



**R Sogani & Associates**  
Chartered Accountants

"Shree Dham"

R-20, Yudhishter Marg, 'C'-Scheme, Jaipur - 302005

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## **Independent Auditor's Report on FFC Accounts**

### **Prepared for Consolidation Purposes**

**From: R Sogani & Associates**

**Date: 10 MAY 2017**

**Subject: Component Audit of Gravita Metals for the Year Ended 31<sup>st</sup> March, 2017**

**To: Deloitte Haskins & Sells, Gurgaon, India**

In accordance with the instructions in your email dated 30<sup>th</sup> November 2016 we have audited, for purpose of your audit of the consolidated financial statements of Gravita India Limited, the accompanying balance sheet of Gravita Metals as at 31<sup>st</sup> March 2017, Statement of profit and loss of the Firm for the year ended on the same date and other reconciliations and information (all collectively referred to as the Fit For Consolidation (FFC) Accounts).

### **Management's Responsibility for the FFC Accounts**

Management is responsible for the preparation and presentation of this FFC Accounts in accordance with accounting policies generally accepted in India. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the FFC Accounts that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. This FFC Accounts has been prepared solely to enable Gravita India Limited to prepare its consolidated financial information.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on this FFC Accounts 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 on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the FFC Accounts is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the FFC Accounts. The procedures selected depend on the auditor's





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judgment, including the assessment of the risks of material misstatement of the FFC Accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the FFC Accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the FFC Accounts.

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 accompanying FFC Accounts for Gravita Metals as of 31<sup>st</sup> March, 2017 and for the year then ended has been prepared, in all material respects, in accordance with accounting policies generally accepted in India.

### **Restriction on Use and Distribution**

This FFC Accounts has been prepared for purposes of providing information to **Gravita India Limited** to enable it to prepare the consolidated financial statements of the group. As a result, the FFC Accounts is not a complete set of financial statements of Gravita Metals in accordance with the accounting principles generally accepted in India and is not intended to give a true and fair view of the financial position of Gravita Metals as of 31<sup>st</sup> March, 2017, and of its financial performance, for the year then ended in accordance with the accounting principles generally accepted in India. The financial information may, therefore, not be suitable for another purpose.

**For R Sogani & Associates**  
**Chartered Accountants**

**FRN: 018755C**



**(BHARAT SONKHIYA)**

**PARTNER**

**Membership No: 403023**

**Place : JAIPUR**

**Date :**

**10 MAY 2017**



M/s Gravita Metals  
Plot No. 52-B, Phase - I, Industrial Area Gangyal, Jammu- 180010 (J&K)  
BALANCE SHEET AS ON 31st March 2017

(AMOUNT IN INR)

PARTICULARS	Notes	As at 31st March 2017	As at 31st March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Capital	1	123,299,140	125,241,894
Reserves & Surplus	2	-	-
		<b>123,299,140</b>	<b>125,241,894</b>
<b>Non-Current Liabilities</b>			
Long Term Provisions	3	-	1,250,217
		-	<b>1,250,217</b>
<b>Current Liabilities</b>			
Short Term Borrowings	4	-	-
Trade Payables	5	193,843	968,850
Other Current Liabilities	6	-	64,372
Short Term Provisions	7	235,780	-
		<b>429,623</b>	<b>1,033,222</b>
<b>TOTAL</b>		<b>123,728,763</b>	<b>127,525,333</b>
<b>ASSETS</b>			
<b>Non Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	8	17,966,861	20,089,398
Intangible Assets		2,060,773	2,574,203
Long Term Loans and Advances	9	6,661,698	6,629,298
		<b>26,689,332</b>	<b>29,292,899</b>
<b>Current Assets</b>			
Inventories	10	3,837,571	4,029,220
Trade Receivables	11	-	880
Cash and Bank Balances	12	150,229	83,297
Short Term Loans and Advances	13	93,051,630	94,119,037
		<b>97,039,429</b>	<b>98,232,434</b>
<b>TOTAL</b>		<b>123,728,763</b>	<b>127,525,333</b>

Significant Accounting Policies and  
Notes to Financial Statements  
As per our report of even date

