



Eco Friendly Recycling

ANNUAL REPORT 2010-11



**GRAVITA
INDIA LTD.**

AN INDIAN MULTINATIONAL COMPANY

Forward-looking statement

Statements in this report that describe the Company's objectives, projections, estimates, expectations or predictions of the future may be 'forward-looking statements' within the meaning of the applicable securities laws and regulations. The Company cautions that such statements involve risks and uncertainty and that actual results could differ materially from those expressed or implied. Important factors that could cause differences include raw materials' cost or availability, cyclical demand and pricing in the Company's principal markets, changes in government regulations, economic developments within the countries in which the Company conducts business, and other factors relating to the Company's operations, such as litigation, labour negotiations and fiscal regimes.

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CORPORATE INFORMATION

Board of Directors

Mahaveer 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 Management Personnel

M.C. Mehta
President

Navin Prakash Sharma
Vice President (Sales & Marketing)

Sandeep Choudhary
Vice President (Procurement)

Vijender Singh Tanwar
Advisor

Gopal Agarwal
Vice President (Technical)

R.G. Choudhary
Vice President (Operations)

Rakesh Jain
Vice President (Projects)

Statutory Auditors

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

Bankers

Punjab National Bank
AXIS Bank Ltd.

Registrar & Share Transfer Agent

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

Internal Auditors

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

Corporate Office

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

Registered Office & Works

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

Gravita India Limited is
unique.



Gravita is probably the only company in the secondary Lead segment in India to offer manufactured products, manufacturing technology solutions and trading revenues within India and other countries.

The Company is of Indian origin and possesses a global manufacturing presence.

Gravita India Ltd, today is amongst India's most attractive companies in Lead smelting and refining segment.

Our mission

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

Our vision

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

ABOUT US

Parentage

- ▶ Flagship company of the Gravita Group
- ▶ Incorporated in 1992 by first-generation entrepreneur Mr. Rajat Agrawal to manufacture Lead metal (through the recycle and smelting process) and other Lead products
- ▶ Listed in 2010 on the Bombay Stock Exchange Limited and the National Stock Exchange (India) Limited

Presence

- ▶ Headquartered in Jaipur with seven global manufacturing plants; the Company's primary manufacturing facility is located in Tehsil-Phagi, Jaipur
- ▶ Operates through two offices in India
- ▶ Enjoys an export presence across 34 countries

Products

The Company's Lead products comprise the following:

- ▶ Pure/refined Lead
- ▶ Re-melted Lead ingots
- ▶ Lead alloys
- ▶ Grey oxide
- ▶ Red Lead
- ▶ Litharge

Quality accreditations

- ▶ The Company's operations are ISO 9001:2008-certified
- ▶ Products conform with IS and LME/European standards
- ▶ Company's Environment Management Systems are ISO-14001:2004-certified
- ▶ Equipment are certified as per CE standards

Awards and recognition

- ▶ Awarded Star Export House status by the Government of India
- ▶ Awarded Business Today Green SME Award
- ▶ Conferred Udyog Bharti Award for corporate social responsibility
- ▶ Conferred the Rashtriya Vikas Ratan Award

Business model

Gravita India Ltd



Overview

Gravita, possesses a business model that is attractive from a number of perspectives: The business rides modern, energy-centric lifestyles that consume a larger number of battery-powered gadgets than ever.

It is our conviction that as incomes rise and mass production increases, the real cost of battery-driven products will decline, increasing their use.

A growing population of battery-driven products will make it imperative to recycle them for onward use. This recycling option is increasingly relevant in a world where Lead derived from primary sources will decline as a proportion of the overall consumption of Lead in our everyday lives. This is because primary Lead production sources will gradually deplete, whereas

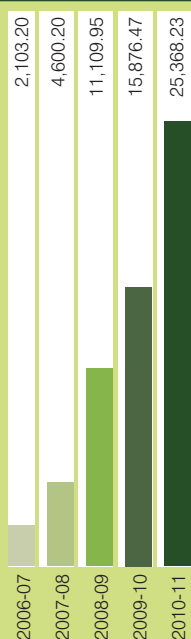
the input for the production of secondary Lead is likely to increase continuously.

In view of this, Lead consumption (especially through the secondary route) will only increase as the world becomes increasingly affluent and environmentally-demanding, strengthening Gravita's business prospects.

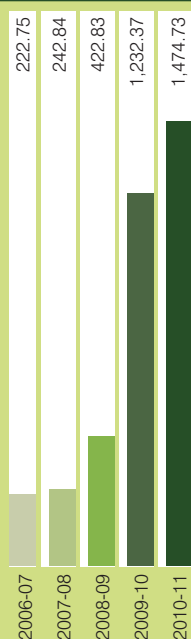
This connect between societal affluence on the one hand and our business prosperity on the other, will only increase over the foreseeable future. At Gravita, this will reflect in larger capacities, growing locations, improving efficiencies, rising revenues and strengthening profits. This has already begun to transpire; during 2010-11, the Company reported a 59.79% hike in revenue and 19.67% profit growth; the Company expects to

CONSOLIDATED PERFORMANCE INDICATORS

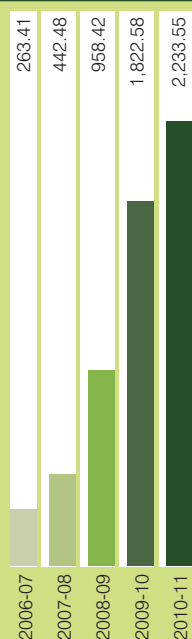
Net Sales (₹ Lacs)



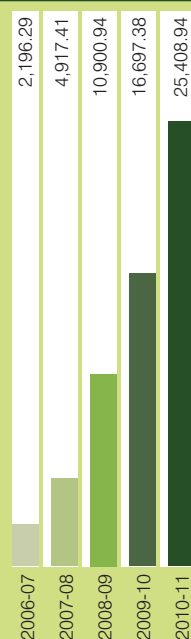
Net Profit (₹ Lacs)



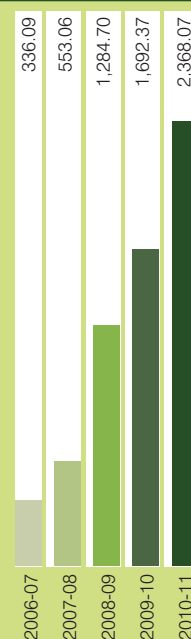
EBIDTA (₹ Lacs)



Total income (₹ Lacs)



Gross Block (₹ Lacs)



sustain this momentum over the foreseeable future.

■ Manufacturing

The Company is engaged in manufacturing of eco-friendly Lead smelting, Lead refining (with a maximum 99.97% purity by weight), value-added alloying and the production of innovative Lead chemicals (red Lead and litharge). The Company's principal plant is located in Jaipur, with operating subsidiaries (Ghana, Mozambique, Senegal and Georgia) and associates (Sri Lanka and Honduras) dispersed across the world.

■ Turnkey projects

The Company offers eco-friendly Lead recycling and refining plants, pollution control equipment, battery-breaking and hydro separation systems. These plants

deliver eco-friendly smelting, refining and alloying solutions. The Company is a respected provider of these eco-friendly plants, having supplied 41 such units across 34 countries until the close of 2010-11. The engineering knowledge related to this business helps the Company understand emerging capacities across the world and India, preparing it for competition. Besides, this knowledge is leveraged to generate a high uptime of company-owned production assets. To further strengthen this segment, the Company is going to launch a world-class manufacturing plant in Mahindra World City SEZ, (Jaipur) in the current fiscal.

■ International business

The Company is engaged in the mercantile trade of Lead, Lead products, metals, chemicals, ferrous scrap and

minerals. The Company commissioned an exclusive B2B portal related to the Lead industry, to facilitate the growth of this business. This business is synergic with the Company's other business segments; the Company's rich industry experience enables it to capitalise on trading opportunities.

Conclusion

Gravita is attractively placed to capitalise on this secular trend through the interplay of its three businesses – Lead recycling and processing; the Company fabricates and markets equipment used in Lead recycling and processing; the Company also utilises these assets in its manufacturing process to generate an income. Apart from it, the Company leverages its longstanding insight in Lead markets to capitalise on trading opportunities.

Gravita's SCOT analysis

Strengths

- ▶ Global presence
- ▶ Global access to raw materials
- ▶ Environment-friendly
- ▶ Versatile product mix
- ▶ Strong brand
- ▶ Enduring customer relationships
- ▶ Complete solutions under one roof
- ▶ Strong management team

Opportunities

- ▶ Increased demand of Lead Batteries in the auto, telecom and power sectors
- ▶ Depletion of mining resources, increasing the demand for secondary Lead source
- ▶ Increase in government focus on strict regulatory compliance to control unorganised or backyard smelters

Challenges

- ▶ Manufacturing unit at a distance from the port
- ▶ High dependence on imported scrap metal/Lead ingots
- ▶ Focus on single non-ferrous metal

Threats

- ▶ Hazardous industry
- ▶ Volatile Lead prices
- ▶ Competition from local unorganised sector
- ▶ Poor monitoring of environmental regulations in countries



Chairman's review

Gravita's ambition is to emerge as a world-class Lead solutions provider.

I am pleased to present our first annual report as a public listed Company.

There is satisfaction on the one hand and optimism on the other. I am optimistic about our prospects.

Your Company reported outstanding performance in 2010-11: standalone revenues grew 85.77% while standalone profit after tax increased 68.80%; consolidated revenues grew 59.78% while consolidated profit after tax increased 19.67%.

Gravita is at the bottom-end today of a long J-curve that should translate into sustainable revenue and profit growth for a number of reasons:

One, the global Lead industry is growing at 5-6%, whereas the Indian Lead industry is growing at 11-12%, raising Lead's growing use in batteries and UPS applications, arising out of growing investments in the country's infrastructure and automobile sectors.

Two, our Company is a single-point Lead solutions provider. For those who need Lead products, we provide a large product basket. For those who need Lead technology, we provide complete fabricated plant equipment that is clean, competitive and customised.

Further, we capitalise on opportunities that present themselves in the international market, resulting in a strong and profitable performance. The combination of these business exposures makes it possible for us to capitalise on a variety of opportunities, making us unique.

This unique combination – smelting and processing, equipment manufacturing and trading – is business-strengthening and has helped evolve our industry positioning from a commodity company into a knowledge-driven organisation.

Achievements

One of our big achievements during the year under review was the successful completion of our Initial Public Offer, which was oversubscribed 42.24 times. The Company received bids for 15.21 crore equity shares as against 36 lacs shares on offer. The result was the QIP portion was subscribed six times, the non institutional investor (HNI) segment 180 times and the retail portion 36 times. What gives me satisfaction is that the Company's performance enhanced value for all those who invested in us: Of 71 IPOs completed during 2010-11, only 21 reported post-listing gains, of which Gravita reported the highest appreciation. We offered stock at ₹125

during the IPO; by the end of 2010-11, the Gravita stock was quoted at ₹377.75, generating a 202% annual return for all those who invested in our Company.

Going ahead, the IPO proceeds will be invested in setting up additional manufacturing facilities in India and overseas, as we had indicated in our altered IPO objectives, for which shareholders' approval will be sought in the forthcoming Annual General Meeting.

Our improved earnings in 2010-11 were derived from the following achievements:

- ▶ We increased our production capacity from 35,400 metric tonnes in 2009-10 to 42,600 metric tonnes in 2010-11; the average capacity utilisation of our Jaipur plant increased from 26% to 30% across the period.

- ▶ Our merchant trading business grew three-fold to ₹6,327.12 lacs in revenue.

The industry picture

Our industry optimism is derived from some evident realities:

One, even as Lead demand increases in India, the country is short in Lead ore reserves or investments to feed its growing appetite. This will make it

imperative for the country to import larger quantities of the metal or commission secondary Lead sources.

Two, there is already a Lead shortage in India, which with passage of time will increase. To feed a national demand for 0.6 million tonnes per annum, India imported nearly 200,000 tonnes in 2010-11.

Three, the share of secondary Lead manufacture will gradually increase, as its production is less capital-intensive, complex, energy-intensive and people-intensive than primary Lead manufacture – from an estimated 54% of total Lead consumption to 90% over the decade.

Four, the organised sector share within India is expected to increase from 27% today to an estimated 45% in a few years, on account of stronger economies of scale, larger investment inflow, graduation to cleaner technologies and a growing plugging of fiscal loopholes that effectively raise production costs for unorganised manufacturers.

Five, a combination of the automobile and industrial growth will catalyse Lead demand, resulting in an annual industry

growth of 12%. Besides, there is a growing demand from renewable sectors, which is expected to keep growing well into the long-term.

Six, no other medium stores energy better than Lead, so the likelihood of this metal losing its industry relevance appears remote. Besides, the metal has strong radiation shielding properties, making it safe for use.

Being prepared

Going ahead, Gravita expects to strengthen its competitive position in the domestic and international Lead metal sector through the following strategies:

- ▶ Establish a modern, environment-friendly manufacturing facility in North India to cater to a growing hinterland
- ▶ Manufacture a larger quantum of value-added products (Lead powder Lead sheets and Lead wire, among others) that will protect us from commoditisation
- ▶ Establish new plants overseas to capitalise on available abundant low

cost raw material on the one hand and growing proximate markets on the other

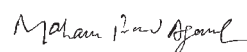
- ▶ Acquire 17,656 sq. metres in the Jaipur Mahindra World SEZ, to create world class manufacturing facility for plant and machinery and capitalise on locational export incentives
- ▶ Acquire a plant in Jammu (7,200 MT per annum) to cater to the growing demand of our products coming out of North India.
- ▶ Commission a manufacturing facility to recycle Lead battery scrap and produce re-melted Lead ingots through Gravita Honduras S.A. (6,000 MTPA)
- ▶ Expand in line with the objectives of IPO as amended.

Outlook

Gravita is optimistic of reporting a stronger 2011-12, as the acquired Jammu plant has already started generating revenue during the current financial year. There will be capacity expansion in our Jaipur plant, and the capacity overseas is expected to increase by 11,000 tonnes per annum.

Going ahead, Gravita expects to increase its Indian and overseas capacities from a cumulative 35,400 TPA at the close of 2010-11 to an estimated 70,000 TPA over 18 months. Through this aggressive capacity addition agenda, Gravita expects to emerge as a world-class professional single-point Lead solutions organisation.

With warm regards,



Mahaveer Prasad Agarwal,
Chairman

Lead applications

- ▶ Batteries
 - Automobiles
 - Industrial applications (telecom, railways, equipments and appliances, UPS and inverters)
- ▶ New applications (solar, wind, hybrid automobiles and e-bikes)
- ▶ Radiation shielding (nuclear and medical)
- ▶ Pigments and chemicals
- ▶ Ammunition and shots
- ▶ Special alloys
- ▶ Cable sheathing and galvanising
- ▶ Renewable energy
- ▶ Miscellaneous

Going ahead, Gravita expects to increase its Indian and overseas capacities from a cumulative 35,400 TPA at the close of 2010-11 to an estimated 70,000 TPA over 18 months.

GRAVITA'S STRENGTHS

Global presence

Gravita has its direct, associate and subsidiary presence in seven countries (India, Ghana, Senegal, Mozambique, Sri Lanka, Honduras and Georgia), resulting in a wider ability to capitalise on every demand upturn in these geographies.

Global access to raw material

Gravita's global presence makes it possible to access raw materials from regions proximate to their manufacturing locations, rationalising freight costs.

Environment-friendly

Gravita's environment friendliness is showcased in its ISO 14001:2004 certification. The Company is a registered manufacturer under Ministry of Environment and Forests for Lead processing and recycling, endorsing its longstanding emphasis on recycling and the use of clean technologies.

Rich product mix

Gravita services diverse customer needs through a spectrum of Lead products (re-melted Lead ingot, pure Lead, Lead alloys, litharge, red Lead, Lead sub oxides, powder and sheets, among others). The proportion of income from value-added Lead

products accounted for 95.74% of our revenues in 2010-11.

Strong brand

Gravita's brand is built around quality products that are widely accepted across the world and conforms to demanding international technical specifications. We also participate in major international industry conferences, resulting in enhanced sectoral visibility.

Customer relationships

Gravita enjoys enduring relationships with customers through an ability to provide the entire product range, resulting in a single-stop solution. As a result, a part of the business is made to order and a part is sold after manufacture.

Intellectual capital

Gravita's senior management possesses rich 19-year industry experience. More than 80 members of its global work force comprises engineers; the Company also employs a large number of Chartered Accountants and MBAs; the average employee age is 35-40 years, reflecting enthusiasm.

Complete solutions provider

Gravita is perhaps the only player in the

global secondary Lead industry to offer a complete solution: From manufacturing a range of Lead products to setting up turnkey plants (through our subsidiary Gravita Exim Limited). This translates into a profitable presence in the overall industry scenario.

Wide sectoral applications

Gravita's products find application in various industries like batteries, glass, ceramics, pharmaceuticals, paints, electronics, ammunitions and chemicals, cable sheathing and galvanizing, among others.

Technology

Gravita possesses captively developed Lead processing technologies, enhancing its industry standing as a knowledge organisation present at the cutting-edge of industry development.

Fiscally-efficient locations

The Company acquired plants in fiscally-efficient locations (Jammu and the proposed facility in the Jaipur SEZ); this will translate into an effective tax (excise and income tax) hedge when production is scaled in 2011-12.

Profitable

Most of the Company's overseas plants are profitable, vindicating its decision to be present in those locations.



OPERATIONS

Raw material management

In the business of Lead production and equipment fabrication, it is critical to manage inventory so that there is no excess at any point, and a dearth at any other. Besides, competent inventory management makes it possible to minimise holding costs and reduce the Company's exposure to raw material price volatility.

Gravita India Limited implemented an effective inventory management and control system to efficiently manage material flow and optimal equipment utilisation. The Company invested in ERP to maintain its raw material and finished products inventory.

The principal raw materials used by the Company comprise Lead scrap, Lead acid battery scrap, Lead ore, Lead concentrate and re-melted Lead ingots.

Around 70% of the raw materials used in the manufacturing process are imported. These raw materials are procured locally and also imported from GCC, EU, Africa and the Middle East, on account of attractive price differentials.

Effective inventory control

The Company has invested in comprehensive inventory management comprising the following points:

- ▶ The movement of raw materials and work-in-process is carried out methodically to minimise large stock holding or material shortage.
- ▶ The Company is engaged in demand forecasting, coupled with corresponding ordering (imports and domestic).
- ▶ The Company factors the cost of raw

material, aggregate shipping and economic order, while agreeing to supply.

- ▶ The Company optimises inventory to minimise carrying costs, while feeding market demand.
- ▶ The Company stocks contemporary material, avoiding obsolete merchandise.

Resource use

The manufacturing unit utilises 1,500-2,000 litres of water per day for the manufacturing process. The Company meets the water requirements through bore-wells. The total connected power load of the unit is 425 KVA and average power withdrawal is about 160 KVA. The manufacturing unit enjoys an equivalent connection load from Jaipur Vidyut Vitaran Nigam Ltd (JVNL).

Gravita invested in people, processes and practices to deliver consistent quality products. The manufacturing operations are managed by experienced metallurgists and quality control supervisors.

Quality

In a business where the end product specifications are influenced by chemical and purity characteristics, it is imperative to produce consistently in line with customer requirements.

Gravita invested in people, processes and practices to deliver consistent quality products. The manufacturing operations are managed by experienced metallurgists and quality control supervisors.

► The Company manufactures products as per national and international standards like BIS, ASTM and LME grade.

► The Company invested in a state-of-the-art laboratory with Optical Emission Spectroscope (OES) and Atomic Absorption Spectroscope (AAS), to check product quality.

► The refined Lead manufactured by the Company conforms to LME grade

specifications; Lead alloys and other products (litharge, red Lead and grey oxide) conform to their respective industry and customer standards.

► The Company's operations are certified as per ISO-9001:2008.

Marketing

Over the years, the Company focused on the manufacture of customised quality products. In turn, this created a consumer 'pull'.

► The products are used in industrial applications. The Company markets these products in India and abroad; the subsidiaries market products in their respective markets.

► The Company participates in various

conferences and exhibitions; it is also a part of various institutes and federations.

► The Company appointed consignment agents in Pune, Delhi and Hyderabad; it proposes to appoint agents in other areas to market products.

► The Company markets products using the internet as a marketing and

branding tool. The products are listed, and advertisements are displayed on various B2B portals related to the Lead metal industry.

► The Company appointed commission agents in Iran, Egypt and Turkey. Exports for 2010-11 constituted 38% of the turnover (standalone).

Human Resources

Considering the Company's commitment to excellence, it lays great emphasis on human resources (HR). HR is the focal point around which the Company revolves, and a work culture, where employees do not feel stifled, but remain in pursuit of excellence amidst operational freedom. An interactive atmosphere pervades the Company; the team is regarded as its biggest asset.

The Company seeks to foster its employees' growth, and expansion of new ideas and work ethos, through an atmosphere of appreciation and recognition. The Human Resource Department, catalyses for positive change, and constantly strives to build a value-based high performance culture, resulting in higher productivity and job satisfaction.

The Company also recognises the importance of providing training and development to its people, which enables it to achieve its business objectives. Industrial relations were cordial throughout the year under review and the management thoroughly acknowledges employees support at all levels.

The Company employed 260 people (in addition to Executive Directors) as on 31st March, 2011.

Environment management

The Company invested in environment-friendly technologies in line with its objectives to provide a safe, clean and healthy environment. The Company minimised the generation of waste water, air emissions and solid waste, preventing pollution at the source, through clean technologies, reduction in the use of natural resources, reuse and waste recycling. In doing so, the Company complies with all national and international environmental laws and regulations. The Company's Environment Management Systems are ISO 14001:2004-certified.

Pollution control and waste management

The waste output of a Lead recycling plant can be categorised into the following forms:

Solids: It is defined as the final waste called slag, obtained after the recycling of Lead bearing material. Slag is obtained at the end of the process, containing less than 2.0% of Lead content by weight. The Company makes slag in non-leachable form by way of proper fluxing through silica and fluorspar. These are disposed in government-approved landfill areas.

Liquids: No liquid waste is generated in the plant, as the Company uses water for the treatment of SOX gas in a wet scrubber which is neutralised and re-

circulated within the system.

