resolution.

**ITEM NO. 10**

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of M/s K.G. Goyal & Associates, Cost Auditors to conduct the audit of the cost records of the Company for the financial year 2014-15.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration of ₹ 50,000/- plus applicable service tax, payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Special Business Item No. 10 of the Notice for ratification of remuneration payable to the Cost Auditors for the financial year ending March 31, 2015.

The Board recommends the proposal at Special Business Item No. 10 for approval by the Shareholders.

None of the Directors/Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Special Business Item No. 10 of the Notice.

By Order of the Board

sd/-

Date: 20th June 2014

Place: Jaipur

**(Leena Jain)**

Company Secretary



**GRAVITA INDIA LIMITED**

(CIN: L29308RJ1992PLC006870)

Regd. Office: 'Saurabh', Chittora Road, Harsulia Mod  
Diggi Malpura, Tehsil Phagi, Jaipur-303904 (Rajasthan)

**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member (s): ..... E-mail Id:.....

Registered address: ..... Folio/Client Id:.....

..... DP ID: .....

I/We, being the member (s) of ..... Shares of the above named company, hereby appoint:

- 1) .....of..... having e-mail id..... or failing him
- 2) .....of.....having e-mailid.....or failing him
- 3) .....of..... having e-mailid.....

and whose signature(s) are appended below, as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on 2nd August, 2014 at 11.00 a.m. at Saurabh, Chittora Road, Harsulia Mod, Diggi Malpura, Tehsil Phagi, Jaipur, 303904 and at any adjournment thereof in respect of such resolutions as are indicated below:

S.No.	Resolutions
<b>Ordinary Business</b>	
1	Adoption of Audited Financial Statements for the year ended 31st March, 2014
2	Approval of final dividend for F.Y. 2013-14
3	Re-appointment of Dr. Mahavir Prasad Agarwal, who retires by rotation.
4	Appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Auditors and fixing their remuneration
<b>Special Business</b>	
5	Special Resolution under Section 180(1)(c ) of the Companies Act, 2013 for borrowing money upto Rs. 200 Crores over and above the aggregate of the paid up share capital and free reserves of the Company
6	Appointment of Mr. Yogesh Mohan Kharbanda as Independent Director for a period of 5 years
7	Appointment of Mr. Dinesh Kumar Govil as Independent Director for a period of 5 years
8	Appointment of Mr. Arun Kumar Gupta as Independent Director for a period of 5 years
9	Special Resolution for Related Party Transactions U/s 188 of Companies Act, 2013
10	Ratification of remuneration of Cost Auditors of the Company under Section 148 of Companies Act, 2013

Signed this..... day of.....2014

Signature of Shareholder

Signature of Proxy Holder



**Notes:**

- 1. A Proxy need not be a member of the Company.
- 2. This form of proxy, in order to be effective, should be duly completed and deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.
- 3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- 4. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a Certified Copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.



**GRAVITA INDIA LIMITED**

(CIN: L29308RJ1992PLC006870)

Regd. Office: 'Saurabh', Chittora Road, Harsulia Mod  
Diggi Malpura, Tehsil Phagi, Jaipur-303904 (Rajasthan)

**ATTENDANCE SLIP**

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

DP ID: .....

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

.....

No. of Shares held: .....

I hereby record my presence at the 22nd Annual General Meeting of the Company held on 2nd August, 2014 at 11.00 a.m. at Saurabh, 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.
- 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.