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1-23

For R Sogani & Associates  
Chartered Accountants  
Firm Reg. No.:- 018755C

Bharat Sonkhiya  
Partner

M, No:- 403023

Place: Jaipur

Date: 10 MAY 2017



In confirmation of the facts

Gravita Metals

Rajat Agrawal

(Managing Director of partner Company Gravita India Limited  
And Director of Gravita Infotech Limited)

M/s Gravita Metals  
Plot No. 52-B, Phase - I, Industrial Area Gangyal, Jammu- 180010 (J&K)  
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st March 2017

(AMOUNT IN INR)

PARTICULARS	Notes	Year ended 31st March 2017	Year ended 31st March 2016
<b>INCOME</b>			
Revenue from Operations (gross)	14	0	20,797,520
Less : Excise Duty		-	2,081,827
<b>Revenue From Operation (net)</b>		<b>0</b>	<b>18,715,693</b>
Other Income	15	25,490	165,622
<b>Total Revenue (I)</b>		<b>25,490</b>	<b>18,881,315</b>
<b>EXPENDITURES</b>			
Cost of Material Consumed	16	179,868	791,893
Change in Inventory of Finished Goods, WIP & Stock In Trade	17	11,782	17,671,581
Employee Benefit Expenses	18	-1,242,169	208,321
Finance Costs	19	0	1,020,530
Depreciation and Amortization Expenses	8	1,972,077	1,600,025
Other Expenses	20	1,363,823	(796,753)
<b>Total Expenses (II)</b>		<b>2,285,382</b>	<b>20,495,597</b>
<b>Profit Before Exceptional, Extraordinary Items &amp; Tax (I-II)</b>		<b>(2,259,892)</b>	<b>(1,614,282)</b>
Add: Exceptional Items		-	-
<b>Profit Before Extraordinary Items &amp; Tax</b>		<b>(2,259,892)</b>	<b>(1,614,282)</b>
Extraordinary Items			
Prior Period Income/expenses		-	-
<b>Profit Before Tax</b>		<b>(2,259,892)</b>	<b>(1,614,282)</b>
<b>Less: Tax Expense</b>			
Prior Period Tax		-	-
Current Tax		-	-
Deferred Tax		-	-
<b>Net Profit for the year</b>		<b>(2,259,892)</b>	<b>(1,614,282)</b>
Less: Profit Transferred to Partners			
Gravita India Ltd		(2,146,897)	(1,533,568)
Gravita Infotech Ltd		(112,995)	(80,714)

Significant Accounting Policies and  
Notes to Financial Statements  
As per our report of even date

A  
1-23

For R Sogani & Associates  
Chartered Accountants  
Firm Reg. No.: 018755C

Bharat Sonkhiya  
Partner  
M, No:- 403023  
Place: Jaipur  
Date: 17 0 MAY 2017



In confirmation of the facts  
Gravita Metals

Rajat Agrawal

(Managing Director of partner Company Gravita India  
Limited And Director of Gravita Infotech limited)

## M/s Gravita Metals

Plot No. 52-B, Phase - I, Industrial Area Gangyal, Jammu- 180010 (J&amp;K)

Notes to Financial Statements for the year ended 1st April 2016 to 31st March 2017