Gases: The gases and fumes generated in the system are effectively controlled through pollution control equipment. The amount of Lead content and fuel dust in these gases is collected at every stage by pollution control equipment.

a) SOX : Sulphur content present in the gases are being treated with water in the wet scrubbing system.

b) Lead dust and solid particulate matter: These are controlled and separated from flue gases by different pollution control equipment.

c) NOx: No nitrogenous components are produced because of the low temperature of operation.

MANAGEMENT DISCUSSION AND ANALYSIS

Economic overview

India's manufacturing sector grew rapidly in 2010-11. The CII ASCON survey conducted by the Confederation of Indian Industry concluded that most sectors, out of the 121 sectors covered in the survey, showed excellent growth of over 20%.

Industrial sector growth was buoyant during the first two quarters (April- June, July-September) of the current financial year. The manufacturing sector, particularly, showed remarkable robustness, growing at rates of 12.6% and 9.9% during these two quarters. Thereafter, industrial growth began to moderate. This compares with global

trends, as global manufacturing continued to rebound post crisis till the first half of 2010, thereafter moderating.

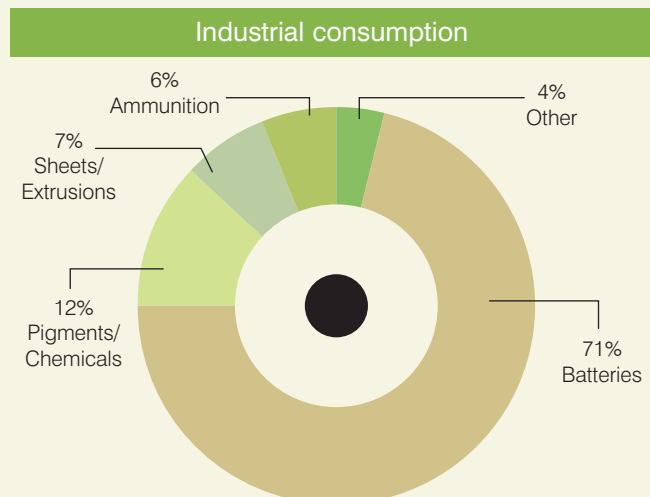
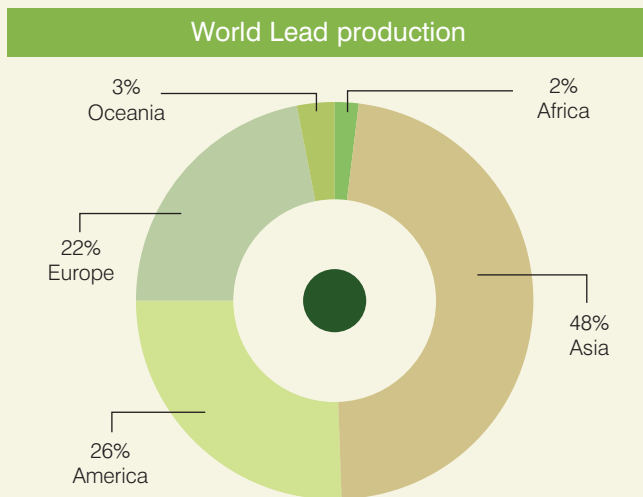
India's post recovery industrial output growth was largely driven by a few sectors such as the automotive sector, along with cotton textile revival, leather, food and metal products. The impact of favourable monsoons on the domestic-demand-driven industrial sector was not widespread.

Industry structure and development

Lead has been extracted and used since 4,000 BC. It is the fifth-most widely used metal after iron/steel, aluminium,

copper and zinc, and is among the most recycled non-ferrous metals. The main input for Lead recycling comes from Lead acid battery scrap, which is a hazardous material.

The global demand for Lead is over 8.5 million tonnes. India's total annual Lead demand is around 6,00,000 tonnes. Lead demand in India is growing at a 12% rate annually, owing to rapid infrastructure growth, as against the global average of 6%. India lacks Lead ore reserves, and necessitates large scale imports and secondary sources such as recycling.



Source: <http://www.lme.com>

In India, the only primary Lead smelter is Hindustan Zinc of the Vedanta Group, which contributes around 65,000 tonnes of the total supply in India. Secondary smelters contribute around 3,30,000 tonnes of Lead supply, of which around 1,70,000 tonnes is contributed by the unorganised sector players and 1,60,000 tonnes by organised sector players annually. The balance is met by imports.

Around 71% of the world's total Lead production is used in the battery segment, 12% in pigments/chemicals, 7% in sheets/extrusions, 6% in ammunition and 4% in other miscellaneous segments.

During Q4, the average Lead LME price per tonne increased to US\$ 2,605, compared with US\$ 2,219 in the corresponding prior period.

For FY 2011, the average Lead LME price per tonne increased to US\$ 2,244, compared with US\$ 1,990 in the corresponding prior period.

The industry is expected bound to gain from the 13.75% rise in prices to US\$ 2,351 per tonne on the London Metal Exchange in the past one year.

Financial performance

During the year under review, the Company's overall performance was attractive. The Company's major performance indicators are as under:

(₹ in lacs)

Particulars	Consolidated			Standalone		
	2010-11	2009-10	% change	2010-11	2009-10	% change
Net sales	25,368.23	15,876.47	59.78	19,538.19	10,517.45	85.77
Profit before interest, depreciation, tax and extra-ordinary items	2,233.55	1,822.58	22.55	1,339.83	842.16	59.09
Profit after tax and minority interest	1,474.73	1,232.37	19.67	973.23	576.54	68.80
Earning per share (re-stated)	12.95	16.78	(22.80)	8.54	7.85	8.80

Risk management

A slowdown in economic growth in India could affect the Company's growth

▶ Industrial growth was 7.8% in 2010-11 against 10.5% in 2009-10. However, manufacturing output, which constitutes about 80% of the industrial production, rose to an annual 7.9% (Source: CSO estimates)

▶ The automobile industry grew in excess of 13% over the last few years and the Indian automobile industry is expected to grow at a rate of 15-16% in 2011. The growth rate recorded for domestic sales for 2010-11 was 26.17%, amounting to 15,513,156 vehicles.

Any downturn in LME prices could put a pressure on export pricing and impact financials.

▶ Only the Company's manufacturing business is affected by LME prices (47% of the Company's revenues, 2010-11).

▶ The international trading and turnkey businesses are independent of LME prices. Gravita's trading business grew over two folds in 2010-11. The Company expects to increase its turnkey projects through the purchase of 17,656 sq. mt of land in the Jaipur SEZ.

The Lead industry is hazardous, and governed by strict environmental laws and regulations. Any non-compliance could affect the business.

▶ The Company's manufacturing processes and procedures are ISO 14001:2004 certified.

▶ The Company complies with all applicable environmental laws and has its procedures licensed, where ever required.

A presence in one region could gradually lead to client concentration, a risk in the event of any unforeseen happenings.

▶ To cater to the northern region, the Company acquired a plant in Jammu. It also expects to invest in Kathua in the state of J&K.

▶ The Company has an overseas presence across 8 countries, enhancing its proximity to cheaper raw materials.

Internal control systems

The Company's philosophy towards the control system is mindful of leveraging resources towards optimisation, while ensuring the protection of its assets. The Company deploys a robust system of internal control, that facilitates the accurate and timely compilation of financial statements and management reports; ensures regulatory and statutory compliance; and safeguards investors' interests by ensuring the

highest level of governance and periodical communication with investors. M/s. Kalani & Co., Jaipur, is the internal auditor of the Company, who conducts audits and submits quarterly reports to the Audit Committee. The Audit Committee reviews the effectiveness of the Company's internal control system and invites the senior management/functional Directors to provide an

update of their functions from time to time. The Company's Internal Assurance Group also conducts periodic assurance reviews, in order to judge the adequacy of the internal control systems. It simultaneously reports to the Audit Committee, the Board, the Chairman and the Managing Director of the Company.

NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the **Nineteenth Annual General Meeting** of the Members of **Gravita India Limited** will be held on **Wednesday, the 27th July 2011 at 04.30 P.M.** at Fortune Park Bellacasa, Cityplex, 1 Ashram Marg, Tonk Road, Jaipur- 302018 (Rajasthan) to transact the following businesses:

Ordinary Business

1. To consider and adopt the Audited Balance Sheet as at March 31, 2011 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To declare Final Dividend on Equity Shares for the year ended March 31, 2011.
3. To appoint a Director in place of Dr. Mahaveer Prasad Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Arun Kumar Gupta, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. Rajvanshi & Associates, Chartered Accountants, the retiring Auditors, as the Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business

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

“RESOLVED THAT an approval be and is hereby accorded to the Company in terms of Section 163 of the Companies Act, 1956 to keep the copies of Annual Returns prepared under Section 159 of

the Companies Act, 1956 together with copies of certificates and documents required to be annexed thereto under Section 161 of the Companies Act, 1956 or one or more of them along with Register of Members, Index of Members, Share Transfer and Transmission Registers etc at the Corporate Office of the Company i.e. 402, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar, Jaipur – 302 004, Rajasthan, India.”

“RESOLVED FURTHER THAT Shri Rajeev Surana, Whole-time Director and Mrs Leena Jain, Secretary of the Company be and are hereby authorized to complete all the formalities for giving effect to the above resolution and to file the requisite forms with Registrar of Companies/ MCA Portal.”

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 Section 269, 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of members at the general meeting, the remuneration of Shri Rajat Agrawal, Managing Director of the Company be and is hereby approved as under as considered and approved by the Remuneration Committee for the remaining term of his office:-

Salary:

- a. **Basic:** ₹36,00,000/- per annum (Thirty Six Lacs only)
- b. **HRA:** ₹14,40,000/- per annum (Fourteen Lacs Forty Thousand only)
- c. **Other Allowances:** ₹9,60,000/- per annum (Nine Lacs Sixty Thousand only)

The Managing Director shall be entitled to the facilities as are allowable to the employees of Senior Management Cadre of the Company and reimbursement of entertainment and other expenses actually and properly incurred by him in connection with the business of the Company.

Gratuity payable as per the Rules of the Company but not exceeding half month salary for each completed year of service and encashment of leave at the end of the tenure will not be included in the computation of Salary to the extent the same are not taxable under the Income-Tax Act, 1961.

The aggregate of the Salary and Perquisites as above shall always be subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

“RESOLVED FURTHER THAT where in any financial year during the currency of term of Managing Director, the Company has no profits or its profits are inadequate, the Company shall pay to the Managing Director remuneration by way of Salary and Perquisites as

specified above as minimum remuneration, subject however to the provisions of the Companies Act, 1956 and such approvals as may be required.”

“RESOLVED FURTHER THAT Shri Rajeev Surana, Whole-time Director and Smt Leena Jain, Company Secretary of the Company be and are hereby severally authorized to comply with all necessary formalities including filing of required e-forms with Registrar of Companies in this regard.”

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 Section 269, 198, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the said Act and subject to the approval of members at the general meeting, the remuneration of Shri Rajeev Surana, Whole-time Director of the Company be and is hereby approved as under as considered and approved by the Remuneration Committee for the remaining term of his office:-

Salary:

a. **Basic:** ₹28,80,000/- per annum (Twenty Eight Lacs Eighty Thousand only)

b. **HRA:** ₹11,52,000/- per annum (Eleven Lacs Fifty two Thousand only)

c. **Other Allowances:** ₹7,68,000/- per annum (Seven Lacs Sixty Eight Thousand only)

The Whole-time Director shall be entitled to the facilities as are allowable to the employees of Senior Management Cadre of the Company and reimbursement of entertainment and other expenses actually and properly incurred by him in connection with the business of the Company.

Gratuity payable as per the Rules of the Company but not exceeding half month salary for each completed year of service and encashment of leave at the end of the tenure will not be included in the computation of Salary to the extent the same are not taxable under the Income-Tax Act, 1961.

The aggregate of the Salary and Perquisites as above shall always be subject to the overall ceiling laid down in Section 198 and 309 of the Companies Act, 1956.

“RESOLVED FURTHER THAT where in any financial year during the currency of term of Whole-time Director, the Company has no profits or its profits are inadequate, the Company shall pay to the Whole-time Director, remuneration by way of Salary and Perquisites as specified above as minimum remuneration, subject however to the provisions of the Companies Act, 1956 and such approvals as may be required.”

“RESOLVED FURTHER THAT Shri Rajat Agrawal, Managing Director and Smt Leena Jain, Company Secretary of the Company be and are hereby severally authorized to comply with all necessary formalities including filing of required e-forms with Registrar of Companies in this regard.”

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

“RESOLVED THAT in compliance of provisions of Listing Agreement of the Company with the Stock Exchanges and with reference to the IPO Objectives stated in final offer document of the Company, the consent of the Company be and is hereby accorded to change the investment profile of amount raised through IPO of the Company from existing objectives as under:

Existing Objects of the Public Issue and their fund requirement:

(₹ in Lacs)

Sr. no	Object	Amount	Total Amount
1	Set up additional manufacturing facilities at –Jaipur	723.00	
	-Maharashtra	579.00	1302.00
2	Invest in overseas ventures at		
	- Sri Lanka- Navam Lanka Limited	150.00	
	- Senegal - Gravita Senegal SAU	200.00	
	- Honduras – Gravita Honduras SA	235.00	585.00
3	Invest in setting up manufacturing facilities at Australia, Belarus, Chile and Mexico		1860.00
4	Margin money for working capital requirement		1000.00
5	General corporate purposes		50.00
6	Expenses of the issue		312.00
	Total		5109.00

New Objectives for utilization of IPO Funds:

Sr. no	Object	Amount	Total Amount
1	Set up additional manufacturing facilities at –Jaipur		723.00
2	Invest in overseas ventures at		
	- Sri Lanka- Navam Lanka Limited	178.00	
	- Senegal - Gravita Senegal SAU	182.77	
	- Honduras – Gravita Honduras SA	358.34	719.11
3	Margin money for working capital requirement		1200.00
4	Invest in setting up manufacturing facilities at Australia and Mexico		930.00
5	Fresh Investments:		
	M/s K M Udyog, Jammu	750.00	
	M/s Gravita Technomech SEZ	245.00	
	M/s Metal Inc, Kathua	300.00	1295.00
6	General corporate purposes		90.00
7	Expenses of the issue		261.54
	Total		5218.65

Means of Finance:

Particulars	Old	Revised
Proceeds of the issue	4500.00	4500.00
Internal Accruals	609.00	718.65

“RESOLVED FURTHER THAT Shri Rajeev Surana, Whole-time Director and Smt Leena Jain, Company Secretary of the Company be and are hereby severally authorized to comply with all necessary formalities in this regard.”

10. 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 Section 81(1A) and all other applicable provisions of the Companies Act, 1956 (“the Act”), the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (“the Guidelines”), the Stock Exchange Listing Agreement, the relevant Articles of the Articles of Association of the Company, the Reserve Bank of India Regulations and any other applicable law for the time being in force as amended from time to time and subject to such conditions and modifications, if any, as may be prescribed or imposed while granting such approvals, permissions and sanctions as may be necessary for the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers, including the powers conferred by this resolution), consent of the Company be and is hereby accorded to the Board to create, offer, issue and allot from time to time to or to the benefit of such person(s) who are in permanent employment of the Company, including any Directors of the Company, whether whole time or otherwise except persons/ employees covered under ‘Promoters and Promoter Group’ (as defined in SEBI Guidelines mentioned *ibid*) under a scheme titled “Gravita Employees Stock Option Plan 2011” (hereinafter referred to as the “ESOP” or “Scheme” or “Plan”) such number of equity shares and/or equity linked instruments (including options), and/or

any other instruments or securities (“hereinafter collectively referred to as Securities”) of the Company which could give rise to issue of equity shares, of ₹10/- each, not exceeding 5% of the paid up equity capital of the company i.e. 681,000 equity shares of ₹10/- each, as determined from time to time, at such price, in one or more tranches, and on such terms and conditions as may be fixed or determined by the Board in accordance with the guidelines or other provisions of the law or guidelines issued by the relevant Authority or as may be prevailing at that time.”

“RESOLVED FURTHER THAT the new Equity shares to be issued and allotted by the Company in the manner aforesaid shall rank *pari passu*, in all respects with the then existing fully paid up ordinary equity shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer issue and allotment of the securities under the ESOP the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make modifications, changes, variations, alterations or revisions in the said scheme from time to time as may be specified by any Board Resolution or with the permission of the Board as the Board may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

11. To Consider and if thought fit, to

pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:-

“RESOLVED THAT the employees of the subsidiary or holding Company of the Company, now or hereinafter existing, be and are hereby eligible for the proposed stock options to be granted under the ‘Gravita Employee Stock Option Plan 2011’.”

“RESOLVED FURTHER THAT the new Equity shares to be issued and allotted by the Company in the manner aforesaid shall rank *pari passu*, in all respects with the then existing fully paid up ordinary equity shares of the Company.”

“RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer issue and allotment of the securities under the ESOP the Board be and is hereby authorized on behalf of the Company to evolve, decide upon and bring in to effect the Scheme and make modifications, changes, variations, alterations or revisions in the said Scheme from time to time as may be specified by any Board Resolution or with the permission of the Board as the Board may in its absolute discretion deem fit or necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company.”

By Order of the Board

(Leena Jain)

Company Secretary

Date: 21st May 2011

Place: Jaipur

NOTES:

1. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the special business is annexed hereto.

2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

3. The duly stamped, filled and signed instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the meeting.

4. Members and Proxies attending the Meeting should bring the attendance slip duly filled in for attending 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 Friday, 22nd July 2011 to Wednesday, 27th July 2011 (both days inclusive).

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 on 27th July 2011 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 informed that in case of joint holders attending the Meeting, only such Joint holder who is higher in the order of the names will be entitled to vote.

9. Please quote your Folio Number and Company's name in all correspondence with M/s Karvy Computershare Pvt. Ltd., KARVY HOUSE, 46, Avenue 4, Street No. 1,

Banjara Hills, Hyderabad – 500 034, Registrars and Share Transfer Agents of the Company.

10. Members having shares in physical form are requested to immediately intimate change of Address, if any, to the Registrar and Share Transfer Agents quoting reference of the Registered Folio Number.

11. Members having shares in physical form may now avail the facility of nomination by nominating, in the prescribed form, a person to whom their shares in the Company shall vest in the event of their death. Interested Members may write to the Registrars and Share Transfer Agents for the prescribed form.

12. Members are requested to bring their personal copy of Annual Report to the Meeting.

13. Information pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges in respect of the directors who are proposed to be re-appointed at the ensuing Annual General Meeting under Item No. 3 and 4 of the Notice are as under:

NAME OF DIRECTOR	MAHAVEER PRASAD AGARWAL	ARUN KUMAR GUPTA
Date of Birth	01.03.1934	30.06.1944
Date of Appointment	27.03.2007	11.08.2009
Designation	Whole-time Director	Director (Independent)
Qualification	M.B.B.S	Engineering Graduate
Experience	Dr. Agarwal has worked in the Department of Medical & Health, Government of Rajasthan in various capacities from 1958 to 1992. He retired as Director of Medical & 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 16 years of experience in the Lead Metal Industry. He is an instrumental guiding force and source of inspiration to whole Gravita Team.	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
Directorship in other Public Limited Companies as on 31/03/2011	Gravita Exim Limited Saurabh Farms Limited Gravita Energy Limited	NIL
Member/Chairman of the Committees of the Board of other Companies as on 31/03/2011	NIL	NIL

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

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

ITEM NO. 6

As per the provisions of Section 163 of the Companies Act, 1956 the Registers, records, Books of Accounts, etc. are to be kept at the Registered office of the Company. Further, if a Company wants to keep the said documents at any other place then Special resolution of members in this regard is required to be passed. As such, in compliance of the law, approval of the Members is sought by a Special Resolution for keeping the Records mentioned in the Resolution at Item No. 6 at a place other than the registered office of the Company by keeping them at the Corporate Office of the Company viz. 402, Rajputana Tower, A-27B, Shanti Path, Tilak Nagar, Jaipur – 302 004, Rajasthan, India.

A copy of the Notice of the proposed special resolution will be served in advance to the Registrar of Companies, Rajasthan at Jaipur as required under the Companies Act, 1956.

The Directors recommend passing of the Special Resolution at Item No. 6 of the Notice.

None of the Directors of the Company is in any way, concerned or interested in this resolution.

ITEM NO. 7

Shri Rajat Agrawal, Promoter and Managing Director of the Company is a first generation entrepreneur with great vision and high caliber to execute the schedules well in time. He being backbone of the Company, with experience of more than 17 years in Industrial Management, has expanded

the business of the Company many-fold during last couple of years. He has established various projects related to Lead Metal Globally aggressively, particularly from year 2005 onwards.

In the post listing scenario with the increased operations of the Company in India as well as overseas, the role and responsibilities of Mr Agrawal has also increased. Therefore, the Board recommends the increase in his remuneration for the remaining term of his office.

The Managing Director, in addition to salary, shall be entitled to facilities as are allowable to the employees of Senior Management Cadre of the Company. Such facilities consist of facilities like use of Company's Car for official purpose, Group Personal Accident Insurance, Group Medi-claim for self and family, Mobile phone (including payment for local calls and long distance official calls).

None of the Directors except Shri Rajat Agrawal and Dr. M P Agarwal, are interested in this resolution.

ITEM NO. 8

Shri Rajeev Surana, Promoter and Whole-time Director of the Company is a well known technocrat for his contribution in Lead Industry. Being a visionary and aggressive personality Mr Surana is an asset for the Organization. Under his guidance and exemplary motivation skills the Company has grown leaps and bounds. Due to increased responsibilities of Mr Surana in the post listing scenario because of

the increased operations of the Company and various new expansion plans on cards, the Board recommends the increase in his remuneration for the remaining term of his office.

The Whole-time Director, in addition to salary, shall be entitled to facilities as are allowable to the employees of Senior Management Cadre of the Company. Such facilities consist of facilities like use of Company's Car for official purpose, Group Personal Accident Insurance, Group Medi-claim for self and family, Mobile phone (including payment for local calls and long distance official calls).

None of the Directors except Shri Rajeev Surana, are concerned or interested in this resolution.