1.	<b>SHARE CAPITAL</b>	As At	As At
	Partners Capital A/c :-	31 March, 2017	31 March, 2016
	Fixed Capital		
	GIL	38,000,000	38,000,000
	GEL	2,000,000	2,000,000
	Floating Capital		
	GIL	59,873,560	61,703,320
	GEL	23,425,580	23,538,574
		123,299,140	125,241,894
2.	<b>RESERVES AND SURPLUS</b>	As At	As At
	Surplus/(deficit) in the statement of profit and loss	31 March, 2017	31 March, 2016
	Opening balance	-	-
	Profit for the year	(2,259,892)	(1,614,282)
	Less: Appropriations	(2,259,892)	-
	Depreciation Reserve	-	-
	Less: Appropriations	-	(1,614,282)
	Net Surplus	(0)	-
	Total reserves and surplus	(0)	-
3.	<b>LONG TERM PROVISIONS</b>	As At	As At
	Provision for Gratuity	31 March, 2017	31 March, 2016
	Provision For Leave Encashment	-	944,021
		-	306,196
		-	1,250,217
4.	<b>SHORT TERM BORROWINGS</b>	As At	As At
	Secured	31 March, 2017	31 March, 2016
	Loans repayable on demand from banks*		
	Cash Credit	-	-
	Local Bill Discount	-	-
		-	-
5.	<b>TRADE PAYABLES</b>	As At	As At
	Trade Payables other than Micro & small enterprises	31 March, 2017	31 March, 2016
		193,843	968,850
		193,843	968,850
	*Based on the information available with the company, no suppliers has been identified, who is registered under Micro, Small & Medium Enterprise Development Act 2006. Further the company has not received any claim of interest from any supplier under the said act.		
6.	<b>OTHER CURRENT LIABILITIES</b>	As At	As At
	Short Term Advance from GIL-Current	31 March, 2017	31 March, 2016
	Advance from Customers	-	-
		-	64,372
		-	64,372
7.	<b>SHORT TERM PROVISIONS</b>	As At	As At
	Other short terms provisions	31 March, 2017	31 March, 2016
	Total	235,780	-
		235,780	-
9.	<b>LONG TERM LOANS AND ADVANCES</b>	As At	As At
	Security deposit	31 March, 2017	31 March, 2016
	Unsecured and Considered Good	308,038	275,638
	Duty Paid Under Protest	6,353,660	6,353,660
	Total	6,661,698	6,629,298





10.	<b>INVENTORIES</b>		
	(At Lower of cost and net realisable value)		
	Raw Material		19,082
	Work in Progress	-	11,782
	Finished Goods	84,695	84,695
	Stores & Spares	938,207	1,097,647
	Consumables	2,814,669	2,816,014
		<b>3,837,571</b>	<b>4,029,220</b>
11.	<b>TRADE RECEIVABLES</b>		
11.1	Outstanding for a period exceeding six months from the date they are due for Unsecured and Considered Good Total (A)		-
11.2	Other Trade Receivables Secured and Considered Good Total (B)	-	880
		-	880
	<b>Total (A + B)</b>	-	<b>880</b>
12.	<b>CASH AND CASH EQUIVALENT</b>		
	Balances with banks:		
	Current accounts	16,127	79,195
	Cash In hand	134,102	4,102
		<b>150,229</b>	<b>83,297</b>
13.	<b>SHORT TERM LOANS AND ADVANCES</b>		
	Prepaid expenses		
	Balances with statutory/government authorities*	7,797	4,204
	-CENVAT credit receivable	762,525	762,525
	-Excise refund receivable	85,285,561	85,285,561
	-Employee related	54,806	54,806
	-Interest Subsidy Claim	2,052,576	2,052,576
	-Interest Subsidy Receivable	4,688,365	4,688,365
	Advance paid Vendors	200,000	1,271,000
		<b>93,051,630</b>	<b>94,119,037</b>



	As At 31 March, 2017	As At 31 March, 2016
<b>14. REVENUE FROM OPERATIONS</b>		
<b>14.1 Revenue from Sales of Products</b>		
Manufactured Goods	-	18,736,447
Scrap Sales	-	-
	-	18,736,447
Less: Excise duty	-	2,081,827
	-	16,654,620
<b>14.2 Other Operating Revenue</b>		
Excise Income	-	2,061,073
	-	2,061,073
<b>Revenue from operations</b>		
	-	18,715,693
<b>15. OTHER INCOME</b>		
Interest income on:		
Others	-	5,118
Rental Income	24,000	11,420
Other Income	1,490	149,084
	25,490	165,622
<b>16. COST OF RAW MATERIAL AND CONSUMABLES</b>		
<b>16.1 Material Consumed *</b>		
Opening Stock	19,082	603,751
Add: Purchases	-	-
Less: Closing stock of Materials #	-	19,082
<b>Total (A)</b>	<b>19,082</b>	<b>584,669</b>
<b>16.2 Consumables Consumed</b>		
Opening stock of consumables	3,913,661	4,117,285
Add: Purchase of Consumables	-	3,600
Less: Closing Stock of consumable	3,752,875	3,913,661
<b>Total (B)</b>	<b>160,786</b>	<b>207,224</b>
<b>Total (A) + (B)</b>	<b>179,868</b>	<b>791,893</b>
<b>17. (INCREASE)/DECREASE IN INVENTORY</b>		
<b>Closing stock</b>		
Finished Goods	84,695	84,695
Work in Process	-	11,782
Less :Opening Stock		
Finished Goods	84,695	14,234,348
Work in Process	11,782	3,533,710
<b>TOTAL</b>	<b>(11,782)</b>	<b>(17,671,581)</b>
<b>18. EMPLOYEE BENEFITS EXPENSES</b>		
Salaries, wages, bonus etc.	-	149,235
Contribution to provident and other fund	-	19,381
Gratuity Expenses	(944,021)	-
Leave Encashment Expenses	(298,148)	15,924
Staff welfare expenses	-	23,781
	(1,242,169)	208,321