ITEM NO. 9

The Company came up with an Initial Public Offering of ₹45 Crores in November 2010. With the lapse of time, the Company has to change its investment plans in view of changing business environment and number of other factors. Since the State Government of Jammu & Kashmir is offering number of tax holidays for inviting more and more industries there and the Company could also find out a proper unit in the State, it decided to move with this decision immediately. Towards this end, the Company entered as partner in to a partnership Firm M/s K M Udyog in Jammu with majority stake of 60% along with its subsidiary Gravita Exim Ltd. The installed capacity of the firm towards Lead smelting and refining is 7200 MT annually.

The Company became partner in M/s Gravita Technomech to set up a world class manufacturing facility for Lead refining and smelting Plant & Equipment in Special Economic Zone set up by Mahindra World City Jaipur. The Board proposes to enter as Partner in M/s Metal Inc., a partnership firm in Kathua (J & K). To set up these ventures the Company requires funds of around ₹1,295 Lacs. The Board proposes to use the IPO funds for these expansions.

So far the Company could not materialize the investment plans in Belarus and Chile in view of need of any lucrative or beneficial proposal being implemented in these countries and they does not seem to materialize in near future. The Board has therefore decided not to use the IPO funds for expansion plans in these countries.

Simultaneously, the Company has also increased its investment stake in Senegal and Honduras in line with further fund requirements in ventures of the Company in these countries.

With the growing business the working capital requirements of the Company are also increasing. In addition to the increased working capital limits from the Bankers the Board proposes to use a further sum of ₹2 crores from IPO Funds for working capital needs.

In view of the above it is proposed to change the utilization of proceeds of IPO funds from those mentioned in the Prospectus. In terms of provisions of Listing Agreements entered into by the Company with Stock Exchanges any changes in investment plans of IPO Funds from those mentioned in IPO document shall be furthered with the

permission of shareholders granted by way of Special Resolution. Accordingly this resolution is being put before the shareholders for their permission on the same.

The detailed project cost along with necessary details for the new objectives shall be put before the meeting for inspection and information of the members. Stakeholders may also call for a copy of the same at any time.

The Board recommends the said changes in IPO objectives in view of overall progress of the Company.

None of the Directors may be considered concerned or interested in the resolution.

ITEM NO. 10

The Board of Directors of the Company realizes the dedicated and committed contribution of its sincere team of employees in pursuing growth with excellence in performance. To motivate the employees and to enable them to participate in the long-term growth and financial success of the Company, with a common objective of maximizing the shareholder value, it is proposed to introduce an Employee Stock Option Plan (ESOP) namely 'Gravita Employee Stock Option Plan 2011'. The ESOP would not only enable the Company to attract and motivate employees by rewarding performance as also to retain best talents. Simultaneously the Management foresees the development of a sense of ownership with the Company among the Employees.

It is proposed to introduce the said stock option scheme for the benefit of the employees of the Company.

The following explanatory statement sets out various disclosures and the Salient features of the ESOP:

1. Total number of options to be granted: Such number of options convertible into Equity Shares of the Company which when converted, shall not exceed in aggregate 6,81,000 (Six lakh eighty one thousand only) Equity Shares of the nominal value of ₹10/- each at a price as stated herein below

2. Identification of classes of employees entitled to participate in the ESOP: Persons who are permanent employees of the company including Directors (not being part of 'Promoters and Promoter Group') as may be decided by the Compensation Committee / Board, from time to time. Employees may be granted Stock Option based on performance and such other criteria as the Compensation Committee / Board in its absolute discretion decides. The options granted to an employee shall not be transferable to any person and shall not be pledged, hypothecated, mortgaged or otherwise alienated in any manner.

3. Requirements of vesting and period of vesting: Vesting of options shall commence after a period of one year from the date of grant, and may extend upto five years from the date of grant of options. The vesting period may be reduced and/or occur in tranches, subject to the terms and conditions of vesting, as may be stipulated by the Compensation Committee / Board, in its discretion.

4. Exercise Price or Pricing formula: The options shall be issued at such price, which shall not be less than the

face value of the share of the Company, as the Compensation Committee / Board may in its absolute discretion decide.

5. Exercise Period and the process of Exercise: The Exercise period may commence from the date of vesting, and will expire at the end of six years from the date of grant of options, or such other time period as may be decided by the Compensation Committee / Board, from time to time.

The options will be exercisable by the Employees by a written application to the Company to exercise the options in such manner, and on execution of such documents, as may be prescribed by the Compensation Committee / Board from time to time.

The options will lapse if not exercised within the specified exercise period.

6. Appraisal Process for determining the eligibility of the employees to ESOP: The appraisal process for determining the eligibility of the employee will be decided by the Compensation Committee / Board, and may be based on criteria such as seniority of employee, length of service, performance record, merit of the employee, future potential contribution by the employee and/or such other criteria that may be determined by the Compensation Committee / Board at its sole discretion.

7. Maximum number of options to be issued per employee and in aggregate: The maximum number of options granted per employee per year will not exceed 1% of the equity capital of the Company, as determined from time to time.

8. Disclosure and Accounting Policies: The Company shall comply with disclosure and the accounting policies specified in the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and / or such other guidelines as may be applicable from time to time.

9. Method to value options

The Company shall use the intrinsic value method for the purpose of calculating value of options. The accounting shall be based on the intrinsic value so calculated.

Since the Company shall be calculating the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed in the Directors' Report. Further the impact of this difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

As the Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of the Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

ITEM NO. 11

The Company heavily draws on the dedicated and committed contribution of its sincere team of employees in subsidiaries of Gravita world over in pursuing growth with excellence in performance. The employees of the subsidiary companies also contribute to the growth and prosperity of the group as a whole. To motivate these employees and to enable them to participate in the long-term growth and financial success of the Group, with a common objective of maximizing the shareholder value, it is proposed to make these employees also eligible for the 'Gravita Employees Stock Option Plan 2011' as envisaged in Item No. 10 of this Notice.

As the Scheme provides for issue of shares to be offered to persons other than existing shareholders of the Company, consent of the members is sought pursuant to Section 81(1A) and all other applicable provisions, if any, of the Act and as per clause 6 of the Guidelines.

None of the Directors of the Company are in any way, concerned or interested in the resolution, except to the extent of the securities that may be offered to them under the scheme.

By Order of the Board

(Leena Jain)
Company Secretary

Date: 21st May 2011

Place: Jaipur

DIRECTORS' REPORT

To,
The Members,
Gravita India Limited

Your Directors have pleasure in submitting the Annual Report for the year ended 31st March, 2011:

Consolidated Financial Performance

Amount (₹ in Crores)

Particulars	2010-11	2009-10
Total Income	254.09	166.97
Total Expenditure	232.27	148.75
Profit Before Interest, Depreciation and Tax (PBIDT)	21.82	18.22
Less: Interest	1.56	0.73
Less: Depreciation	1.04	0.84
Profit Before Tax	19.22	16.65
Less: Provision of Taxation Including Deferred Tax	4.84	3.42
Profit After Tax (PAT)	14.38	13.23
Share in Profit of Associates	0.42	0.76
Less: Prior Period Expenses	0.00	0.01
Minority Share in Profit & Loss	0.05	1.65
Profit Available for Appropriation	14.75	12.33
APPROPRIATION:		
Transfer to Capital Reserve on Consolidation	(0.15)	0.12
Transferred to General Reserve	0.97	0.00
Proposed for Dividend	5.45	0.00
Corporate Tax on Dividend	0.90	0.00
Balance Carried to Balance Sheet	7.58	12.21

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

State of Company's Affairs

In the FY 2010-11, your Company has achieved consolidated annual turnover (Net of Excise Duty) of ₹253.68 Crores as against ₹158.76 Crores during previous financial year thereby achieving a growth rate of 59.79%. The Company's consolidated profit after tax stood at ₹14.75 Crores.

This year Company has brought IPO of 36,00,000 Equity shares of ₹10/- each at a premium of ₹115/- per share. As a result our re-stated EPS before extraordinary item is ₹12.95 as against ₹16.75 in the corresponding period in the previous year.

Expansion / Diversification

The Company entered into new ventures during the year for expansion of existing capacities as well as for diversifying in other areas. The Company became partner in M/s Gravita Technomech with 51% stake to set up a world class manufacturing facility for Lead refining & smelting Plant and Equipment in SEZ of Mahindra World City (Jaipur) Ltd. The Company also acquired holding stake of 55% by entering as partner in M/s K.M. Udyog, Jammu having annual Lead smelting

and refining capacity of 7200MT. Gravita Exim Ltd, one of the major subsidiary of the Company also took partnership stake of 5% in M/s K M Udyog, Jammu.

During the year under review, the Company incorporated two subsidiaries viz Gravita Energy Ltd. & Gravita Infra Pvt. Ltd with a view to facilitate activities into Power and Infrastructure sector.

Reserves

In compliance of Section 205A (2A) of the Companies Act, 1956 and in accordance with the Companies (Transfer of Profits to Reserves) Rules, 1975, it is proposed to carry an amount of ₹97.32 Lacs to the General Reserve Account.

Dividend

The Board for the year ended March 31, 2011 recommended a dividend of ₹4/- per share subject to the approval of shareholders at the Annual General Meeting. The dividend will be paid on total share holding of 1,36,20,000 Equity Shares of the Company.

Management Discussion and Analysis Report

Management Discussion and Analysis

report for the year under review is presented in separate section forming part of Annual Report.

Public Issue

During the year under review the Company turned into a public listed entity with an Initial Public Offering ('IPO' or 'Issue') of its equity shares in November 2010. The shares were listed on the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE) on 16th November, 2010. The IPO was floated for 36,00,000 Equity Shares of ₹10/- each at price of ₹125/- (₹115/- premium) per share aggregating to ₹4500 Millions. The Issue received a good response from all sections of investors and was oversubscribed by 42.24 times. The Issue was through 100% book building process and the price band for the Issue was ₹120 to ₹125 per share. The Issue was fully subscribed at the higher end of the band i.e. ₹125 per share. The total proceeds received by the Company amounted to ₹4500 Million. The net proceeds received from the Issue have been utilized to date as follows:

Particulars	Actual utilization (₹ In lacs)	Balance (₹ in lacs)	Total (₹ in lacs)
Proceeds of the Issue	1723.83	2776.17	4500.00
Internal Accruals	14.74	594.26	609.00
Total	1738.57	3370.43	5109.00

The Board of Directors proposes to change the objects of utilization of net proceeds of IPO in similar operations but in different Regions/States as against those stated in the Prospectus dated November 10, 2010 towards which the consent of the shareholders is sought in the ensuing Annual General Meeting of the Company.

Subsidiaries

The Company has following Subsidiaries:

1. **GRAVITA EXIM LTD.:** Gravita Exim Ltd is an engineering and consulting company which provides turnkey solutions for Lead recycling, refining/ alloying and Oxide plants. Gravita Exim Ltd is known for its cost effective and environmental friendly recycling technology across the globe, and has already supplied 41 projects in 34 countries. During the year under review the Company did not made any further investments in Gravita Exim Ltd.

Gravita Exim Ltd (GEL) has one subsidiary company listed below:

Penta Exim Ltd.: Gravita Exim Ltd has major shareholding in Penta Exim Ltd., which is a trading and Import- Export Company dealing in Lead, Lead Alloys, Oxides and other kinds of Lead Products and Chemicals. It also deals in Engineering goods and machinery items.

During the Year under review GEL disinvested its complete investment in Gravita Zambia Ltd which was also its subsidiary company.

2. **GRAVITA GHANA LTD.:** Gravita India Ltd ventured out in Ghana (West Africa) as a step to expand its presence in West Africa and to cover the neighboring 3-4 countries of West Africa. Tema has a strategic location being a major port of West Africa and all the land locked countries are approaching to this city for exportation of their material. Eco-friendly recycling Plant is manufacturing Lead ingots and Poly Propylene Chips. The capacity of the plant is 3000 MTPA. The company is in free trade zone which helps in hassle-free import/export of goods. It does not attract any kind of importation duty and other taxes.

Gravita Ghana Ltd is a wholly-owned subsidiary of the Company. During the year under review, the Company did not make any further investment in the capital of the subsidiary.

3. **GRAVITA SENEGAL S.A.U.:** Gravita Senegal S.A.U. is a wholly owned subsidiary of GIL in Senegal in the extreme West corner of African continent with capacity of 1800 MTPA. It enjoys complete access to raw materials at competitive prices and derives benefits of an export unit. It is an

ambitious project targeting to become the biggest Lead recycler in West Africa. It is the only Lead recycling company in Senegal and enjoys full support of the Government. Besides this, the company is working with the United Nations Based Convention Regional Centre, the international Lead management centre and the Govt of Senegal for environmentally sound management of Used Lead Acid Batteries.

During the year under review, Company made further investment of ₹182.77 Lacs (One hundred Eighty two lacs only) in the capital of the subsidiary.

4. **GRAVITA GEORGIA LIMITED:** The Company has an investment in Georgia which is one of the most mineral rich countries in the CIS region. There is sufficient availability of Used Lead Acid Batteries in the CIS region and the plant is capable of processing 1800 MT of battery scrap annually in an environment friendly manner. It is a wholly-owned subsidiary of the Gravita India Ltd.

During the year under review Company did not make any further investment in the capital of the subsidiary.

5. **GRAVITA MOZAMBIQUE LDA:** The Unit was set up with an investment in Mozambique to cover the southern part of Africa. The good part is that six other countries touch Mozambique and the plant is located in Maputo, which is capital of Mozambique as well as a port city. Nearness to source of raw material and port is an advantage. It is the only company in Mozambique in the field of used battery scrap recycling.

During the year under review, the Company further invested in its overseas venture in Mozambique an amount of ₹31.98 Lacs (Thirty One Lacs Ninety Eight Thousand only) for business expansion plans of the Venture.

6. **FLORET TRADELINK LIMITED:** Floret Tradelink Limited is a trading company which imports Glass and Glass products from China and sells the same in the domestic market. The products are used in construction industry.

During the year under review the Company made a further investment of ₹2,03,500/- (Two Lacs Three Thousand Five hundred only) as Floret got registered as Public Limited Company.

7. **GRAVITA INFRA PRIVATE LIMITED:** With an eye on the infrastructure sector the Company incorporated its subsidiary Gravita Infra Private Limited on 21.05.2010.

8. **GRAVITA ENERGY LIMITED:** Gravita Energy Limited was incorporated on 29.06.2010 with the objective of exploring opportunities in the power sector, through various available sources like wind, solar, thermal, hydro and nuclear.

9. **PARTNERSHIPS:** During the year under review the Company acquired holding stake in three partnership firms viz, M/s Gravita Technomech, Jaipur; M/s K M Udyog, Jammu; and Gravita Technomech LLP, Jaipur:

Though the standalone Balance Sheets of Subsidiary Companies are not attached in this Annual Report, the said reports and related detailed information shall be made available for inspection by the members of the Company at the Registered Office of the Company and hard copy of the same would also be made available to the members of the holding and subsidiary companies on request. A statement pursuant to Section 212 of the Companies Act, 1956, is set out in notes to the Consolidated Financial Statements.

Consolidated Financial Statements and Cash Flow Statement

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

Directors

Dr. Mahaveer Prasad Agarwal, Chairman and Mr Arun Kumar Gupta, Director of the Company, retires from the Board by rotation and being eligible offer themselves for re-appointment.

A brief Resume of Dr. Mahaveer Prasad Agarwal and Mr Arun Kumar Gupta, along with the additional information required under Clause 49 (IV)(G) of the Listing Agreement, is given in the notes to the notice of the ensuing Annual General Meeting.

Directors' Responsibility Statement

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, your Directors confirm that:

1. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the State of Affairs of the Company at the end of the financial year ended 31st March 2011 and of profit of the Company for that year;
3. The Directors have taken proper and sufficient care for the maintenance of adequate Accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the Annual Accounts on a 'going concern' basis.

Listing Fees

The shares of the Company are listed on the National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE) and the Listing Fee for the year 2011-12 has been duly paid.

Fixed Deposits

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

Auditors and Auditors' Report

The Auditors, M/s Rajvanshi & Associates, Chartered Accountants, Jaipur retire at the conclusion of the Nineteenth Annual General Meeting and being eligible, have offered themselves for re-appointment.

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

The qualifications/observations of the Auditors are self-explanatory and explained / clarified wherever necessary in appropriate notes to Accounts.

Corporate Governance

In accordance with Clause 49 of the Listing Agreement with the Stock

Exchanges, a Separate Report on Corporate Governance along with Auditors' Certificate confirming Compliance is given separately in this Annual Report.

The Managing Director has confirmed and declared that all the members of the Board and the senior management have affirmed compliance with the code of conduct.

Particulars of Employees

As none of the employees of the Company was in receipt of remuneration in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975, as amended, Particulars of Employees are not required to be given.

Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

The details as required under the Companies (Disclosures of Particulars in Report of Board of Directors) Rules, 1988 are given as Annexure to the Directors' Report.

Code for Prevention of Insider Trading Practices

In compliance with the SEBI regulations on prevention of insider trading, the Company has formulated a comprehensive code of conduct for prevention of Insider Trading for its management and staff. The Code lays

down guidelines advising them on procedures to be followed and disclosures to be made while dealing with shares of Gravita India Ltd.

Environment, Occupational Health and Safety

Gravita India Limited recognizes the importance of managing the resources effectively and seeking continual improvement in occupational health, safety and environment matters as an integral part of business activities.

Acknowledgement

Your Directors would like to express their appreciation for assistance and co-operation received from the Bankers, Government Authorities, Customers, Vendors, Advisors, Members and all concerned during the year under report. Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, staff and workers of the Company.

For and on behalf of the Board

(Rajat Agrawal)
Managing Director

Place: Jaipur

Date: 21st May 2011

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217[1][e] OF THE COMPANIES ACT, 1956 READ WITH PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN REPORT OF BOARD OF DIRECTORS) RULES, 1988 FOR THE YEAR ENDED 31ST MARCH 2011

I. Conservation of energy :

a) Energy Conservation measures taken:

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

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

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

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

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

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

FORM A

A. Power & Fuel Consumption	Current Year [2010-11]	Previous Year [2009-10]
1. Electricity		
[a] Purchased		
- Units	2,88,880	1,44,332
- Total Amount (₹)	14,25,423	7,80,797
- Rate/Unit (₹)	4.93	5.41
[b] Own Generation		
Through Diesel Generator		
- Units produced	1,46,419	69,346
- Units per Liter of Diesel oil	4.63	4.25
- Total Amount (₹)	10,24,936	4,50,751
- Rate per Unit (₹)	7.00	6.50
2. Coal (Used in Furnace)		
Char Coal for Furnace		
- Quantity (tons)	230.960	70.373
- Total Amount (₹)	24,50,247	2,78,917
- Average Rate	10,609	3,963
3. Furnace Oil		
- Quantity (Liters)	3,23,928	1,68,946
- Total Amount (₹)	81,16,660	36,12,764
- Average Rate	25.06	21.38

B. Consumption per Tons of Production

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

II. Technology Absorption

FORM B

Research & Development (R & D)

1. Specific areas in which R & D carried out by the company

The Company is having an ongoing process of Research & Development where regular studies and exploration is carried out for introduction of new products and minimization of by-production of waste during various processes. Besides this the Company has a Quality Control Department equipped with well experienced/ quality personnel and latest sophisticated machines to monitor and ensure consistency in quality and adherence to quality standards norms.

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

- Quality improvement, Customer Satisfaction
- Cost reduction, productivity & efficiency enhancement
- Reduction in wastage
- Provide necessary inputs for product development

3. Future plan of action

The Company will improve the further parameters of existing products and continue with its activities in the field of R & D of new products

4. Expenditure on R & D: ₹17.25 Lacs

Technology Absorption, Adaptation and Innovation

1. Efforts made & Benefits derived towards improvement in technology of Machines and Equipment:

The Company is using following Plant & machinery towards technology absorption and adaptation:

- ▶ **FURNACE CHARGING MACHINE-** to reduce exposure of operators to heat & Lead fumes from Lead smelting furnace during its operation. After provision of furnace charging machine only one operator is required for feeding raw materials quickly into the furnace against earlier needed

4 to 6 operators for feeding it manually.

- ▶ **ACID DRAINING MACHINE** - to drain all the acid from the scrap battery and sending it to neutralisation tanks where it is neutralised. Earlier the acid was emptied manually exposing the operator to acidic fumes.

- ▶ **BATTERY CRUSHING AND HYDRO-SEPARATION SYSTEM** - can crush upto 20MT of scrap batteries per hour and separate Lead material, plastic & separators automatically. The total system includes a number of individual equipment and machines like Battery Crusher, Vibrating Screen, Filtration System, Washing & Separation Tanks, Electric Motors & Pumps etc. Two or three operators can handle the total system.

2. Technology Imported: Nil

III. Foreign Exchange Earnings & Outgo

The details with regard to Foreign Exchange Earnings & Outgo are as under:

(₹ in Lacs)

Particulars	Current Year [2010-11]	Previous Year [2009-10]
A) Foreign Exchange earnings (F.O.B. Value)	7822.13	4532.89
B) Foreign Exchange Outgo		
1. Import of		
– Raw Materials	7505.40	2960.20
– Capital Goods	–	–
– Stores & Spares	–	–
2. Expenditure on		
– Travelling	10.32	1.52
– Others	44.28	6.19

REPORT ON CORPORATE GOVERNANCE

1) Company's Philosophy on Code of Governance

The Company believes in and practices good Corporate Governance. The Company creates an environment to enable the management for the efficient conduct of the business and to meet its obligations to all stakeholders.

The Company has always ensured that all the provisions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange where the Company is listed, are complied with the utmost perfection. A report on the implementation of the provisions of the Corporate Governance is furnished hereunder:

2) Board of Directors

Composition of the Board

The Board of Gravita India Limited (GIL), is entrusted with the ultimate responsibility of the managing, directing and performing at the best level. The Company's Board is constituted in line with the provisions of Clause 49 of the Listing Agreement. There is an optimum combination of Executive and Non-Executive Directors. At present, the Board of Directors of the Company consists of 6 Directors comprising of 3 Executive and 3 Non-Executive Independent Directors. Chairman of the Board is an Executive Chairman. All the Executive Directors are Promoters of the Company. The Board represents an optimal mix of professionalism, knowledge and experience.

As on March 31, 2011, the composition of Company's Board and their respective Directorship is as follows:

Name of Director	Category of Director	No. of other Directorships#	No. of Board Level Committees where Chairperson or member	
			Chairperson	Member
Dr. Mahaveer Prasad Agarwal	Executive and Promoter	3	Nil	Nil
Rajat Agrawal	Executive and Promoter	4	Nil	Nil
Rajeev Surana	Executive and Promoter	3	Nil	Nil
Dinesh Kumar Govil	Non Executive Independent	2	1	2
Arun Kumar Gupta	Non Executive Independent	Nil	Nil	Nil
Yogesh Mohan Kharbanda	Non Executive Independent	1	Nil	Nil

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

Board Meetings

The Board meets frequently to discuss and decide on Company's business policy, and strategy apart from other normal Board business. During the year 2010-11, the Board met 14 (fourteen) times and the maximum gap between any two Board Meetings was not more than four months. The Attendances Record of Board Meetings held during the year 2010-11 is as follows:

Attendances Record of Board Meetings held during the year 2010-11

S.No.	Date of Meeting	Board Strength	No. of Directors present
1.	01.04.2010	6	6
2.	12.05.2010	6	6
3.	27.07.2010	6	6
4.	04.08.2010	6	6
5.	20.08.2010	6	4
6.	20.09.2010	6	5
7.	20.10.2010	6	6
8.	08.11.2010	6	6
9.	13.11.2010	6	6
10.	19.11.2010	6	6
11.	06.12.2010	6	5
12.	17.01.2011	6	6
13.	01.03.2011	6	4
14.	28.03.2011	6	3

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

Name of Director	Board Meetings held during the year	Meetings Attended	Whether Last AGM (held on 15th September, 2010) Attended
Dr. Mahaveer Prasad Agarwal	14	13	Yes
Rajat Agrawal	14	14	Yes
Rajeev Surana	14	14	Yes
Dinesh Kumar Govil	14	14	Yes
Arun Kumar Gupta	14	10	Yes
Yogesh Mohan Kharbanda	14	10	Yes

Membership of Board Committees

As per Annual Disclosure received from all the Directors they neither hold membership of more than 10 Committees of Boards nor Chairmanship of more than 5 Committees of Board in other Companies.

Code of Business Conduct and Ethics for Directors and Senior Management

The Company adopted the Code of Board Members and Senior Management w.e.f. 18.03.2010. The Code is applicable to all Directors, Executive as well as Non-Executive and Senior Management Personnel. A copy of the Code has been circulated to all members of the Board and Senior Management and also posted on the Company's website www.gravitaindia.com

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 March 31, 2011

For Gravita India Limited

Sd/-
(Rajat Agrawal)
Managing Director

3) Audit Committee

Composition: The Audit Committee of the Company comprises of three Non-Executive Independent Directors. The Constitution of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Details of Composition as well as Attendance Record of the Audit Committee Meetings held during 2010-11

Name of Members	Designation	No. of Meetings held during the year	Meetings Attended
Dinesh Kumar Govil	Chairman	5	5
Arun Kumar Gupta	Member	5	4
Yogesh Mohan Kharbanda	Member	5	5

No. of Meetings: During 2010-11, the Audit Committee of GIL met on five (5) occasions i.e. 11th May 2010, 4th August 2010, 20th August 2010, 20th September 2010 and 17th January 2011.

In every Meeting of the Audit Committee, minimum two Independent Directors were present including the Chairman. The General Manager (Finance), General Manager (Accounts), Internal and Statutory Auditors were invited to the Meetings. Mr. Dinesh Kumar Govil, Chairman of the Audit Committee was present at the last Annual General Meeting of the Company held on 15th September 2010.

Secretary: Ms. Priyanka Khandelwal, Company Secretary of the Company acted as Secretary of the Audit Committee upto 31st December, 2010. Thereafter, Mrs. Leena Jain acted as the secretary to the Committee with effect from 1st March, 2011.

Role of Audit Committee

The role of the audit committee shall include the following:

- ▶ Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- ▶ Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- ▶ Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- ▶ Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's

report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956

- b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management
 - d) Significant adjustments made in the financial statements arising out of audit findings
 - e) Compliance with listing and other legal requirements relating to financial statements
 - f) Disclosure of any related party transactions
 - g) Qualifications in the draft audit report.
- ▶ Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
 - ▶ Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization 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, 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.

Subsidiaries:

The major investment proposals of Indian Subsidiaries of the Company are put up before the Audit Committee for their Review periodically.

4) Remuneration Committee

Composition

The Company's Remuneration Committee comprises of three Non-Executive and Independent Directors.

During the year 2010-11, the Committee met only once i.e. on 1st April 2010.

Remuneration Policy

Remuneration of Managing Director or Executive Director is determined periodically by the Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by shareholders. Non-Executive Directors are paid sitting fees within the limits prescribed under law.

Details of Remuneration paid to Directors during 2010-11

(Amount in ₹)

Name of Director	Salary	HRA	Other Allowances	Total
Mahaveer Prasad Agarwal	21,00,000	24,00,000	3,00,000	48,00,000
Rajat Agrawal	21,00,000	24,00,000	3,00,000	48,00,000
Rajeev Surana	21,60,000	8,64,000	5,76,000	36,00,000

Notes:

1. The Company does not have any pecuniary relationship with any Non-Executive Independent Directors except for payment of Sitting Fees and reimbursement of traveling expenses to the Directors for attending Board Meetings. No sitting fee is paid for attending the meetings of Committees of Directors.
2. None of the Independent Non-Executive Directors have any share of the Company except Mr. Yogesh Mohan Kharbanda having 595 shares of the Company as on 31.03.2011.

5) Shareholders'/Investors' Grievance Committee

Composition

The Shareholders'/Investors' Grievance Committee of the Company comprises of three Directors including Non-Executive Independent Director, Mr. Dinesh Kumar Govil*, who Chair the Committee. Hitherto Mr. Yogesh Mohan Kharbanda, a Non-Executive Independent Director, was Chairman of the Committee.

(*w.e.f. 28th March 2011)

No. of Meetings

The Committee met 9 (Nine) times during the period after listing of shares of the Company at the stock exchanges viz. 29.11.2010, 13.12.2010, 27.12.2010, 13.01.2011, 25.01.2011, 12.02.2011, 28.02.2011, 12.03.2011 and 26.03.2011.

Details of Composition as well as Attendance Record of the Shareholders'/Investors' Grievance Committee Meetings held during 2010-11

Name of Members	Designation	No. of Meetings held during the year	Meetings Attended
Yogesh Mohan Kharbanda	Chairman	9	9
Dinesh Kumar Govil	Member	9	9
Arun Kumar Gupta	Member	9	9

Terms of Reference

The Committee deals with grievances of Investors pertaining to non-receipt of shares, non-receipt of refund, re-mat of shares, transfer / transmission of shares, issue of duplicate shares, change of addresses, revalidation of refund orders and other like matters. Apart, the Committee endeavors to devise standards for better investor services in co-ordination with its Registrar and Transfer Agent.

Compliance Officer

Ms. Priyanka Khandelwal, Company Secretary of the Company acted as Compliance Officer of the Company upto 31st December, 2010. Thereafter, Ms. Sunita Modi, an associate member of the Institute was appointed as the

Compliance Officer and later, Mrs. Leena Jain, was appointed as Company Secretary & Compliance Officer of the Company with effect from 1st March, 2011.

Status of Investor Complaints: The Company along with its Share Transfer Agents received 1939 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 2011.

The majority of complaints were regarding non-receipt of Shares in the Initial Public Offer (IPO) of the Company and / or Non-receipt of the refund of the money invested in the IPO. The Company had resolved all Complaints and no complaint is pending at the close of financial year.

6) 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.	16th AGM	30.09.2008	11.30 A.M.	"Saurabh", Harsulia Mod, Digg-Malpura Road, Tehsil Phagi, Jaipur	Nil
2.	17th AGM	11.09.2009	11.00 A.M.	"Saurabh", Harsulia Mod, Digg-Malpura Road, Tehsil Phagi, Jaipur	3
3.	18th AGM	15.09.2010	11.00 A.M.	"Saurabh", Harsulia Mod, Digg-Malpura Road, Tehsil Phagi, Jaipur	Nil

No Postal Ballot was conducted during the financial year 2010-11 to seek the approval of the shareholders in the financial year under review. No special resolution requiring a postal ballot is being proposed at the ensuing AGM.

7) Disclosures

- ▶ **Financial Statements / Accounting treatments:** In the preparation of Financial Statements, the Company has followed the Accounting Standards issued by Institute of Chartered Accountants of India to the extent applicable.
- ▶ **Materially Significant Related Parties 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. Transactions with Related Parties are disclosed in Notes of Accounts in the Annual Report. The same is self-explanatory and need not call for any further clarification.
- ▶ **Disclosure on Risk Management:** The Board is periodically informed about the key risks and their minimization 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-compliances by the Company and no penalties and/or strictures have been imposed on it by stock exchanges or SEBI or any statutory authority on any matter related to the capital markets during the last three years.
- ▶ **CEO and CFO Certification:** The certificate required under clause 49(V) of the listing agreement duly signed by the CEO and General Manager (Finance) was placed before the Board and the same is also provided with this report.
- ▶ **Compliance with the mandatory requirements of Clause 49 of the Listing Agreement:** The Company has complied with all the mandatory requirements of the Code of Corporate Governance as stipulated under the Listing Agreement. The Company has also obtained a certificate affirming the compliances from M/s Rajvanshi & Associates, Chartered Accountants, the statutory auditors of the Company and the same is attached to this Report.

8) Means of Communication

- (i) The quarterly, half-yearly and annual results are published in Business Standard in English (Delhi edition), in Nafa Nuksan (Vernacular) and Business Bhaskar (Vernacular) in Hindi.
- (ii) The results are also posted on the Company's website www.gravitaindia.com
- (iii) The Company's Results and other Corporate Announcements are regularly sent to the Bombay Stock Exchange Limited and National Stock Exchange Limited.
- (iv) These Results are not sent individually to the Shareholders.
- (v) All price sensitive information are immediately informed to Stock Exchanges before the same is communicated to general public through press releases, if any.

9) Management Discussion and Analysis Report

Management Discussion and Analysis forms part of this Annual Report.

10) General Shareholder Information

1. Annual General Meeting

Date	27th July 2011
Venue	Fortune Park Bellacasa, Cityplex, 1 Ashram Marg, Tonk Road, Jaipur-302018 Rajasthan
Time	04.30 P.M.
Financial Year	2010-11
Book Closure Dates	Friday, 22nd July 2011 to Wednesday, 27th July 2011 (both days inclusive)
Rate of Dividend	40%

2. Tentative Financial Calendar (For F Y 2011-12)

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

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

3. Listing at Stock Exchanges

The Company's shares are presently listed on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Ltd (NSE). The Company has paid Listing Fees to BSE & NSE for the financial year 2011-12.

4. Stock Code

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

Bombay Stock Exchange : 533282

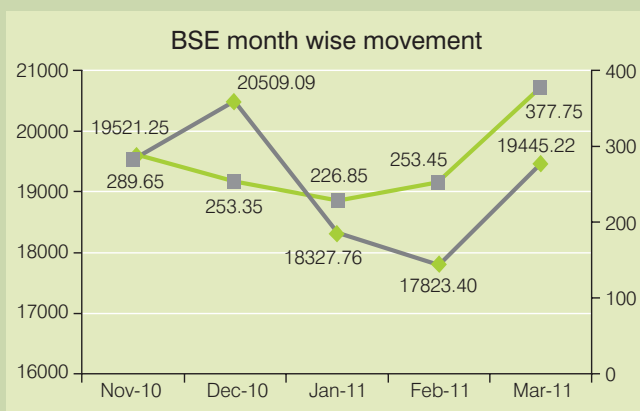
National Stock Exchange : GRAVITA

5. Stock Market Data

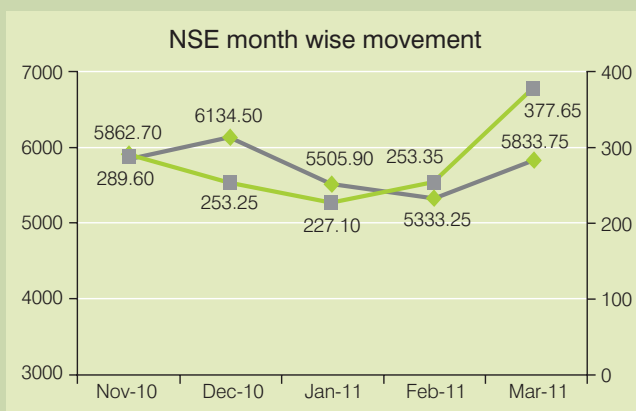
a) Market price data for the Financial Year 2010-11:

Year and Month	BSE			NSE		
	High (₹)	Low (₹)	Volume in '000 (In No.)	High (₹)	Low (₹)	Volume in '000 (In No.)
Nov 2010	301.95	205.00	66704.81	301.40	289.60	95432.80
Dec 2010	297.80	165.70	32352.64	297.80	165.55	40530.85
Jan 2011	272.85	218.10	6892.51	272.60	215.05	8625.79
Feb 2011	262.00	196.00	3175.46	261.40	197.00	3896.48
March 2011	381.80	255.45	10837.99	381.90	233.00	16075.90

b) Performance of the Company's Share Price vis-à-vis BSE Sensex since Listing of the Stock

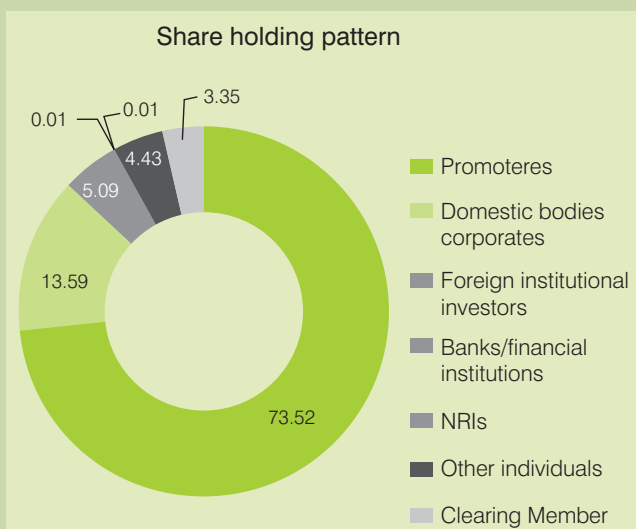


c) Performance of the Company's Share Price vis-à-vis NSE CNX Nifty since Listing of the Stock



6. Shareholding Pattern As on 31st March, 2011

Category	No. of Shares	%age
Indian Promoters	10014000	73.52
Foreign Promoters	NIL	NIL
Mutual Funds & UTI	NIL	NIL
Banks, FIs, Insurance Companies (Central /State Govt. Institutions/ Non-Govt. Institutions)	730	0.01
Foreign Institutional Investors	693329	5.09
Domestic Bodies Corporates	1850488	13.59
NRIs/ OCB	1783	0.01
Clearing Members	455993	3.35
Other Individual	603677	4.43
GRAND TOTAL	1,36,20,000	100.00



7. Distribution Schedule as on 31st March, 2011

Nominal Value of Each Equity Share is ₹10/-

No. of Equity Shares held	No. of Share Holders	% of Share holders	No. of Shares	Amount (In ₹)	% of Total Shares
0001 - 5000	2197	89.75	137553	1375530.00	1.01
5001 - 10000	57	2.33	44424	444240.00	0.33
10001 - 20000	52	2.12	79375	793750.00	0.58
20001 - 30000	24	0.98	60241	602410.00	0.44
30001 - 40000	13	0.53	44707	447070.00	0.33
40001 - 50000	9	0.37	44372	443720.00	0.33
50001 - 100000	23	0.94	183273	1832730.00	1.35
100001 & above	73	2.98	13026055	130260550.00	95.64
TOTAL	2448	100.00	1,36,20,000	13,62,00,000.00	100.00

8. Dematerialization of Shares and Liquidity

The Share of the Company are 100% in dematerialized mode except for Two (2) shares in physical mode. The Shares of the Company are required to be traded in the dematerialized form and are available for trading under both the Depository Systems in India – NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's Shares under the Depository System is INE024L01019. The annual custody fee for the financial year 2011-12 has been paid to NSDL and CDSL, the Depositories.

9. Share Transfer System

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

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

The Company has not issued GDRs / ADRs/ Warrants or any other instruments which is convertible into Equity Shares of the Company during 2010-11.

11. Address for Correspondence

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

Registrar and Share Transfer Agents

Mr. P A Varghese, General Manager
Karvy Computershare Pvt Ltd
Karvy House, 46, Avenue, Street No. 1, Banjara Hills,
Hyderabad – 500 034. Tel. 040-2342 0815
Email: gravita.ipo@karvy.com
Web site: www.karvy.com

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

Corporate Office

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

Registered Office

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

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

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

12. Plant Location

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

CEO/CFO CERTIFICATION

14.05.2011

To
The Board of Directors
Gravita India Limited
Jaipur.

We, Rajat Agrawal, Managing Director & CEO and Sunil Kansal, General Manager (Finance) [head of Finance Function and a qualified Chartered Accountant], of Gravita India Limited, on the basis of the review of the Financial Statements and the Cash Flow Statement for the year ended 31st March 2011 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make these statements;
2. These statements and other financial information included in this annual report present, in all material respects, a true and fair view of the Company's State of affairs and are in Compliance with existing Accounting Standards and / or applicable laws and regulations;
3. To the best of our knowledge and belief, no transactions entered into by the Company during the year 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 System of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to ratify 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. Instance of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

For Gravita India Limited

For Gravita India Limited

Sd/-

Rajat Agrawal
Managing Director

Sd/-

Sunil Kansal
General Manager (Finance)

AUDITORS' CERTIFICATE

To
The Members
Gravita India Limited
Jaipur

We have examined the Compliance of conditions of Corporate Governance by Gravita India Limited for the year ended on March 31, 2011, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange.

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

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

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

For Rajvanshi & Associates
Chartered Accountants

Sd/-
Vikas Rajvanshi
Partner

Membership No. 073670

Place: Jaipur
Date: 21.05.2011



FINANCIAL SECTION

AUDITOR'S REPORT

To
The Share Holders
GRAVITA INDIA LIMITED
JAIPUR

1. We have audited the attached Balance Sheet of **GRAVITA INDIA LIMITED** as at 31st March 2011, Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (hereinafter referred to as 'the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report as follows :->
 - 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 appears from our examination of those books;
 - c. The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - e. On the basis of the written representation received from the directors, and taken on record by the Board of Directors, as on March 31, 2011, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
 - ii) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date and
 - iii) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Rajvanshi & Associates
Chartered Accountants

Vikas Rajvanshi
Partner

Membership No. : 073670

Firm Regn. No. : 005069C

Place : Jaipur

Date : 21st May 2011

ANNEXURES TO THE AUDITOR'S REPORT

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

- (i) In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets on the basis of available information.
 - (b) As explained to us, fixed assets have been physically verified by the management in a phased periodical manner which in our opinion is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification, as per the explanations provided to us.
 - (c) In our opinion and according to the information and explanation given to us, there is no substantial disposal of fixed assets during the year.
- (ii) In respect of its inventories:
 - (a) As explained to us, the inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and the nature of its business.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the company has maintained proper records of its inventories. No discrepancies noticed on verification between the physical stocks and the book records.
- (iii) In respect of loans secured or unsecured, taken or granted by the company to/from companies, firms or other parties covered in the register maintained u/s 301 of the Companies Act, 1956:
 - (a) As per information and explanations provided to us, the company has given loan to three of its subsidiaries namely Floret Tradelink Ltd. of ₹48,50,000, Gravita Technomech LLP of ₹2,96,48,000 and Gravita Exim Ltd. of ₹5,66,50,000. Maximum amount outstanding at any time during the year being ₹53,02,820, ₹2,96,48,000 and ₹2,62,55,246 respectively and balance at the year end being ₹5,26,164, ₹2,96,48,000 and ₹1,04,65,646 respectively.
 - (b) In our opinion, the rate of interest, where applicable and other terms & conditions on which loans have been given to the parties listed in the register maintained u/s 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
 - (c) In our opinion and according to the information and explanations given to us the receipt of the principal amount and interest as per terms of the agreement are regular.
 - (d) There is no overdue amount in excess of ₹1 Lacs in respect of loans granted to companies, firms or other parties listed in the register maintained under section 301 of Companies Act, 1956.
 - (e) According to the information and explanations given to us, the Company has taken unsecured loan of ₹66,50,000 from two directors during the year and also repayment was made of the same amount which is covered in the register maintained under section 301 of the Companies Act, 1956.
 - (f) In our opinion, the rate of interest, where applicable and other terms & conditions on which loans have been taken from the parties listed in the register maintained u/s 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
 - (g) In our opinion and according to the information and explanations given to us the payment of the principal amount and interest as per terms of the agreement are regular.
- (iv) In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.

ANNEXURES TO THE AUDITOR'S REPORT (Contd.)

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

S.No	Particulars	Amount Involved (₹ in Lacs)	Forum where dispute is pending
1.	The Sales Tax exemption claimed by the company has been withdrawn and interest of ₹8.69 Lacs was levied by expatriate order.	20.20	Assistant Commissioner, Commercial Taxes Department Special Circle-II Jaipur
2.	Disallowance of various expenses u/s 143(3) of The Income Tax Act 1961	1.55	C.I.T (Appeals) III JAIPUR
3.	Rejection of Central Excise rebate of 4.70 lacs and refund of 0.05 lacs on exported goods u/s 11B of Central Excise Act 1944	4.75	Central Excise Appellate Tribunal, Delhi (CEGAT)

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

ANNEXURES TO THE AUDITOR'S REPORT (Contd.)