19.	FINANCE COSTS Interest Expenses: - Borrowings - Others * Other borrowing costs	For the year ended		For the year ended			
		31.03.2017		31.03.2016			
		-	-	831,423	566		
		-	-	188,541			
		-	-	1,020,530			
20.	OTHERS EXPENSES Power and fuel Rent Repairs and Maintenance Plant and Machinery Buildings Others Loading & Unloading Insurance Freight and Forwarding Travelling and conveyance Legal and Professional Job Work Advertising and Sales Promotion Communication Training & Recruitment Printing and stationery Increase /(decrease) of excise duty on inventory Payment to auditor: Statutory & Tax Audit Loss on Discard of fixed assets Miscellaneous	For the year ended		For the year ended			
		31.03.2017		31.03.2016			
		57,241	10,350	50,021	39,150		
		-	-	96,502	11,393		
		-	-	4,661	-		
		7,733	26,310	-	30,458		
		23,606	-	66,802	42,902		
		308,832	-	176,092	-		
		(599,450)	-	-	-		
		-	2,800	4,275	40,922		
		-	8,060	-	1,576		
		-	-	(1,601,595)	-		
		10,000	-	19,200	-		
		546,242	-	-	-		
		962,099	-	220,888	-		
		1,363,823	-	(796,753)	-		
		21.	SEGMENT REPORTING				
			The company is a one-segment company in the business of Lead Smelting & Refining. Hence, no further disclosures are required under AS-17,				
		22.	RELATED PARTY TRANSACTIONS (FIGURES SHOWN IN BRACKET RELATED TO FY 2016-17)				
			Sale/purchase of goods and services	Sale of Goods	Purchase of Goods	(Expenses)/Income	Amount Owed by related parties
	Gravita Exim Limited	-	-	-	-	-	
		-	-	28,800	-	-	
	Gravita India Ltd.	-	-	-	-	-	
		4,529,672	-	-	-	-	
	Gravita Metal INC	-	-	24,000	-	134,598	
		-	-	(11,420)	-	13,883	
	* The Previous year figures have been shown in brackets and regrouped/ reclassified, whereevr necessary to confirm to the current year presentation						
23.	CONTINGENT LIABILITY						
A)	The firm has a case pending with CESTAT, Delhi on account of demand of Rs. 8,47,15,455 raised by central Excise Department for ineligible self credit taken by the entity.						





**M/s Gravita Metals**  
**Plot No. 52-B, Phase - I, Industrial Area Gangyal, Jammu- 180010 (J&K)**  
**Notes to Financial Statements for the period ended 1st April 2016 to 31st March 2017**