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

For Rajvanshi & Associates
Chartered Accountants

Vikas Rajvanshi

Partner

Membership No. : 073670

Firm Regn. No. : 005069C

Place : Jaipur

Date : 21st May 2011

BALANCE SHEET As at 31 March 2011

(₹ in Lacs)

Particulars	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUNDS			
Shareholder's Funds			
Share Capital	1	1362.00	1002.00
Reserve & Surplus	2	4930.05	713.65
Loan Funds			
Secured Loan	3	2642.75	1970.47
Unsecured Loans		0.00	6.44
Deferred Tax Liability		60.80	51.26
Total		8995.60	3743.82
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	821.80	606.65
Less: Depreciation		195.81	157.53
Net Block		626.00	449.12
Investments	5	3644.60	618.86
Current Assets, Loans & Advances			
Inventories	6	1641.72	1239.57
Sundry Debtors		3147.52	905.27
Cash & Bank Balances		272.25	100.25
Loans & Advances		1137.29	872.85
		6198.77	3117.94
Less: Current Liabilities & Provisions	7		
Current Liabilities		696.74	420.62
Provisions		777.02	61.67
		1473.76	482.29
Net Current Assets		4725.01	2635.65
Misc. Expenses		0.00	40.18
Total		8995.60	3743.82
Significant accounting policies and Notes to financial statement	18		

As per our report of even date

For Rajvanshi & Associates
Chartered Accountants

For & on behalf of the Board of Directors

Vikas Rajvanshi
Partner
Membership No. : 073670
Firm Regn. No. : 005069C
Date : 21st May 2011
Place : Jaipur

Rajat Agrawal
Managing Director

Rajeev Surana
Whole Time Director

Leena Jain
Company Secretary

PROFIT AND LOSS ACCOUNT For the year ended 31 March 2011

(₹ in Lacs)

Particulars	Schedule	Year ended 31 March 2011	Year ended 31 March 2010
INCOME			
Gross Sales & Operating revenue	8	20568.48	11082.35
Less: Excise Duty		1030.29	564.90
Net Sales & Operating revenue		19538.19	10517.45
(Decrease)/Increase in Stock	9	(219.18)	504.82
Other Income	10	418.54	144.91
Total		19737.54	11167.18
EXPENDITURE			
Material Cost	11	16709.84	9528.49
Consumable Consumed	12	278.96	154.86
Factory Overheads & Manufacturing Expenses	13	178.85	89.19
Administrative Expenses	14	345.09	141.14
Employee Costs	15	324.42	161.90
Financial Expenses	16	213.08	89.07
Selling & Distribution Expenses	17	263.10	123.94
Total		18313.33	10288.59
Profit before Depreciation & Tax		1424.22	878.59
Less : Depreciation		39.01	30.19
Net Profit before Tax		1385.21	848.41
Less : Provision for Taxes			
Current Tax		402.45	266.24
Deferred Tax		9.54	5.63
Net Profit for the period		973.22	576.54
Profit b/f from Previous Year		699.95	457.41
Less: Transfer to General reserve		97.32	334.00
Total Profit c/f to Balance Sheet		1575.85	699.95
Amount available for Appropriation		1575.85	699.95
Provision for Dividend		544.80	0.00
Dividend Distribution Tax		90.48	0.00
Available Surplus carried to Balance Sheet		940.57	699.95
Earnings per Share - Basic		8.54	11.78
Issued No. of Shares		13620000	10020000
Weighted Average No of Shares		11390959	4896114
Face Value of Equity Shares		10.00	10.00
Significant accounting policies and Notes to financial statement	18		

As per our report of even date

 For Rajvanshi & Associates
Chartered Accountants

For & on behalf of the Board of Directors

 Vikas Rajvanshi
Partner

 Rajat Agrawal
Managing Director

 Rajeev Surana
Whole Time Director

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

 Date : 21st May 2011
 Place : Jaipur

 Leena Jain
Company Secretary

CASH FLOW STATEMENT For the period 01 April 2010 to 31 March 2011

(₹ in Lacs)

Particulars	As at 31 March 2011	
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit after tax	973.22	
Income Tax	402.45	
Deferred Tax	9.54	
Provision for Bonus	10.53	
Provision for Gratuity	13.63	
Provision for Leave Encashment	14.40	
Provision for Direct Expenses	(0.27)	
Depreciation of current year	39.01	
Interest Paid	146.58	
Bank Commission /Charges Paid	66.50	
Interest Received	(27.31)	
Dividend Income	(187.57)	
Dividend from IPO Funds	(63.43)	
Exchange Gain	(123.27)	
Cash Flow from operating activities before working capital changes		
Increase in inventories	(402.15)	
Increase in debtors	(2242.24)	
Increase in loan & advances	(264.44)	
Increase in current liabilities	276.13	
Cash Flow from operating activities after tax and extraordinary item		
Income Tax Paid	(358.84)	
Exchange gain	123.27	
Income Tax 2009-10	(1.84)	
Loss by Theft	0.45	
Net Cash Flow From Operating Activities		(1595.66)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(223.34)	
Interest Received	27.31	
Investment in -		
Subsidiaries	(227.31)	
Associates	(139.73)	
Others	(2658.70)	
Dividend from IPO Funds	63.43	
Dividend Income	187.57	
Proceed from Fixed Assets	7.00	
Net Cash Flow From Investing Activities		(2963.76)

CASH FLOW STATEMENT (Contd.) For the period 01 April 2010 to 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	
(C) NET CASH FLOW FROM FINANCING ACTIVITIES		
Increase In Share Capital	360.00	
Proceeds of Borrowings	665.84	
Share Premium	4140.00	
Interest Paid	(146.58)	
Bank Commission /Charges Paid	(66.50)	
Misc Expenses	(221.35)	
Net cash flow from Financing Activities		4731.41
Increase in cash and cash equivalent (A+B+C)		171.99
Add: Opening cash		100.25
Closing cash		272.25

As per our report of even date

 For Rajvanshi & Associates
Chartered Accountants

For & on behalf of the Board of Directors

 Vikas Rajvanshi
Partner

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

 Date : 21st May 2011
 Place : Jaipur

 Rajat Agrawal
Managing Director

 Rajeev Surana
Whole Time Director

 Leena Jain
Company Secretary

SCHEDULE PERFORMING BALANCE SHEET As at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
Schedule 1 SHARE CAPITAL		
Authorised Share Capital		
1,50,00,000 Equity Shares of ₹10/- each	1500.00	1500.00
Issued Subscribed and Paid up Capital		
1,36,20,000 Equity Shares of ₹10/- each fully paid up	1362.00	1002.00
(10020000 Equity Shares of ₹10 each fully paid up as at 31st March 2010)		
Total	1362.00	1002.00
Schedule 2 RESERVES & SURPLUS		
Capital Investment Subsidy	13.70	13.70
Share Premium	4140.00	
Less : IPO\Share Issue Expenses (Refer note No.21 of Schedule 18)	261.54	
Net Share Premium	3878.46	0.00
General Reserve		
Transfer from P & L A/c	97.32	0.00
Balance of Profit & Loss A/c	940.56	699.95
Total	4930.05	713.65
Schedule 3 LOAN FUNDS		
SECURED LOANS		
Term Loan from Banks		
1) Axis Bank Ltd. (Secured against Hypothecation of Vehicles)	8.01	17.56
2) Punjab & Sind Bank (Secured against Hypothecation of Vehicles)	11.60	16.12
3) ICICI Bank (Secured against Hypothecation of Vehicles)	21.20	0.00
Working Capital Loan From Banks		
1) Punjab National bank (Against Hypothecation of Stock and Book Debts & Equitable mortgage of factory land, Building and Flats)		
(i) C.C. Limit	36.57	1090.02
(ii) Packing Credit Limit	492.52	153.38
(iii) FOBP Limit	209.59	107.69
(iv) Outward Bill Discount	644.62	120.11
(v) Buyers Credit	1218.64	465.59
Sub Total (A)	2642.75	1970.47
UNSECURED LOANS		
Loans from Banks/ Financial Institutions		
ABN Amro Bank	0.00	6.44
Sub Total (B)	0.00	6.44
Total (A+B)	2642.75	1976.91

Securities

For Term Loan from Banks:

Term loan from Axis Bank, Punjab & Sind Bank and ICICI Bank are secured by way of hypothecation of vehicle financed by them.

For Working Capital Loan from Banks:

Working Capital Loan are secured by way of hypothecations (Floating Charge) on stock and Book Debts and Equitable mortgage of factory land, buildings and flats

SCHEDULE PERFORMING BALANCE SHEET As at 31 March 2011

Schedule 4 FIXED ASSETS

S. No.	Name of Asset	Rate of Dep. (In %)	Gross Block			Depreciation			Net Block		
			As on 1.04.2010	Addition	Deductions	As on 31.03.2011	As on 1.04.2010	For the year	Deductions	Up to 31.03.2011	As on 31.03.2010
1	Free Hold Land	0.00%	50.35	-	-	50.35	-	-	-	50.35	50.35
2	Building	3.34%	78.00	80.11	-	158.11	18.73	2.22	20.95	59.27	137.16
3	Plant & Machinery	4.75%	334.86	77.38	-	412.23	103.34	17.71	121.05	231.51	291.18
4	Electric Equipments	7.07%	8.62	7.80	-	16.42	2.30	0.82	3.12	6.32	13.29
5	Computer & Accessories	16.21%	48.06	23.33	-	71.39	18.10	9.23	27.34	29.96	44.05
6	Furniture & Fixtures	6.33%	18.10	1.68	-	19.78	2.59	1.30	3.89	15.51	15.89
7	Vehicles	9.50%	68.66	33.04	8.19	93.52	12.46	7.72	19.45	56.20	74.07
	TOTAL	-	606.65	223.34	8.19	821.80	157.53	39.01	195.81	449.12	626.00

SCHEDULE PERFORMING BALANCE SHEET As at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
Schedule 5 INVESTMENTS (AT COST)		
Long Term Investment (Unquoted)		
(i) Investment in Subsidiary companies		
Investment in Gravita Exim Ltd. (1,99,300 Equity Shares of ₹10.00 Each at a premium of ₹2.50 per Share)	24.91	24.91
Investment in Gravita Ghana Limited (3,14,363 Equity Shares of GHC 1.00 Each)	123.66	123.66
Investment in Gravita Mozambique LDA (76,18,800 Equity Shares of MZN 1.00 Each) (54,37,800 Equity Shares of MZN 1.00 Each as at 31st March 2010)	124.06	92.08
Investment in Gravita Georgia Limited (3,57,410 Equity Shares of 1.00 GEL Each)	97.09	97.09
Investment in Floret Tradelink Ltd. (25,450 Equity Shares of ₹10.00 Each) (5,100 Equity Shares of ₹10.00 Each as at 31st March 2010)	2.55	0.51
Investment in Gravita Senegal S.A.U (23,800 Equity Shares of CFA 10,000.00 Each) (4,700 Equity Shares of CFA 10,000.00 Each as at 31st March 2010)	223.93	41.16
Investment in Gravita Infra Private Ltd. (6,000 Equity Shares of ₹10.00 Each, balance pending for allotment))	4.55	0.00
Investment in Gravita Energy Ltd. (49,500 Equity Shares of ₹10.00 Each)	4.95	0.00
Investment in Gravita Technomech LLP	1.02	0.00
(ii) Other Investments		
Investment in Navam Lanka Limited (3,58,467 Equity Shares of 100 LKR Each)	170.99	170.99
Investment in Gravita Honduras SA (85,158 Equity Shares of 100 LPS Each)	199.67	59.94
Gratuity Policy with Bajaj Allianz Life Insurance Co. Ltd	13.89	6.62
Leave Encashment Policy with Bajaj Allianz Life Insurance Co. Ltd	7.83	1.88
NSC	0.03	0.03
Short Term Investment (Unquoted)		
Investment in Mutual Funds of IPO Fund (Fair value as on 31.03.2011 ₹265,594,271)	2645.47	0.00
Total	3644.60	618.86

SCHEDULE PERFORMING BALANCE SHEET As at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
Schedule 6 CURRENT ASSETS, LOANS & ADVANCES		
(A) Current Assets		
(1) Inventories:		
(At Lower of cost and Net Realisable Value)		
Raw Material	614.40	622.16
Work in Progress	81.81	16.80
Finished Goods	257.06	541.26
Consumables	64.03	23.49
Stock In Transit	624.41	35.86
	1641.72	1239.57
(2) Sundry debtors (Unsecured & Considered good)		
Outstanding for a period less than six months (Considered good)	3141.52	898.21
Other Debts (Considered Good)	6.00	7.06
	3147.52	905.27
(3) Cash and Bank Balances		
Cash in hand	6.91	2.44
Cheque in hand	5.54	0.24
Balances with scheduled banks		
(i) Current Accounts	24.31	23.75
(ii) Term Deposits (Including Accrued Interest thereon)*		
Axis Bank	13.64	23.59
Punjab National Bank	221.86	50.24
	272.25	100.25
* Term Deposit with interest pledged with Bankers and Government authorities		
Sub Total (A)	5061.48	2245.09
(B) Loans and Advances		
Unsecured & Considered good		
Advances recoverable in cash or in kind		
Amount Recoverable from Subsidiaries	426.14	75.89
Prepaid Expenses	17.41	4.89
Advances to Staff	1.67	2.59
Advance to Suppliers	555.34	492.10
Balances with Several Govt. Authorities	89.45	270.52
Advance Income Tax	13.01	14.84
Income Tax Paid -A.Y. 2008-09	1.55	0.00
Security Deposit with Govt. Deptt. & others	32.73	12.02
Sub Total (B)	1137.29	872.85
Total (A+B)	6198.77	3117.94

SCHEDULE PERFORMING BALANCE SHEET As at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
Schedule 7 CURRENT LIABILITIES AND PROVISIONS		
(A) Current liabilities		
(i) Sundry Creditors - Micro and Small Enterprises #	0.00	0.00
- Others	559.54	306.73
(ii) Other liabilities	84.28	42.12
(iii) Advance from Customers	52.93	71.77
Sub Total (A)	696.74	420.62
(B) Provisions For		
Expenses	33.00	33.28
Gratuity	27.01	13.38
Leave Encashment	23.07	8.66
Bonus & Exgratia	16.88	6.35
Provision for Dividend & Dividend Distribution Tax	635.28	0.00
Income Tax Payable (Net of Advance Tax)	41.77	0.00
Sub Total (B)	777.02	61.67
Total (A+B)	1473.76	482.29

To the extent information received for status under the Micro, Small and Medium Enterprises Development Act, 2006

SCHEDULE PERFORMING PROFIT AND LOSS ACCOUNT For the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 8 SALES		
A: Sales		
Sales-Export	7511.29	4396.26
Sales-Domestic including Excise Duty	13052.35	6660.10
B: Operating Revenue		
Export Incentives		
a) Duty Draw Back Income	3.64	21.82
b) DEPB Income	1.21	4.16
Total	20568.48	11082.35

SCHEDULE PERFORMING PROFIT AND LOSS ACCOUNT For the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 9 INCREASE (+)/DECREASE(-) IN STOCK		
Closing stock		
Finished Goods	257.06	541.26
Work in Process	81.81	16.80
	338.88	558.06
Less: Opening Stock		
Finished Goods	541.26	49.08
Work in Process	16.80	4.16
Total	(219.18)	504.82

Schedule 10 OTHER INCOME

Exchange Gain	123.27	74.11
Dividend Income	187.57	47.40
Interest Received	27.31	11.06
Sundry Balance Write Back	1.45	0.01
Profit on DEPB License	9.71	12.33
Job Work Income	5.80	0.00
Dividend from Investment out of IPO Fund	63.43	0.00
Total	418.54	144.91

Schedule 11 MATERIAL COST

Opening Stock	658.02	492.32
Add: Purchases	16817.82	9248.74
Add: Import Expenses	366.01	361.41
Add: Freight inward-import & Local	106.79	84.03
Less: Closing stock of Materials	(614.40)	(622.16)
Less: Stock In Transit	(624.41)	(35.86)
Total	16709.84	9528.49

Schedule 12 CONSUMABLE CONSUMED

Opening stock of consumables	23.49	9.03
Add: Purchase of Consumables	312.17	165.46
Add: Freight Inward	7.32	3.86
Less: Closing Stock of consumable	(64.03)	(23.49)
Total	278.96	154.86

SCHEDULE PERFORMING PROFIT AND LOSS ACCOUNT For the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 13 FACTORY OVERHEADS & MANUFACTURING EXPENSES		
Labour & Wages	93.68	41.42
Job Work charges	9.13	11.64
Insurance Charges of Stock & Factory	0.60	0.30
R & D Expenses	17.25	4.75
Testing charges	1.19	0.26
Power, Fuel & Water Exp.	14.33	9.37
Godown Rent	0.60	0.13
Repair & Maintenance		
- Factory building	12.95	10.31
- Factory plant & machinery	29.11	11.00
Total	178.85	89.19

Schedule 14 ADMINISTRATIVE EXPENSES

Payment to Auditors	1.90	0.85
Advertisement Exp.	7.68	1.40
Donation	1.31	1.51
Director Remuneration (Refer Note No 7 of Schedule 18)	132.06	31.01
Electricity & Water Charges	4.33	3.19
Insurance Charges	7.99	3.92
Legal & Professional Expenses	46.19	27.69
Postage & Courier	4.86	3.51
Printing & Stationary Exp.	6.54	2.78
Office Expenses	8.68	2.14
Office Rent	8.77	3.14
News Paper & Periodicals Expenses	0.04	0.08
Loss By Theft	0.45	0.00
Repairs & Maintainance		
- Building	2.48	5.44
- Machinery & Equipments	12.34	2.67
- Vehicle	2.93	1.95
Training & Recruitment Exp.	21.87	8.61
Telephone & Communication Expenses	9.70	6.43
Conveyance, Tour & Travelling Expenses	64.97	34.20
Sundry Balance written off	0.03	0.64
Total	345.09	141.14

SCHEDULE PERFORMING PROFIT AND LOSS ACCOUNT For the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
Schedule [15] EMPLOYEE COSTS		
Salary & Wages	277.25	141.10
Staff Welfare	16.97	6.03
Leave Encashment Expenses	16.57	8.00
Gratuity Expenses	13.63	6.77
Total	324.42	161.90

Schedule [16] FINANCIAL EXPENSES

Bank Commission / Charges	66.50	27.99
Interest Paid	146.58	61.08
Total	213.08	89.07

Schedule [17] SELLING & DISTRIBUTION EXPENSES

Freight Outward & Octroi Exp.	137.14	70.26
ECGC Expenses	1.26	1.08
Export Expenses	9.22	15.75
Packing Expenses	7.49	2.94
Commission on Sales	36.36	25.39
Business Promotion Expenses	13.88	2.31
Rebate & Discount	57.09	4.80
Misc. Export Expenses	0.56	1.40
Insurance charges on sales	0.09	0.01
Total	263.10	123.94

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT

A. Significant Accounting Policies:

I. Basis of preparation of Financial Statement

(a) Basis of Accounting:

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

(b) Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of revenue and expenses for that year. Although these estimates are based upon management's best knowledge of current events and actions, actual results may differ from these estimates.

II. Valuation of Inventory

- (a) The stock of Work-in-progress and finished goods of the Business has been valued at the lower of cost and net realisable value. The cost has been measured on the standard cost basis and includes cost of materials and cost of conversion to its present location and conditions.
- (b) All other inventories of stores, consumables, raw materials are valued at landed cost. The stock of waste is also valued at cost. Cost is measured on average cost.
- (c) Stock – in – Transit is valued at cost.
- (d) All items of inventories as certified by the Management are valued on the basis mentioned above.

III. Cash Flow Statement

- (a) The Cash Flow Statement has been prepared under the 'Indirect Method' as set out in Accounting Standard 3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- (b) Figures in bracket represent outflow in cash.
- (c) Cash & Cash Equivalent includes ₹690,657 as Cash in Hand, ₹553,606 as Cheque in Hand & ₹24,31,090 in current account and ₹23,549,245 in term deposit (Pledged with BSE & Custom Authorities) as balance with scheduled banks.

IV. Prior Period Items

Prior period items which arise in the current period as a result of 'errors' or 'omissions' in the financial statements prepared in earlier years effects of changes in estimates of which are not treated as omission or error.

V. Fixed Assets

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

VI. Depreciation

- (a) Depreciation on Fixed Assets is provided, pro rata for the period of use, on Straight Line Method (SLM), as per rates specified in the Schedule XIV to the Companies Act, 1956.
- (b) Individual assets costing less than ₹5,000/- have been fully depreciated in the year of purchase on pro rata basis.

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

VII. Revenue Recognition

- (a) Sales and operating income includes sale of products, by-products and waste, income from job work services and foreign exchange differences. Sales are recognised based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognised on shipment basis. Sales are stated net of returns, excise duty and Sales Tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
- (b) Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- (c) Revenue from job work services is recognised based on the services rendered in accordance with the terms of contracts.
- (d) Claims receivable on account of Insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.
- (e) Dividend Income is recognised in the year in which it is declared / received.

VIII. Foreign Currency Transactions

- (a) Transactions denominated in foreign currencies are normally recorded at the exchange rate declared by the custom authorities for the relevant period.
- (b) Monetary Items denominated in foreign currencies at the year end are restated at year end rates.
- (c) Non-monetary foreign currency items are carried at cost.
- (d) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except in cases where they relate to acquisition of fixed assets, which are adjusted to the carrying cost of such assets.

IX. Investments

Investments are classified as long term or current based on intention of the management at the time of purchase. Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments, other than in Associates, are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments.

X. Employees benefit

- (a) Provident Fund of the Regional Provident Fund Commissioner is a defined contribution scheme and contribution made to Regional Provident Fund Commissioner is charged to Profit & Loss Account.
- (b) Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial basis and is being funded every year through policy of approved fund.
- (c) Liability of Leave encashment is accounted for on the basis of actuarial valuation and is being funded through policy of approved fund.
- (d) Actuarial gains & losses are charged to Profit & Loss Account.
- (e) Bonus is paid to employees on the maximum rate of 20% of Basic Pay as per payment of Bonus Act, 1965 and to other employees at the rate of 8.33% on Basic Pay and shown as Exgratia.

XI. Borrowing Cost

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

XII. Earning Per Share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard - 20 on Earnings per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

XIII. Taxes

- (a) Income-Tax expense for the year comprises current tax and deferred tax.
- (b) Provision for current tax is made on the basis of the assessable income at the tax rate applicable to the relevant assessment year.
- (c) The deferred tax results from "timing difference" between taxable and accounting income is accounted for using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future

XIV. Impairment of Assets

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

XV. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving a substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognised but are disclosed in the accounts by way of notes. Contingent assets are neither recognised nor disclosed in the financial statements.

XVI. Derivatives & Commodity Hedging Transactions

- (a) In order to hedge its exposure to foreign exchange, interest rate and commodity price risks, the Company enters into forward, option, swap contracts and other derivative financial instruments. The Company neither holds nor issues any derivative financial instruments for speculative purposes.
- (b) 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.

B. NOTES TO ACCOUNTS:

1. These financial statements are prepared for the period 01-Apr-2010 to 31-Mar-2011. Corresponding figures are reported for the year ended on 31-Mar-2010. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to current year.

2. Contingent Liabilities not provided for:

(₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
Bank Guarantees to Custom authorities for import of Raw material against Advance Licenses	7.77	20.31
Letter of Credit for import of raw material	35.70	75.55
Bank Guarantee to BSE	22.50	0.00

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

3. Estimated amount of contracts remaining to be executed on Capital Account and not provided for – ₹ NIL.
4. The liability in respect of payment under employees leave encashment and gratuity has been provided on actuarial valuation in line with Accounting Standard 15 (Revised). Since there is not much change in the conditions and circumstances between 31-Mar-2010 and 31-Mar-2011, therefore defined benefit obligations are taken on the basis of last year provisions.

Particulars	Gratuity		Leave Encashment	
	As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
I. Changes in Present value of obligations				
Mortality Table (LIC)	(1994-96)	(1994-96)	(1994-96)	(1994-96)
Valuation Rate of Interest	8.00%	8.00%	8.00%	8.00%
Salary Inflation Rate	5.00%	5.00%	5.00%	5.00%
Retirement Age	58	58	58	58
II. Change in Benefit Obligation	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)	(₹ in Lacs)
Opening Defined Benefit	13.39	6.62	8.67	1.88
Obligation Service Cost for the year	13.63	6.77	14.40	6.79
Closing defined benefit obligation	27.02	13.39	23.07	8.67

5. Loans & Advances Include

- a. Amount due to Subsidiary Companies as given below:- (₹ in Lacs)

Particulars	As at 31 March 2011		As at 31 March 2010	
	Closing Balance	Maximum Outstandings	Closing Balance	Maximum Outstandings
Gravita Exim Ltd.	0	0	2.94	16.50
Gravita Ghana Ltd.	0.23	2.91	0	0

- Amount due from Subsidiaries/Associates Companies as given below: - (₹ in Lacs)

Particulars	As at 31 March 2011		As at 31 March 2010	
	Closing Balance	Maximum Outstandings	Closing Balance	Maximum Outstandings
Gravita Mozambique LDA	4.23	33.01	31.98	31.98
Gravita Senegal S.A.U	6.39	10.92	10.92	50.83
Gravita Ghana Limited	-	-	6.71	28.29
Floret Tradelink Ltd.	5.26	55.06	10.11	10.11
Gravita Exim Ltd	104.66	307.56	-	-
Gravita Georgia Ltd.	2.31	2.40	-	-
Gravita Honduras SA	7.02	7.02	-	-
Gravita Technomech LLP	296.48	296.48	-	-

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

6. Micro & Small Enterprises Dues:-

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

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

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

7. Managerial Remuneration:

(₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
Dr. Mahaveer Prasad Agarwal	48.00	4.50
Shri Rajat Agrawal	48.00	16.50
Shri Rajeev Surana	36.00	9.50
Total	132.00	30.50

Computation of net profit in accordance with Section 198 read with Section 309(5) and Section 349 of the Companies Act, 1956

(₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
Profit before taxation	1385.21	848.41
Add: Depreciation (as per books)	39.01	30.19
Directors Remuneration	132.00	30.50
Less: Depreciation as per Section 349	39.01	30.19
Net Profit under Section 198 of Companies Act	1517.21	878.91

8. Payment to Auditors

(₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
As auditor	1.50	0.75
For Certification	0.98	0.50
In any other manner (VAT Audit & Consolidation of A/c's)	1.31	0.84
Total	3.79	2.09

9. Segment Reporting

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

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

10. Related Party Disclosure**a. Subsidiaries**

- i) Gravita Exim Limited
- ii) Gravita Ghana Limited
- iii) Gravita Mozambique LDA
- iv) Gravita Senegal S.A.U
- v) Gravita Georgia Ltd
- vi) Gravita Energy Ltd.
- vii) Gravita Infra Pvt. Ltd.
- viii) Floret Tradelink Ltd.
- ix) Gravita Technomech LLP.
- x) Gravita Technomech
- xi) K.M Udyog
- xii) Penta Exim Ltd.

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

- i) Gravita Impex Pvt. Limited
- ii) Saurabh Farms Limited
- iii) Gravita Honduras S.A.
- iv) Pearl Landcon Pvt Limited
- v) Navam Lanka Limited
- vi) Shah Buildcon Pvt. Limited
- vii) Jalousies India Pvt. Limited
- viii) Surana Professional Services Pvt Limited
- ix) Gravita Exim Ltd.
- x) Penta Exim Ltd.
- xi) Gravita Energy Ltd.
- xii) Gravita Infra Pvt. Ltd.
- xiii) Floret Tradelink Ltd.
- xiv) Gravita Technomech LLP.
- xv) Gravita Technomech
- xvi) K.M Udyog
- xvii) Gravita Georgia Ltd
- xviii) Gravita Ghana Ltd.
- xix) R.Surana & Company
- xx) Surana Associates

c. Associates

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

d. Key Management Personnel

Dr. Mahaveer Prasad Agarwal
Shri Rajat Agrawal
Shri Rajeev Surana

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

e. Transactions with related parties are as follows: (₹ in Lacs)

Nature of Transaction	Description of Relationship	Related Party	As at 31 March 2011	As at 31 March 2010
Remuneration	Key Management Personnel	Shri Rajat Agrawal	48.00	16.50
		Shri Rajeev Surana	36.00	9.50
		Dr. M.P. Agarwal	48.00	4.50
Salary	Relative of Key Management Personnel	Mrs. Shashi Agarwal	6.17	5.88
Purchases	Associates/Subsidiary	Navam Lanka Ltd.	516.14	296.13
		Penta Exim Ltd.	151.42	338.58
		Gravita Exim Ltd.	32.18	4.15
		Gravita Georgia Ltd.	683.80	–
		Gravita Ghana Ltd.	995.89	–
		Gravita Senegal S.A.U	544.22	–
Purchase DEPB	Subsidiary	Gravita Exim Limited	–	0.46
		Penta Exim Ltd.	0.85	–
Sales	Subsidiary/Associates	Gravita Exim Limited	3.82	21.91
		Penta Exim Ltd.	–	73.90
		Navam Lanka Ltd.	44.09	–
		Floret Trade Link Ltd.	–	21.36
		Gravita Honduras S.A.	118.23	37.98
Sales DEPB	Subsidiary	Penta Exim Ltd.	11.83	1.23
		Floret TradeLink Ltd.	2.34	–
Rent	Relative of Key Management Personnel	Rajeev Surana (HUF)	3.96	3.96
	Key Management Personnel	Shri Rajat Agrawal	7.42	2.70
	Related Parties	Saurabh Farms Ltd	0.14	0.13
Dividend Received	Associates/Subsidiary	Navam Lanka Ltd.	84.88	47.40
		Gravita Ghana Ltd.	102.69	–
Investments	Associates/Subsidiary	Navam Lanka Ltd.	–	156.38
		Floret Tradelink Ltd.	2.04	0.51
		Gravita Georgia Ltd	–	97.09
		Gravita Ghana Ltd	–	41.44
		Gravita Honduras S.A.	139.73	59.94
		Gravita Energy Ltd.	4.95	–
		Gravita Infra Pvt. Ltd.	4.55	–
		Gravita Technomech LLP	1.02	–
		Gravita Mozambique LDA.	31.98	–
		Gravita Senegal S.A.U	182.77	–
Investments (Disposed)	Subsidiary	Shrikah Tadweer Al Rasas Li-Laada Al Tansee Al Mehd	–	101.90
Loan Taken	Key Management Personnel	Dr. M P Agarwal	41.50	4.50
		Shri Rajat Agrawal	25.00	75.50
Loan Repaid	Key Management Personnel	Shri Rajat Agrawal	25.00	88.50
		Dr. M P Agarwal	41.50	4.50

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

(₹ in Lacs)

Nature of Transaction	Description of Relationship	Related Party	As at 31 March 2011	As at 31 March 2010
Loan Given	Subsidiary	Gravita Technomech LLP	296.48	–
		Floret Tradelink Ltd.	48.50	–
		Gravita Exim Ltd.	566.50	–
Interest Received	Subsidiary	Floret Tradelink Ltd.	2.33	–
		Gravita Exim Ltd.	10.90	–
Receipt of Loan Given	Subsidiary	Floret Tradelink Ltd.	55.45	–
		Gravita Exim Ltd.	471.65	–

f. Outstanding as at year end:

(₹ in Lacs)

Nature of Transaction	Description of Relationship	Related Party	As at 31 March 2011	As at 31 March 2010
Remuneration	Key Management Personnel	Rajat Agrawal	–	1.74
		Rajeev Surana	–	0.11
		Dr. M.P. Agarwal	–	0.34
Salary	Relative of Key Management Personnel	Shashi Agarwal	–	0.49
Debtors	Associate Concern	Navam Lanka Ltd.	2.50	–
Creditors	Subsidiary/Associate	Navam Lanka Ltd.	9.82	5.59
		Gravita Georgia Ltd.	76.76	–
		Gravita Senegal S.A.U	110.21	–
		Gravita Ghana Ltd.	84.93	–
		Gravita Exim Ltd.	5.19	–
Rent	Relative of Key Management Personnel	Rajeev Surana (HUF)	0.32	–
	Key Management Personnel	Shri Rajat Agrawal	–	0.27
Investments	Subsidiary/Associate	Gravita Mozambique LDA.	124.06	92.08
		Gravita Senegal S.A.	223.93	41.16
		Navam Lanka Ltd.	171.00	170.99
		Gravita Ghana Limited	123.66	123.66
		Gravita Exim Ltd.	24.91	24.91
		Gravita Georgia Ltd	97.09	97.09
		Floret Trade link Ltd	2.55	0.51
		Gravita Honduras S.A.	199.67	59.94
		Gravita Energy Ltd.	4.95	–
		Gravita Infra Pvt. Ltd.	4.55	–
Loan Given	Subsidiary	Gravita Technomech LLP	296.48	–
		Floret Tradelink Ltd.	5.27	10.11
		Gravita Exim Ltd.	104.66	–

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

11. Earnings per Share (EPS) are calculated as under:

Particulars		As at 31 March 2011	As at 31 March 2010
Net Profit after Tax	₹	97,322,513	57,654,050
No. of Issued Equity Shares	Nos.	13,620,000	10,020,000
Weighted Number of Shares	Nos.	11,390,959	4,896,114
Basic Earning per share	₹	8.54	11.78
Restated Number of shares	Nos.	11,390,959	7,344,172
Restated Earning per share	₹	8.54	7.85

12. Deferred Tax:

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

(₹ in Lacs)

Particulars		As at 31 March 2011	As at 31 March 2010
Difference of W.D.V as per IT Act & as per Companies Act		183.01	150.80
Deferred Tax Liability		60.80	51.26

13. CIF Value of Imports:

(₹ in Lacs)

Particulars		As at 31 March 2011	As at 31 March 2010
Raw Material (including material in transit)		7505.40	2960.20

14. Transactions in Foreign Currencies:

a. Expenses in foreign currencies:

(₹ in Lacs)

Particulars		As at 31 March 2011	As at 31 March 2010
i. Bank charges		6.31	5.52
ii. Tour & Travelling		10.32	1.52
iii. Visa Expenses		0.06	0.20
iv. Subscription & Membership		1.03	0.00
v. Business Promotion Exp.		7.91	0.07
vi. Repair and Maintenance Laboratory		-	0.39
vii. Telephone & Communication		-	0.01
viii. Commission on sales		8.17	-
ix. Overseas Allowances		0.28	-
x. Freight Inward		2.14	-
xi. IHC Charges		0.43	-
xii. Ocean freight		1.15	-
xiii. Bank Interest		15.90	-
xiv. Swift Charges		0.90	-
Total		54.60	7.71

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

b. Earning in foreign currency: (₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
i. Export/Merchant Exports	7511.29	4396.26
ii. Foreign exchange rate difference	123.27	88.63
iii. Dividend Received	187.57	47.40
iv. Interest Income	0.00	0.60
Total	7822.13	4532.89

15. The Company used forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transaction and firm commitments. The Company does not enter into any derivative instruments for trading or speculative purpose. There are no outstanding foreign currency contracts as on 31-Mar-2011.

The foreign currency exposure not hedged as at 31-Mar-2011 is as under: (₹ in Lacs)

Currency	Creditors/ Payable	Debtors/ Receivable
In Rupees Equivalent	472.23	1139.32
In USD	10.58	24.16
In Euro	–	0.96

16. There is outstanding Buyers Credit as on 31st March 2011 in Foreign Currency against purchase of raw material which is as below: (₹ in Lacs)

Currency	Payable
In Rupees	1218.64
In USD	27.29

17. Licensed/Installed Capacity: (Capacity in Mt)

Particulars	Installed Capacity (Yearly)	
	As at 31 March 2011	As at 31 March 2010
i) Refined Lead/Lead Alloy	12,600	12,600
ii) Unrefined Lead Ingots	6,000	6,000
iii) Red Lead	1,800	1,800
iv) Grey Oxide	1,800	1,800
v) Litharge	1,800	1,800

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

18. Principal Raw Material Consumed:

Particulars	As at 31 March 2011		As at 31 March 2010	
	Mt.	₹ in Lacs	Mt.	₹ in Lacs
i. Remelted Lead				
Indigenous	1525.785	1319.57	967.906	832.39
Imported	2483.663	2336.22	2592.564	2074.14
ii. Lead scrap				
Indigenous	88.491	88.10	25.035	16.37
Imported	1201.783	1080.60	2120.372	1620.31
iii. Refined Lead Ingots				
Indigenous	344.921	356.56	805.921	686.90
Imported	25.200	25.45	-	-

19. Consumption of Stores, Spares and Consumables:

Particulars	As at 31 March 2011		As at 31 March 2010	
	%	₹ in Lacs	%	₹ in Lacs
Indigenous (Incl. Freight)	100	278.96	100	154.86
Imported	-	-	-	-
Total	100	278.96	100	154.86

20. Particulars of Principal Finished Products:

Particulars	As at 31 March 2011		As at 31 March 2010	
	Mt.	₹ in Lacs	Mt.	₹ in Lacs
Refined Lead Ingots:				
Opening Stock	139.979	144.93	35.742	28.59
Production	2365.146	2434.23	3248.481	2776.51
Sales	2073.084	2279.57	2653.173	2457.01
Consumption	425.165	428.61	491.071	420.78
Closing Stock	6.876	7.84	139.979	144.93
Lead Alloy(Antimony) :				
Opening Stock	53.734	51.64	-	-
Production	2882.391	2928.45	2061.383	1783.29
Sales	2911.383	3281.58	1930.198	2015.76
Consumption	8.212	9.34	77.451	65.54
Closing Stock	16.530	19.01	53.734	51.64
Lead Ingots (Unrefined):				
Opening stock	169.542	166.03	21.125	15.84
Production	-	-	963.517	777.22
Sales	150.000	154.50	807.530	687.50
Consumption	19.542	18.57	7.570	5.98
Closing stock	-	-	169.542	166.03

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

20. Particulars of Principal Finished Product (Contd.):

Particulars	As at 31 March 2011		As at 31 March 2010	
	Mt.	₹ in Lacs	Mt.	₹ in Lacs
Remelted Lead Ingots/ Remelted Blocks				
Opening stock	-	-	-	-
Production	1476.007	1402.68	287.330	229.86
Sales	141.000	133.25	260.000	249.00
Consumption	1222.631	1175.22	27.330	22.14
Closing stock	112.376	92.61	-	-

21. During the year the Company has made an Initial Public Offer (IPO) of 3,600,000 equity shares at a premium of ₹115 against which total expenses of ₹261.54 lacs were incurred which were adjusted against Share Premium.

(₹ in Lacs)

Particulars of Funds Utilisation	Objects as per Prospectus	Actual Utilisation upto 31.03.2011
Set up additional manufacturing facilities at:		
- Jaipur	723.00	14.48
- Maharashtra	579.00	-
Invest in overseas ventures at:-		
- Sri Lanka Navam Lanka Ltd	150.00	-
- Senegal-Gravita Senegal SAU	200.00	182.77
- Honduras-Gravita Honduras SA	235.00	199.67
Invest in setting up manufacturing facilities at Australia, Belarus, Chile and Mexico	1860.00	-
Margin money for working capital requirement	1000.00	1000.00
General corporate purpose	50.00	80.11
Expenses of the issue	312.00	261.54
Total	5109.00	1738.57

The unutilised proceeds of IPO is invested in Mutual funds of ₹2645.47 lacs (including dividend accrued of ₹5.47 lacs) and ₹136.17 Lacs were transferred to Bank Account for investing in Gravita Honduras SA.

22. The Company has taken certain assets on operating lease agreement with:

A. Archana Gupta and Vijay Gupta

Major Terms of the agreement are as under:

- Monthly lease rent: ₹11,550
- Tenure of the lease: Lease agreement valid till 30th Sept. 2011
- Lease Deposit: ₹11,000

B. Rajat Agrawal

Major Terms of the agreement are as under:

- Monthly lease rent: ₹33,000
- Tenure of the lease: Lease agreement valid till 31st Dec. 2011
- Lease Deposit: NIL

NOTES FORMING PART OF FINANCIAL STATEMENT for the Period 01-Apr-2010 to 31-Mar-2011

Schedule 18 SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO FINANCIAL STATEMENT (Contd.)

C. Rajat Agrawal

Major Terms of the agreement are as under:

- i. Monthly lease rent: ₹33,000
- ii. Tenure of the lease: Lease agreement valid till 31st Dec. 2011
- iii. Lease Deposit: NIL

D. Rajeev Surana (H.U.F)

Major Terms of the agreement are as under:

- i. Monthly lease rent: ₹30,000
- ii. Tenure of the lease: Lease agreement valid till 28th Feb. 2014
- iii. Lease Deposit: NIL

E. Saurabh Farms Ltd.

Major Terms of the agreement are as under:

- i. Monthly lease rent: ₹1500
- ii. Tenure of the lease: Lease agreement valid till 31st Dec 2011
- iii. Lease Deposit: NIL

F. Suraj Mal Jangid

Major Terms of the agreement are as under:

- i. Monthly lease rent: ₹11500
- ii. Tenure of the lease: Lease agreement valid till 3rd Nov 2011
- iii. Lease Deposit: NIL

(₹ in Lacs)

Total of future minimum lease payments under operating lease for each of the following period are as under	Current Year	Previous Year
A) Not Later than one Year	11.17	6.89
B) Later than one year and not later than 5 years	6.90	-
C) Later than 5 years	-	-

23. Company has entered into partnership with Gravita Technomech for 51% share on 3rd March 2011. Company has also entered into partnership with K.M Udyog for 55% share on 30th March 2011. Hence both are new subsidiaries of the company.