Row Labels	Gross Block as on 01.04.2016	Addition for the year	Adjustment for the year	Gross Block as on 31.03.2017	Opening Accumulated Depreciation as on 01.04.2016	Depreciation for the Current Year	Sold/ Adjustments	Total Dep. Till 31.03.2017	Net Block as on 31.03.2017	Net Block as on 31.03.2016
Buildings	85,79,511	-	-	85,79,511	21,97,249	2,85,984	-	24,83,233	60,96,278.08	63,82,262
Computer	2,53,953	-	-	2,53,953	2,28,237	4,099	-	2,32,336	21,617.00	25,716
Electronic Equipments	15,85,734	-	-	15,85,734	4,73,832	1,79,529	-	6,53,361	9,32,373.05	11,11,902
Furniture & Fixture	4,44,335	-	-	4,44,335	1,97,312	42,129	-	2,39,441	2,04,894.18	2,47,023
GOODWILL	51,51,933	-	-	51,51,933	25,77,730	5,13,429	-	30,91,159	20,60,773.70	25,74,203
Land	25,00,000	-	-	25,00,000	-	-	-	-	25,00,000.00	25,00,000
Plant & Machinery	1,55,82,909	-	8,41,500	1,47,41,409	58,62,724	9,18,362	1,77,611	66,03,476	81,37,933.26	97,20,185
Vehicles	7,65,807	-	-	7,65,807	6,63,497	28,545	-	6,92,042	73,765.30	1,02,310
<b>Grand Total</b>	<b>3,48,64,183</b>	<b>-</b>	<b>8,41,500</b>	<b>3,40,22,683</b>	<b>1,22,00,581</b>	<b>19,72,077</b>	<b>1,77,611</b>	<b>1,39,95,047</b>	<b>2,00,27,634.49</b>	<b>2,26,63,601</b>



## M/s Gravita Metals

Plot No. 52-B, Phase-I, Industrial Area Gangayal, Jammu -180010( J & K )

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Accounting conventions

##### (i) Basis of Accounting

The Financial Statements are prepared under the historical cost convention on accrual basis and are generally on the requirements of the JAMMU AND KASHMIR PARTNERSHIP ACT 1966. The accounting policies not specifically mentioned are consistent with generally accepted accounting

##### (ii) Revenue Recognition

The firm follows the mercantile system of accounting and recognizes income and expenditure on accrual basis as a going concern.

##### (iii) Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost of acquisition, fabrication, or construction is inclusive of freight, duties and other incidental expenses during construction period but excludes the CENVAT credit available on capital goods.

##### (iv) Depreciation

The firm is providing depreciation on straight line method as per the rates and procedures acceptable under Companies Act, 2013. However, goodwill is being amortized over a period of 10 years in

##### (v) Treatment of expenditure during construction period.

Incidental Expenditure incurred during construction period/trial construction period is allocated to the respected fixed assets on completion of construction period/ on date of commission.



**(vi) Valuation of Inventory**

Inventories are valued of the lower of the cost (moving weighted average) or the realizable value after providing for obsolescence and other losses, where considered necessary. Finished Goods and work in progress include costs of convention and other costs incurred in bringing the inventories to their present condition and location. Cost of semi-finished goods and finished goods are determined on the

**(vii) Borrowing Cost**

Borrowing Cost attributable to acquisition and construction of qualifying assets are capitalized as part of the cost of such asset up to the date when such asset up to the date when such assets are ready for its intended use. Other borrowing costs are charged to the Profit and Loss Account.

**(viii) Taxes on Income**

- (a) The firm is eligible undertaking u/s 80ID/80IB of the Income Tax Act, 1961 and due to nil effect in the total income, deduction is claimed at nil. Hence no tax provision is provided.
- (b) In view of Losses, the firm is not liable to pay taxes. In accordance with AS-22 "Accounting for taxes on Income", the firm has not recognized the Deferred Tax Asset on carried forward depreciation, losses and other items as there is no reasonable certainty that these would be realized in future.

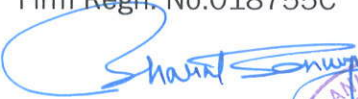
**(ix) Applicability of Partnership Deed**


The Accounting Treatment of interest/profit distribution to partners, capital clause and other clauses shall be as per present/applicable partnership deed. However, no interest has been paid by the firm to its partners during the year.

2. Profit sharing ratio among the partners is 95% (Gravita India Limited) and 5% (Gravita Infotech Limited)

**For R Sogani & Associates**

Chartered Accountants  
Firm Regn. No.018755C

  
Bharat Sonkhiya  
(Partner)  
M.No. 403023  
Place: Jaipur



Date: 10 MAY 2017

**For and on Behalf of Gravita Metals**

  
Rajat Agarwal



(Managing Director of Par  
Gravita India Limited & Direc  
Company Gravita Info