As per our report of even date

For Rajvanshi & Associates
Chartered Accountants

For & on behalf of the Board of Directors

Vikas Rajvanshi
Partner

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

Date : 21st May 2011
Place : Jaipur

Rajat Agrawal
Managing Director

Rajeev Surana
Whole Time Director

Leena Jain
Company Secretary

ADDITIONAL INFORMATION'S AS REQUIRED UNDER PART-IV OF SCHEDULE VI OF COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile

I. Registration Details:-

Registration Details

Balance Sheet Date

State Code

II. Capital Raised during the year (Amount in ₹ lacs)

Public Issue

Right Issue

Bonus Issue

Private Placement

III. Position of Mobilisation and Deployment of Funds (Amount in ₹ '000)

Total Liabilities

Total Assets

Paid-up Capital

Reserves & Surplus

Secured Loan

Unsecured Loan

Deferred Tax Liability

Net Fixed Assets

Investments

Net Current Assets

Misc. Expenditure

IV. Performance of the Company (Amount in ₹ '000)

Turnover

Total Expenditure

+ - Profit/Loss Before Tax

+ - Profit/Loss after Tax

(Please tick appropriate box + for profit, - for loss)

Earning Per Share

Divided rate %

V. Generic Names of Four Principal Products/Services of the Company (as per monetary terms)

Item Code No. (ITC Code)

Product Description REFINED LEAD INGOTS

Item Code No. (ITC Code)

Product Description LEAD ALLOY

Item Code No. (ITC Code)

Product Description LEAD INGOT (UNREFINED)

Item Code No. (ITC Code)

Product Description REMELTED LEAD INGOTS/BLOCK

As per our report of even date

For Rajvanshi & Associates
Chartered Accountants

For & on behalf of the Board of Directors

Vikas Rajvanshi
Partner

Rajat Agrawal
Managing Director

Rajeev Surana
Whole Time Director

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

Date : 21st May 2011
Place : Jaipur

Leena Jain
Company Secretary

CONSOLIDATED AUDITOR'S REPORT

To
The Board of Directors
GRAVITA INDIA LIMITED
JAIPUR

1. We have audited the attached Consolidated Balance Sheet of GRAVITA INDIA LIMITED (the 'Parent Company') and its subsidiaries (collectively referred to as 'the group') as at 31st March 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have not audited the financial statements of 6 subsidiaries namely Gravita Exim Limited, Penta Exim Limited, Gravita Georgia Limited, Gravita Senegal SAU, Gravita Ghana Limited & Gravita Mozambique LDA whose financial statements reflect total assets of ₹22.47 crores as at 31st March 2011 and the total revenue of ₹80.40 crores for the year then ended. These financial statements and other financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of the other auditors.
4. The Financial Statements of associates, Navam Lanka Limited, Pearl Landcon Private Limited & Gravita Honduras SA for the year ended on 31st March 2011 have not been audited by us.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21 on Consolidated Financial Statements and (AS) 23 on Accounting for Investment in Associates in Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rules, 2006.
6. Based on our audit as aforesaid, and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the components and to the best of our information and according to the explanation given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - ii) in the case of Consolidated Profit & Loss Account, of the profit of the Group for the year ended of that date and
 - iii) in the case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Rajvanshi & Associates
Chartered Accountants

Vikas Rajvanshi
Partner

Membership No. : 073670

Firm Regn. No. : 005069C

Place : Jaipur

Date : 21st May 2011

CONSOLIDATED BALANCE SHEET As at 31 March 2011

(₹ in Lacs)

	Schedule	As at 31 March 2011	As at 31 March 2010
SOURCES OF FUND			
Shareholder's Funds			
Share Capital	1	1362.00	1002.00
Reserve & Surplus	2	6387.12	1929.17
Loan Funds			
Secured Loan	3	2674.42	2032.24
Unsecured Loans		182.35	89.92
Deferred Tax Liability		68.66	63.10
Minority Interest		228.19	156.15
Total		10,902.74	5,272.58
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	4	2368.07	1692.37
Less: Depreciation		341.04	275.16
Net Block		2,027.03	1,417.21
Investments	5	3139.80	358.07
Current Assets, Loans & Advances			
Inventories		2291.47	2202.55
Sundry Debtors		3503.26	1581.59
Cash & Bank Balances		394.69	304.89
Loans & Advances		1269.80	952.76
		7,459.21	5,041.78
Less: Current Liabilities & Provisions	7		
Current Liabilities		847.15	1539.68
Provisions		900.02	123.17
		1,747.18	1,662.84
Net Current Assets		5,712	3,379
Misc. Expenses		23.88	118.36
Total		10,902.74	5,272.58
Significant accounting policies and Notes to financial statement	18		

As per our report of even date

For Rajvanshi & Associates
Chartered Accountants

For & on behalf of the Board of Directors

Vikas Rajvanshi
Partner

Rajat Agrawal
Managing Director

Rajeev Surana
Whole Time Director

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

Date : 21st May 2011
Place : Jaipur

Leena Jain
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT For the period ended 31 March 2011

(₹ in Lacs)

	Schedule	Year ended 31 March 2011	Year ended 31 March 2010
INCOME			
Gross Sales & Operating revenue	8	26398.53	16441.37
Less: Excise Duty		1030.29	564.90
Net Sales & Operating revenue		25368.23	15876.47
(Decrease)/Increase in Stock	9	(282.64)	645.47
Other Income	10	323.35	175.44
Total		25,408.94	16,697.38
EXPENDITURE			
Material Cost	11	13789.10	12115.23
Consumable Consumed	12	705.79	346.90
Purchase of Finished Goods		5974.23	642.94
Factory Overheads & Manufacturing Expenses	13	560.64	329.84
Administrative Expenses	14	679.91	443.23
Employee Costs	15	713.59	412.93
Financial Expenses	16	246.31	112.22
Selling & Distribution Expenses	17	693.42	504.48
Preliminary Expenses Written Off		19.94	40.50
Total		23,382.93	14,948.28
Profit before Depreciation & Tax		2026.01	1749.10
Less : Depreciation		103.82	84.42
Net Profit before Tax		1,922.19	1,664.68
Less : Provision for Taxes			
Current Tax		472.36	338.41
Deferred Tax		11.95	3.78
Net Profit before prior period expenses		1,437.88	1,322.50
Share in Profit of Associates		42.03	75.74
Net Profit for the period before prior period expenses		1,479.91	1,398.24
Adjustment on account of prior period expenses		-	0.94
Less: Minority Share in Profit & Loss		5.17	164.93
Profit after tax and Minority Interest		1,474.73	1,232.37
Less: Transfer to Capital reserve on consolidation		(15.22)	11.84
Less: Transfer to General reserve		97.32	-
Less: Provision for Dividend		544.80	-
Less: Dividend Distribution Tax		90.48	-
Total Profit c/f to Balance Sheet		757.35	1,220.53
Earning per Share-Basic & Diluted (₹)		12.95	25.17
Weighted Average No. of Shares		11390959	4896114
Significant accounting policies and Notes to financial statement	18		

As per our report of even date

For Rajvanshi & Associates
Chartered Accountants

For & on behalf of the Board of Directors

Vikas Rajvanshi
Partner
Membership No. : 073670
Firm Regn. No. : 005069C
Date : 21st May 2011
Place : Jaipur

Rajat Agrawal
Managing Director

Rajeev Surana
Whole Time Director

Leena Jain
Company Secretary

STATEMENT OF CONSOLIDATED CASH FLOW For the year ended 31 March 2011

(₹ in Lacs)

Particulars	As at 31 March 2011	
(A) NET CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	1964.22	
Depreciation	103.82	
Exchange Rate Variation	3.47	
Misc Exp. Incurred	94.48	
Interest Received	(22.36)	
Dividend Received	(148.31)	
Interest Paid	246.31	
Cash Flow from operating activities before working capital changes		2,241.62
Increase in inventories	(88.92)	
Increase in debtors	(1,921.68)	
Increase in loan & advances	(317.04)	
Decrease in current liabilities	(557.14)	
		(2,884.78)
Cash Flow from operating activities before tax and extraordinary item		(643.16)
Income Tax Paid	472.36	
Income Tax Written Back	2.12	
Loss by theft	0.45	
		474.03
Net Cash Flow From Operating Activities		(1,117.19)
(B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(675.70)	
Investment Purchased	(2,781.73)	
Interest Received	22.36	
Dividend Received	148.31	
Adjustment for MI in subsidiary and FCTR	(233.02)	
Net Cash Flow From Investing Activities		(3,519.78)
(C) NET CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds of Borrowings	734.61	
Proceeds from issue of share capital	360.00	
Premium on issue of shares	3,878.46	
Interest Paid	(246.31)	
Net cash flow from Financing Activities		4,726.76
Increase in cash and cash equivalent (A+B+C)		89.80
Add: Opening cash		304.89
Closing cash		394.69

As per our report of even date

 For Rajvanshi & Associates
Chartered Accountants

For & on behalf of the Board of Directors

 Vikas Rajvanshi
Partner

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

 Date : 21st May 2011
Place : Jaipur

 Rajat Agrawal
Managing Director

 Rajeev Surana
Whole Time Director

 Leena Jain
Company Secretary

SCHEDULE PERFORMING CONSOLIDATED BALANCE SHEET

As at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
Schedule 1 SHARE CAPITAL		
Authorised Share Capital		
1,50,00,000 Equity Shares of ₹10/- each	1500.00	1500.00
Issued Subscribed and Paid up Capital		
1,36,20,000 Equity Shares of ₹10/- each fully paid up	1362.00	1002.00
Total	1362.00	1002.00

Schedule 2 RESERVES & SURPLUS

Capital Investment Subsidy	13.70	13.70
Share Premium	4,140.00	-
Less : IPO/Share issue Expenses	261.54	-
Net Share Premium	3,878.46	-
Capital Reserve on Consolidation	386.78	491.76
General Reserve	1,456.08	236.48
Profit & Loss A/c	757.35	1,220.53
Foreign Currency Translation Reserve	(105.25)	(33.29)
Total	6,387.12	1,929.19

SCHEDULE PERFORMING CONSOLIDATED BALANCE SHEET

As at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
Schedule 3 LOAN FUNDS		
SECURED LOANS		
Term Loan from Banks		
1) Axis Bank Ltd.(Secured against Hypothecation of Vehicles)	8.01	17.56
2) ICICI Bank (Secured against Hypothecation of Vehicles)	27.56	4.67
3) Punjab & Sind Bank (Secured against Hypothecation of Vehicles)	11.60	16.12
4) Axis Bank Ltd.(Secured against Hypothecation of I-10)	2.63	4.03
5) Kotak Mahindra Prime Ltd.(Secured against Hypothecation of Audi car)	5.91	17.43
6) HDFC (Secured against hypothecation of Skoda Superb Car)	16.78	0.00
7) HDFC (Secured against hypothecation of hyundai Ascent Car)	-	0.55
8) SBI Bank Overdraft (Secured against term Deposits)	-	35.10
Working Capital Loan From Banks		
1) Punjab National bank (Against Hypothecation of Stock and Book Debts Equitable mortgage of factory land and Building)		
(i) C.C. Limit	36.57	1,090.02
(ii) Packing Credit Limit	492.52	153.38
(iii) FOBP Limit	209.59	107.69
(iv) Outward Bill Discount	644.62	120.11
(v) Buyers Credit	1,218.64	465.59
Sub Total (A)	2,674.42	2,032.24
UNSECURED LOANS		
Loan From Fellow Subsidiary	64.50	0.00
Loans from Directors	5.92	6.50
ABN Amro Bank	-	18.91
IND.SRI. Srilanka	66.69	64.51
Other Loans	45.24	0.00
Sub Total (B)	182.35	89.92
Total (A+B)	2,856.77	2,122.17

Securities

For Term Loan from Banks:

Term loan from Axis Bank, Punjab & Sind Bank and ICICI Bank are secured by way of hypothecation of vehicle financed by them.

For Working Capital Loan from Banks:

Working capital Loan are secured by way of hypothecation (Floating Charge) on Stock, Book Debts and / or Equitable mortgage of hypothecation of factory land and buildings and flats.

SCHEDULE PERFORMING CONSOLIDATED BALANCE SHEET

As at 31 March 2011

Schedule 4 FIXED ASSETS

S. No	Name of Asset	Gross Block				Depreciation				Net Block				
		As on 1.04.10	Addition	Deletion	Exchange Translation Reserve	As on 31.03.11	As on 1.04.10	During the year	Adjustment	Deductions	Exchange Translation Reserve	Up to 31.03.11	As on 31.03.10	As on 31.03.11
1	Land	77.42	406.88	(13.10)	(2.59)	468.61	-	-	-	-	-	-	77.42	468.61
2	Building	205.71	174.22	(40.80)	(9.97)	329.15	27.92	12.92	0.54	6.75	(1.21)	33.42	177.79	295.73
3	Building-Staff	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Plant & Machinery	1,057.79	292.84	(197.66)	(38.44)	1,114.53	171.14	52.00	4.83	28.46	(4.38)	195.14	886.65	919.39
5	Electric equipments	18.60	14.04	(3.20)	(0.68)	28.76	3.92	1.55	0.84	0.75	(0.11)	5.45	14.68	23.31
6	Computer & Accessories	82.40	26.60	(1.89)	(0.62)	106.50	33.20	14.36	0.00	0.91	(0.17)	46.48	49.20	60.01
7	Furniture & Fixtures	40.94	19.59	(2.82)	(0.30)	57.42	7.68	2.83	0.06	0.59	(0.05)	9.93	33.26	47.48
8	Vehicles	183.44	79.58	(21.04)	(1.82)	240.15	34.09	20.15	0.61	4.00	(0.23)	50.62	149.35	189.53
9	Capital Work In Progress	28.37	-	(6.70)	1.29	22.96	0.44	-	-	0.45	0.01	0.00	27.93	22.96
	Total	1694.66	1013.75	(287.22)	(53.12)	2368.07	278.40	103.82	6.89	41.91	(6.15)	341.04	1416.27	2027.03

SCHEDULE PERFORMING CONSOLIDATED BALANCE SHEET

As at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
Schedule 5 INVESTMENTS (AT COST)		
Long Term Investment (Unquoted)		
(i) Investment In Associates		
Pearl Landcon Pvt. Ltd. (Formely known as Synergy Land Developers Pvt. Ltd.) (5,000 Equity Shares of ₹10 each)	1.34	0.50
Investment in Navam Lanka Limited (358467 Equity Shares of 100 LKR Each)	248.98	283.54
Investment in Gravita Honduras SA (85158 Equity Shares of 100 LPS Each)	199.67	59.94
(ii) Other Investments		
Pagrik Ethopia PLC (620200 Equity Share of BIRR 10 each)	14.47	-
Gratuity Policy with Bajaj Allianz Life Insurance Co. Ltd	21.89	6.62
Leave Encashment Policy with Bajaj Allianz Life Insurance Co. Ltd	7.83	7.34
NSC	0.14	0.14
Short Term Investment (Unquoted)		
Investment in Mutual funds of IPO Fund (Fair value as on 31.3.2011 ₹265594271)	2,645.47	-
Total	3,139.80	358.07

Schedule 6 CURRENT ASSETS, LOANS & ADVANCES

(A) Current Assets		
(1) Inventories:		
(At Lower of cost and Net Realisable Value)		
Raw Material	784.94	858.63
Work in Progress	182.46	199.92
Finished Goods	332.08	899.75
Consumables	120.25	69.59
Stock In Transit	799.19	62.85
By Products	45.71	98.72
Consignment In Transit	46.82	13.09
	2,311.45	2,202.55
Less: Transfer to Stock Reserve	19.99	-
Total	2,291.47	2,202.55
(2) Sundry debtors (Unsecured & Considered good)		
Outstanding for a period less than six months (Considered good)	3,149.09	1,378.54
Other Debts (Considered Good)	354.18	203.05
Total	3,503.26	1,581.59

SCHEDULE PERFORMING CONSOLIDATED BALANCE SHEET

As at 31 March 2011

(₹ in Lacs)

	As at 31 March 2011	As at 31 March 2010
Schedule 6 CURRENT ASSETS, LOANS & ADVANCES (Contd.)		
(3) Cash and Bank Balances		
Cash in hand	33.00	40.27
Cheque in hand	18.30	0.39
Balances with scheduled banks		
(i) Current Accounts	104.59	90.67
(ii) Term Deposits (Including Accrued Interest thereon)*		
Axis bank	16.94	100.21
Punjab National Bank	221.86	50.24
Remittance in Transit	-	23.11
	394.69	304.89
*Term Deposit with interest pledged with Bankers and Government authorities		
Sub Total (A)	6,189.42	4,089.03
(B) Loans and Advances		
Unsecured & Considered good		
Advances recoverable in cash or in kind		
Amount Recoverable From Subsidiary	29.87	19.12
Prepaid Expenses	72.85	43.29
Advances to Staff & Others	21.15	4.46
Loan to fellow subsidiary	64.50	-
Advance to Suppliers	823.97	527.06
Balances with Several Govt. Authorities	205.21	312.55
Security Deposit with Govt. Deptt. & others	52.25	29.25
Advance Income Tax	-	17.03
Sub Total (B)	1,269.80	952.76
Total (A+B)	7,459.21	5,041.78

Schedule 7 CURRENT LIABILITIES AND PROVISIONS

(A) Current liabilities		
(i) Sundry Creditors - Micro and Small Enterprises #		
- Others	373.99	578.36
(ii) Other liabilities	420.24	107.59
(iii) Advance from Customers	52.93	853.73
Sub Total (A)	847.15	1,539.68
(B) Provisions		
Gratuity/ Leave Encashment/ Bonus	66.97	53.06
Other Provision	147.63	70.11
Provision for Dividend & Dividend Distribution Tax	635.28	-
Income Tax Payable (Net of Advance Tax)	50.14	-
Sub Total (B)	900.02	123.17
Total (A+B)	1,747.18	1,662.84

To the extent information received for status under the Micro, Small and Medium Enterprises Development Act, 2006

SCHEDULE PERFORMING CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 8 SALES		
A: Sales		
Sales-Export	12,911.40	9,712.20
Sales-Domestic including Excise Duty	13,482.02	6,703.18
B: Operating Revenue		
Export Incentive	5.10	25.99
Total	26,398.53	16,441.37

Schedule 9 INCREASE (+)/DECREASE(-) IN STOCK

Closing stock		
Finished Goods	437.48	782.24
Work in Process	197.47	199.92
Less : Opening Stock		
Finished Goods	767.69	222.53
Work in Process	161.80	138.70
Exchange Translation Reserve	(11.89)	(24.54)
Total	(282.64)	645.47

Schedule 10 OTHER INCOME

Exchange Gain/(Loss)	116.21	83.02
Dividend Income	84.88	47.40
Interest Received	22.36	22.24
Sundry Balance Write Back	7.27	0.01
Profit on DEPB License	10.35	14.09
Profit on Sale of Share	5.96	-
Royalty Income	-	4.63
Job Work Charges Income	5.80	2.43
Dividend from Investment out of IPO Fund	63.43	-
Misc. Income	3.14	1.61
Prior Period Income Tax provision Written Back	3.96	-
Total	323.35	175.44

Schedule 11 MATERIAL COST

Opening Stock	1,084.84	785.78
Exchange Translation Reserve	(1.15)	(1.13)
Add: Purchases	13,695.88	11,939.02
Add: Direct Expenses	653.69	529.28
Less: Closing stock of Materials	1,644.16	1,137.71
Total	13,789.10	12,115.23

SCHEDULE PERFORMING CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 12 CONSUMABLE CONSUMED		
Opening stock of consumables	63.46	48.99
Exchange Translation Reserve	(0.65)	(0.10)
Add: Purchase of Consumables	760.39	357.92
Add: Freight Inward	13.76	9.68
Less: Closing Stock of consumable	131.17	69.59
Total	705.79	346.90

Schedule 13 FACTORY OVERHEADS & MANUFACTURING EXPENSES

Labour & Wages	269.90	142.63
Power, Fuel & Water Exp.	68.39	31.82
Factory Lease Land, Godown Rent	79.26	95.06
Job Work Charges	9.13	11.64
Insurance Charges of Stock & Factory	0.60	0.30
R & D Expenses	17.25	4.75
Testing charges	1.19	0.26
Other Manufacturing Exp	9.43	0.00
Repair & Maintenance	105.48	43.38
Total	560.64	329.84

Schedule 14 ADMINISTRATIVE EXPENSES

Payment to Auditors	3.12	3.07
Advertisement Exp.	7.69	1.62
Donation	2.12	2.53
Director Remuneration	150.06	51.65
Electricity & Water Charges	11.15	8.34
Insurance Charges	9.96	9.12
Legal & Professional Expenses	77.38	47.19
Interest & Penalty	2.03	2.16
Guest House Expenses	34.27	-
Postage & Courier	5.33	4.02
Printing & Stationary Exp.	8.15	4.89
Office Expenses	10.41	4.19
Office Rent	37.35	34.94
Loss By Theft	0.45	-
Repairs & Maintainance		
- Building	22.22	6.48
- Machinery & Equipments	13.49	4.51
- Vehicle	7.37	16.38

SCHEDULE PERFORMING CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2011

(₹ in Lacs)

	Year ended 31 March 2011	Year ended 31 March 2010
Schedule 14 ADMINISTRATIVE EXPENSES (Contd.)		
Training & Recruitment Exp.	21.89	69.30
Telephone & Communication Expenses	31.45	25.58
Conveyance, Tour & Travelling Expenses	147.12	106.57
Security Expenses	20.86	23.76
Misc. Expenses	0.96	7.90
Loss on Sale of Assets	0.76	-
Loss on Sale of Investment	51.25	-
Sundry Balance Write off	1.27	-
Duties Penalties and VAT Disallowed	1.80	9.04
Total	679.91	443.23

Schedule 15 EMPLOYEE COSTS

Salary & Wages	608.21	342.96
Staff Welfare	69.61	50.74
Leave Encashment Expenses	22.14	12.99
Gratuity Expenses	13.63	6.25
Total	713.59	412.93

Schedule 16 FINANCIAL EXPENSES

Bank Commission / Charges	90.02	38.74
Interest Paid	156.29	73.48
Total	246.31	112.22

Schedule 17 SELLING & DISTRIBUTION EXPENSES

Freight Outward & Octroi Exp.	151.71	289.80
ECGC Expenses	1.26	1.08
Export Expenses	406.97	131.02
Packing Expenses	8.54	3.57
Commission on Sales	36.59	57.27
Business Promotion Expenses	31.17	16.89
Insurance charges on sales	0.09	0.04
Quality Claim/ Discount	57.09	4.80
Total	693.42	504.48

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Significant Accounting Policies

I. Basis of preparation of Financial Statements

The Consolidated Financial Statement relate to Gravita India Limited and its subsidiaries. The consolidated financial statement has been prepared in accordance with AS-21 and prepared on the following basis:

a. Basis of Accounting

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

b. Principles of Consolidation

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

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

- i. The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances and transactions and unrealized profits or losses have been eliminated.
- ii. The excess of cost to the Group of its investments in subsidiary companies over its share of the equity of the subsidiary companies at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the consolidated financial statements.
- iii. The consolidated financial statements include the share of profit / loss of associate companies as prescribed in AS-23, which are accounted under the 'Equity method' as per which the share of profit of the associate company has been added to the cost of investment. An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture. Investments in associates are initially recorded at cost, any Goodwill/Capital reserve arising at the time of acquisition are identified and carrying amount of investment are adjusted thereafter by post acquisition share of Profits/Losses.
- iv. Minority interest's share in net assets of consolidated subsidiaries is presented in the consolidated balance sheet separate from liabilities and the equity of company shareholder. Minority interest in the consolidated financial statements is identified and recognised after taking consideration :
 - a. The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.
 - b. The Minorities' share of movement in equity since the date parent – subsidiary relationship came into existence.
 - c. The Losses attributable to the minorities are adjusted against the minority interest in the equity of the subsidiary.
 - d. The excess of loss over the minority interest in the equity is adjusted against General Reserve of the Company.
- v. In case of foreign subsidiaries, being non integral foreign operations, revenue items are translated at the average rates prevailing during the period. Assets, liabilities and equity are translated at the closing rate. Any exchange difference arising on translation is recognised in the "Foreign Currency Translation Reserve".
- vi. The CFS are prepared by using uniform accounting policies for like transactions and other events in similar circumstances and necessary adjustments required for deviations, if any to the extent possible, are made in the CFS and are presented in the same manner as the company's separate financial statements except otherwise stated elsewhere in this schedule.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

- vii. The stocks held out of the inter-group sale and purchase transaction are stated at the cost to the seller company and the adjustment thereof is stated as stock reserve.
- viii. The fixed assets acquired from group companies are restated at the cost to the company and the depreciation is calculated on the cost to the seller company.
- ix. The figures of Previous year have been regrouped/reclassified, where necessary, to conform with the current year's classification.

c. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements. The estimates and assumption used in the accompanying Financial Statements are based upon management's evaluation of the relevant facts and circumstances as of the date of financial statements. Actual Results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

II. Valuation of Inventory

- a. The stock of Work-in-progress and finished goods of the Business are measured at lower of cost and net realisable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition.
- b. All other inventories of stores, consumables, raw materials are valued at cost. The stock of waste is valued at realisable value. Cost is measured on actual average.

III. Fixed Assets

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

IV. Depreciation

- a. Depreciation on Fixed Assets is provided on Straight Line Method (SLM), as per rates specified in the Schedule XIV to the Companies Act, 1956.
- b. Individual assets costing less than ₹5,000/- have been fully depreciated in the year of purchase on pro rata basis
- c. The company provides Pro-rata depreciation from the day asset is put to use and for any asset sold, till the date of sale.

V. Revenue Recognition

- a. Sales and operating income includes sale of products, by-products and waste, income from job work services and foreign exchange differences. Sales are recognised based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognised on shipment basis. Sales are stated net of returns, excise duty and Sales Tax/VAT. Export incentives are accounted on accrual basis at the time of export of goods, if the entitlement can be estimated with reasonable accuracy and conditions precedent to claim are fulfilled.
- b. Interest income is recognised on time proportion basis taking into account the amount outstanding and the rate applicable.
- c. Revenue from job work services recognised when services are rendered and related costs are incurred in accordance with the terms of contracts.
- d. Claims receivable on account of Insurance are accounted for when there is a reasonable certainty of recovery. Claims are reviewed on a periodical basis and if recovery is uncertain, provision is made in the account.
- e. Dividend Income is recognised in the year in which it is received.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

VI. Foreign Currency Transactions

- a. Transactions denominated in foreign currencies are normally recorded at the exchange rate declared by the custom authorities for the relevant period.
- b. Monetary items denominated in foreign currency are converted at exchange rates prevailing on the date of Balance Sheet.
- c. Non-monetary foreign currency items are carried at cost.
- d. Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss Account except in cases where they relate to acquisition of fixed assets, which are adjusted to the carrying cost of such assets.

VII. Investments

Investments are classified as long term or current based on intention of the management at the time of purchase. Investments are classified into current and long-term investments. Current investments are stated at the lower of cost and fair value. Long-term investments, other than in Associates, are stated at cost. A provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments. Investments in Associates are accounted for using the equity method.

VIII. Employees benefit

- a. Provident Fund of the Regional Provident Fund Commissioner is a defined contribution scheme, and contribution made to Regional Provident Fund Commissioner is charged to Profit & Loss Account.
- b. Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial basis and is being funded every year through policy of approved fund.
- c. Liability of Leave encashment is accounted for on the basis of actuarial valuation and is being funded through policy of approved fund.
- d. Actuarial gains & losses are charged to Profit & Loss Account.

IX. Borrowing Cost

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

X. Segment Reporting

The accounting policies adopted for segment reporting are in line with the accounting policies adopted in consolidated financial statements with the following additional policies being considered for segment reporting:

- a. Inter segment revenue has been accounted for based on the transaction price agreed to between segments which is primarily market led.
- b. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses".

XI. Earnings per Share

The Company reports basic and diluted Earnings per Share (EPS) in accordance with Accounting Standard - 20 on Earnings per Share. Basic earning per share is computed by dividing the net profit or loss attributable to the equity shares shareholders for the period by the weighted average number of Equity shares outstanding during the reporting period. Diluted earning per share reflects the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted Earning per Share is computed by dividing the net profit or

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

loss for the year by the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

In computing dilutive earning per share, only potential equity shares that are dilutive and that reduce profit/loss per share are included.

XII. Taxes

- a. Income-Tax expense for the year comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax laws and deferred tax charge or credit (Reflecting the tax effects of timing differences between accounting income and taxable income for the period).
- b. Provision for current tax is made on the basis of the assessable income at the tax rate applicable in the respective companies.
- c. The Deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is a reasonable certainty that the assets can be realised in future. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

XIII. Provisions, Contingent Liabilities and Contingent Assets

The company creates a provision when there is a present obligation as a result of past events and it is probable that there will be outflow of resources and a reliable estimate of the obligation can be made of the amount of the obligation. Contingent Liabilities are not recognised but are disclosed in the notes to the financial statements. A disclosure for a contingent Liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the assets and related income are recognised in the period in which the change occurs.

B. Notes to Accounts

1. The subsidiaries considered in the consolidated financial statements are:-

a. Direct Subsidiaries

Name of Direct Subsidiary	% of Share holding/ Profit Sharing Ratio As on 31st March 2011	Country of Incorporation	Date of becoming subsidiary
Gravita Exim Ltd.	99.65%	India	27-Mar-2009
Floret Tradelink Ltd.	50.90%	India	16-Nov-2009
Gravita Energy Ltd.	99.00%	India	29-June-2010
Gravita Infra Private Ltd.	60.00%	India	21-May-2010
Gravita Technomech LLP	51.00%	India	15-Sep-2010
Gravita Technomech	51.00%	India	3-Mar-2011
K.M. Udyog	55.00%	India	30-Mar-2011
Gravita Georgia Ltd.	100.00%	Georgia	10-Nov-2009
Gravita Senegal SAU	100.00%	Senegal	5-Aug-2007
Gravita Ghana Ltd.	100.00%	Ghana	31-March-2008
Gravita Mozambique LDA	96.38%	Mozambique	24-Dec-2007

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

b. Indirect Subsidiaries (Subsidiaries of Gravita Exim Limited)

Name of Indirect Subsidiary	Effective % of Share holding As on 31st March 2011	Actual % of Share Holding As on 31st March 2011	Country of Incorporation	Date of becoming subsidiary
Penta Exim Ltd.	89.70%	90.02%	India	27-Mar-2009

2. Loss on sale of investment includes Loss on the disposal of subsidiary / associate company as under:

- Gravita Zambia Ltd. ₹5.06 Lacs
- Pagrik Ethiopia PLC ₹46.19 Lacs

Due to above mentioned disposal there is a dilution in the stake held in these companies and change in the carrying amount of the same which are reported as under:

Company Name	As at 31 March 2011		As at 31 March 2010	
	Stake Held	Carrying Amount	Stake Held	Carrying Amount
Gravita Zambia Ltd.	-	-	99.13%	3774725
Pagrik Ethiopia PLC	14.00%	1447192	60.00%	6202000

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

Name of Associates Companies	% of Share holding As on 31st March 2011	Country of Incorporation	Date of becoming Associate
Navam Lanka Ltd.	39.99%	Sri Lanka	03-Jan-2008
Pearl Landcon Private Ltd.	24.91%	India	15-Oct-2007
Gravita Honduras SA	33.33%	Honduras	17-Feb-2010

4. Other Income includes ₹116.21 Lacs on account of exchange differences

5. Information about Primary Business Segment:

(₹ in Lacs)

S. No.	Particulars	2010-11	2009-10
1	Segment Revenue (Net sale/ income from each segment)		
a.	Lead	24369.90	15080.91
b.	Others	998.34	795.56
	Total	25368.24	15876.47
	Less : Inter segment Revenue	-	-
	Net Sales / Income from Operations	25368.24	15876.47
2	Segment Profit before Tax and Interest from each segment		
a.	Lead	1951.28	1498.95
b.	Others	127.20	238.27
	Total	2078.48	1737.22
	Less : i.) Interest	156.29	73.48
	ii.) Other un-allocable expenditure net of un-allocable income	-	-
	Total Profit before Tax	1922.19	1663.74

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

5. Information about Primary Business Segment (Contd.) (₹ in Lacs)

S. No.	Particulars	2010-11	2009-10
3	Segment Assets		
a.	Lead	10421.71	5063.00
b.	Others	481.03	209.58
	Total	10902.74	5272.58
4.	Segment Liabilities		
a.	Lead	10524.56	4953.63
b.	Others	378.18	318.95
	Total	10902.74	5272.58
5.	Total cost incurred during the period to acquire segment assets that are expected to be used during more than one period (tangible and intangible fixed assets)		
a.	Lead	955.13	489.33
b.	Others	58.62	36.55
	Total	1013.75	525.88
6.	Total amount of expense included in the segment result for depreciation and amortisation in respect of segment assets for the period		
a.	Lead	88.70	73.05
b.	Others	15.12	11.37
	Total	103.82	84.42

The business segment has been considered as the primary segment for disclosure. The products included in each of the reported domestic business segments are as follows:

- Lead includes all type of Lead, Lead alloy, Refined Lead, Remelted Lead, Lead Oxides.
- Others Includes sale, installation, commissioning and consultancy in respect of Lead Smelting Plant, Glass Blocks.
- The above business segments have been identified considering :
 - a) the nature of products and services
 - b) the differing risks and returns
 - c) the organisation structure, and
 - d) the internal financial reporting systems.

6. Related Party Disclosure

a. Subsidiaries

- i. Gravita Exim Limited
- ii. Floret Tradelink Ltd.
- iii. Gravita Energy Ltd.
- iv. Gravita Infra Pvt. Ltd
- v. Gravita Technomech LLP.
- vi. Gravita Technomech
- vii. K.M Udyog
- viii. Gravita Ghana Limited
- ix. Gravita Mozambique LDA
- x. Gravita Senegal S.A.U
- xi. Gravita Georgia Ltd
- xii. Penta Exim Ltd.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

b. Enterprises having same Key Management Personnel and/or their relatives:

- i. Gravita Impex Pvt. Limited
- ii. Saurabh Farms Limited
- iii. Gravita Honduras S.A.
- iv. Pearl Landcon Pvt Limited
- v. Navam Lanka Limited
- vi. Shah Buildcon Pvt. Limited
- vii. Jalousies India Pvt. Limited
- viii. Surana Professional Services Pvt Limited
- ix. Gravita Exim Ltd.
- x. Penta Exim Ltd.
- xi. Gravita Energy Ltd.
- xii. Gravita Infra Pvt. Ltd.
- xiii. Floret Tradelink Ltd.
- xiv. Gravita Technomech LLP.
- xv. Gravita Technomech
- xvi. K.M Udyog
- xvii. Gravita Ghana Ltd.
- xviii. Gravita Senegal S.A.U.
- xix. Gravita Georgia Ltd.
- xx. Gravita Mozambique LDA
- xxi. R Surana & Company
- xxii. Surana Associates

c. Key Management Personnel:

Dr. Mahaveer Prasad Agarwal
Shri Rajat Agrawal
Shri Rajeev Surana

Transactions with related parties are as follows:

(₹ in Lacs)

Nature of Transaction	Description of Relationship	Related Party	As at 31 March 2011	As at 31 March 2010
Remuneration	Key Management Personnel	Shri Rajat Agrawal	66.00	34.50
		Shri Rajeev Surana	48.00	10.70
		Dr. M.P. Agarwal	36.00	4.50
Salary	Relative of Key Management Personnel	Mrs. Shashi Agarwal	6.17	5.88
		Mrs. Anchal Agrawal	5.88	5.88
Rent	Relative of Key Management Personnel	Rajeev Surana (HUF)	3.96	3.96
		Mrs. Anchal Agrawal	2.48	2.40
	Key Management Personnel Related Parties	Shri Rajat Agrawal	18.82	6.25
		Saurabh Farms Ltd	1.84	1.30
Loan Taken	Key Management Personnel	Dr. M P Agrawal	41.50	14.50
		Shri Rajat Agrawal	25.00	75.50
Loan Repaid	Key Management Personnel	Shri Rajat Agrawal	25.00	121.50
		Dr. M P Agrawal	41.50	4.50
Electricity Charges	Related Parties	Saurabh Farms Ltd	2.51	1.55

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

e. Outstanding as at year end:

(₹ in Lacs)

Nature of Transaction	Description of Relationship	Related Party	As at 31 March 2011	As at 31 March 2010	
Remuneration	Key Management Personnel	Shri Rajat Agrawal	–	6.61	
		Shri Rajeev Surana	0.60	1.31	
		Dr. M.P. Agarwal	–	0.34	
Salary	Relative of Key Management Personnel	Mrs. Shashi Agarwal	–	0.49	
		Mrs. Anchal Agrawal	–	0.49	
Rent	Relative of Key Management Personnel	Rajeev Surana (HUF)	0.32	–	
		Key Management Personnel	Shri Rajat Agrawal	–	0.27
		Other Related Parties	Saurabh Farms Ltd.	0.25	–
Electricity Charges	Other Related Parties	Saurabh Farms Ltd.	–	0.17	

7. Future obligations towards lease rentals under the lease agreements as on 31st March, 2011 amount to ₹81.44 lacs (Previous Year ₹20.49 Lacs)

(₹ in Lacs)

	2010-11	2009-10
Within one year	27.20	20.49
Later than one year and not later than five years	34.29	–
Later than five years	19.95	–
Total	81.44	20.49

General Description of Lease Terms

Name of Lessor	Monthly Lease Rent	Tenure of Lease (till)	Lease Deposit	Assets Description
Archana Gupta & Vijay Gupta	11,550	30th Sept. 2011	11,000	Flat 101
Rajat Agarwal	33,000	31st Dec. 2011	NIL	Flat 203
Rajat Agarwal	33,000	31st Dec. 2011	NIL	Flat 402
Rajeev Surana (HUF)	30,000	28th Feb. 2014	NIL	Vehicle
Saurabh Farms Ltd.	1500	31st Dec. 2011	NIL	Godown
Suraj Mal Jangid	11,500	3rd Nov. 2011	NIL	Godown
Saurabh Farms Ltd.	25,000	31st Dec. 2011	NIL	Flat 501
Rajat Agarwal	1,10,000	14th Oct. 2011	NIL	Office
B.S. Tambi & Krishna Tambi	19,000 (5% Increment Every year)	15th July 2020	57,000	Flat 201
Shyam Sharan Tambi & R.K. Tambi	19,000 (5% Increment Every year)	15th July 2020	57,000	Flat 301
Anchal Agarwal	28,000	31st Jan. 2012	NIL	Flat 303
Saurabh Farms Ltd.	3000	31st Dec. 2011	NIL	Flat 501
Anchal Agarwal	15,000	10th July 2011	NIL	Flat 303
Anchal Agarwal	5,000	10th July 2011	Nil	Flat 303

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

8. The computation of earning per share is set out below: (₹ in Lacs)

Particulars	2010-11	2009-10
Net profit after tax and Minority interest	1474.73	1232.37
Net Profit attributable to equity shareholders	1474.73	1232.37
Weighted average number of equity shares	1,13,90,959	48,96,114
Basic earning per share of face value ₹10 each	12.95	25.17
Diluted earning per share of face value ₹10 each	12.95	25.17
Restated number of equity shares	1,13,90,959	73,44,172
Restated earning per share of face value ₹10 each	12.95	16.78

9. Contingent Liabilities not provided for: (₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
Bank Guarantees to Custom authorities for import of Raw material against Advance Licenses	7.77	20.31
Letter of Credit for import of raw material	35.70	75.55
Bank Guarantee to BSE	22.50	-
Bank Guarantees to Excise authorities for Security Bond for CT-1.	2.50	2.50

10. Estimated amount of contracts remaining to be executed on Capital Account and not provided for – ₹ NIL
11. During the year Gravita India Limited has made an Initial Public Offer of 36,00,000 Equity Shares of ₹10/- each at a premium of ₹115/- per share for cash aggregating to ₹45,00,00,000/- (Forty Five Crores only). The shares of the Company got listed on Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd on 16th November 2010.
12. The Initial Public Offer (IPO) proceeds have been utilised as per objects of the issue as stated in the prospectus as under:

Particulars	₹ in Lacs
Amount Received through IPO	4500.00
Total Fund Utilised upto 31.03.2011	1723.83
Temporary deployment of the unutilised amount is as follows:	
Investment in units of Liquid Funds and Bank Account*	2776.17

*The unutilised Proceed of IPO is invested in Mutual Funds of ₹2640.00 Lacs and ₹136.17 Lacs were transferred to Bank account for making investment in Gravita Honduras SA.

13. The foreign currency exposure not hedged is as under: (₹ in Lacs)

Currency	Creditors/Payable		Debtors/Receivable	
	As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
In Rupees Equivalent	472.23	91.46	1139.32	734.77
In USD	10.58	2.03	24.16	16.28

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

14. There is outstanding Buyers' Credits in Foreign Currency against Purchase of raw material as under:

(₹ in Lacs)

Currency	Payable 31 March 2011	Payable 31 March 2010
In Rupees	1,218.64	427.54
In USD	27.29	9.29

15. The liability in respect of payment under employees leave encashment and gratuity has been provided on actuarial valuation in line with Accounting Standard 15 (Revised). Since there is not much change in the conditions and circumstances between 31-Mar-2010 and 31-Mar-2011, therefore defined benefit obligations are taken on the basis of last year provisions.

	Gratuity		Leave Encashment	
	As at 31 March 2011	As at 31 March 2010	As at 31 March 2011	As at 31 March 2010
I. Changes in Present value of obligations				
Mortality Table (LIC)	(1994-96)	(1994-96)	(1994-96)	(1994-96)
Valuation Rate of Interest	8.00%	8.00%	8.00%	8.00%
Salary Inflation Rate	5.00%	5.00%	5.00%	5.00%
Retirement Age	58	58	58	58
II. Change in Benefit Obligation	(In lacs)	(In lacs)	(In lacs)	(In lacs)
Opening Defined Benefit	17.17	10.92	12.63	3.03
Obligation Service Cost for the year	17.34	6.26	14.28	9.61
Closing defined benefit obligation	34.51	17.18	26.91	12.64

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

(₹ in Lacs)

Particulars	As at 31 March 2011	As at 31 March 2010
WDV As per Income tax Act	602.46	494.74
WDV as per Companies Act	809.14	679.93
Timing Difference	206.68	185.19
Deferred Tax Liability	68.66	63.10

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENT

Schedule 18 SIGNIFICANT ACCOUNT POLICIES AND NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Contd.)

17. Statement pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies: (₹ in Lacs)

S. No.	Stake Held	Name of Subsidiary Companies	Reporting Currency	Capital	Reserve & Surpluses	Total Assets	Total liabilities	Investments	Turnover/ Total income	Profit Before Taxation	Provision for taxation	Profit after taxation	Country
1	99.65%	Gravita Exim Ltd.	INR	20	399	563	563	32	1,035	187	61	126	India
2	89.70%	Penta Exim Ltd.	INR	5	12	17	17	0	214	7	2	5	India
3	50.90%	Floret Tradelink Ltd.	INR	5	6	22	22	0	177	6	2	4	India
4	99.00%	Gravita Energy Ltd.	INR	5	-	5	5	-	-	-	-	-	India
5	60.00%	Gravita Infra Pvt. Ltd.	INR	5	-	5	5	-	-	-	-	-	India
6	51.00%	Gravita Technomech	INR	65	-	65	65	-	-	-	-	-	India
7	51.00%	Gravita Technomech LLP	INR	2	-	401	401	-	-	-	-	-	India
8	55.00%	K.M. Udyog	INR	154	-	161	161	-	-	-	-	-	India
9	100.00%	Gravita Ghana Ltd.	GHS	3	27	30	30	-	74	14	-	14	Ghana
			INR	94	806	899	899	-	2,348	443	-	443	
10	100.00%	Gravita Senegal SAU	XOF	2,380	1,260	3,640	3,640	-	17,055	1,274	10	1,264	Senegal
			INR	237	125	362	362	-	1,610	119	1	118	
11	96.38%	Gravita Mozambique LDA	MZN	79	42	121	121	-	897	(38)	5	(43)	Mozambique
			INR	117	62	179	179	-	1,221	(53)	7	(59)	
12	100.00%	Gravita Georgia Ltd.	GEL	4	2	8	8	-	63	1	0	1	Georgia
			INR	95	64	225	225	-	1,612	17	0	17	

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

Reporting Currency	Exchange rate as on 31.3.2010	Exchange rate as on 31.3.2011	Average Exchange rate During the Year
GHS to INR	32.174	29.7825	31.8996
CFA to INR	0.0944	0.0955	0.0943
MZN to INR	1.6274	1.4836	1.3611
GEL to INR	25.7403	26.6122	25.6179

As per our report of even date

For Rajvanshi & Associates
Chartered Accountants

Vikas Rajvanshi
Partner
Membership No. : 073670
Firm Regn. No. : 005069C
Date : 21st May 2011
Place : Jaipur

For & on behalf of the Board of Directors

Rajat Agrawal
Managing Director

Rajeev Surana
Whole Time Director

Leena Jain
Company Secretary



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

ATTENDANCE SLIP

Regd. Folio No. / Client ID :

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

No. of Shares held :

I hereby record my presence at the 19th Annual General Meeting of the Company to be held on Wednesday, the 27th day of July 2011 at 4.30 p.m. at Fortune Park Bellacasa, Cityplex, 1 Ashram Marg, Tonk Road, Jaipur- 302018 (Rajasthan).

Signature of the Member / Proxy

Notes:

- a) Only Member / Proxy can attend the meeting. No minors would be allowed at the meeting.
b) Member / Proxy wish to attend the meeting must bring this attendance slip to the meeting and handover at the entrance duly filled in and signed.
c) Member / Proxy should bring his / her copy of the Annual Report for reference at the meeting.



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

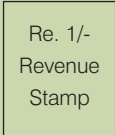
PROXY FORM

Regd. Folio No. / Client ID :

No. of Shares held :

I / We of being a member / members of the above named Company, hereby appoint of or failing him / herof as my / our Proxy to attend and vote for me / us on my / our behalf at the 19th Annual General Meeting of the Company to be held on 27th July 2011 at 4.30 p.m. at Fortune Park Bellacasa, Cityplex, 1 Ashram Marg, Tonk Road, Jaipur- 302018 (Rajasthan) and at any adjournment(s) thereof.

Signed this.....day.....of 2011



Notes:

- a) Proxy need not be a member of the Company.
b) The Proxy form duly filled in and signed by the member(s) across Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time fixed for the meeting.
c) Corporate members intending to send their 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

REGISTERED OFFICE & WORKS

Saurabh, Chittora Road, Harsulia Mod, Diggi-malpura, Tehsil: Phagi, Jaipur- 303904 (Raj.) India
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